

ERP SOFT SYSTEMS LIMITED
A-21 Anna Nagar, Chennai 600 102.



TENTH ANNUAL REPORT
2003-2004

ERP SOFT SYSTEMS LIMITED

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ERP SOFT SYSTEMS LIMITED

BOARD OF DIRECTORS

1. Mr. D S Reddy
Chairman
A-21, Anna Nagar, Chennai 600 102
2. Mr. K Radha Krishna Reddy
Director
16/1754, Ramanurthy Nagar
Nellore, Andhra Pradesh
3. Mrs. K Parvathi
Director
A-21, Anna Nagar, Chennai 600 102
4. Mrs. R.Kamalamohan
Director
New No.8, Perumal Nagar, II main Road,
Chennai 600 117.

REGISTERED OFFICE

"A" Block – 21, Anna Nagar
Chennai 600 102

AUDITORS

Vijayaraghavan Associates
Chartered Accountants
New No.51, Giri Road, T Nagar
Chennai 600 017

BANKERS

The Karnataka Bank Ltd
Anna Nagar Branch, Anna Nagar
Chennai 600 102

ERP SOFT SYSTEMS LIMITED
A-21 Anna Nagar, Chennai 600 102.

NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the **Tenth** Annual General Meeting of the shareholders of ERP SOFT SYSTEMS LIMITED will be held on the **30th October 2004** at the Registered office of the company at A-21 Anna Nagar, Chennai 600 102 at **11 a.m.** to transact the following business:

Ordinary Business:

1. To receive consider and adopt the Director's Report, audited Profit & Loss account for the year ended **30th June 2004** and the Balance Sheet as at **30th June 2004** and the Auditors' Report thereon.
2. To appoint the Director in the place of Mrs.K.Parvathy who retires by rotation at this Annual General Meeting and being eligible offers herself for reappointment.
3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting by passing the following resolution with or without modification, as an ordinary resolution.

" RESOLVED that M/s Vijayaraghavan & Associates, Chartered Accountants, be and are hereby appointed as the auditors of the company to hold office until the conclusion of the next Annual General Meeting on such remuneration as may be decided by the board, in addition to reimbursement of out of pocket expenses.

By Order of the Board

Sd/-
Director.

Place: Chennai

Date: 1st October 2004

Note:

1. A member entitled to attend and vote at the meeting is entered to appoint a proxy to attend and vote instead of himself and the proxy need not be a member.
2. The Proxy form duly stamped and executed, should reach the Registered Office of the company at least 48 hours before the time Fixed for the commencement of the meeting.

ERP SOFT SYSTEMS LIMITED
A-21 Anna Nagar, Chennai 600 102.

Director's Report

To
The Share holders,

The Director have pleasure in presenting the **Tenth** Annual Report on the business and operations of the company and audited statement of accounts for the year ended 30th June 2004.

Financial Results:

The summarised financial results is furnished below for your ready reference:

	(Rs. in Lakhs)
Profit during the year	22.45
Loss brought forward	277.45
Loss carried over to Balance Sheet	255.00

Performance:

As reported in the earlier year the subsidiary company in US has turned out a good business and the presence of the company will generate bigger business in the years to come. The Directors decided to concentrate on development domestic market also. The collective business will boost the turnover and profits in the ensuing year.

Subsidiary Companies:

Pursuant to Section 212 of the Companies Act, 1956 the particulars of subsidiary company is furnished in the Annexure.

Directors:

Mr. K.Parvathy retires at this meeting by rotation and is eligible for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956

The Directors hereby confirm:

- i) that in the preparation of the Annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- iii) that the directors had 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) that the directors had prepared the annual accounts on a going concern basis.

Corporate Governance:

A separate report on Corporate Governance along with Auditor's Certificate on its compliance is attached as Annexure.

Auditors & Auditors' Report:

M/s Vijayaraghavan & Associates, Chartered Accountants, Chennai, Auditors of the company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

Disclosure under section 217 of Companies Act, 1956

During the year no employee, had drawn salary in excess of the amounts prescribed under section 217(2A) of the Companies Act, 1956. The requirement of section 217 (1) (e) of the Companies Act, 1956 are not applicable to the company.

Earnings Information Exchange Acknowledgement:

The Inflow of Foreign Exchange Rs.21.85 Lakh and Outflow - Nil.

The Board places on record its appreciation of its employees and the management earning.

By Order of the Board
Sd/-
Director.

Place: Chennai
Date: 1st October 2004



STATEMENT IN PURSUANCE OF SECTION 212 OF THE COMPANIES ACT, 1956

- | | | |
|----|--|--|
| 1. | Name of the Subsidiary Company | LIBERTYCOM LLC |
| 2. | Financial year of the Subsidiary ended on | 31.03.2004 |
| 3. | Holding Company's interest in the Subsidiary | 211680 Equity Shares of Rs. 10/- each (100%) |
| 4. | Net aggregate amount of the Profits of the Subsidiary not dealt with in the holding Company's Accounts | - |
| | a) For the current financial year of the Subsidiary Company | Rs.47599 |
| | b) For the previous financial years of the Subsidiary Company | Rs. Nil |
| 5. | Net aggregate amount of the Profits Of the Subsidiary dealt with in the Holding Company's Accounts | - |
| | a) For the current financial year of the Subsidiary Company | Nil |
| | b) For the previous financial years of the Subsidiary Company | Nil |

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Computer Software Development and processing is the nerve center of Economy. wherein high earnings in Foreign Exchange is involved. India is emerging as a favourite destination for processing outside jobs, on account of availability of skilled work force. This sector has shown sizeable growth in past few years.

Future Outlook:

The company is in specialised field of computer Application and Software Development. The emergence of BPO Sector will be core thrust area in the years to come and this company will have excellent future on account of its proposed diverse fields of operation.

Exports:

This sectors, is the major earner of Foreign Exchange and almost entire business is for overseas customers. The Export potential is very high, in this line of activity.

Opportunities and Challenges:

The opportunities shows upward trend and this sector is widely developed in view of incentive packages announced by Government. The risk and threats posed are the mushroom growth of small players and heavy turnover of man power. This company will have edge over others in view of presence in US and good relationship with employees.

Risk and Concerns:

At present there is no element categorizing as risk. The main concerns is meeting the expectations of the customers, timely and prompt execution of jobs. Even one bad delivery will likely to spoil the entire goodwill.

Internal Control Systems:

The company has established framework of internal controls for ensuring optimum use of resources. The capital and revenue expenditure is monitored and controlled by periodical review.

On behalf of board
Sd/-
Director

Place: Chennai
Date: 1st October 2004

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 30TH JUNE 2004

Company's Code of Corporate Governance
(As required by Clause-49 of the Listing Agreement of the Stock Exchanges)

1) COMPANY'S PHILOSOPHY

The Company firmly believes in and has consistently endeavored to practice good Corporate Governance.

The Company firmly believes in the values of transparency, professionalism and accountability in its dealings with its customers, dealers, employees, shareholders and with every individual who comes in contact with the company. The Company believes that effective systems and practices alone can enhance the Corporate Performance.

2) BOARD OF DIRECTORS

Composition of Board:

The Company administration is kept under the Direct Supervision of Executive and Independent Directors during the period ended 30th June 2004.

COMPOSITION OF BOARD AS ON 30.06.2004

Name	Status	Board meeting attendance	Attendance at previous AGM held on 24.11.2003
D.S.Reddy	Executive	4	Yes
K.Radhakrishna Reddy	Independent	4	Yes
K.Parvathy	Independent	4	Yes
R.Kamalamohan	Independent	3	Yes

None of the Directors is holding any position or member of any committee, in any other company. No remuneration is being paid to any Director of the Company.