

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



NINETH ANNUAL REPORT
2002-2003

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, Ramamurthy 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.

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

REGISTERED OFFICE

“A” Block – 21, Anna Nagar
Chennai 600 102
Tamil Nadu

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

NOTICE TO THE SHARE HOLDERS

Notice is hereby given that the **Ninth Annual General Meeting** of the shareholders of **ERP SOFT SYSTEMS LIMITED** will be held on the **24th November 2003** 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 2003** and the Balance Sheet as at **30th June 2003** and the Auditors' Report thereon.
2. To appoint the Director in the place of **Mr.K. Radha krishna Reddy** who retires by rotation at this Annual General Meeting and being eligible offers himself for reappointment.

The following resolution may be passed with or without modification, as on ordinary resolution.

"RESOLVED that **Mr.KRK Reddy** be appointed as Director of the Company.

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.

SPECIAL BUSINESS:

1. To appoint Mrs. R. Kamalamohan, who was co-opted during the year and retires at this meeting.

By Order of the Board

Sd/-
Director.

Place: Chennai
23rd October 2003

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.

Explanatory statement under section 173 (2) of Companies Act, 1956.

Mrs.R Kamalamohan was Co-opted as a Director on 31.03.2003. She has decades of experience in Administration and marketing and a effective communicator. She has to retire at this Annual General Meeting and it is recommended to be re-appointed for the benefit of the Company. The resolution is suggested for your consideration under Special Business.



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 Ninth Annual Report on the business and operations of the company and audited statement of accounts for the year ended 30th June 2003.

Financial Results:

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

(Rs. in Lakhs)

Profit during the year	6.93
Provision for Tax	0.26
Profit for the Current year after Tax	6.66
Loss brought forward	284.11
Loss carried over to Balance Sheet	277.45

Performance:

The wholly owned subsidiary of the company in USA "Libertycom" has become fully operational during the year and has turned over revenue of Rs.57.07 Lakhs upto 30th June 2003 and total turnover of the Company was Rs.71.66 Lakh for the said year end.

Future:

The strength of the company is in the financial services, domain and the same can be exploited as there is tremendous potentiality in the said field. Most of the Business sourced outside was in this sector. The presence of subsidiary company in US brings in good recognition. The future of the company is very bright and the Directors are confident of achieving much higher turnover and profits in the years to come.

Subsidiary Companies:

Pursuant to Section 212 of the Companies Act, 1956 the particulars of subsidiary company is furnished in the Annexure. The Accounts are not audited as the company closes its first operational year as on 31st December 2003.

Directors:

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

Mrs.R.Kamalamohan, Co-opted as Directors during the year retires at this Annual General Meetings. She is proposed to be re-appointed.

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.10.32 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: 23rd October 2003

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENT

Computer Software Development and processing is the nerve centre 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 future of this sectors looks very bright as many overseas corporate bodies are identifying India as the best destination to store the data, for the purpose of processing. The future prospects of the Company is very encouraging.

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 Company has tremendous opportunities. The opportunities are growing, especially in the field of outsourcing financial services. There is a mushroom growth of small players from lesser organised sectors who pose stiff competition to this line of activity. The presence of the company in the overseas, will help to overcome this problems, by having interface contact with customers overseas.

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

Place: Chennai
Date: 23rd October 2003

Sd/-
D.S.Reddy
Director.