

ERP SOFT SYSTEMS LIMITED



ERP SOFT

ERP SOFT SYSTEMS LIMITED

ANNUAL REPORT 2008 - 2009

ERP SOFT SYSTEMS LIMITED

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ERP SOFT SYSTEMS LIMITED

BOARD OF DIRECTORS

Mrs. K. Parvathi
Managing Director

Mr. D. S. Reddy
Director

Mr. K. Radha Krishna Reddy
Director

Mrs. R. Kamala Mohan
Director

Dr. Srin Ramaswamy
Director

Mr. Suresh Reddy Bomma
Director

Mr. Pavan Srinivas
Director

Mr. Shiva Duvvuru
Executive Director

EXTERNAL AUDITORS

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

BANKERS

: ICICI BANK LIMITED
Bazullah Road
T. Nagar Branch
Chennai – 600 017.

REGISTERED OFFICE

: "A" BLOCK – 21 Anna Nagar
Chennai – 600 102.
Tamil Nadu.

CORPORATE OFFICE

: Plot No. 10 A, Tranquil Nest Building
Kamkoti Nagar Main Road Pallikaranai
Chennai – 600 100.
www.erpsoft.com.

ERP SOFT SYSTEMS LIMITED
CORPORATE INFORMATION

Board of Directors

K. Parvathi
D. S. Reddy
K. Radha Krishna Reddy
R. Kamala Mohan .
Dr. Srin Ramaswamy
Mr. Suresh Reddy Bomma
Mr. Pavan Srinivas
Mr. Shiva Duvvuru

Company Secretary

Mr. T. Murugan

Chief Financial Officer

Mr. D.S. Reddy

Compliance Officer

Mrs. R. Kamala Mohan

Auditors

M/s. P.B. Vijayaraghavan and Associates.

Bankers

ICICI Bank Limited

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
Plot No.10 A, Tranquill Nest Buildings
Kamkoti Nagar Main Road
Pallikaranai Chennai 600 100, 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 fifteenth Annual General Meeting of ERP Soft Systems Limited will be held at No.10-A, Tranquill Nest Buildings, Kamkoti Nagar Main Road, Pallikaranai, Chennai 600 100 on Monday, September 28, 2009 at 11.00 a.m. to transact the following business:

Ordinary Business:

To receive, consider and adopt the Audited Balance Sheet as on March 31, 2009, the Profit and Loss Account for the period July 01, 2008 to March 31, 2009 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. Kamala Mohan, who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. D.S. Reddy who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. K. Radha Krishna Reddy who retires by rotation and, being eligible, offers herself for re-appointment.
5. To appoint a Director in place of Dr. Srin Ramaswamy who retires by rotation and, being eligible, offers herself for re-appointment.
6. To appoint a Director in place of Mr. Pavan Srinivas who retires by rotation and, being eligible, offers herself for re-appointment.
7. To appoint a Director in place of Mr. Suresh Reddy Bomma who retires by rotation and, being eligible, offers herself for re-appointment.
8. To appoint a Director in place of Mr. Shiva Duvvuru who retires by rotation and, being eligible, offers herself for re-appointment.
9. 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."

Special Business:

Reappointment of Managing Director:

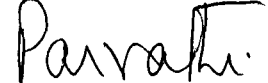
To consider and, if thought fit to pass with or without modification(s) this following as a special resolution

Resolved that pursuant to Section 269 and other applicable provisions, if any of the companies act 1956, read with Schedule XIII of the said act, subject to requisite permission from the Central Government, approved be and in hereby granted to the appointment of Mrs. K. Parvathi as the Managing Director of the Company, with effect from April 01, 2009 for a period of five years.

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

August 27, 2009

Order of the Board



K. Parvathi
Managing Director.

ERP SOFT SYSTEMS LIMITED

Notes:

- a. The Register of Members and the Share Transfer Books of the Company will remain closed from September 17, 2009 to September 28, 2009, 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 Corporate Office at Pallikaranai 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.

ERP SOFT SYSTEMS LIMITED

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
Chairman and 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 rich IT experience which includes her association with prominent IT Services Providers like HCL Technologies at various managerial capacities. K. 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

Mr. D.S. Reddy
Director- Finance

Mr. D.S. Reddy has more than 40 years of industry experience including business, management, economic analysis, financial resource mobilization, financial planning apart from promotion and management of IT companies. Mr. Srinivasulu Reddy holds a Masters in Economics from Madras University.

Mr. K. Radhakrishna Reddy
Director-Operations

Mr. Radha Krishna Reddy has over three decades of experience as entrepreneur and in managing business and operations. His business acumen has helped the company immensely. Radha Krishna Reddy takes care of all company expansion initiatives.

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

Dr. Srin Ramaswamy
Chief Technology Advisor Independent / Non Executive Director

Dr. Srin Ramaswamy is Chief Technology Advisor to ERP Soft. His career spans over two decades of rich technology expertise in global IT enterprises. He provides direction to various large and medium companies in public and private sector in United States. He has been associated with various Technology advisory committees. His research work has been funded by several companies, state and federal agencies such as the National Science Foundation. He has also been involved with the development of several successful start up ventures. His domain experience includes Technology analysis, planning, management, architecture and execution.

Dr. Srin Ramaswamy was appointed as additional director of the company during the year 2008-09 and he retires at the AGM to be held on September 28th 2009. Being eligible he offers himself for being appointed as director at the AGM.

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

Mr. Pavan Srinivas

Professional 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.

Mr. Pavan Srinivas was appointed as additional director of the company during the year 2008-09 and he retires at the AGM to be held on September 28th 2009. Being eligible he offers himself for being appointed as director at the AGM.

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

Mr. Suresh Reddy Bomma

Director-Independent / Non-Executive Director

Mr. Suresh Reddy is highly skilled in high technology areas that include multi media. Web and video solutions, Web media, cable technology, infrastructure solutions. He has over 20 years of experience in leading innovation. He is a US returned NRI and he is the promoter of innovative web centric offerings like Bomma.TV and several more in the offing. Suresh Reddy will provide direction and guidance for building technology infrastructure and channel offering of ERP Soft. Suresh Reddy holds Bachelors in Technology from S.V. University.

Mr. Suresh Reddy Bomma was appointed as additional director of the company during the year 2008-09 and he retires at the AGM to be held on September 28th 2009. Being eligible he offers himself for being appointed as director at the AGM.

Directorship in other Bomma Media Pvt Ltd	Nil
Chairmanship in committees of board of other companies	Nil
Membership in committees of board of other companies	Nil

Mr. Shiva Duvvuru

Executive Director

Mr. Shiva has over two decades of expertise in providing IT solutions, corporate management & strategy, financial planning, corporate auditing, international tax and accounting practices, information security and organizational management. In his illustrious career, he has worked with many national and international companies at various managerial capacities. Shiva Duvvuru has been a key member in formulating the world-class management practices and service delivery models at various organizations including ERPSoft. Shiva has done some of the international acclaimed finance, management and IT courses such as CPA; Cost Accountancy, Chartered Accountancy, CISA, CISM SAP, Oracle Apps.

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 July 01 2008 to March 31, 2009.

FINANCIAL PERFORMANCE

Key aspects of your Company's financial performance for the year 2008-09 are tabulated below:

<i>(In Rupees)</i>				
	Consolidated		Parent	
	2008 – 2009	2007 - 2008	2008- 2009	2007 -2008
Sales and other income	2,69,82,655	11,14,58,225	36,48,203	36,17,111
Profit before tax	33,21,112	1,82,82,971	15,78,976	27,84,596
Provision for tax	3,48,229	3,50,500	3,48,229	3,50,500
Profit for the year	29,72,883	1,79,32,471	12,30,747	24,34,096
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	29,72,883	1,79,32,471	12,30,747	24,34,096

SUBSIDIARY COMPANIES

100% Subsidiary company, Libertycom LLC in USA. It is focusing on Electronic Medical Records and other IT and BPO operations for Health Sector. The financial statements of the subsidiary are enclosed at the end of this annual report.

CONSOLIDATED RESULTS

As your company is focusing on IT and BPO for Health Industry, it is facing out areas like consulting. It is expected that focused approach in Health Industry will reap rich dividends for the company. Our Sales for the current year decreased by Rs.8,44,75,570/- and our Profit for the year was Rs.29,72,883/- a decrease of 83.42% over the previous year.

ERP SOFT SYSTEMS LIMITED

CORPORATE GOVERNANCE

We believe Corporate Governance is at the heart of Shareholder value creation. ERP Soft and its officers and employees adopted the Code of Ethics on 24th July 2008.

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

- 1) Lay solid foundations for management
- 2) Structure the Board to add value
- 3) Promote ethical and responsible decision-making
- 4) Safeguard integrity in financial reporting
- 5) Make timely and balanced disclosures
- 6) Recognize and manage business risks
- 7) Respect the rights of the shareholders
- 8) Encourage enhanced performance
- 9) Remunerate fairly and responsibly
- 10) Recognize the legitimate interest of the stakeholders
- 11) Legal and Statutory compliances in letter and spirit.

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 period July 01, 2008 to 31 March, 2009 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
- 3) Mr. Shiva Kumar Reddy Duvvuru
Member, Audit Committee
Executive
Non-Independent Director
Certified from Institute of Chartered Accountants of India
Certified from American Institute of Certified Public Accountants
Certified from Information Systems Audit & Control Association (ISACA)

ERP SOFT SYSTEMS LIMITED

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 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.51.46Lacs 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

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

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.

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.

ERP SOFT SYSTEMS LIMITED

PROSPECTS

The global economic situation is in distress. However these tough times provide opportunities to companies that provide valuable services at cost that can be affordable to companies. ERP Soft is making good progress in winning traction from prospective customers. ERP Soft has also strengthened its management team and team of independent directors and making sustained efforts for impressive growth.

Your company is taking various focused initiatives for growth of the company:

- 1) Providing HR Benefits solutions as part of BPO operations in US with back offices in India
- 2) Building Job Portals like www.erpprofessionals.com and b2b.jobs
- 3) Developing SAP consulting and placement services

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,



K.Parvathi
Managing Director

Chennai, August 27, 2009.

ERP SOFT SYSTEMS LIMITED

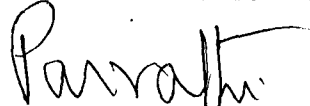
ANNEXURE TO DIRECTORS' REPORT

To
The Board of Directors
ERP Soft Systems Limited
Chennai.

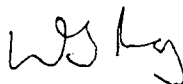
This is to certify that:

- (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, 2009 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 violative 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



K. Parvathi
Managing Director



D.S. Reddy
Chief Financial Officer

Chennai, August 27 2009

T. MURUGAN, B.Sc., ACA, ACS.
Practising Company Secretary

22-E, Sri Subah Colony,
Munusamy Road, K.K. Nagar,
Chennai - 600078.
Ph. : 24847075, 9381035900
murugantmp@yahoo.co.in

COMPLIANCE CERTIFICATE

CIN : U67120TN1994PLC029563

To
The Members
M/s. ERP SOFT SYSTEMS LIMITED
A21, Anna Nagar
Chennai-600102

I have examined the registers, records, books and papers of M/s. ERP SOFT SYSTEMS LIMITED (the company) as required to be maintained under the Companies Act, 1956, (the act) and the rules made thereafter and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended 31st March 2009 (from 1-7-2008 to 31-3-2009) . In my opinion and to the best of my information and according to the examinations carried out by me and my explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this certificate as per the provisions and the rules made there under and all entries have been duly recorded.
2. The company has not filed any forms and returns during the financial year, the annual filing documents are being filed belatedly.
3. The company being public limited company, this clause not applicable.
4. The Board of Directors duly met 5 times on 20-7-2008, 30-9-2008, 31-10-2008, 28-11-2008 and 31-1-2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the minutes book maintained for the purpose
5. The company has opted to close its Register of Members, during for the period 18-12-2008 to 29-12-2008, the provisions of the Act complied with .



6. The Annual General Meeting for the year ended on 30th June, 2008 was held on 29th December 2008 after giving due notice to the members of the company and the resolutions passed thereat were duly recorded in the minutes book maintained for the purpose.
7. No Extraordinary General Meeting held during the financial year under review.
8. The company has not advanced loans to its directors referred in section 295 of the Act .
9. The company has not entered into any contract falling under the provisions of section 297 of the Act.
10. The company has made entries in the Register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from Board of Directors, members, or the Central Government as the case may be.
12. The Company has not issued any Duplicate Share Certificate during the financial year.
13. The Company has:
 - (i) not issued / transferred any shares during the financial year.
 - (ii) not deposited any amount in a separate bank account as no dividend was declared during the financial year;
 - (iii) not paid /posted warrants for dividends to all the members as no dividend was declared during the financial year;
 - (iv) not transferred the amounts in unpaid dividend account , application money due for refund ,matured deposits , matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund , as no dividends were declared;
 - (v) Duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the appointments of Directors, Additional Directors, Alternate Directors, and Directors to fill casual vacancies have been duly made.
15. The company has not appointed Managing Director / Whole Time Director during the financial year under review.
16. The company has not appointed any sole – selling agents during the financial year.

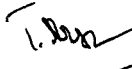


17. The company has no instances for any approval under the Act from Company Law Authorities
18. The directors have disclosed their interest in other firms /companies to the Board of Directors pursuant to the provisions of the Act and Rules made there under.
19. The Company has not issued any securities during the financial year under review.
20. The Company has not bought back shares during the financial year.
21. There was no of redemption any preference shares /debentures during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights to dividends, rights shares, and bonus shares pending registration of transfers of shares in compliance of the Act.
23. In my opinion and according to the information and explanation given to us, the company has not accepted deposits accepted from the public.
24. The company has not borrowed any money as envisaged under sec.293 (1)(d) of the Act .
25. The company has not made any loans, advances, or given guarantees or provided securities to other bodies corporate and consequently no entries were made in the register kept for the purpose.
26. The Company has not altered the provisions of Memorandum of Association with respect to the situation of the company's registered office from one state to another during the year under scrutiny after complying with the provisions of the Act.
27. The Company has not altered the provisions of Memorandum of Association with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of Memorandum of Association with respect to the name of the company during the year under scrutiny..
29. The Company has not altered the provisions of Memorandum of Association with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered the Articles of Association during the financial year...



31. There was no prosecution initiated against the company for alleged offences under the Act not received show cause notices.
32. The company has not received any money as security from its employees during the year.
33. The company was not covered under the Provident Fund Act pursuant to section 418 of the Act.

Place : Chennai
Date : 27-08-2009


T.MURUGAN
Name of Company Secy.
C.P.No 4393

Annex. A

Registers maintained by the Company

1. Register of Members
2. Register of Directors.
3. Register of Directors' Shareholding.
4. Register of Transfers.
5. Declaration of Interest.
6. Minutes of Board Meetings.
7. Minutes of General Body Meeting.
8. Attendance Register of Board Meetings.



ERP SOFT SYSTEMS LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

OVERVIEW

ERP Soft Systems Ltd is in the business of providing Outsourcing; Consulting and BPO solutions. We specialize in Tax, Risk Management, Compliance and Governance and Employee Benefits and Employee Contract Management Services and also in SAP Consulting.

INDUSTRY STRUCTURE AND DEVELOPMENTS

Technology, especially information technology has transformed business by creating productivity gains and business models in the last two decades. This has resulted in the increased importance of IT to the success of companies worldwide. The ability to design, develop, implement, and maintain advanced Technology platforms and solutions to address business and customer needs has become a competitive advantage and a priority for corporations worldwide.

We find that companies are now focused on moving data residing in disparate IT systems to the decision makers within the company in real-time manner. Companies have recognized the transformational capabilities of real-time data and have started integrating IT processes with core business activities, with their clients and with their suppliers. Concurrently, the prevalence of multiple technology platforms and a greater emphasis on network security and redundancy have increased the complexity and cost of IT systems, and have resulted in greater technology-related risks.

The need for more dynamic technology solutions and the increased complexity, cost and risk associated with these technology platforms has created a growing need for specialists with experience in leveraging technology to help drive business strategy.

OUTSOURCING/ CONSULTING

IT Services market can be segmented based on execution responsibility into Outsourced Services and Captive Units providing IT Services. Independent service providers provide Outsourced services, undertaking delivery responsibility for a price. The trend towards Outsourced services continues.

India has been and remains the most favoured offshore location for Technology Services. India is ranked at the top, ahead of China, Czech Republic and Philippines for offshore IT services in one of the Global Services Location Index 2007.

NASSCOM segments Indian IT Services market into five categories. Tier 1 companies, Tier 2 companies, Offshore Global Service Companies, Multinational Captive Units and Emerging companies. The contribution of these five segments to the Indian IT/ES and BPO market is tabulated below:

BPO SERVICES

Global BPO spend is expected to increase inspite economic turmoil worldwide as the companies are in more need for efficient services and business processes at lower costs and greater speed. The offshore component of worldwide IT-BPO market is estimated at 42 billion US dollar.

Governance, risk and compliance has emerged as a strategic priority for financial institutions. The post 9/11 environment has seen financial institutions grappling with the challenges of increasing regulatory Complexity and also an emerging convergence of the areas of governance driven by regulations such as Sarbanes-Oxley, risk management with regulations in Basel II, and compliance driven by regulations as anti-money laundering, the Patriot Act, data privacy, etc. In the core transaction processing area, increasing number of financial institutions are getting more and more receptive to the value proposition and the benefits of core banking transformation, and the Company is taking concrete steps in that direction.

ERP SOFT SYSTEMS LIMITED

Information Technology (IT) plays a major role in such a scenario – acting as an enabler of a new customer-centric outlook, and a means to improving operational efficiency, while driving compliance to new regulatory norms, reducing costs and achieving competitive differentiation.

OPPORTUNITIES AND THREATS

Consulting services are offered in the areas of business process re-engineering, risk and compliance, IT architecture, IT governance and process improvement. It is a process defined by ERP Soft Systems Ltd's domain expertise and best practices.

BUSINESS PERFORMANCE

Our total revenues in for the period ended July 01, 2008 to March 31, 2009 were Rs.2,69,82,655/- representing an decrease of Rs.8,44,75,570/- from Rs.11,14,58,225/- in F.Y. 2007-08. The net income for the period July 01, 2008 to March 31, 2009 was Rs.33,21,112/- against Rs.1,82,82,971/- in F.Y. 2007-08. Our net income margins were 12% and 16% for the period 01 July 01,2008 to March 31, 2009 and in 2007 -08 respectively.

REVENUE

Our revenue from services represented 100% of the total revenues for both the financial years ended March 2009 and June 30, 2008. The services revenue were Rs.2,69,82,655/- for the period July 01,2008 to March 31, 2009, a decrease of Rs.8,44,75,570/- from Rs.111,458,225 in the year ended June 30, 2008.

COST OF SERVICES REVENUE AND OPERATING EXPENSES

The cost of revenues for services consists primarily of compensation expenses for our software professionals etc. We recognize these costs as incurred. Our operating expenses include general and administrative expenses and allocated overhead expenses associated with human resources, management information systems and finance.

GEOGRAPHIC BREAKUP OF REVENUES

The following table represents the percentage breakup of our revenues for IT Services and BPO services business by region:

	Period July 01, 2008 to March 31, 2009			Year ended June 30, 2008		
	IT Services	BPO Services	Total revenues	IT Services	BPO Services	Total revenues
North Americas (USA)	0%	100%	100%	0%	41%	41%
Europe	0%	0%	0%	0%	0%	0%
Asia	0%	100%	0%	0%	59%	59%
Middle East	0%	0%	0%	0%	0%	0%
India	0%	0%	0%	0%	0%	0%
Africa	0%	0%	0%	0%	0%	0%
Latin America and Caribbean	0%	100%	100%	0%	100%	100%

TRADE RECEIVABLES

Trade receivables as of March 31, 2009 and June 30, 2008 were Rs.3,55,71,500/- and Rs.2,97,53,335/- respectively. The Company periodically reviews its account receivables outstanding as well as the aging quality of the account receivable of the client. The following table presents the age profile of our sundry debtors.

	Year ended March 31, 2009	
Period in days	2009	2008
0-180	67%	62%
More than 180	33%	38%
Total	100%	100%

ERP SOFT SYSTEMS LIMITED

INCOME TAXES

Currently, we benefit from the tax holidays the Government of India provides to software products and IT services exporters from specially designated Software Technology Parks in India. As a result of these incentives, our operations have been subject to relatively lower tax liabilities in India. These tax incentives currently include a 10-year tax holiday from Indian corporate income-taxes for the operations of our Indian facilities. The Finance Act, 2000, restricts the ten-year tax holiday available from the fiscal year in which the undertaking begins to manufacture or produce, or until fiscal 2009, whichever is earlier. Accordingly, facilities set up after fiscal 2000 will enjoy the benefit of the tax holiday only until fiscal 2009. For our facilities, these benefits expire in stages through 2009.

RISKS AND CONCERNS

Our primary risk exposures are due to (a) foreign exchange rate fluctuations, principally relating to the fluctuation of the US Dollar to the Indian Rupee (b) fluctuations in interest rates and (c) fluctuations in the value of our investments.

As of March 31, 2009, we had cash and bank balances of Rs.26,80,093/-. Consequently, we face an exposure on account of fluctuation in interest rates.

100% portion of our revenues is generated in foreign currencies. Our functional currency for Indian operations is the Indian Rupee. We expect that the majority of our revenue will continue to be generated in foreign currencies. In addition, we face normal business risks such as global competition and country risks pertaining to countries that we operate in.

OUTLOOK

ERP Soft Systems Ltd offers customized software solutions, packaged implementations, enterprise management solutions, application development and support services.

There are several key opportunities for ERP Soft. Emerging areas such as enterprise risk management, compliance, IT outsourcing and knowledge process outsourcing are some of the main areas where ERP Soft sees opportunities in the next few years. The company is in the mode to expand its business, open up new areas of investment into banking, infrastructure projects, agricultural projects, power projects and insurance.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place adequate systems of internal control and documented procedures covering all financial and operating functions. These systems have been designed to provide reasonable assurance with regard to maintaining proper accounting controls, monitoring economy and efficiency of operations, protecting assets from unauthorized use or losses and ensuring reliability of financial and operational information. The Company continuously aligns all its processes and controls with global best practices.

ERP SOFT SYSTEMS LIMITED

DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

AUTHORISED SHARE CAPITAL

The Company has an authorized share capital of Rs.450Lacs, comprising 45.00Lacs equity shares of Rs.10/- each as of March 31, 2009.

PAID UP SHARE CAPITAL

The Company has a paid up capital of Rs.396Lacs, comprising 39.60Lacs equity shares of Rs.10/- each as of March 2009.

RESERVES AND SURPLUS

PROFIT AND LOSS ACCOUNT

The company had accumulated profits carried forward from previous year of Rs.3,84,05,038/- which was added with the profit for the year and the amount standing to the credit of profit and loss account is Rs.4,13,77,921/- as on March 31, 2009.

FIXED ASSETS

ADDITIONS TO FIXED ASSETS

During the year, the Company has invested Rs.38,01,553/- on Fixed Assets.

DEPRECIATION

The Company has provided depreciation on straight line basis at the rates specified in Schedule XIV of the Companies Act, 1956. Depreciation as a percentage of sales remained at 4.53% in fiscal year 2009.

INVESTMENTS

Surplus cash generated by operations are invested in short term mutual fund units, shares, partnership firms, companies. Investments have increased from Rs.4,59,04,202/- in F.Y.2007-2008 to Rs.5,03,07,481/- for the period July 01, 2008 to March 31, 2009.

SUNDRY DEBTORS

Sundry Debtors (net of provision) for the current year is at Rs.3,55,71,500/- against Rs.2,97,53,335/- against in the previous year.

CASH AND BANK BALANCES

Cash and bank balances have increased to Rs.26,80,093/- from Rs.3,42,717/- a increase by Rs.23,37,376/-.

LOANS AND ADVANCES

Advances recoverable have increased to Rs.24,76,510/- from Rs.8,76,152/- a increase by Rs.16,00,358/- increase in 'advances paid in cash or in kind' is primarily due to advance amounts paid to suppliers and employee advances.

ERP SOFT SYSTEMS LIMITED
CURRENT LIABILITIES AND PROVISIONS

CURRENT LIABILITIES

Sundry Creditors represent the amount payable to vendors for supply of goods and services.

Other liabilities comprise of amounts due for operational expenses the increase in other liabilities is mainly towards administrative expenses, withholding taxes, incentives, onsite reimbursements etc. This increase is in line with increase in infrastructure and business.

PROVISIONS

PROVISION FOR TAX

Our provision for income taxes for the period July 01, 2008 to March 31, 2009, is Rs.2,53,000/- and Rs.3,50,500/- in the fiscal year ended June 30, 2008. The decrease in tax is due to MAT per Income tax provisions.

REVENUES

Our IT & BPO services revenue is Rs.2,68,60,096/-

Based on geographical destination, 100% of our revenue came from the Americas as our global destination is Americas only.

COST OF REVENUES

Our cost of revenue for the period July 01, 2008 to March 31, 2009, was Rs.1,77,52,423/- a decrease of Rs.6,89,02,882/- over cost of revenue of Rs.8,66,55,305/- in the year ended June 30, 2008. Our cost of revenue as a percentage of total revenue was 65.79% for the period July 01, 2008 to March 31, 2009 and 77.74% in the year ended June 30, 2008.. These changes can't attributed to the focus our company is giving to Health Industry IT and progressive reduction of effort in other areas.

INDIRECT EXPENSES

Our indirect expenses for the period July 01, 2008 to March 31, 2009, were Rs.59,09,120/-, a decrease of Rs.6,10,829/- over of Rs.65,19,949/- in the fiscal year ended June 30, 2008. Our indirect expenses as a percentage of total revenue for the period July 01, 2008 to March 31, 2009, increased by 16.05% over financial year ended June 30, 2008.

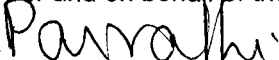
LIQUIDITY AND CAPITAL RESOURCES

Our capital requirements relate primarily to financing the growth of our business. We have historically financed the majority of our working capital, capital expenditure and other requirements through our operating cash flow. During the period July 01 2008 to March 31, 2009 we have utilized cash of Rs.52.82Lacs for operations as against Rs.70.74Lacs cash generated in the financial year 2007-08.

We expect that our primary financing requirements in the future will be capital expenditure and working capital requirements in connection with the expansion of our business.

We believe that cash generated from operations will be sufficient to satisfy our currently foreseeable capital expenditure and working capital requirements.

For and on behalf of the Board of Directors,



K. Parvathi
Managing Director

Chennai, August 27, 2009

ERP SOFT SYSTEMS LIMITED

REPORT ON CORPORATE GOVERNANCE 2008-09

COMPANY PHILOSOPHY

The company believes good governance is an essential ingredient of good business. Good governance and good business means decision making, accountability, responsiveness, transparency, effectiveness and efficiency among others.

ANNUAL GENERAL MEETING

Annual General Meeting for the period ended July 01, 2008 to March 31, 2009 is scheduled on September 28, 2009, at 11.00 AM. The meeting will be conducted at "Tranquill Nest" Plot No. 10 A, Kamkoti Nagar Main Road Pallikaranai Chennai – 600 100.

For those of you, who cannot make it to the meeting, please remember that you can appoint a proxy to represent you in the meeting. For this you need to fill in a proxy form and send it to us. The last date for receipt of proxy forms by us is September 25, 2009, before 11.00 AM

ANNUAL GENERAL MEETINGS AND OTHER GENERAL BODY MEETING OF EARLIER YEARS

For the year **2003-04**, we had our Annual General Meeting on October 30, 2004 at 11.00 AM. The venue for the meeting was A-21, Anna Nagar, Chennai 600102. In that meeting no Special resolutions were passed.

For the year **2004-05**, we had our Annual General Meeting on December 30, 2005 at 11.00 AM. The venue for the meeting was A-21, Anna Nagar, Chennai 600102. In that meeting no Special resolutions were passed.

For the year **2005-06**, we had our Annual General Meeting on December 27, 2006 at 11.00 AM. The meeting was held at A-21, Anna Nagar, Chennai 600102. In that meeting no Special resolutions were passed.

For the year **2006-07**, we had our Annual General Meeting on December 24, 2007 at 11.00 AM. The meeting was held at A-21, Anna Nagar, Chennai 600102. In that meeting no Special resolutions were passed.

For the year **2007-08**, we had our Annual General Meeting on December 29, 2008 at 11.00 AM. The meeting was held at A-21, Anna Nagar, Chennai 600102. In that meeting no Special resolutions were passed

FINANCIAL YEAR

Our tentative calendar for declaration of results for the period July 01, 2008 to March 31, 2009 is as given below:

Calendar for Reporting

Quarter ending	Release of results
For the quarter ending Third week of September 2008	Fourth week of October 2008
For the quarter and half year ending December 31, 2008	Fourth week of January 2009
For the quarter and nine months ending March 31, 2009	Fourth week of May 2009
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ERP SOFT SYSTEMS LIMITED

INTERIM DIVIDEND AND FINAL DIVIDEND

No dividends are declared by Board of Directors hence record date for the purpose of payment of dividend was not fixed.

DATE OF BOOK CLOSURE

Our Register of members and share transfer books will remain closed from September 17th, 2009 to September 28th, 2009 (both days inclusive).

MEANS OF COMMUNICATION WITH SHAREHOLDERS

We have established the procedures in a planned manner, the relevant information to our shareholders, employees etc. Our Audit Committee reviews the press releases, annual and quarterly reports of the Company, before they are presented to the Board of Directors for their approval for release.

Our notices, intimation of board meetings, quarterly results, half yearly results, results for nine months ended, annual results are published in national newspapers such as The News Today and regional news papers like the Maalai Sudar. Our results, news releases and presentations are now being posted on the Company's website at www.erpsoft.com

We also created Investorcare@erpsoft.com for effective investor care and protection and redressal of any grievances.

Means of communications	Number of times
Publication of results	3

LISTING ON STOCK EXCHANGES

Your Company's shares are listed in the following exchanges as of March 31, 2009 and the stock codes are

Stock codes

Equity shares	Stock Codes
Bombay Stock Exchange Limited (BSE)	530909
Madras Stock Exchange Limited (MSE)	ERPSOFTSYS

Listing on BSE is in Z category and trading is suspended due to non filing of returns. However your company has been in good compliance for the past several years and hence has requested the exchange for revoking of suspension.

CORPORATE IDENTITY NUMBER (CIN)

Our Corporate Identity Number (CIN), allotted by Ministry of Corporate Affairs, Government of India is **U67120TN1994PLC029563** and our Company Registration Number are 29563. Our Company is registered in the State of Tamilnadu, India.

SHARE TRANSFER SYSTEM

Your Board has delegated the power of share transfer to Registrar and Share Transfer Agents - M/s. Cameo Corporate Services Limited. The turnaround time for completion of transfer of shares in physical form is generally less than 7 days from the date of receipt, if the documents are clear in all respects.

ERP SOFT SYSTEMS LIMITED

ADDRESS FOR CORRESPONDENCE

All correspondence relating to the shares of the Company should be addressed to Cameo Corporate Services Limited at the address given below:

Cameo Corporate Services Limited.

Subramanian Building, 1st Floor

1, Club House Road, Chennai

Tel: 044 28460390

Fax: 044 28460129

Email id: cameo@cameoindia.com

Contact person: Mr. R.D. Ramaswamy

For Correspondence with the company,

ERP Soft Systems Limited

Corporate Office:

Plot No. 10-A, Tranquill Nest Buildings

Kamkoti Nagar Main Road

Pallikaranai Chennai – 600 100.

Tel: 91-44-65554119 (O)

Email: investorcare@erpsoft.com

DESCRIPTION OF VOTING RIGHTS

All our shares carry voting rights on a pari-passu basis.

DISTRIBUTION OF SHAREHOLDING AND CATEGORIES OF SHAREHOLDERS

Category	July 01, 2008 - March 31, 2009				June 30, 2008			
	No of share holders	% to shares	No of shares	% to Total equity	No of share holders	% to shares	No Of shares	% to Total Equity
0-5000	180	82.19	88000	2.22	180	82.19	88000	2.22
5001-10000	15	6.85	142800	3.61	15	6.85	142800	3.61
10001-20000	5	2.28	99200	2.51	5	2.28	99200	2.51
20001-30000	0	0.00	0	0	0	0.00	0	0
30001-40000	0	0.00	0	0	0	0.00	0	0
40001-50000	1	0.46	50000	1.26	1	0.46	50000	1.26
50001-100000	7	3.20	596800	15.07	7	3.20	596800	15.07
100001 and above	11	5.02	298320 0	75.33	11	5.02	298320 0	75.33
Total		100		100		100		100

ERP SOFT SYSTEMS LIMITED

CATEGORIES OF SHAREHOLDERS

Category code	Category of Shareholders	Number of share-holders	Total number of shares	Number of shares Held In dematerialise d form	Total shareholding as a Percentage of total Number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(A)	Shareholding of promoter and					
(1).	Indian					
(a)	Individuals/ Hindu Undivided Family	13	1899300	0	47.96	47.96
(b)	Central Government/ State Governments	0	0	0	0	0
(C)	Bodies Corporate	0	0	0	0	0
(d)	Financial Institutions/Banks	0	0	0	0	0
(e)	Any Other (Specify)	0	0	0	0	0
	Sub-Total (A)(1)	13	1899300	0	47.96	47.96
(2).	Foreign					
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals	0	0	0	0	0
(b)	Bodies Corporate	0	0	0	0	0
(C)	Institutions	0	0	0	0	0
(d)	Any Other (Specify)	0	0	0	0	0
	Sub-Total (A)(2)	0	0	0	0	0
	Total Shareholding of promoter And promoter Group (A)=(A)(1)+(A)(2)	13	1899300	0	47.96	47.96

Category code	Category of shareholders	Number of share-holders	Total number of shares	Number of shares Held in dematerialise d form	Total shareholding as a percentage of total number of shares	
					As a percentage of (A+B)	As a percentage of (A+B+C)
(B)	Public Shareholding					
(1).	Institutions					
(a)	Mutual Funds/ UTI					
(b)	Financial Institutions/ Banks					
(C)	Central Government/ State Governments					
(d)	Venture Capital Funds					
(e)	Insurance Companies					
(f)	Foreign institutional Investors					

ERP SOFT SYSTEMS LIMITED

(g)	Foreign Venture					
	Capital Investors					
(h)	Any Other (Specify)					
	Sub-Total (B)(1)					
(2).	Non-Institutions					
(a)	Bodies Corporate	1	365200	0	9.22	9.22
(b)	Individuals-					
i	Individual Shareholders holding nominal share capital upto Rs.1 Lakh	182	118100	0	2.98	2.98
ii	Individual Shareholders holding nominal share capital in excess Rs.1 Lakh	19	1545400	0	39.03	39.03
(c)	Any Other (Specify)					
	Non-Resident Individuals	7	32000	0	0.81	0.81
	Sub-Total (B)(2)	209	2060700	0	52.04	52.04
	Total Public Shareholding					
	(B)=(B)(1)+(B)(2)	209	2060700	0	52.04	52.04
	TOTAL (A)+(B)	222	3960000	0	100	100
(C)	Shares held by					
	custodians and against					
	Which Depository					
	Receipts have been					
	Issued	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	222	3960000	0	100	100

DEMATERIALIZATION OF SHARES AND LIQUIDITY

No equity has been dematerialized up to March 31, 2009 as all the equity shares of the company. Our company shares have been approved for dematerialization by National Securities Depository Limited (NSDL) and our application is pending with Central Depository Services (India) Limited (CDSL) for dematerialization of shares as they need certification from BSE.

BOARD OF DIRECTORS

Our Board of Directors constitute of four non-executive independent members and four executive and or non-independent members. The four non-executive directors are independent directors i.e. independent of management and free from any business or other relationship that could materially influence their judgment. The profile of our Directors is given below.

Mrs. K. Parvathi
Chairman and Managing Director

Parvathi is responsible for providing vision and direction to the board and has management responsibility at ERPSoft. She has more than 25 years of rich IT experience which includes her association with prominent IT Services Providers like HCL Technologies at various managerial capacities. Parvathi holds Post graduation and Master of Philosophy (M.Phil) from Madras University.

ERP SOFT SYSTEMS LIMITED

Dr. Srini Ramaswamy

Chief Technology Advisor Independent/ Non-Executive Director

Dr. Srini Ramaswamy is Chief Technology Advisor to ERPSOFT. His career spans over two decades of rich technology expertise in global IT enterprises. He provides direction to various large and medium companies in public and private sector in United States. He has been associated with various Technology advisory committees. His research work has been funded by several companies, state and federal agencies such as the National Science Foundation. He has also been involved with the development of several successful start up ventures. His domain experience includes Technology analysis, planning, management, architecture and execution.

Mr.D.S.Reddy

Director-Finance

Mr. D.S. Reddy has more than 40 years of industry experience including business, management, economic analysis, financial resource mobilization, financial planning apart from promotion and management of IT companies. Mr. Srinivasulu Reddy holds a Masters in Economics from Madras University.

Mr. K. Radha Krishna Reddy

Director-Operations

Mr. Radha Krishna Reddy has over three decades of experience as entrepreneur and in managing business and operations. His business acumen has helped the company immensely. Radha Krishna Reddy takes care of all company expansion initiatives.

Mr. Pavan Srinivas

Professional 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 ERPSOFT.

Mr. Suresh Reddy Bomma

Director- Independent/ Non- Executive Director

Mr. Suresh Reddy is highly skilled in high technology areas that include multi media. Web and video solutions, Web media, cable technology, infrastructure solutions. He has over 20 years of experience in leading innovation. He is a US returned NRI and he is the promoter of innovative web centric offerings like Bomma.TV and several more in the offing. Suresh Reddy will provide direction and guidance for building technology infrastructure and channel offering of ERPSOFT. Suresh Reddy holds Bachelors in Technology from S.V. University.

Mrs. R. Kamala Mohan

Director - Independent/ Non- Executive Director

Mrs. 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 redressal at a fast pace and she has ensured that grievances are attended to within forty eight hours at the maximum.

ERP SOFT SYSTEMS LIMITED

Mr. Shiva Duvvuru
Executive Director

Mr. Shiva Duvvuru has over two decades of expertise in providing IT solutions, corporate management & strategy, financial planning, corporate auditing, international tax and accounting practices, information security and organizational management. In his illustrious career, he has worked with many national and international companies at various managerial capacities. Shiva has been a key member in formulating the world-class management practices and service delivery models at various organizations including ERPSOFT. He is a professional with qualifications such as CPA, ICWA, CA, CISA and CISM, SAP, Oracle Apps.

INFORMATION FLOW TO THE BOARD MEMBERS

We present our annual Plan and Operating Plans of our businesses to the Board for their review, inputs and approval. Likewise, our quarterly financial statements and annual financial statements are first presented to the audit committee of the Board of Directors, and subsequently to the Board of Directors for their approval. In cases of statutory matters are presented to the Board and Committees of the Board for their approval. Meeting with Directors enthuse and motivate our business leaders.

BOARD MEETINGS

We decide on the board meeting dates in consultation with all our directors. Once decided the schedule of the Board meeting and Board Committee meetings is communicated in advance to the Directors to enable them to schedule their meetings. Our Board met four times during the period July 01, 2008 to March 31, 2009 on October 31, 2008, January 31, 2009, May 29, 2009, and September 28, 2009. Maximum Interval between any two meetings was three months.

POST-MEETING FOLLOW-UP SYSTEM

After the board meetings, we have a formal system in place of follow up, review and reporting on actions taken by the management on the decisions of the Board.

DISCLOSURE OF MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS

During the period July 01, 2008 to March 31, 2009 no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company. None of the Non-Executive Directors have any pecuniary material relationship or transactions with the Company for the period ended July 01, 2008 to March 31, 2009 and have given undertakings to that effect.

WHISTLE BLOWER POLICY AND AFFIRMATION THAT NO PERSONNEL HAS BEEN DENIED ACCESS TO THE AUDIT COMMITTEE

The audit committee framed a policy that provided a formal mechanism for all employees of the company to approach the management of the company and make protective disclosures to the management about unethical behavior, actual or suspected fraud or violation of the company's code of conduct

Company has not denied access to the Audit Committee to any employee of the company.

Our company has been complying with mandatory requirements prescribed under the listing agreement as amended from time to time.

ERP SOFT SYSTEMS LIMITED

DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS OF THIS CLAUSE

Your Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances have been given in the relevant sections of this Report. The status on compliance with the Non-mandatory requirements are given at the end of the Report.

DIRECTORS' SHAREHOLDING IN THE COMPANY

Details of shares held by each of the Directors as on March 31, 2009

Name	No of shares held
K. Parvathi	200000
D. S. Reddy	150000
K. Radha Krishna Reddy	100000
R. Kamala Mohan	Nil
Shiva Duvvuru	320000
Dr. Srin Ramaswamy	Nil
Suresh Reddy Bomma	Nil
Pavan Srinivas	Nil

REMUNERATION POLICY AND CRITERIA OF MAKING PAYMENTS TO DIRECTORS

Presently remuneration policy, compensation committee and criteria of making payments to directors are not required as no remuneration are paid to executive and non-executive directors.

DETAILS OF REMUNERATION TO ALL DIRECTORS

No remuneration is paid to the Directors for the services rendered during the period July 01, 2008 to March 31, 2009.

No stock options were granted to any of the Directors during the period July 01, 2008 to March 31, 2009.

ERP SOFT SYSTEMS LIMITED

KEY INFORMATION PERTAINING TO DIRECTORS

	K. Parvathi	D. Srinivasulu Reddy	K. Radha Krishna Reddy	R. Kamala Mohan
Category	Non-Independent & Executive Director	Non-Independent & Executive Director	Non-Independent & Executive Director	Independent Non-Executive Director
Date of Appointment	16.12.1994	16.12.1994	14.09.2002	31.03.2003
Directorship in other companies	Nil	Nil	Nil	Nil
Chairmanship in committees of board of other companies	Nil	Nil	Nil	Nil
Membership in committees of board of other companies	Nil	Nil	Nil	Nil
No of board meetings attended	4	4	4	4
Attendance at the last AGM held on December 29, 2008	Yes	Yes	Yes	Yes
	Dr. Srin Ramaswamy	Suresh Reddy Bomma	Pavan Srinivas	Shiva Duvvuru
Category	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Non-Independent & Executive Director
Date of Appointment	1.7.2008	1.7.2008	1.7.2008	1.7.2008
Directorship in other companies	Nil	Nil	Nil	1
Chairmanship in committees of board of other companies	Nil	Nil	Nil	Nil
Membership in committees of board of other companies	Nil	Nil	Nil	Nil
No of board meetings attended	1	1	1	1
Attendance at the last AGM held on December 29,2008	N/A	N/A	N/A	N/A

This does not include foreign companies and companies under Section 25 of the Companies Act, 1956

None of the Directors of our Company were members in more than 10 committees nor acted as chairman of more than five committees across all companies in which they were Directors

Dr. Srin Ramaswamy, Suresh Reddy Bomma, Pavan Srinivas and Shiva Duvvuru have been appointed as additional directors that will retire at the AGM have been appointed to strengthen the management and investor protection of the company. These four directors willing to act as directors and are offering themselves for appointment as directors.

ERP SOFT SYSTEMS LIMITED

COMMITTEES OF THE BOARD OF DIRECTORS

Our Board has set up committees to focus on specific areas and make informed decisions within the authority delegated to each of the Committees. Each Committee of the Board is guided by its Charter, which defines the scope, powers and composition of the Committee. All decisions and recommendations of the Committees are placed before the Board for approval.

Audit Committee
Compensation Committee
Shareholders' Grievance Committee

AUDIT COMMITTEE

The constitution of the committee meets the requirements of Section 292A of the companies Act, 1956 as well as clause-49 of the listing Agreement.

Audit Committee reports to the Board of Directors and is primarily responsible for:

- Auditing and accounting matters, including the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- To recommend the appointment / removal of our independent auditors to the shareholders, fees to be paid to the independent auditors and also approval for payment for any other services.
- Integrity of the Company's financial statements, the scope of the annual audits.
- To review with management the annual financial statements before submission to the board , focusing primarily on:
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by management
 - related party transactions, functioning of Whistle Blower mechanism
- Qualifications in draft audit report.
 - Significant adjustment arising out of audit
 - The going concern assumption
 - Compliance with accounting standards
 - Compliance with stock exchanges and Legal requirements concerning Financial Statements
 - Any related party transactions i.e transaction of the company of material material nature, with promoters or the management, their subsidiaries or relatives etc that may have the potential conflict with the interests of the company at large.
- To review with the management external and internal auditors, the adequacy of Internal control systems which include:
 - Review the performance of the Company's Internal Audit function, Independent Auditors and accounting practices including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - To discuss with internal auditors and significant findings and follow up thereon
 - To review the findings of any internal investigations by the internal auditors onto matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the board.
 - To discuss with external auditors before the audit commences , nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.

ERP SOFT SYSTEMS LIMITED

- To review the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the creditors and shareholders in case of dividends.

The Chairman of the Audit Committee is present at the Annual General Meeting.

All members of our Audit Committee are independent Non-Executive Directors and financially literate. The Chairman of our Audit Committee has the accounting or related financial management expertise.

Statutory Auditors as well as Internal Auditors always have independent meetings with the Audit Committee and also participate in the Audit Committee meetings.

Our CEO and Corporate Officers make periodic presentations to the Audit Committee on various issues.

Our Audit Committee met four times during the period July 01, 2008 to March 31, 2009 on October 31 2008, January 31, 2009, May 29, 2009 and September 28, 2009. The committee reviews on each meeting the progress and improvement of internal control and financial reporting process.

The composition the Audit Committee and their attendance is given below. During the year Pavan Srinivas and Shiva Duvvuru replaced two directors as those that came in are finance professionals that bring value to audit function.

Name	Position	No of meetings held
Mr. K.Radha Krishna Reddy	Chairman	4
Mrs. R.Kamala Mohan	Member	4
Mr. D.S.Reddy	Member	4

COMPENSATION COMMITTEE

Presently compensation committees, remuneration policy, criteria of making payments to directors are not required as remuneration is not paid to executive and non-executive directors. Therefore the term of reference of ERP Soft Systems Limited for compensation Committee is not presently required and will be constituted in due course.

SHAREHOLDERS' & INVESTORS' GRIEVANCE COMMITTEE:

The Shareholders' Grievance Committee is responsible for resolving investor's complaints pertaining to share transfers, non receipt of annual reports, Dividend payments, issue of duplicate share certificates, transmission of shares and other related complaints. The Committee is also empowered to oversee administrative matters like to consider and approve allotment of equity shares pursuant to exercise of stock options, setting up branch offices and other administrative matters as may be required from time to time, etc.

The Chairman of the Committee is an Independent Executive Director.

The Administrative and Shareholders Grievance Committee met three times during the period 01 July, 2008 to 31 March, 2009 on –October 31, 2008, January 31, 2009 and May 29, 2009. In addition, the Shareholders' Grievance Committee, once in 15 days, reviews the redressal of shareholders and investor complaints.

ERP SOFT SYSTEMS LIMITED

Table below provides the composition and attendance of the Shareholders'/Investors' Grievance Committee.

Name	Position	No of meetings held
Mrs. K. Parvathi	Chairman	4
Mr. D.S. Reddy	Member	4
Mr.K.Radha Krishna Reddy	Member	4
Mrs. R. Kamala Mohan	Member	4

The status on the shareholder queries and complaints we received during the financial year, and our response to the complaints and the current status of pending queries, if any, is Tabulated in Table below

Description	Received	Replied	Pending
Non receipt of Securities	Nil	Nil	Nil
Non receipt of annual reports	Nil	Nil	Nil
Correction/Revalidation of Dividend Warrants	N.A	N.A	N.A
SEBI/Stock Exchange Complaints	N.A	N.A	N.A
Non receipt of Dividend Warrant	N.A	N.A	N.A
Dematerialisation of shares	N.A	N.A	N.A
Surrender and exchange of new share certificates	Nil	Nil	Nil

Mrs. R. Kamala Mohan is the Compliance Officer of the company.

SECRETARIAL AUDIT

A qualified practicing Chartered Accountant has carried out secretarial audit every quarter to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the aggregate total number of shares in physical form, shares allotted & advised for demat credit but pending execution and the total number of dematerialised shares held with NSDL and CDSL.

COMPLIANCE

The certificate obtained from M/s. Vijayaraghavan and Associates Chartered Accountants of the company attached at end of this report.

Code of Ethics and Business Conduct adopted by the company on July 24th 2008. (This is also posted on company website)

INTRODUCTION

This code of Ethics for Board of Directors and Officers (the "**Code**") helps maintain the standards of business conduct for ERPSoft Systems Ltd (the "**Company**") and compliance with legal requirements. It is endeavored to evolve a "**Governance Code**" based on the principles of Good Corporate Governance and best management practices being followed globally besides complying the needs of law of land. The purpose of the code is to deter wrong doing and promote ethical conduct.

ERP SOFT SYSTEMS LIMITED

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

- Lay solid foundations for management
- Structure the Board to add value
- Promote ethical and responsible decision-making
- Safeguard integrity in financial reporting
- Make timely and balanced disclosures
- Recognize and manage business risks
- Respect the rights of the shareholders
- Encourage enhanced performance
- Remunerate fairly and responsibly
- Recognize the legitimate interest of the stakeholders
- Legal and Statutory compliances in letter and spirit
- Nothing in this code, in any Company policies and procedures, or in other related communications (Verbal or Written), creates or implies an employment contract or term of employment.

APPLICABILITY

This code is applicable to the following persons of the Company referred as Officers:

- Chairman
- Managing Director
- Executive Director
- All other Board of Directors
- Chief Financial Officer
- All the officers of the company in the rank and above of General Managers including all the Head of Departments
- Company Secretary(s) and Designated Employees

As ethical business conduct is critical to business, officers are expected to read and understand this Code, uphold these standards in day-to-day activities, and comply with: all applicable laws; rules and regulations; the code of conduct; and all applicable policies and procedures adopted by the Company that govern the conduct of its employees.

HONEST AND ETHICAL CONDUCT

The Company expects all officers to act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, while working on the Company's premises, at offsite locations where the Company's business is being conducted, at Company sponsored business and social events, or at any other places where officers are representing the Company.

The Company considers honest conduct to be conduct that is free from fraud or deception. Ethical conduct to be conduct that is confirming to the accepted professional standards of conduct and includes the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

ERP SOFT SYSTEMS LIMITED

CONFLICTS OF INTEREST

An officer's and employee's duty to the Company demands that he or she avoids and discloses actual and apparent conflicts of interests. A conflict of interest exists where the interest or benefits of one person or entity conflict with the interests or benefits of the Company. The situations can arise:

When an employee, officer, or director takes action or has interests that may make it difficult to perform his or her work objectively and effectively

The receipt of improper personal benefits by a member of his or her family as a result of one's position in the Company

Any outside business activity that detracts an individual's ability to devote appropriate time and attention to his or her responsibilities with the Company

The receipt of non-nominal gifts or excessive entertainment from any person/company with which the Company has current or prospective business dealings

Any significant ownership interest in any supplier, customer, development partner or competitor of the Company

Any consulting or employment relationship with any supplier, customer, business associate or competitor of the Company

The directors, officers and employees should be scrupulous in avoiding '**conflicts of interest**' with the Company. In case there is likely to be a conflict of interest, he/she should make full disclosure of all facts and circumstances thereof to the Board of directors or any Committee / officer nominated for this purpose by the Board and a prior written approval should be obtained.

Every employee who is required to make a disclosure as mentioned above shall do so, in writing, to his or her immediate superior, who shall forward the information along with comments to the person designated for this purpose by the CEO/COO, who in turn will place it before the Board of Directors or Executive Committee appointed by the Board and, upon a decision being taken in the matter, the employee concerned will be required to take necessary action as advised to resolve/avoid the conflict.

If an employee or an officer fails to make a disclosure as required herein, and the management of its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed by the employee or the officer, the management would take a serious view of the matter and consider suitable disciplinary action against the employee or the officer.

COMPLIANCE WITH GOVERNMENT LAWS, RULES AND REGULATIONS

The Directors, Officers and Employees of the Company shall, in his or her business conduct, comply with all applicable laws and regulations, both in letter and in spirit, in all the territories in which he or she operates. Officers must acquire appropriate knowledge of the legal requirements relating to their duties sufficient to enable them to recognize potential dangers and to know when to seek advice from higher authorities / outside experts. Violations of applicable governmental laws, rules and regulations may subject them to individual criminal or civil liability, as well as to disciplinary action by the Company. Such individual violations may also subject the Company to civil or criminal liability or the loss of business.

CONFIDENTIALITY

The Directors, Officers and Employees shall maintain the confidentiality of confidential information of the Company or that of any customer, supplier or business associate of the Company to which Company has a duty to maintain confidentiality, except when disclosure is authorized or legally mandated. The Confidential information includes all non-public information (including private, proprietary, and other) that might be of use to competitors or harmful to the Company or its associates. The use of confidential information for his/her own advantage or profit is also prohibited.

ERP SOFT SYSTEMS LIMITED

FAIR DEALINGS

The Directors, Officers and Employees should deal fairly with customers, suppliers, competitors, and employees of group companies. They should not take unfair advantage of anyone through manipulation, concealment, abuse of confidential, proprietary or trade secret information, misrepresentation of material facts, or any other unfair dealing-practices. Inappropriate use of proprietary information, misusing trade secret information that was obtained without the Company or the Board consent, or inducing such disclosures by past or present employees of other companies is prohibited. An Officer must perform his or her duties in good faith, acting honestly, free from the intention to defraud.

PROTECTION AND PROPER USE OF COMPANY'S ASSETS

All Directors, Officers and Employees should protect Company's assets and property and ensure its efficient use. Theft, carelessness, and waste of the Company's assets and property have a direct impact on the Company's profitability. Company's assets should be used only for legitimate business purposes. Inappropriate use of proprietary information, misusing trade secret information that was obtained without the Company or the Board consent, or inducing such disclosures by past or present employees of other companies is prohibited. An Officer must perform his or her duties in good faith, acting honestly, free from the intention to defraud.

COMPLIANCE WITH CODE OF CONDUCT

If any Director, Officer and Employee who knows of or suspects of a violation of applicable laws, rules or regulations or this Code of conduct, he/she must immediately report the same to the Board of Directors or any designated person/committee thereof. Such person should as far as possible provide the details of suspected violations with all known particulars relating to the issue. The Company recognizes that resolving such problems or concerns will advance the overall interests of the Company that will help to safeguard the Company's assets, financial integrity and reputation.

Violations of this Code of Ethics will result in disciplinary action, which may even include termination of the services.. The Company's Board or any Committee/person designated by the Board for this purpose shall determine appropriate action in response to violations of this Code of Ethics.

CORPORATE OPPORTUNITIES

The Directors, Officers and Employees shall not exploit for their own personal gain, opportunities that are discovered through the use of Company Property, information or position, unless the opportunity is disclosed fully in writing to the Company's Board of directors and if the Board declines to pursue such opportunity, they are expressly prohibited from competing directly with the business of the Company or with any business that the Company is considering.

SECURITIES TRANSACTIONS AND CONFIDENTIAL INFORMATION

The Directors, Officers and Employees of the Company and his or her immediate family shall not derive any benefit or assist others to derive any benefit from the access to and possession of information about the Company or the group, which is not in the public domain and thus constitutes insider information.

The Directors, Officers and Employees of the Company shall not use or proliferate information which is not available to the investing public and which therefore constitutes insider information for making or giving advice on investment decisions on the securities of the respective company (ies) on which such insider information has been obtained.

ERP SOFT SYSTEMS LIMITED

Such insider information might include the following:

- Periodical financial results of the Company
- Acquisition and divestiture of businesses or business units, financial information such as profits, earnings and dividends, announcement of new product introductions or developments, asset revaluations
- Investment decisions/plans
- Restructuring plans
- Major supply and delivery agreements
- Raising finances
- Issue of new securities and buy back of its own shares
- Expansion/new projects
- Disposal of whole or substantial part of the Undertaking and Amalgamation merger or takeover.

INTERPRETATION OF CODE

Any question or interpretation under this Code of Ethics and Business Conduct will be handled by the Board or any person / committee authorized by the Board of the Company. The Board of Directors / MD /ED or any designated person / committee has the authority to waive compliance with this Code of business conduct for any director, officer or employee of the Company. The person-seeking waiver of this Code shall make full disclosure of the particular circumstances to the Board or the designated person/ committee.

WAIVERS AND AMENDMENTS OF THE CODE

The Company is committed to continuously reviewing and updating the policies and procedures. Therefore, this Code is subject to modification. Any amendment or waiver of any provision of this Code must be approved in writing by the Company's Board of Directors / C&CEO / COO of the company and promptly disclosed on the Company's Website and in applicable regulatory filings pursuant to applicable laws and regulations, together with details about the nature of such amendment or waiver.

As adopted by the Board of Directors of ERPSOFT Ltd on 24th July 2008

ACKNOWLEDGMENT OF RECEIPT OF COMPANY'S CODE OF ETHICS

I have received and read the Company's Code of Ethics and Business ("the Code"). I understand the standards and policies contained in the Code and understand that there may be additional policies or laws specific to my job. I agree to comply with the Code.

If I have questions concerning the meaning or application of the Code, any Company policies, or the legal and regulatory requirements applicable to my job, I know I can consult Secretarial and Legal Department and that my questions or reports to these sources will be maintained in confidence.

ERP SOFT SYSTEMS LIMITED

Annexure A

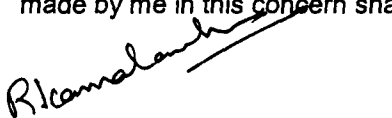
To,
The Compliance Officer
ERP Soft Systems Limited
A-21, Anna Nagar
Chennai 600102

Dear Sir,

I have received and read the Company's Code of Ethics. I understand the standards and policies contained in the Code and understand that there may be additional policies or laws specific to my job. I agree to comply with the code.

If I have questions concerning the interpretation/application of the Code, any Company policies, and legal requirement applicable to my job, I know, I can consult the Company Secretary, and that my questions or report to these sources will be maintained confidential.

I agree to report any violation of the Code immediately as it comes to my knowledge, to the Company Secretary and to help in any investigation made pursuant to the Code and I understand that the report or the information made by me in this concern shall be maintained confidential.



Signature
(Officers Name and designation)

Date: 27.08.2009.

ERP SOFT SYSTEMS LIMITED

COMPLIANCE WITH ADOPTION OF MANDATORY REQUIREMENTS

Our Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement.

COMPLIANCE REPORT ON NON-MANDATORY REQUIREMENTS UNDER CLAUSE 49

1. THE BOARD - CHAIRMAN'S OFFICE

The Chairman of ERP Soft Systems is an Executive Director and this provision is not applicable to ERP Soft Systems. Some of our independent directors have completed a tenure exceeding a period of nine years on the Board of Directors of the Company.

2. REMUNERATION COMMITTEE

Presently compensation committees, remuneration policy, criteria of making payments to directors are not required as remuneration is not paid to executive and non-executive directors. Therefore the term of reference of ERP Soft Systems Limited for compensation Committee is not presently required and will be constituted in due course.

3. SHAREHOLDERS RIGHTS

We display our quarterly, half yearly, nine months ended (annual) results on our web site, www.erpsoft.com and also publish our results in widely circulated newspapers. We did not send half yearly results to each of the shareholders for the period July 01, 2008 to March 31, 2009.

4. AUDIT QUALIFICATIONS

The Auditors have not qualified the financial statements of the Company.

5. TRAINING OF BOARD MEMBERS

An effective program is in place to train and update our board members, understand the delivery models, business process at our development centre's, visiting our facilities, communicate with our centre heads and other functional heads thereby to improve our business process and add value to our services.

6. MECHANISM FOR EVALUATING NON EXECUTIVE BOARD MEMBERS

Evaluation of all Board members is done on an annual basis. This evaluation is lead by the Chairman of the company with specific focus on the performance and effective functioning of the Board.

7. WHISTLE BLOWER POLICY

The details of the process and its functions have been discussed earlier in this section.

DISCLOSURES BY THE MANAGEMENT

During the period July 01, 2008 to March 31, 2009, there have been no transactions of material nature entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company. None of the Non-Executive Directors have any pecuniary material relationship or transactions with the Company for the period ended July 01, 2008 to March 31, 2009 and have given undertakings to that effect. Transactions with the companies in which ERPSoft System's Directors are interested are recorded in the Register under Section 301 of the Companies Act, 1956.

DECLARATION AS REQUIRED UNDER CLAUSE 49 (I)(D)(II) OF THE STOCK EXCHANGE LISTING AGREEMENT

All Directors and senior management personnel of the Company have affirmed compliance with ERP Soft Systems's Code of business conduct and ethics for board members and for senior management personnel of the company for the period July 01, 2008 to March 31, 2009, and acknowledgement to this effect has been received.


K. Parvathi
Managing director

Chennai, August 27, 2009.

Vijayaraghavan & Associates

Chartered Accountants

51, Giri Road,
T. Nagar, Chennai - 600 017.
Ph : 91 - 44 - 2834 0273 / 4212 1335
Fax : 91 - 44 - 2834 5223
E-mail : pbvassociates@gmail.com

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Members of ERP Soft Systems Limited

We have examined all the relevant records of ERP Soft Systems Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with the Stock Exchanges for the period July 01, 2008 to March 31, 2009. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

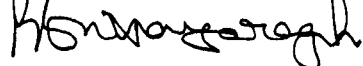
The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

In our opinion and to the best of our information and according to the explanations given to us, We are certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Listing Agreement. However, the Company has published the results in widely circulated newspapers, instead of sending the half yearly results to each household of the shareholders during the period July 01, 2008 – March 31, 2009.

We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the shareholders / Investors Relations Committee.

**for VIJAYARAGHAVAN AND
ASSOCIATES**

Chartered Accountants



P.B. Vijayaraghavan

Partner

Membership No : 15103

Chennai , May 29, 2009

Vijayaraghavan & Associates

Chartered Accountants

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T. Nagar, Chennai - 600 017.
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AUDITORS' REPORT

To the Members of ERP SOFT SYSTEMS LIMITED

We have audited the attached balance sheet of ERP Soft Systems Limited ("the Company") for the period July 01, 2008 to March 31, 2009 and the profit and loss account and cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors Report) Amendment Order, 2004 ("the Order"), issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 ("the Act"), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in paragraph 1 above, we report that:
 - a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) the balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on 31 March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at 31 March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956; and
 - f) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

Rb

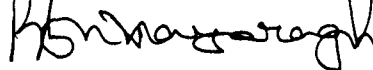
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- i. in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2009;
- ii. in the case of the profit and loss account, the profit of the Company for the nine months ended July 01, 2008 to March 31, 2009. on that date; and
- iii. in the case of cash flow statement, of the cash flows for the year ended on that date.

for VIJAYARAGHAVAN AND ASSOCIATES
Chartered Accountants



P.B. Vijayaraghavan
Partner
Membership No.: 15103

Chennai, May 29, 2009.

Vijayaraghavan & Associates

Chartered Accountants

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T. Nagar, Chennai - 600 017.
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Annexure referred to in our report to the members of ERP Soft Systems Limited ("the Company") for the period July 01, 2008 to March 31, 2009

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner which in our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Any discrepancies noticed on such physical verification were not material and have been properly dealt with in books of accounts.
c) The fixed assets disposed of during the year were not substantial, and therefore, do not affect the going concern assumption.
d) None of the fixed assets have been revalued during the year.
2. The company did not carry any inventory during the year.
3. As informed to us, the Company has neither taken nor given any loan secured or unsecured From / to parties listed under Section 301 and 370 (1-B) of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regards to purchase of fixed assets and with regard to sale of goods and services. We have not observed any major weakness in the internal control system during the course of the audit.
5. a) In our opinion and according to the information and explanations given to us, the particulars of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered into the register required to be maintained under that section.
b) In our opinion and according to the information and explanations given to us, contracts and arrangements entered in the register maintained under Section 301 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. the company is not required to maintain books of accounts pursuant to the rules made by the Central Government under Section 209(1)(d) of the Companies Act, 1956 for maintenance of cost records.
9. a) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Income tax, Wealth tax, Sales tax, Excise duty, Customs duty, Service tax, Entry tax and other applicable statutory dues were outstanding as at 31 March 2009 for a period of more than six months from the date they became payable. There were no dues on account of cess under Section 441A of the Companies Act, 1956 since the date from which the aforesaid section comes into force has not yet been notified by the Central Government.

Pb

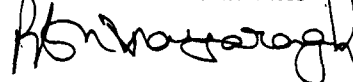
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- b) There are no disputed Income tax, Wealth tax, Excise duty, Customs duty and Sales and other applicable statutory dues as at 31 March, 2009
10. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year and in the immediately preceding financial year.
 11. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of any dues to any financial institution or bank.
 12. In our opinion and according to the explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
 13. In our opinion and according to the explanations given to us, the Company is not a chit fund/nidhi/mutual benefit fund/ society.
 14. According to the information and explanations given to us, the Company was trading in shares and securities and proper records have been maintained of the transactions and contracts. The company was making timely entries and the shares and securities were held by the company in its own name.
 15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
 16. In our opinion and according to the information and explanations given to us, the Company have not availed any term loan during the year.
 17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that the funds raised on short term basis have not been used for long term investment.
 18. The Company has not made any preferential allotment of shares to the companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 19. The Company did not issue any debentures during the year.
 20. The Company has not raised any money by public issues.
 21. According to the information and explanations given to us, we report that no material fraud on or by the Company has been noticed or reported during the course of audit.
 22. In our opinion and according to the information and explanations given to us, personal expenses have not been charges to revenue

**for Vijayaraghavan and Associates
Chartered Accountants**



**P.B. Vijayaraghavan
Partner
Membership No.: 15103**

Chennai, May 29, 2009

Financials

ERP Soft Systems Limited
Financial Statements for the year ended
March 31, 2009 prepared in accordance with
Generally Accepted Accounting Principles in India
Indian GAAP (UnConsolidated)

ERP SOFT SYSTEMS LIMITED**FINANCIAL STATEMENTS - ERP SOFT SYSTEMS LIMITED****BALANCE SHEET AS ON 31 MARCH 2009**

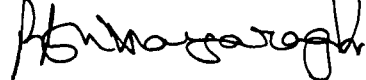
		(In Rupees)	
		31.03.2009	30.06.2008
SOURCES OF FUNDS	schedule		
Shareholders Funds			
Share Capital	1	39,600,000	39,600,000
Reserves and Surpluses	2	13,180,598	11,949,851
Total		52,780,598	51,549,851
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		2,138,590	649,290
Less: Accumulated Depreciation		432,072	380,828
Net Block	3	1,706,518	268,462
Investments	4	52,459,225	47,680,257
Current Assets, Loans and Advances	5	2,135,739	4,084,274
Less: Current Liabilities and Provisions	6	3,520,885	483,142
NET CURRENT ASSETS		(1,385,146)	3,601,132
Total		52,780,598	51,549,851

Notes to Accounts

8

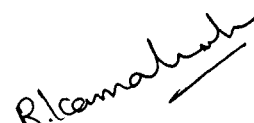
The schedules referred to above and notes to accounts form an integral part of the balance sheet

As per our report attached

for VIJAYARAGHAVAN AND ASSOCIATES
Chartered AccountantsP.B.Vijayaraghavan
Partner
Membership No.15103

Chennai, May 29, 2009

For and on behalf of the Board of Directors

K.Parvathi
Managing DirectorR.Kamala Mohan
Director

ERP SOFT SYSTEMS LIMITED**FINANCIAL STATEMENTS ERP SOFT SYSTEMS LIMITED****PROFIT AND LOSS ACCOUNT FOR THE PERIOD 01/07/2008 TO 31/03/2009**

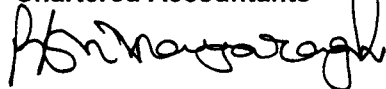
		(In Rupees)	
		31.03.2009	30.06.2008
INCOME	Schedule		
Sales and Services Income		3,525,644	3,617,111
Other Income		122,559	0
Total		3,648,203	3,617,111
EXPENDITURE			
Professional / Consultancy Fees		51,000	0
Salary Payments		320,684	163,300
General and Administrative Expenses	7	1,290,220	623,362
Investment Expenses		17,180	
Impairment Loss on Investments		325,000	
Depreciation		65,144	31,853
Total		2,069,227	832,515
PROFIT BEFORE TAXATION		1,578,976	2,784,596
Provision for Taxation including FBT		253,000	350,500
Deferred Tax Liability		95,229	
PROFIT AFTER TAX		1,230,747	2,434,096
ACCUMULATED LOSSES BROUGHT FORWARD			0
APPROPRIATIONS			
Interim Dividend			0
Proposed Dividend			0
Tax on Dividend			0
TRANSFER TO RESERVES		1,230,747	2,434,096
EARNINGS PER SHARE			
Equity Shares of par value Rs.10/- each			
Basic		0.31	0.61
Diluted			0
<u>Number of shares for calculating EPS</u>			
Basic		3,960,000	3,960,000
Diluted			0

Notes to Accounts

8

The schedules referred to above and notes to accounts form an integral part of the profit and loss account

As per our report attached
for VIJAYARAGHAVAN AND ASSOCIATES
Chartered Accountants

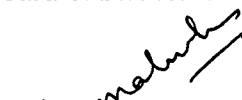


P.B.Vijayaraghavan
Partner
Membership No.15103

Chennai, May 29, 2009.

For and on behalf of the Board of Directors


K.Parvathi
Managing Director


R.Kamala Mohan
Director

ERP SOFT SYSTEMS LIMITED

FINANCIAL STATEMENTS - ERP SOFT SYSTEMS LIMITED

SCHEDULES	(In Rupees)	
	31.03.2009	30.06.2008
SCHEDULE 1- SHARE CAPITAL		
Authorised Capital 4,500,000 equity shares of Rs.10/- each	45,000,000	45,000,000
Issued, subscribed and paid up capital 3,960,000 equity shares of Rs.10/- each	39,600,000	39,600,000
SCHEDULE 2 - RESERVES AND SURPLUSES		
Translation Reserve		
Balance brought forward from previous period	(2,363)	0
Additions/(Deletions)	2,363	(2,363)
Currency Translation Reserve	0	(2,363)
Profit and Loss Account		
Balance brought forward from previous year	11,952,214	9,518,118
Profit for the year	1,230,747	2,434,096
Balance carried forward	13,182,961	11,952,214
Summary of Reserves and Surpluses		
Balance brought forward from previous year	11,949,851	9,518,118
Additions	1,230,747	2,434,096
Deletions	0	(2,363)
Balance Carried Forward	13,180,598	11,949,851

ERP SOFT SYSTEMS LIMITED

CHEDULE 3 - FIXED ASSETS (July 2008 to March 2009)

(in Rupees)

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	As on July 01, 2008	Additions	As on March 31, 2009	As on July 01, 2008	Depn for the period	As on March 31, 2009	As on March 31, 2009	As on June 30, 2008
Fixture and Fittings	127,920		127,920	100,755	5,977	106,732	21,188	27,165
Computer and Peripherals	320,470		320,470	156,936	9,167	166,103	154,368	163,534
Computer Software	187,000	1,503,200	1,690,200	109,237	50,001	159,238	1,530,963	77,763
Total	635,390	1,503,200	2,138,590	366,928	65,144	432,072	1,706,518	268,462
Previous year - 30th June, 2008	649,290	0	649,290	335,075	31,853	380,828	268,462	300,315

ERP SOFT SYSTEMS LIMITED

(In Rupees)

SCHEDULE 4 - INVESTMENTS**SUBSIDIARY**

Equity in Libertycom LLC	2,151,744	2,151,744
--------------------------	-----------	-----------

PARTNERSHIP FIRM

ERP Info Systems	23,242,102	20,228,513
Yashavee Investment Consultants	13,600,000	13,600,000

OTHERS

Carnegie Logistics Pvt Ltd - Share Application Money	9,875,000	9,875,000
Unifi Wealth Management Limited (PMS)	2,090,379	0
Sagar Power Pvt . Limited	1,500,000	1,500,000
V.Manickam Engineers - Share Application Money	0	325,000
	52,459,225	47,680,257

SCHEDULE 5 - CURRENT ASSETS, LOANS AND ADVANCES**RECEIVABLES CONSIDERED GOOD - UNSECURED**

Due from Subsidiary Company	1,987,919	3,673,549
Advances	0	50,267
Advance Income Tax	0	328,500

CASH AND BANK BALANCES

Cash on hand	3,199	6,512
Cash at Scheduled Bank	144,621	25,446
	2,135,739	4,084,274

SCHEDULE 6 - CURRENT LIABILITIES

Creditors for Capital Goods/Expenses	3,172,656	129,371
Provision for Income Tax and FBT	253,000	353,771
Deferred Tax Liability	95,229	
	3,520,885	483,142

SCHEDULE 7 - GENERAL AND ADMINISTRATIVE EXPENSES

Advertisement	5,530	13,260
Audit Fees	20,000	14,000
Bank Service Charges	983	3,757
Communication Expenses	8,539	21,541
Electricity Charges	4,333	0
Foreign Exchange Loss	0	293,104
Licenses and other fees	0	96,455
Listing Fees	279,950	33,000
Miscellaneous	3,830	52,207
Office Maintenance	58,783	
Professional Fees Others	0	26,850
Printing and Stationery	2,436	
Repairs and Maintenance	3,640	
Rent	153,000	60,000
Software Service Charges	746,132	
Travelling and Conveyance	3,064	23,188
	1,290,220	637,362

ERP SOFT SYSTEMS LIMITED

SCHEDULE 8 – NOTES TO ACCOUNTS

1. BACKGROUND AND NATURE OF OPERATIONS

ERP Soft Systems Limited ("ERP Soft") was incorporated in India with limited liability on December 16, 1994. The Company is principally engaged in the business of providing information technology solutions and business process outsourcing services. ERP Soft is headquartered in Chennai, India.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of presentation

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting, in conformity with accounting principles generally accepted in India and complying in all material respects with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and referred to in Section 211(3C) of the Companies Act, 1956 ('the Act'). The accounting policies applied by the Company are consistent with those used in the previous years. The financial statements are presented in the format specified in Schedule VI to the Act.

The significant accounting policies adopted by the Company, in respect of the financial statements are set out as below:

b. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c. Fixed assets, depreciation and amortization

Fixed assets are accounted at cost less accumulated depreciation. The Company capitalizes all direct costs relating to the acquisition and installation of fixed assets.

Depreciation and amortization are computed using straight-line method, at the rates specified in Schedule XIV to the Act or based on the estimated useful life of assets, whichever is higher.

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

d. Investments

Investments are stated at lower of cost and fair value determined on an individual investment basis.

d. Current assets

Current assets are accounted at lower of cost and market price determined on an individual basis.

e. Foreign currency transactions

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the average rate for the month.

ERP SOFT SYSTEMS LIMITED

Transaction:

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realised is recognised in the Profit and Loss Account.

Translation:

Monetary foreign currency assets and liabilities at period-end are translated at the closing rate. The difference arising from the translation is recognised in the Profit and Loss Account.

The Accounting Standard (AS 11) on "The Effects of Changes on Foreign Exchange Rates", amended with effect from April 1, 2004 provides guidance on accounting for forward contracts. In respect of forward contracts entered into to hedge foreign exchange risk of highly probable forecasted transaction, the ICAI has clarified that AS 11 is currently not applicable to exchange differences arising from such forward contracts. The premium or discount of such contracts is amortised over the life of the contract in accordance with AS 11 (revised).

No forward exchange contracts have been entered into by the Company to hedge the foreign currency risk.

f. Revenue recognition

Services:

Revenue from IT services are recognized as services are performed when arrangements are on a time and material basis. Revenue from fixed-price contracts is recognised in accordance with the "Percentage of Completion" method.

Proportionate completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. If the proportionate completion efforts are higher than the related requiring customer acceptance, revenue is recognized only to the extent customer approval has been received.

Revenues from BPO services are derived from both time-based and unit-priced contracts. Revenue is recognised as the related services are performed, in accordance with the specific terms of the contract with the customers.

Revenue from support and other services is recognised as the related services are performed in accordance with the specific terms of the contract with the customers.

Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Others:

Profit on sale of investments is recorded upon transfer of title by the Company. It is determined as the difference between the sales price and the then carrying amount of the investment.

Interest is recognised using the time-proportion method, based on rates implicit in the transaction.

Dividend income is recognised where the Company's right to receive dividend is established.

Export incentives are accounted on accrual basis and include estimated realisable values/benefits from special import licenses and advance licenses.

Other income is recognised on accrual basis. Other income includes unrealised losses on short-term investments.

ERP SOFT SYSTEMS LIMITED

g. Income-tax

Tax expense comprises of current and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. The Company enjoys exemption under Section 10A of Income Tax Act, 1961.no provision was necessitated for deferred tax.

h. Earnings per share

The earnings considered in ascertaining the Company's earnings per share comprise the net profit after tax. The number of shares used in computing basic earnings per share is the number of shares outstanding during the year. The company has not diluted its shares as on March 31, 2009.

i. Provision and contingencies

A provision is recognized when an enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

3. SEGMENT INFORMATION

Business segments are defined as a distinguishable component of an enterprise that is engaged in providing related services and that is subject to risks. This information is reviewed and evaluated regularly by the management in deciding how to allocate resources and in assessing the performance.

The Company is organized geographically and by business segment. For management reporting purposes the Company is primarily organized its business segment into "IT services and BPO services."

IT services and BPO services comprise of software development, Enterprise management Services, Support services, customized software implementations and IT and Business consulting.

ERP SOFT SYSTEMS LIMITED

(In Rupees)

Particulars		
	March 2009	June 2008
Revenues		
IT & BPO Services	36,48,203	3,617,111
TOTAL	3,648,203	3,617,111
Profit before Interest and Tax - PBIT		
IT & BPO Services	15,78,976	27,84,596
TOTAL	15,78,976	27,84,596
Interest, Dividend & Profit on sale of investments - Net	0	0
Profit Before Tax	15,78,976	27,84,596
Income Tax expense including Fringe Benefit Tax	3,48,229	3,50,500
Profit before Share in earnings of Associates and minority interest		
Share in earnings of associates	0	0
Minority interest	0	0
PROFIT AFTER TAX	12,30,747	24,34,096
Segment Assets		
IT Services		
BPO Services	21,35,739	40,34,007
TOTAL	21,35,739	40,34,007
Segment Liabilities		
IT Services		
BPO Services	31,72,656	1,29,271
TOTAL	31,72,656	1,29,271
Shareholder's Funds		
IT Services	0	0
BPO Services	0	0
Corporate	5,27,80,598	5,15,49,851
TOTAL		

SEGMENT REVENUE AND EXPENSE:

Revenue is generated through providing BPO services to the customers including consulting services.

SEGMENT ASSETS AND LIABILITIES

Segment assets include all operating assets used by a segment and consist principally of debtors and fixed assets.

Segment liabilities include advance from customer, accrued employee cost and other current liabilities.

While most such assets and liabilities can be directly attributed to individual segments, the carrying amount of certain assets and liabilities used jointly by two or more segments is allocated to the segment on a reasonable basis.

ERP SOFT SYSTEMS LIMITED

GEOGRAPHICAL SEGMENTS

The following table shows the distribution of the Company's sales by geographical market:

Regions	(Rs in Lakhs)			
	March 2009	%	June 2008	%
USA	36.48	100%	36.17	100%
Europe	0	0%	0	0%
Rest of the world	0	0%	0	0%
Total	36.48	100%	36.17	100%

4. Names of related parties and description of relationship

Principal shareholders

D. Sreelatha
D. Sivakumar Reddy
D. Kowsalya
K. Parvathi
D. S.Reddy
D. Sarojanamma
K. Radha Krishna Reddy
K. Navaneethamma
G. Balasubramaniam
G Satish
K. Sivkumar Reddy
K. Chandana
G. Nagaraju

Subsidiaries

Libertycom LLC

Key Managerial Personnel

Shiva Duvvuru, Managing Director

5. The confirmation from debtors, creditors and parties are pending from respective parties.

6. The company has changed the date of closing of Accounts to 31st March 2009 from 30th June 2008 neither to followed.

7 The previous years figures have been reclassified or regrouped where ever found necessary to confirm to groupings and classifications of current year

8 Foreign exchange inflow is Rs.51.46 lacs and outflow is Nil during the year.

9 Information required under paragraphs 4 & 5 of Part-II schedule VI to the Companies Act, 1956 is not applicable due to the nature of the business carried on during the year.

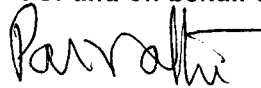
As per our report attached

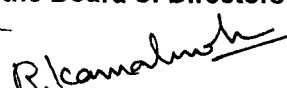
for Vijayaraghavan and Associates
Chartered Accountants

P.B.Vijayaraghavan
Partner
Membership No : 15103

Chennai , May 29, 2009.

For and on behalf of the Board of Directors


K. Parvathi
Managing Director


R.Kamala Mohan
Director

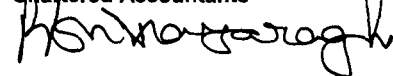
ERP SOFT SYSTEMS LIMITED

CASH FLOW STATEMENT

	(Rupees in Lakhs)	
	Mar-09	Jun-08
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/Loss before tax	15.78	27.84
Adjustments :		
Depreciation	0.65	0.32
Preliminary and deferred revenue Expenditure	0.00	0.00
(Profit/Loss on Sale of Fixed Assets (Net)	0.00	0.00
Intrest paid	0.00	0.00
Operating profit before working capital	16.43	28.16
Working Capital Changes:		
Trade and other receivables	16.85	40.92
Loans & Advances	0.50	-3.23
Trade and other payables	30.43	0.13
	64.21	65.98
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets (including Capital WIP) and advance on Capital account	-15.03	0.00
Increase in Investments	-47.79	-71.77
Net cash used in investing activities	-62.82	-71.77
C. CASH FLOW FROM FINANCING ACTIVITIES		
Process from issue of share capital	0.00	0.00
Share premium	0.00	0.00
Subsidy received	0.00	0.00
Application money pending allotment	0.00	0.00
Proceeds from borrowings (Net)	0.00	0.00
Preliminary issue expenditure	0.00	0.00
Dividend paid	0.00	0.00
Net cash from Financing activities	0.00	0.00
Net cash from from Financing activities	0.00	0.00
Net increase in cash and cash equivalents during the period	1.39	-5.79
Cash and cash equivalents at the beginning of the period	0.32	6.11
Cash and cash equivalents at the end of the period	1.71	0.32

As per our report attached
for **VIJAYARAGHAVAN & ASSOCIATES**

Chartered Accountants



P.B. Vijayaraghavan

Partner

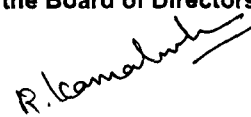
Membership No.15103

For and on behalf of the Board of Directors



K. Parvathi

Managing Director



R. Kamala Mohan

Director

Chennai, May 29, 2009

ERP SOFT SYSTEMS LIMITED

Disclosure of Particulars under Section 212 of the Companies Act, 1956

1.	Name of the Subsidiary Company	LIBERTYCOM LLC
2.	Financial year of the Subsidiary	Figures for consolidation: July 01, 2008 – March 31, 2009
3.	Holding Company's interest in the Subsidiary	100% Equity
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	17,42,134/-
	b. For the previous financial years of the Subsidiary Company	1,50,49,495/-
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

Vijayaraghavan & Associates

Chartered Accountants

51, Gini Road,
T. Nagar, Chennai - 600 017.
Ph : 91 - 44 - 2834 0273 / 4212 1335
Fax : 91 - 44 - 2834 5223
E-mail : pbvassociates@gmail.com

AUDITORS' REPORT TO THE BOARD OF DIRECTORS ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ERP SOFT SYSTEMS LIMITED AND ITS SUBSIDIARY LIBERTYCOM LLC

We have audited the attached consolidated balance sheet of ERP Soft Systems Limited ('the Company') and subsidiary for the period July 01, 2008 to March 31, 2009, the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of Liberty Com LLC whose financial statements reflect total assets of Rs.350.15 Lacs as at 31 March 2009 and total revenues of Rs.261.42 Lacs for the period July 01, 2008 to March 31, 2009. These financial statements were furnished by the Management and in our opinion in so far as it relates to the amount included in respect of the Subsidiary is based solely on the statements furnished by the Management and no audited statements furnished to us.

We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India and on the basis of separate audited financial statements of ERP Soft Systems Limited and its subsidiary Libertycom LLC.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

- in the case of the consolidated balance sheet, of the state of affairs of the ERP Soft Systems Limited and its subsidiary Libertycom LLC for the period July 01, 2008 to March 31, 2009
- in the case of the consolidated profit and loss account, of the profit of the ERP Soft Systems Limited and its subsidiary Libertycom LLC for the period nine months ended on that date; and
- in the case of the consolidated cash flow statement, of the cash flows of the ERP Soft Systems Limited and its subsidiary Libertycom LLC for the period nine months ended on that date.



for Vijayaraghavan and Associates
Chartered Accountants

P.B. Vijayaraghavan
Partner
Membership No.: 15103

Chennai, May 29, 2009.

ERP SOFT SYSTEMS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS OF ERP SOFT SYSTEMS LIMITED AND SUBSIDIARIES

BALANCE SHEET AS ON 31/03/2009

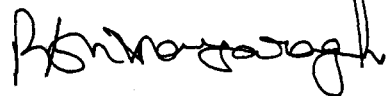
SOURCES OF FUNDS	Schedule	(in Rupees)	
		31.03.2009	30.06.2008
Shareholders Funds			
Share Capital	1	39,600,000	39,600,000
Reserves and Surpluses	2	46,728,850	38,496,882
Total		86,328,850	78,096,882
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		9,899,050	6,507,624
Less: Accumulated Depreciation		5,894,179	5,082,198
Net Block	3	4,004,871	1,425,426
Investments	4	50,307,481	45,904,202
Current Assets, Loans and Advances	5	44,417,354	31,300,704
Less: Current Liabilities and Provisions	6	12,400,856	533,450
NET CURRENT ASSETS		32,016,498	30,767,254
Total		86,328,850	78,096,882

Notes to Accounts

The schedules referred to above form an integral part of the consolidated balance sheet

As per our report attached

for **VIJAYARAGHAVAN AND ASSOCIATES**
Chartered Accountants



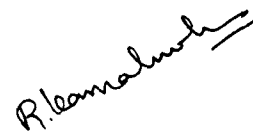
P.B. Vijayaraghavan
Partner
Membership No.15103

Chennai, May 29, 2009

For and on behalf of the Board of Directors



K. Parvathi
Managing Director



R. Kamala Mohan
Director

ERP SOFT SYSTEMS LIMITED

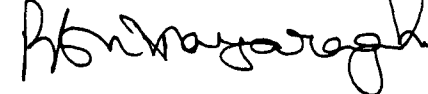
CONSOLIDATED FINANCIAL STATEMENTS OF ERP SOFT SYSTEMS LIMITED AND SUBSIDIARIES

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 01/07/2008 TO 31/03/2009

<u>INCOME</u>	Schedule	(In Rupees)	
		31.03.2009	30.06.2008
Sales and Services Income		26,860,096	111,458,021
Other Income	7	122,559	204
Total		26,982,655	111,458,225
<u>EXPENDITURE</u>			
Professional / Consultancy Fees		51,000	0
Cost of Sales and Services		17,752,423	86,655,305
Salary Payments		320,684	163,300
General and Administrative Expenses	8	3,973,149	1,713,876
Investment Expenses		17,180	0
Impairment loss on Investments		325,000	
Depreciation		1,222,107	4,628,773
Total		23,661,543	93,175,254
PROFIT BEFORE TAXATION		3,321,112	18,282,971
Provision for Taxation including FBT		253,000	350,500
Deferred Tax Liability		95,229	
PROFIT AFTER TAX		2,972,883	17,932,471
TRANSFER TO RESERVES		2,972,883	17,932,471
<u>EARNINGS PER SHARE</u>			
Equity Shares of par value Rs.10/- each			
Basic		0.75	4.53
Diluted			0
<u>Number of shares for calculating EPS</u>			
Basic		3,960,000	3,960,000
Diluted			0
Notes to Accounts			
The schedules referred to above and notes to accounts form an integral part of the profit and loss account			

As per our report attached

for VIJAYARAGHAVAN & ASSOCIATES
Chartered Accountants

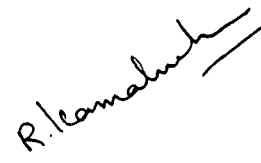


P.B.Vijayaraghavan
Partner
Membership No.15103
Chennai, May 29, 2009

For and on behalf of the Board of
Directors



K.Parvathi
Managing Director



R.Kamala Mohan
Director

ERP SOFT SYSTEMS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS OF ERP SOFT SYSTEMS LIMITED AND SUBSIDIARIES (July 2008 to March 2009)

	(In Rupees)	
<u>SCHEDULES</u>	<u>31.03.2009</u>	<u>30.06.2008</u>
SCHEDULE 1- SHARE CAPITAL		
Authorised Capital		
4,500,000 equity shares of Rs.10/- each	<u>45,000,000</u>	<u>45,000,000</u>
Issued, subscribed and paid up capital		
3,960,000 equity shares of Rs.10/- each	<u>39,600,000</u>	<u>39,600,000</u>
SCHEDULE 2 - RESERVES AND SURPLUSES		
Translation Reserve		
Balance brought forward from previous period	91,844	(512,591)
Additions/(Deletions)	<u>5,259,085</u>	<u>604,435</u>
Currency Translation Reserve	<u>5,350,929</u>	<u>91,844</u>
Profit and Loss Account		
Balance brought forward from previous year	38,405,038	20,472,567
Profit for the year	<u>2,972,883</u>	<u>17,932,471</u>
Balance carried forward	<u>41,377,921</u>	<u>38,405,038</u>
Summary of Reserves and Surpluses		
Balance brought forward from previous year	38,496,882	19,959,981
Additions	8,231,968	18,536,901
Deletions	<u>0</u>	<u>0</u>
Balance Carried Forward	<u>46,728,850</u>	<u>38,496,882</u>

ERP SOFT SYSTEMS LIMITED**CONSOLIDATED FINANCIAL STATEMENTS OF ERP SOFT SYSTEMS LIMITED AND SUBSIDIARIES****SCHEDULE 3 - FIXED ASSETS (July 2008 to March 2009)**

(in Rupees)

ARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	As on July 01, 2008	Additions	As on March 31, 2009	As on July 01, 2008	Depn for the period	As on March 31, 2009	As on March 31, 2009	As on June 30, 2008
Furniture and Fittings	127,920		127,920	100,755	5,977	106,732	21,188	27,165
Computer and Peripherals	320,470		320,470	156,936	9,167	166,103	154,368	163,534
Computer Software	5,649,107	3,801,553	9,450,660	4,414,381	1,206,964	5,621,345	3,829,316	77,763
Total	6,097,497	3,801,553	9,899,050	4,672,072	1,222,107	5,894,179	4,004,871	268,462
Previous year - 30th June, 2008	6,539,643	0	6,111,397	4,776,689	4,628,773	5,114,218	1,425,425	300,315

ERP SOFT SYSTEMS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS OF ERP SOFT SYSTEMS LIMITED AND SUBSIDIARIES (July 2008 to Mar 2009)

	(In Rupees)	
	31.03.2009	30.06.2008
SCHEDULE 4 - INVESTMENTS		
ERP Info Systems	23,242,102	20,171,655
Yashavee Investment Consultants	13,600,000	13,600,000
Carnegie Logistics Pvt Ltd - Share Application Money	9,875,000	9,875,000
Sagar Power Private Ltd	1,500,000	1,500,000
V.Manickam Engineers - Share Application Money	0	325,000
Unifi Wealth Management Limited (PMS)	2,090,379	
European Monetary Units		432,547
	50,307,481	45,904,202
SCHEDULE 5 - CURRENT ASSETS, LOANS AND ADVANCES		
Accounts Receivable	35,571,500	29,753,335
Other Receivables	3,689,251	
Advances	2,476,510	876,152
Advance Income Tax	0	328,500
CASH AND BANK BALANCES		
Cash on hand	3,199	79,851
Cash at Scheduled Bank	2,676,894	262,866
	44,417,354	31,300,704
SCHEDULE 6 - CURRENT LIABILITIES		
Creditors for Capital Goods/Expenses	12,052,627	179,679
Provision for Income Tax and FBT	253,000	353,771
Deferred Tax Liability	95,229	
	12,400,856	533,450
SCHEDULE 7 - OTHER INCOME		
Interest Income	0	204
Income from Short Term Capital Gains	97,559	0
Excess Income Tax -Previous Year	25,000	0
	122,559	204

ERP SOFT SYSTEMS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS OF ERP SOFT SYSTEMS
LIMITED AND SUBSIDIARIES (July 2008 to Mar 2009)

(In Rupees)

31.03.2009

30.06.2008

SCHEDULE 8 - GENERAL AND ADMINISTRATIVE EXPENSES

Advertisement	5,530	13,260
Audit Fees	20,000	14,000
Automobile Expenses	171,978	90,298
Bank Service Charges	52,651	14,841
Books and Periodicals	42,994	13,774
Communication Expenses	395,489	279,580
Consultancy Charges	0	30,000
Contributions	0	6,038
Dues and Subscriptions	48,018	38,920
Electricity Charges	4,333	
Foreign Exchange Loss	0	308,023
Licenses and other fees	0	96,455
Listing Fees	279,950	33,000
Miscellaneous	57,824	93,985
Office Maintenance	58,783	
Professional Fees	214,972	26,850
Printing and Stationery	152,916	48,341
Repairs and Maintenance	326,098	13,676
Rent	664,678	392,760
Software Service Charges	746,132	
Travelling and Conveyance	218,036	195,038
Taxes	9,003	19,038
Website	503,764	0
Total	<u>3,973,149</u>	<u>1,727,877</u>

ERP SOFT SYSTEMS LIMITED

CONSOLIDATED FINANCIAL STATEMENTS OF ERP SOFT SYSTEMS LIMITED AND SUBSIDIARIES

SCHEDULE 9 – NOTES TO ACCOUNTS

Company overview

ERP Soft Systems Limited (ERP Soft), together with its subsidiary is a growing India based provider of IT Services and Business Process Outsourcing (BPO) services. ERP Soft Systems is headquartered in Chennai, India.

1. Significant accounting policies

i. Basis of preparation of financial statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accruals basis. GAAP comprise pronouncements of the Institute of Chartered Accountants of India (ICAI), the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

ii. Principles of consolidation

The consolidated financial statements include the financial statements of ERP Soft Systems and its subsidiary is 100% owned.

The financial statements of the parent company and its subsidiary have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-company balances/transactions and resulting unrealised gain/loss.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

iii. Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates.

iv. Fixed assets and intangible assets

Fixed assets are stated at historical cost less accumulated depreciation.

Interest on borrowed money allocated to and utilised for qualifying fixed assets, pertaining to the period up to the date of capitalisation is capitalised. Assets acquired on direct finance lease are capitalised at the gross value and interest thereon is charged to Profit and Loss Account.

Intangible assets are stated at the consideration paid for acquisition less accumulated amortisation.

v. Investments

Long term investments (other than investments in affiliates) are stated at lower of cost or market value less provision for diminution in the value of such investments. Diminution in value is provided for where the management is of the opinion that the diminution is of other than temporary nature. Short term investments are valued at lower of cost and net realisable value.

ERP SOFT SYSTEMS LIMITED

vi. Provisions and contingent liabilities

- * The Company creates a provision when there is a present obligation as a result of an obligating event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the outflow.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

vii Revenue recognition

Services:

Revenue from IT services are recognized as services are performed when arrangements are on a time and material basis. Revenue from fixed-price contracts is recognised in accordance with the "Percentage of Completion" method.

Proportionate completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. If the proportionate completion efforts are higher than the related requiring customer acceptance, revenue is recognized only to the extent customer approval has been received.

Revenues from BPO services are derived from both time-based and unit-priced contracts. Revenue is recognised as the related services are performed, in accordance with the specific terms of the contract with the customers.

Revenue from support and other services is recognised as the related services are performed in accordance with the specific terms of the contract with the customers.

Provision for estimated losses, if any, on incomplete contracts are recorded in the period in which such losses become probable based on the current contract estimates.

Others:

Profit on sale of investments is recorded upon transfer of title by the Company. It is determined as the difference between the sales price and the then carrying amount of the investment.

Interest is recognised using the time-proportion method, based on rates implicit in the transaction.

Dividend income is recognised where the Company's right to receive dividend is established.

Export incentives are accounted on accrual basis and include estimated realisable values/benefits from special import licenses and advance licenses.

Other income is recognised on accrual basis. Other income includes unrealised losses on short-term investments.

viii Foreign currency transactions

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the average rate for the month.

Transaction:

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realised is recognised in the Profit and Loss Account.

ERP SOFT SYSTEMS LIMITED

Translation:

Monetary foreign currency assets and liabilities at period-end are translated at the closing rate. The difference arising from the translation is recognised in the Profit and Loss Account.

The Accounting Standard (AS 11) on "The Effects of Changes on Foreign Exchange Rates", amended with effect from April 1, 2004 provides guidance on accounting for forward contracts. In respect of forward contracts entered into to hedge foreign exchange risk of highly probable forecasted transaction, the ICAI has clarified that AS 11 is currently not applicable to exchange differences arising from such forward contracts. The premium or discount of such contracts is amortised over the life of the contract in accordance with AS 11 (revised).

In respect of forward exchange contracts entered into by the Company to hedge the foreign currency risk, the premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year. The Company uses foreign currency option contracts to hedge its exposure to movement in foreign exchange rates. Any profit or loss arising on settlement or expiry of option contracts is recognized as income or expense for the year.

Integral operations:

In respect of integral operations, monetary assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. Non-monetary items are translated at the historical rate. The items in the Profit and Loss Account are translated at the average exchange rate during the period. The differences arising out of the translation is recognised in the Profit and Loss Account.

Non-integral operations:

In respect of non-integral operations, assets and liabilities are translated at the exchange rate prevailing at the date of the balance sheet. The items in the Profit and Loss Account are translated at the average exchange rate during the period. The differences arising out of the translation are transferred to translation reserve.

ix. Depreciation and amortization

Depreciation is provided on straight line method at rates not lower than rates specified in Schedule XIV to the Companies Act, 1956. In some cases, assets are depreciated at the rates which are higher than Schedule XIV rates to reflect the economic life of asset. Management estimates the useful life of various assets as follows:

Nature of asset	Life of asset
Plant and machinery	10 years
Office Equipment	3 years
Furniture and Fixtures	5 years
Software	10 years

Fixed assets individually costing Rs. 3,000/- or less are depreciated at 100%.

ERP SOFT SYSTEMS LIMITED

x. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Profit and Loss Account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

xi. Research and development

Revenue expenditure on research and development is charged to Profit and Loss Account and capital expenditure is shown as addition to fixed assets.

xii. Income tax & Fringe benefit tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations.

Deferred tax assets and liabilities are not recognised for the future tax consequences that result between the profit offered for income taxes and the profit as per the financial statements of the Company.

Fringe benefit tax:

The Fringe Benefit Tax (FBT) is accounted for in accordance with the guidance note on accounting for fringe benefits tax issued by the ICAI. The provision for FBT is reported under income taxes.

xiii. Earnings per share

Basic:

The number of shares used in computing basic earnings per share is the number of shares outstanding during at the balance sheet date.

xiv. Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

2. Reserves

The amount standing to the credit of profit and loss account is after adjustment of brought forward accumulated losses and balance is retained in the profit and loss account.

3. The Company has a 100% equity interest in Libertcom LLC, a subsidiary of ERP Soft and consolidation of financial statements are carried out as per equity method in terms of Accounting Standard 23 "Accounting for Investments in Associates in Consolidated Financial Statements".
4. The equity shares outstanding for the year ended June 30, 2008 used in calculating basic earnings per share is set out below

ERP SOFT SYSTEMS LIMITED

	2009	2008
Equity shares outstanding	3,960,000	3,960,000
Share held by a controlled trust	0	0
Equity shares for computing basic EPS	3,960,000	3,960,000
Net income considered for computing basic EPS (Rs. in Lacs)		

5. The list of subsidiaries is given below:

Direct Subsidiaries	Step Subsidiaries	Country of Incorporation
Libertycom LLC	-	USA

The above direct subsidiary is 100% held by the Company.

6. The related parties are:

Name	Nature	% of holding
D. Sreelatha	Promoter and Principal Shareholder	8.33
D. Shivakumar Reddy	Promoter and Principal Shareholder	8.08
D.Kowsalyamma	Promoter and Principal Shareholder	5.05
K. Parvathi	Managing Director	5.05
D.S. Reddy	Non-Executive Director	3.79
D. Sarojanamma	Promoter and Principal Shareholder	3.79
K. Radha Krishna Reddy	Non-Executive Director	2.53
K. Navaneethamma	Principal Shareholder	2.53
G. Balasubramaniam	Principal Shareholder	1.26
K. Sivkumar Reddy	Principal Shareholder	1.89
G. Satish	Principal Shareholder	1.89
K. Chandana	Principal Shareholder	1.89
G. Nagaraju	Principal Shareholder	1.87

The Company had no related party transactions during the year.

ERP SOFT SYSTEMS LIMITED

7. The segment information for the period July 01, 2008 to March 31, 2009 follows:

(in Rupees)

Particulars		
	2009	2008
Revenues		
BPO Services	2,69,82,655	108,828,109
TOTAL	2,69,82,655	108,828,109
Profit before Interest and Tax - PBIT		
IT Services		
BPO Services	33,21,112	1,82,82,971
TOTAL		1,82,82,971
Interest, Dividend & Profit on sale of investments - Net		
Profit Before Tax	33,21,112	1,82,82,971
Income Tax expense including Fringe Benefit Tax	3,48,229	3,50,500
Profit before Share in earnings of Associates and minority interest		
Share in earnings of associates	0	0
Minority interest	0	0
PROFIT AFTER TAX	29,72,883	1,79,32,471
Segment Assets		
IT Services		
BPO Services	3,82,51,593	30,096,052
TOTAL		
Segment Liabilities		
IT Services		
BPO Services	1,20,52,627	1,79,679
TOTAL		1,79,679
Shareholder's Funds		
IT Services	0	0
BPO Services	0	0
Corporate		78,096,882
TOTAL	86,328,850	78,096,882

Notes:

- The segment report of ERP Soft Systems Limited and its consolidated subsidiary has been prepared in accordance with the Accounting Standard 17 "Segment Reporting" issued by The Institute of Chartered Accountants of India.
- Segment revenue includes all allocable other income and exchange differences which are reported in other income/general & administrative expenses in the financial statements.
- The Company geographic segment is USA. Revenue from geographic segments based on domicile of the customers is outlined below:

ERP SOFT SYSTEMS LIMITED

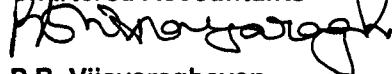
(Rs. In Lakhs)

Regions	March 2009	%	June 2008	%
USA	269.82	100%	1066.81	98%
Europe	0	0%	0	0%
Rest of the world	0	0%	21.47	2%
Total	269.82	100%	1088.28	100%

- d. For the purpose of reporting, business segments are considered as primary segments and geographic segments are considered as secondary segment.
- e. Corresponding figures for previous periods presented have been regrouped, where necessary, to confirm to the current period classification.
8. Increase in other income is as a result of increase in value of investments and reversal for the provision made for the fall in the earlier year.
9. The confirmation from Debtors, Creditors and other parties are pending from the respective parties

As per our report attached

for Vijayaraghavan and Associates
Chartered Accountants



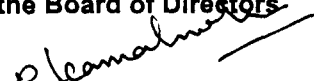
P.B. Vijayaraghavan
Partner

Membership No : 15103

For and on behalf of the Board of Directors



K. Parvathi
Managing Director



R. Kamala Mohan
Director

Chennai , May, 29, 2009

ERP SOFT SYSTEMS LIMITED

CASH FLOW STATEMENT

(Rs in Lakhs)

	Mar-09	Jun-08
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/Loss before tax	33.21	182.83
Adjustments :		
Depreciation	12.22	3.50
Preliminary and deferred revenue Expenditure	0.00	0.00
(Profit/Loss on Sale of Fixed Assets (Net)	0.00	0.00
Intrest paid	0.00	0.00
Operating profit before working capital	45.43	186.33
Working Capital Changes:		
Trade and other receivables	-95.33	-205.48
Loans & Advances	-16.00	101.57
Trade and other payables	118.72	-11.68
	52.82	70.74
B. CASH FLOW FROM INVESTING ACTIVITIES		
Additions to Fixed Assets (including Capital WIP) and advance on Capital account	-38.01	0.00
Increase in Investments	-44.03	-75.53
Net cash used in investing activities	-82.04	-75.53
C. CASH FLOW FROM FINANCING ACTIVITIES		
Process from issue of share capital	0.00	0.00
Share premium	0.00	0.00
Subsidy received	0.00	0.00
Application money pending allotment	0.00	0.00
Proceeds from borrowings (Net)	0.00	0.00
Preliminary issue expenditure	0.00	0.00
Dividend paid	0.00	0.00
Net cash from Financing activities	0.00	0.00
Net cash from from Financing activities	0.00	0.00
Net increase in cash and cash equivalents during the period	-29.22	-4.79
Cash and cash equivalents at the beginning of the period	3.43	16.9
Effect of translation of cash balance	52.59	-8.68
Cash and cash equivalents at the end of the period	26.80	3.43

As per our report attached
for **VIJAYARAGHAVAN AND ASSOCIATES**
Chartered Accountants

P.B. Vijayaraghavan
Partner
Membership No.15103

Chennai, May 29, 2009

For and on behalf of the Board of Directors

K.Parvathi
Managing Director

R.Kamala Mohan
Director

ERP SOFT SYSTEMS LIMITED**FINANCIAL STATEMENTS OF THE SUBSIDIARY - LIBERTYCOM LLC****BALANCE SHEET AS ON 31/03/2009**

SOURCES OF FUNDS	schedule	(In Rupees)	
		31.03.2009	30.06.2008
Shareholders Funds			
Share Capital	1	2,151,744	2,151,744
Reserves and Surpluses	2	32,864,016	25,862,798
Total		35,015,760	28,014,542
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block		7,760,460	5,890,353
Less: Accumulated Depreciation		<u>5,462,107</u>	<u>4,733,390</u>
Net Block	3	2,298,353	1,156,963
Investments	4	0	432,547
Current Assets, Loans and Advances	5	43,585,296	30,828,026
Less: Current Liabilities and Provisions	6	<u>10,867,890</u>	<u>4,402,994</u>
NET CURRENT ASSETS		32,717,406	26,425,032
Total		35,015,760	28,014,542

ERP SOFT SYSTEMS LIMITED**FINANCIAL STATEMENTS OF THE SUBSIDIARY - LIBERTYCOM LLC****PROFIT AND LOSS ACCOUNT FOR THE PERIOD 01/07/2008 TO 31/03/2009**

INCOME	Schedule	(In Rupees)	
		31.03.2009	30.06.2008
Sales and Services		26,142,332	108,853,075
Total		26,142,332	108,853,075
EXPENDITURE			
Cost of Sales and Services		20,560,303	88,116,065
General and Administrative Expenses	7	2,682,932	1,090,595
Depreciation		1,156,963	4,596,920
Total		24,400,198	93,803,580
PROFIT BEFORE TAXATION		1,742,134	15,049,495
Provision for Taxation including FBT		0	
PROFIT AFTER TAX		1,742,134	15,049,495
ACCUMULATED LOSSES BROUGHT FORWARD			
TRANSFER TO RESERVES		1,742,134	15,049,495

ERP SOFT SYSTEMS LIMITED**FINANCIAL STATEMENTS OF THE SUBSIDIARY - LIBERTYCOM LLC**

SCHEDULES	(In Rupees)	
	31.03.2009	30.06.2008
SCHEDULE 1- SHARE CAPITAL		
Issued, subscribed and paid up capital (211680 shares of Rs.10/- each fully paid up)	<u>2,151,744</u>	<u>2,151,744</u>
SCHEDULE 2 - RESERVES AND SURPLUSES		
Profit and Loss Account		
Balance brought forward from previous year	25,999,439	10,949,944
Profit for the year	<u>1,742,134</u>	<u>15,049,495</u>
Balance carried forward	<u>27,741,573</u>	<u>25,999,439</u>
Currency Translation Reserve		
Balance brought forward from previous period	(136,541)	(512,591)
Additions	4,857,105	604,530
Additions/Deletions (Capital)	<u>401,980</u>	<u>(228,480)</u>
Currency Translation Reserve	<u>5,122,543</u>	<u>(136,541)</u>
Summary of Reserves and Surpluses		
Balance brought forward from previous year	25,862,798	10,437,353
Additions	6,599,238	15,653,925
Deletions	<u>401,980</u>	<u>(228,480)</u>
Balance Carried Forward	<u>32,864,016</u>	<u>25,862,798</u>

ERP SOFT SYSTEMS LIMITED

FINANCIAL STATEMENTS OF THE SUBSIDIARY - LIBERTYCOM LLC

SCHEDULE 3 - FIXED ASSETS (July 2008 to March 2009)

(in Rupees)

ARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK	
	As on July 01, 2008	Additions	As on March 31, 2009	As on July 01, 2008	Depn for the period	As on March 31, 2009	As on March 31, 2009	As on June 30, 2008
Computer Software	5,462,107	2,298,353	7,760,460	4,305,144	1,156,963	5,462,107	2,298,353	1,156,963
Total	5,462,107	2,298,353	7,760,460	4,305,144	1,156,963	5,462,107	2,298,353	1,156,963
Previous year - 30th June, 2008	5,890,353	0	5,462,107	136,470	4,596,920	4,733,390	1,156,963	

ERP SOFT SYSTEMS LIMITED

FINANCIAL STATEMENTS OF THE SUBSIDIARY - LIBERTYCOM LLC

SCHEDULE 4 - Investments

European Monetary Units	0	432,547
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SCHEDULE 5 - CURRENT ASSETS, LOANS AND ADVANCES

Accounts Receivable	35,571,500	29,753,334
Other Receivables	3,005,013	0
Advances	2,476,510	766,295
Cash and Bank Balances	2,532,273	308,397
Total	43,585,296	30,828,026

SCHEDULE 6 - CURRENT LIABILITIES

Creditors for Expenses	10,867,890	4,402,994
	10,867,890	4,402,994

SCHEDULE 7 - GENERAL AND ADMINISTRATIVE EXPENSES

Automobile Expenses	171,978	90,298
Bank Charges	51,668	11,084
Books and Periodicals	42,994	13,774
Contributions	0	6,038
Dues and Subscriptions	48,018	35,420
Miscellaneous Expenses	53,994	90,586
Office Supplies & Maintenance	107,486	0
Postage and Delivery	64,492	3,557
Professional Charges	214,972	0
Rent	511,678	347,760
Repairs	42,994	8,050
Small Equipment	279,464	0
Supplies	42,994	40,850
Taxes	9,003	19,038
Telephones	322,458	252,290
Travel	214,972	171,850
Website	503,764	0
	2,682,932	1,090,595

FORM OF PROXY

I/ we _____ of _____ in the district of _____ being a member / members of the above named company, hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ as my / our proxy to attend and vote for me/us and my/our behalf at the Annual General Meeting of the company to be held at the Corporate office of the company, No. 10-A Tranquill Nest Kamkoti Nagar Main Road Pallikaranai, Chennai 600 100 on Monday, September 28, 2009 at 11.00 am and at my adjournment thereof.

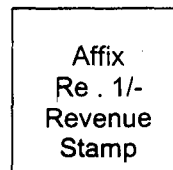
Signed this _____ day of _____ 2009.

Signature/s _____

Ledger Folio No. _____ DPID _____ Client ID _____

No of Shares held _____

- Note: 1. The proxy need not be a member
2. The proxy form duly signed across Re. 1/- revenue stamp should reach the registered office of the company not less than 48 hours before the time fixed for the meeting



ATTENDANCE SLIP

ERP Soft Systems Limited
Corporate Office : 10-A, Tranquill Nest Kamkoti Nagar Main Road Pallikaranai , Chennai 600 100

I hereby record my presence at the Fifteenth Annual General Meeting of the Company to be held on Monday September 28, 2009 at 11 a.m. at. No 10-A, Tranquill Nest Kamkoti Nagar Main Road Pallikaranai Chennai – 600 100.

Full name of the member _____
(in block letters)

Ledger Folio No _____ DPID _____ Client ID _____

Number of shares held _____

Signature of member or proxy attending _____

Full name of the proxy _____
(in block letters)

Please give full name of the 1st Joint Holder

Mr/Mrs/Miss _____

Note: Please fill in the attendance slip and hand it over at the ENTRANCE OF THE HALL