



ASIA HR TECHNOLOGIES LIMITED



7th Annual Report 2006 - 2007



ASIA HR TECHNOLOGIES LIMITED**ASIA HR TECHNOLOGIES LIMITED****REGISTERED OFFICE**

CVR COMPLEX, II FLOOR
NO.1, DR.SINGARAVELU STREET, T.NAGAR
CHENNAI – 600 017

ANNUAL GENERAL MEETING

Date : 29th September, 2007
Day : Saturday
Time : 11.00 a.m.
Place : CVR Complex, II Floor,
No.1, Dr.Singaravelu Street,
T.Nagar, Chennai -600 017

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BOARD OF DIRECTORS

Mr.DEENADAYALAN
Mr.UDAY SURESH KHEDKAR
Mr.S.MALAYANDI
Dr.KALAIMANI
Mr.ROBERT LIM
Mr.R.MURALIDHARAN
Mr.KRISHNAN

AUDITORS

Mr.C.N.SRINIVASAN
Chartered Accountant
7A, Kalinga Colony ,P.T. Rajan Salai
K.K.Nagar, Chennai .

BANKERS

ICICI Bank Ltd
Nandanam Branch – Chennai – 35

SHARE TRANSFER AGENTS

M/s. Cameo Corporate Services Limited,
"Subramanian Building", V Floor,
1, Club House Road, Chennai-600 002.
Phone (044) 28460390 (5 lines)
Fax: (044) 28460129



ASIA HR TECHNOLOGIES LIMITED

NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the members of the Company will be held on Saturday, the 29th September, 2007 at 11.00 A.M at CVR Complex, II Floor, No.1, Dr.Singaravelu Street, T.Nagar, Chennai -600 017 to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31.3.2007 and the Profit and Loss Account for the year ended 31.3.2007 together with the schedules and notes attached thereto and the report of the Auditors and Directors thereon.
2. To appoint a director in place of Mr. S.Malayandi, who retires by rotation and being eligible offers himself for reappointment
3. To appoint a director in place of Mr. Muralidharan, who retires by rotation and being eligible offers himself for reappointment
4. To appoint a director in place of Mr. Robert Lim, who retires by rotation and being eligible offers himself for reappointment
5. To appoint Auditors and fix their remuneration.

BY ORDER OF THE BOARD
For ASIA HR TECHNOLOGIES LIMITED

Date : 30.06.2007

Place : Chennai

R.Muralidharan

Director

Note:

1. **A member entitled to attend and vote at the meeting is entitled 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 be deposited at the Registered office of the company at least 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and the Share transfer books of the company will remain closed on 29th September 2007.
4. Members desirous of obtaining any information on the Annual Accounts that is to be considered at the meeting are requested to write to the company at an early date to facilitate compilation of information.
5. The Members' are requested to intimate change of their address, if any, to the Registrar and Transfer Agents, Cameo Corporate Services Limited Subramanian Building, #1, Club House Road, Anna Salai, Chennai-2, quoting their registered folio number.

ASIA HR TECHNOLOGIES LIMITED**Details of Directors seeking reappointment**

Name & Date of Birth	Expertise in Specific Function area	Qualification	List of outside directorship held excluding alternate directorship and Private Companies	Chairman/Member of the Committee Of the Board of Directors of the Company	Chairman/ Member of the Committee of the Board of Directors of other Companies in which he is a Director
Mr. S.Malayandi 8.10.1937	Finance	Undergraduate	Nil	Nil	Nil
Mr. R.Muralidharan 26.09.1979	Human Resource	MBA	Nil	Audit and Share Transfer Committee	Nil
Mr. Robert Lim 15.02.1964	Finance	MBA	Nil	Nil	Nil



ASIA HR TECHNOLOGIES LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors are presenting the Seventh Annual Report of the company with audited accounts for the year ended 31st March 2007.

1. FINANCIAL RESULTS	Year ended 31.03.2007	Year ended 31.03.2006
	Rupees in lakhs	
Sales and other Income	34.10	—
Profit (Loss) before Depreciation & Tax	2.39	(260.43)
Depreciation	0.81	57.28
Profit (Loss) before Tax	1.58	(317.71)
Provisions for Tax-Current & Deferred	—	—
Fringe Benefit Tax	0.27	0.14
Profit(Loss) after Tax	1.31	(317.85)

2. DIVIDEND

With a view to conserve the profits your directors do not recommend any dividend for the year under review.

3. DIRECTORS

During the year Mr. S.Malayandi, Mr. R.Muralidharan and Mr. Robert Lim retire by rotation and being eligible offer themselves for appointment.

4. DEPOSITS

The Company has not accepted any deposits from the public.

5. DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 of the Companies Act, the Directors hereby confirm that

- that in the preparation of the annual accounts, the applicable accounting standards had been followed;
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2007 and of the profit of the Company for that year;
- 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;
- that the Directors had prepared the annual accounts on a going concern basis.

6. CORPORATE GOVERNANCE

Pursuant to the provisions contained in the listing agreement, a management discussion and analysis report, a report on corporate governance together with the auditor's certificate on the compliance of conditions of corporate governance are furnished as annexure forming part of this Directors' Report.

7. AUDITORS

Mr. C.N.Srinivasan, Chartered Accountant, Chennai retires at the forthcoming Annual General Meeting and is eligible for reappointment.

With regard to comments of the auditors in para 4(a) and 4(b) of the report the notes (o) & (k) of the notes to accounts are self explanatory.

ASIA HR TECHNOLOGIES LIMITED**8. LISTING**

The Company's shares are listed in Chennai and Mumbai Stock Exchanges. Further the shares are traded in demat mode also.

9. PARTICULARS OF EMPLOYEES

There is no employee during the year under review whose particulars are required to be given as per the provision of Section 217 (2A) of the Companies Act, 1956.

10. STATUTORY DISCLOSURE

Information required under Section 217(1)(e) of the Companies Act, 1956, read with the companies (Disclosure of particulars in the report of the Board of Directors) Rules 1988

I. Conservation of Energy, Technology Absorption & Research and Development

The Company has no activity relating to Conservation of energy but efforts are being made in technology absorption. The requirements for disclosure of R&D costs are as under.

A) SPECIFIC AREAS IN WHICH R&D ACTIVITIES ARE CARRIED OUT

Your company is primarily carrying out R&D on "Microsoft Technologies" under "Microsoft.net Platform". The company's core product will be e-HRD Campus. The company will build an array of products around e-HRD Campus to make it a compelling proposition for potential buyers.

The revolutionary Microsoft.net platform allows us to connect everything residing as soft copy through XML Web services. It will provide greater user control over personal information and preferences, new user interface technologies, a new breed of smart Internet devices, and the ability to harness multiple devices and services towards a common goal promoting our products and services.

B) BENEFITS TO BE DERIVED AND FUTURE PLANS

There is a huge potential for e-learning products as corporations are unable to release their people for classroom training and the need is urgent. Information is needed immediately and people cannot wait for a course. We believe the following emerging trends will have significant impact on the e-learning Market.

In this context, the company has decided to amortize R&D related expenditure after commercialisation of the re-developed products. Until such time R&D related expenditure would not be charged to profit and loss account

C) EXPENDITURE ON R&D:

The expenditure of Rs 19,50,000 attributable to the product is directly charged to the Profit and Loss Account to the extent of the benefit derived and expenses that were incurred for the development of new products that are unfinished are treated as deferred R&D expenditure amounting to Rs .28,83,399.

Percentage of R&D Expenses to turnover 57

II. Foreign Exchange Earnings and Outgo.

- | | | | |
|----|---------------------------|---|------------------|
| a. | Foreign exchange earnings | : | Rs. 34,10,000.00 |
| b. | Foreign exchange outgo | : | Nil |

11. ACKNOWLEDGEMENTS

Your directors acknowledge the continued support and cooperation of the customers and employees of the company. Further your directors thank the shareholders for their continued confidence in the company.

For and on behalf of the Board

Place : Chennai

Date : 30.06.2007

R.Muralidharan
Chairman



ANNEXURE FORMING PART OF DIRECTORS' REPORT

Management Discussion & Analysis Report

SWOT ANALYSIS ON ASIA HR TECHNOLOGIES LTD.

Strengths

Your company's projects are in the area of Human resources - more specifically in the area of e-Learning. Our e-Learning Platform: e-HRDCampus has equipped your company with learning consulting abilities and creation and customization of online courses and multimedia products, development of online campuses and lease of online courses to the education and business communities. Emphasis on research and development has enabled your company to address the clients' needs for delivering high quality instruction via the Internet.

Weaknesses

Due to the unfortunate developments in the past where the company has been caught in the wrong foot by market changes and inability to respond to the market, the company has had to incur losses. Now, the company has limited resources at its disposal. The turnover of staff puts the company in the risk of not being able to respond to the market needs on time. Limited resources also handicap the company from implementing the strategies in an ideal manner. Our core products are in the risk of being washed over by sweeping technological changes. Our products was previously developed on Active Server Pages (ASP) technology which is out dated and not supported by latest hardware and software platforms.

Opportunities

Although most training budgets were down, the percentage of training programs delivered through e-learning grew significantly in the past year. 75% of the respondents of the survey conducted by Guild research concluded "e-Learning is here to stay for foreseeable future." (Future Directions in eLearning, 2006). Clearly companies are turning toward e-learning as a strategic way to reduce training costs, increase reach, and leverage internet investments. Research continues to show a fragmented and complex marketplace for Learning Management Systems. The market is only about half penetrated, and many companies with LMS systems are already thinking about replacing them.

Threats, Risks and Concerns

The competition is also setting the pace. New standards are emerging all the time. The inability to respond to these changes in a timely manner will make the company obsolete.

The implementation costs for a LMS system is considerably high. Typically implementation costs are 1.5-2X the initial cost of software. Implementation times run from 9 to 18 months and sometimes longer.

The ageing core product platform is also a significant risk which must be mitigated appropriately.

Review of Operation & Future prospects**a. Industry Structure and development**

As per the "2006: Future Directions in e-Learning" the e-Learning marketplace "grew up." Recent research tells us that now, more than 4 years into the application of internet technologies to training, as much as 20% or more of corporate training is being conducted online. These numbers are staggering: as much as \$12-14 Billion of total training content, services, and technology is now dedicated to e-learning world wide. In 2006 estimates showed that approximately 36% of training was conducted via e-learning—indicating that the growth rate was nearly 30%.

What happens in all markets as they grow is that buyers start to become more pragmatic. Rather than buying products because they are "exciting" or "technologically interesting," they buy to solve a very specific problem. This is the transition which has taken place in internet-based corporate training. There are no longer any "one size fits all" solutions. Buyers now buy to solve specific problems – not just to "catch the wave" of new approaches. There are e-learning solutions, for example, which are very well designed and suited for field sales and customer service training. There are "out-of-the-box" proven solutions for IT certification and mid-level soft skills training. The most mature e-learning application is IT training – in this segment buyers can find many players with successful products and services. In other application areas such as sales training, management training, and application training, solutions are more hand-crafted and not as "productized."

Your company is seeking to carve a niche for itself in this online management training market. We seek to deliver a customized and personalized e-learning experience for the executives of very large organizations. The e-HRD Campus, which is primarily an e-learning platform which provides all the planning, delivery, tracking, testing, and

ASIA HR TECHNOLOGIES LIMITED



reporting functionality that most e-Learning projects will ever need. It also provides the infrastructure and dynamic content integration for additional optional components and external tools and consulting opportunities.

b. Future prospects and Segment Reporting

Your company has gone through a tough time in the past due to market changes as well as internal management issues. The company was incurring consistent losses in all the early years. The software developed and exported was not up to international standards resulting in substantial non-recovery of receivables and the company has to write them off as bad debts result in loss accumulation.

However the future looks promising with the introduction of new systems and processes resulting in strengthening of our Research & Development (R&D) activities. We have setup a new research & development center at our registered office and hired software engineers to re-develop these products with latest technology. To prevent technological obsolescence in the future the company plans to engage development resources constantly to keep updating our products and ship them as major and minor releases.

Your Company's sole product e-HRD Campus is promising to be a great solution. However it needs to be upgraded to a new technology platform.

Emerging Trends in Technology

We live in an era where we move from Personal Computers to Personal Computing. Smart Devices such as PDA's, Smart Phones have really empowered mobile computing. Interestingly web is transforming from its role of reference point to work place. Microsoft has announced its revolutionary initiative, which targets to transform the Internet to be the operating system (Work Place) instead of being used as reference point.

For the first time the technology gives the users a more productive and purposeful experience through greater user control over personal information and preferences, new user interface technologies, a new breed of smart Internet devices, and the ability to harness multiple devices and services toward a common goal. As the technology becomes more personal, consumers will want software that enables them to define and control privacy.

The revolutionary Microsoft.net platform allows us to connect everything residing as soft copy through XML Web services. We will be using this platform to build our next generation software.

In this regard the company plans to re-develop the underlying technology platform in the latest Microsoft.net 2.0 Framework. This will help improve the adoption and commercialization of the company's products. The company will build the following 3 software platforms by reusing our existing products.

1. **e- HRDCampus – A total e-learning platform**
2. **Asia Payroll – An end to end HRIS and payroll management system**
3. **Document Management System – A Complete document management systems that will help build and manage knowledge assets across any corporation.**

We will register the intellectual property through trademarks and copyright of these products once they are fully commercialised.

In addition, the company plans to use this tool as third party tool to plug - in with other vendors' products besides also running e-learning courses using the e-HRDCampus. The company hopes to generate revenue by selling solutions range from the development of electronic learning centres, to blended electronic and facilitated training, to customized interactive on-line development programmes. Each solution is designed to suit the learning topic, objectives and budget of the client company. Our revenue streams would depend on

- The sale of e-HRD Campus based products
- Customized e-Content
- Learning Audit
- Enterprise Learning Consultancy
- Learning Outsourcing
- Design and Customised software development

The key features of our core product: e-HRDCampus :-

The e-HRDCampus solution includes features like a web-based configuration wizard, quick course-building and authoring, learner self-enrollment, batch registration, reporting and analysis, test results graphing, streaming video support, automated testing, virtual student lockers, searchable document libraries, and much more.

The best-of-breed e-HRDCampus software powers online education with reliability and predictable costs. It's easily the simplest e-Learning solution to set up and manage, yet it delivers an incredibly robust tool set, even allowing major system components to be turned on and off with the click of a mouse.