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ERPSOFT ANNUAL REPORT

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CORPORATE INFORMATION

Board of Directors

K. Parvathi, M.A, M.Phil
D. Sarojanamma
K. Radha Krishna Reddy
R. Kamala Mohan .
Mr. PavanSrinivas, ACS

Compliance Officer

Mrs. R. Kamala Mohan

Auditors

M/s. Vijayaraghavan and Associates

Internal Audit

M/s Ashok Golechha& Co.

Consulting Company Secretary

Mr. T. Murugan B.Sc., ACA. ACS,

Bankers

ICICI Bank Limited

T.Nagar Branch
Bazullah Road
Chennai – 600 017.

Registrars & Transfer Agents

Cameo Corporate Services Limited
SubramanianBuilding, First Floor
1, Club House Road,
Chennai.

ERP SOFT SYSTEMS LIMITED

Registered Office

ERP Soft Systems Limited

A-21, Anna Nagar

Chennai 600 102, India

Ph: 044 26269578.

info@erpsoft.com

USA

Liberty Com LLC

303 West Capitol, Suite 325

Little Rock, Arkansas 72201, USA

info@libertycom.com

Phone 501-960-3302

Fax 206.309.0952

Website

www.erpsoft.com

AGM NOTICE

NOTICE TO MEMBERS

NOTICE is hereby given that the Nineteenth Annual General Meeting of ERP Soft Systems Limited will be held at No. A Block - 21, 4th Street Anna Nagar, Chennai - 600 102 on Friday, September 27, 2013 at 10.00 a.m. to transact the following business:

Ordinary Business:

To receive, consider and adopt the Audited Balance Sheet as on March 31, 2013, the Profit and Loss Account for the period April 01, 2012 to March 31, 2013 on that date, and the Reports of the Board of Directors and the Auditors thereon.

1. To appoint a Director in place of Mrs. K. Parvathi, who retires by rotation and, being eligible, offers herself for re-appointment.
2. To appoint a Director in place of Mrs. D. Sarojanamma who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Pavan Srinivas, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration. To consider and, if thought fit to pass with or without modification(s) the following as a Special Resolution.

“RESOLVED THAT M/s VIJAYARAGHAVAN AND 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.”

Order of the Board

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

August 31, 2013.

Sd/-
K. Parvathi
Managing Director.

Notes:

- a) The Register of Members and the Share Transfer Books of the Company will remain closed from September 15, 2013 to September 27, 2013, both days inclusive.
- b) 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 Head Office at Annanagar 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.

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

**Mrs. K. Parvathi
Managing Director**

Mrs. K. Parvathi is responsible for providing vision and direction to the board and has management responsibility at ERP Soft. She has more than 25 years of IT experience which includes her association with prominent IT Service Providers. Parvathi holds Post graduation and Master of Philosophy (M. Phil) from Madras University.

Directorship in other companies	ProtechSoft Systems Pvt Ltd,
Chairmanship in committees of board of other companies	Nil
Membership in committees of board of other companies	Nil

**Mrs. D. Sarojanamma
Director.**

Mrs. D. Sarojanamma has been in business and has been on board of several companies.

Directorship in other companies	Carnegie Logistics Pvt Ltd
Chairmanship in committees of board of other companies	Nil
Membership in committees of board of other companies	Nil

**Mr. K. Radhakrishna Reddy
Director**

Mr. Radha Krishna Reddy has decades of experience as entrepreneur and in managing business and operations.

**Mrs. R. Kamala Mohan
Director-Independent/Non-Executive Director**

Mrs. R. Kamala Mohan has over two decades experience in working as company executive in charge of finance, administration and client support. Board places on her the responsibility to see that Investor's concerns are attended to immediately. Kamala manages investor protection and grievance redresses at a fast pace and she has ensured that grievances are attended to within forty eight hours at the maximum

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

**Mr. Pavan Srinivas
Company Secretary – Independent/Non-Executive Director.**

Mr. Pavan Srinivas has rich experience in handling corporate, financial and legal compliance. He takes the total responsibility of ensuring financial and legal compliance of the organization. He manages the comprehensive corporate communication channels between board of directors and shareholders on all aspects of corporate governance. Being a professional Company Secretary, Srinivas is able to provide much needed guidance and support in ensuring corporate governance which is of utmost importance to ERP Soft.

Directorship in other Indian 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 period April 01, 2012 to March 31, 2013.

FINANCIAL PERFORMANCE

Key aspects of your Company's financial performance for the year 2012-13 are tabulated below:

(In Rupees)

	Consolidated		Parent	
	2012 – 2013	2011 - 2012	2012- 2013	2011 -2012
Sales and other income	336,206,172	45,202,584	7,383,673	4,477,729
Profit before tax	8,571,206	7,787,653	3,612,847	1,204,116
Provision for tax	1,192,000	149,504	1,192,000	149,504
Deferred Tax	(472)	(22,253)	(472)	(22,253)
Income Tax Previous Year	149,508	600,000	149,504	600,000
Profit for the year	7,529,186	8,260,402	2,570,827	1,676,865
Accumulated losses carried forward	0	0	0	0
Appropriations :	0	0	0	0
Interim Dividend	0	0	0	0
Proposed dividend	0	0	0	0
Transfer to reserves	7,529,186	8,260,402	2,570,827	1,676,865

SUBSIDIARY COMPANIES

100% Subsidiary company, Libertycom LLC in USA is focusing on ERP, Business Intelligence/ Analytics projects and staffing. The financial statements of the subsidiary are enclosed at the end of this annual report.

CONSOLIDATED RESULTS

Our Consolidated Sales for the current year have increased by Rs.285,921,281/- and profit for the same period have decreased to Rs.731,216/-.

CORPORATE GOVERNANCE

Corporate Governance will continue to be Board's responsibility.

The Code of Ethics and Business Conduct of the Company is based fundamental principles:

ERP SOFT SYSTEMS LIMITED

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 period April 01, 2012 to 31 March, 2013 was placed before the Board of Directors and the Board has noted the same.

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.

a) Composition of the Audit Committee along with the Independent status

- 1) Mr. Pavan Srinivas, ACS
Chairman, Audit Committee-
Independent Director
Non-Executive
Professional Company Secretary
- 2) Mrs. R. Kamala Mohan,
Member, Audit Committee
Independent Director
Non-Executive

b) Composition of the Shareholders / Investors Grievance Committee

- 1) Mrs. R. Kamala Mohan,
Chairman, Investors Grievance Committee
Independent Director
Non-Executive
- 2) Mr. Pavan Srinivas, ACS
Member, Investors Grievance Committee
Independent Director
Non-Executive
Professional Company Secretary

HUMAN RESOURCES

Employees are the key assets of the Company/ ERP SOFT has established process for selecting quality resources and engages them in the projects in USA and India.

EMPLOYEE STOCK OPTION PLANS

No employee was issued Stock Option, during the year. .

FOREIGN EXCHANGE EARNINGS AND OUTGOINGS

During the year our Company earned foreign exchange inflow of Rs.224.39 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.

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 and 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

ERPSOFT has 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.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, the Directors hereby confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures is made from the same;
- ii. We 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 the financial year and of the profits of the Company for the period;
- iii. We have taken proper and sufficient care for the maintenance of adequate accounting records in Accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. We have prepared the annual accounts on a going concern basis.

PROSPECTS

ERP SOFT focus areas of SAP and Analytics/ Business Intelligence are growth areas. These areas in the environment of social, cloud and mobility have a huge upside. ERP SOFT is hiring experienced IT employees and consultants. SAP HANA and Big Data are niche areas and ERP SOFT is taking small initiatives to test the business potential.

Disclosure of Particulars of employees forming part of directors report pursuant to Section 217(2A) of the Companies Act, 1956 and the companies (Particulars of Employees) Rules, 1975

During the year no employee, had drawn salary in excess of the amounts prescribed under section 217(2A) of the Companies Act, 1956.

Disclosures of particulars in compliance with Clause 12 of the Securities and Exchange Board of India (Employee Stock Option Scheme) and (Employee Stock Purchase Scheme) Guidelines, 1999

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

For and on behalf of the Board of Directors,

**Sd/-
K. Parvathi
Managing Director.**

Chennai, May 30, 2013.

ANNEXURE TO DIRECTORS' REPORT

To
The Board of Directors
ERP Soft Systems Limited
Chennai.

This is to certify that:

- (a)** We have reviewed financial statements and the cash flow statement of ERP Soft Systems Limited ("the Company") for the quarter and year ended March 31, 2013 and that to the best of our knowledge and belief:
 - (i)** These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii)** These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b)** There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c)** We accept responsibility for establishing and maintaining internal controls and have evaluated the effectiveness of the internal control systems of the Company, and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware of and the steps we have taken or propose to take to rectify these deficiencies.
- (d)** We have indicated to the auditors and the Audit Committee:
 - (i)** Significant changes in internal controls during the period, if any;
 - (ii)** Significant changes in accounting policies during the period, if any; and that the same have been disclosed in the notes to the financial statements; and
 - (iii)** Instances of significant fraud of which we have become aware of and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

For ERP SOFT SYSTEMS LIMITED

Sd/-
K. Parvathi
Managing Director.

Sd/-
D. Sarojanamma
Director.

Chennai, May 30, 2013.