

# ERP SOFT

ERP SOFT SYSTEMS LIMITED



ANNUAL REPORT 2006 - 07

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ERP SOFT SYSTEMS LIMITED

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CORPORATE INFORMATION

**Board of Directors**

K.Parvathi  
D.Srinivasulu Reddy  
K.Radha Krishna Reddy  
R.Kamala Mohan

**Company Secretary**

Murugan

**Chief Financial Officer**

D.Srinivasulu Reddy

**Compliance Officer**

R.Kamala Mohan

**Auditors**

Vijayaraghavan & Associates

**Bankers**

ICICI Bank

**Registrars & Transfer Agents**

Cameo Corporate Services Limited  
Subramanian Building, First Floor  
1, Club House Road,  
Chennai

**Registered Office**

ERP Soft Systems Limited  
A-21, Anna Nagar  
Chennai 600 102, India

**Offices**

ERP Soft Systems Limited  
City Center  
Thirumalai Pillai Road, T.Nagar,  
Chennai 600 102, India

**Subsidiary Offices – North America**

Libertycom LLC  
103, Charleston Lane,  
Little Rock, Arkansas 72223, USA

## AGM Notice



## ERP SOFT SYSTEMS LIMITED

**Notice to members**

NOTICE is hereby given that the Thirteenth Annual General Meeting of ERP Soft Systems Limited will be held at A-21, Anna Nagar , Chennai 600 102 on Monday, December 24, 2007 at 11.00 a.m. to transact the following business:

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet as on June 30, 2007, the Profit and Loss Account for the year ended on that date, and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Duvvuru Srinivasulu Reddy, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company and to fix their remuneration.

"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



K.Parvathi  
Managing Director

Registered Office:  
A-21, Anna Nagar,  
Chennai 600 102

October 19, 2007

**Notes:**

- a. The Register of Members and the Share Transfer Books of the Company will remain closed from December 10, 2007 to December 24, 2007, both days inclusive.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND THAT A PROXY NEED NOT BE A MEMBER.
- c. The instrument appointing proxy should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- d. The members/proxies are requested to bring duly filled in Attendance Slips sent herewith for attending the meeting.
- e. The members are requested to notify promptly any change in their addresses to the Company's Registrars and Transfer Agents.
- f. The members seeking any information with regard to accounts are requested to write to the Company at an early date to enable the Management to keep the information ready.

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**ADDITIONAL INFORMATION PURSUANT TO CLAUSE 49-VI OF THE LISTING AGREEMENT****DETAILS OF DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING:****Mr. Duvuru Srinivasulu Reddy**

Mr.Duvvuru Srinivasulu Reddy born on February 17, 1927, received a Bachelor's degree in Science from university of Madras, India

Mr.Duvvuru Srinivasulu Reddy is a businessman by profession in shares and real estates. He has about 20 years of exposure in marketing and business development and was the key person in development of business establishments outside India and thereby increasing the company's revenue.

Mr.Duvvuru Srinivasulu Reddy holds 150,000 equity shares of the face value of Rs. 10/- of the Company as on date.

Mr.Duvvuru Srinivasulu Reddy as a Non-Executive Director of the Company will not draw any remuneration from the Company except reimbursement of expenses incurred for attending the meetings of the Company and expenses incidental thereto.

Mr.Duvvuru Srinivasulu Reddy holds directorship and committee membership in the following Companies:

Directorship in other companies	Nil
Chairmanship in committees of board of other companies	Nil
Membership in committees of board of other companies	Nil



## ERP SOFT SYSTEMS LIMITED

## DIRECTORS' REPORT

Dear Shareholders,

The Directors take great pleasure in presenting their report on the business and operations of your Company along with the Annual Report and audited financial statements for the Financial Year ended June 30, 2007.

**Financial Performance**

Key aspects of your Company's financial performance for the year 2006-07 are tabulated below:

(Rs. In Lacs)

	Consolidated		Parent	
	2007	2006	2007	2006
Sales and other income	101,652,216	23,972,261	21,790,957	14,071,390
Profit before tax	26,939,208	16,756,029	19,769,363	12,763,995
Provision for tax	0	2,000	3,000	2,000
Profit for the year	26,939,208	16,754,029	19,766,363	12,761,995
Accumulated losses carried forward	0	6,466,641	0	10,248,245
Appropriations :	0	0	0	0
Interim Dividend	0	0	0	0
Proposed dividend	0	0	0	0
Transfer to reserves	20,472,567	0	9,518,118	0

**Subsidiary Companies**

Your Company has subsidiaries in USA to handle operations as well as to strengthen marketing and sales efforts in the respective markets and ensure deeper penetration in these regions. The financial statements of the subsidiaries are enclosed at the end of this annual report.

**Consolidated Results**

Our Sales for the current year grew by Rs. 77,679,955 and our Profit for the year was Rs.10,185, 179 an increase of 61% over the previous year.

**Corporate Governance**

We believe Corporate Governance is at the heart of Shareholder value creation.

Your Company has constituted separate committees for Audit, Protection of Member's interest. A separate report on Corporate Governance, along with a certificate of Statutory Auditors of the Company, is annexed herewith.

A certificate from the Managing Director and CFO of the Company confirming internal controls and checks pertaining to financial statements for the year ended June 30 , 2007 was placed before the Board of Directors and the Board has noted the same.

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**ERP SOFT SYSTEMS LIMITED**

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A list of the committees of the Board and names of their members is given below. The scope of each of these committees and other related information is detailed in the enclosed Corporate Governance Report.

***Audit committee***

Mr. K.Radha Krishna Reddy  
Mr. R.Kamala Mohan  
Mr. D.Srinivasulu Reddy

***Shareholders' grievances committee***

Mrs. K.Parvathi  
Mrs. R.Kamala Mohan  
Mr. D.Srinivasulu Reddy  
Mr. K.Radha Krishna Reddy

***Human resources***

Employees are the key assets of the Company and the Company has created a healthy and productive work environment which encourages excellence. Your Company continuously invests in training staff in the latest technology trends and in various sub-verticals within the financial services domain. The *Knowledge Process Outsourcing business* of the Company is in an investment mode.

***Employee Stock Option Plans***

No employee was issued Stock Option, during the year equal to or exceeding 1% of the issued capital of the Company.

***Foreign Exchange Earnings and Outgoings***

During the year our Company earned foreign exchange inflow of Rs.198.77 Lacs and the outgoings in foreign exchange were Nil.

***Conservation of energy and technology absorption***

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, the relevant data pertaining to conservation of energy and technology absorption are furnished hereunder:

***Conservation of energy***

The operations of the Company are not energy-intensive. The Company, however, takes measures to reduce and optimize energy consumption by using energy efficient computers etc. Further, offices have been designed to maximize the use of ambient lighting while conserving the air conditioning. The expense on power in relation to income is nominal and under control.

***Technology absorption***

Since businesses, process and technologies are changing constantly, investment in research and development activities is of great importance. Your Company lays a great importance on knowledge management and has a process for absorption of new technologies. Your Company continued its focus on quality up-gradation of the software development process and software product enhancements.

## ERP SOFT SYSTEMS LIMITED

**Director's Re-appointment**

Mr. D.Srinivasulu Reddy retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment.

Brief resume of the Directors proposed to be appointed/re-appointed, nature of their expertise in specific functional areas and names of companies in which they hold Directorships and Membership/ chairmanship of Board Committees, as stipulated under the Listing Agreement with the Stock Exchanges are provided hereunder.

*Duvvuru Srinivasulu Reddy* has served as a Director on our Board since 1994. He is a businessman by profession in shares and real estates. He has about 20 years of exposure in marketing and business development and was the key person in development of business establishments outside India and thereby increasing the company's revenue.

	<i>D.Srinivasulu Reddy</i>
Category	<i>Independent Non-Executive Director</i>
Date of Appointment	16.12.1994
Directorship in other companies	Nil
Chairmanship in committees of board of other companies	Nil
Membership in committees of board of other companies	Nil
No of board meetings attended	4
Attendance at the last AGM held on December 27, 2006	Yes

**Management's Discussion and Analysis Report**

The Management Discussion and Analysis Report on Company's performance, industry trends and other material changes with respect to the Company and its subsidiaries, wherever applicable are presented that forms part of this annual report.

**Re-appointment of Statutory Auditor**

M/s Vijayaraghavan & Associates, the present Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

**Fixed Deposits**

We have not accepted any fixed deposits. Hence, there is no outstanding amount as on the Balance Sheet date.

**Acknowledgements and Appreciation**

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, financial institutions and Central and State Governments for their consistent support to the Company.

Your Directors also place on record their appreciation for the excellent contribution made by all employees of ERP Soft Systems Limited through their commitment, competence, co-operation and diligence to duty in achieving consistent growth for the Company.