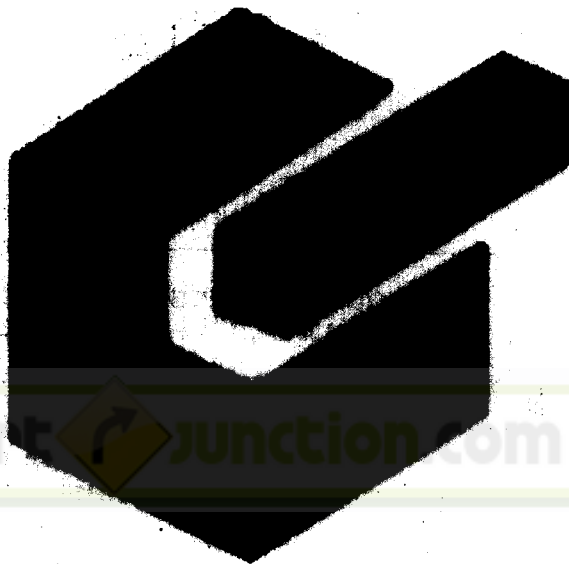


CAUVERY SOFTWARE ENGINEERING SYSTEMS LIMITED



12TH ANNUAL GENERAL MEETING

MONDAY 9TH FEBRUARY, 2004

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REGISTERED OFFICE	ALANKAR BUSINESS CENTER, 19A, K.G. ROAD, ALANKAR PLAZA, 2ND FLOOR, BANGALORE-560009
REGISTRAR & TRANSFER AGENTS	BIG SHANT SERVICES LTD. ANSA INDUSTRIAL ESTATE, SAKI-VIHAR, ROAD, ANDHERI(E), MUMBAI
SOLICITORS	DESAI DEWANJI & CO., IIND FLOOR, LENTIN CHAMBERS, FORT, DALAL STREET, MUMBAI
AUDITORS	Y.K.TOLIA & ASSOCIATES, CHARTERED ACCOUNTANTS, MUMBAI

NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the shareholders of Cauvery Software Engineering Systems Limited will be held on Monday 9th February, 2004 at Sukh Sagar Hotel, No. 10, 3rd Main Road, Gandhi Nagar, Bangalore 560009, India at 10.00 a.m. to transact the following business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st August, 2003 and Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. D. B. Negandhi, who retires from office by rotation and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass with or without modification, the following resolution as a Ordinary Resolution:

"RESOLVED THAT Messrs Y.K. Tolia & Associates., Chartered Accountants, Mumbai, be and are hereby appointed Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting of the Company on such remuneration fees plus reimbursement of actual traveling and other out of pocket expenses and service tax, if any as may be mutually agreed upon between the Board of Directors and the Auditors ."

By Order of the Board

ANUP SAXENA
W.T.DIRECTOR

Registered Office
Alankar Business Centre,
419 a, K.G. Road,
Alankar Plaza, 2nd Floor,
Bangalore 560 009.

DATED 20th December. 2003

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

- The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- The Register of Members and the share transfer books of the company will remain closed Thursday 5th February, 2004 to Monday 9th February, 2004 (both days inclusive).
- Members desirous of obtaining any information concerning the accounts of the company are requested to address their question to the Director at least seven days before the date of meeting, so that the information required may be made available at the meeting.
- The members are requested to advise the Company immediately of their change in address registered with the Company.
- Members/Proxies should bring the attendance slip duly filled in for attending the meeting.

By Order of the Board

ANUP SAXENA
W.T.DIRECTOR

Registered Office

Registered Office
Alankar Business Centre,
419 a, K.G. Road,
Alankar Plaza, 2nd Floor,
Bangalore 560 009.

Date : 20th December, 2003

DIRECTORS'S REPORT**Dear Shareholders**

Your Directors have pleasure in presenting the 12th Annual Report and the Audited Statement of Accounts of the Company for the financial year ended 31st August, 2003.

	(Rs.'000)	
FINANCIAL RESULTS	2002-2003	2001-2002
Turnover	7698	8261
<u>Gross Profit before interest and depreciation</u>	277	214
Less : Interest	--	--
Depreciation	70	70
Profit Before Tax	207	144
Less : Provision for Taxation	-	--
Profit After Tax	207	144
Prior Period Adjustment	96	5
Amount available for appropriation	87230	87230

Appropriations:

• Proposed Dividend on equity shares	--	---
• Corporate Tax on Dividend	--	---
• Debenture Redemption Reserve	--	---
• Balance carried to Balance Sheet	87533	87230

DIVIDEND

Your Directors do not recommend any Dividend for the year ended 31st August, 2003.

PERFORMANCE

The sales of the Company for the year ended touched Rs. 76.98 Lakhs and Net Profit was Rs.2.07 LAKHS.

ISSUE OF SHARES

During the year 1,73,75,000 Equity Shares of Rs.10/- each were offer on Swap Basis to the other than Promoters and existing shareholders to acquire the software business and investments in those Companies on 18/4/2001. The aforesaid shares have been duly listed with the Stock Exchange at Bangalore Stock Exchange Ltd., Bangalore w.e.f.18/5/2001 and subsequently the listing application was already filed with The Stock Exchange, Mumbai and the National Stock Exchange of India Ltd. Mumbai for listing. The SEBI has issued the circular no. MRD/Policy/Cir-35/2003/29/09 on 29th September, 2003 for listing of further issue of capital at any Terminal having nationwide trading terminals it may be BSE or NSE.

CLAIM OF LOSS

The Company's operation had a set back consequent upon the collapse of the operating office building (Poonam Chambers, B Wing, Dr.A. B.Road, Worli, Mumbai) on 16th September,1997,as a result of which the Company has suffered huge losses. The losses quantified has been into claims receivable based on legal advice. The dislocation of the operation has been corrected over the months and it is expected to improve upon further during the current year.

FIXED DEPOSITS

The Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made there under.

DIRECTORS

The Board has appointed Mr. Anup Saxena as Whole Time Director for a period of one year w.e.f.20.8.2003.A proposal for his appointment as Whole Time Director is being submitted for the approval of the members.

Shri D.B.Negandhi retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement Under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed: -

- that in the preparation of the Annual Accounts for the financial year ended 31st August,2003 the Application Accounting Standards had been followed along with proper explanation relating to material departures.
- that the Directors had selected such Accounting Policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for the year under review.
- that the Director had 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.
- that the Directors had prepared the accounts for the financial year ended 31st August,2003 on a "Going Concern Basis".

AUDITORS

M/s Y.K.Tolia & Associates., Chartered Accountants, Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. M/s C.R.Reddy & Co., Chartered Accountants has submitted the resignation due to pre occupation from the office of Statutory Auditors.

PERSONNEL

As there are no employees drawings remuneration as per Provisions of the Act and due to that , there is no requirement to submit particulars of employees as per the Provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975,

ENERGY TECHNOLOGY AND FOREIGN EXCHANGE

Information in accordance with the Provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 regarding conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo is given in the not forming part of this Report.

COMPLIANCE CERTIFICATE

A certificate from the Statutory Auditors of the Company regarding Compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is attached to this report.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation of the assistance and support extended by all Government Authorities, Financial Institutions, Banks, Consultants, Solicitors, Shareholders and Debenture holders of the Company. Yours Directors also wish to thank management and staff of, the Promoter Company, for the continuous guidance and support received from them. Your Directors express their appreciation for the dedicated and sincere services rendered by employees of the Company.

For and on behalf of the Board

Anup Saxena
W.T.Director

R. K. Kapur
Director

Dated 20th December, 2003
Place: Bangalore

ANNEXURE A

The Information required u/s 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure) of particulars in the report of the Board of the Directors (Rules, 1988).

- A) Conservation of Energy Nil
 B) Form of Disclosure of Particulars with respect to
 absorption of Technology Research & Development (R&D) Nil

FORM B

Research & Development

Specific areas in which R & D carried out by the company nil
 Benefits Derived as a result of the above R & D nil
 Future Plan of Action nil
 Expenditure on R & D nil

	CURRENT YEAR	PREVIOUS YEAR
Capital	Nil	Nil
Recurring	Nil	Nil
Total R & D Expenditure as a	nil	nil
Percentage to Total Turnover	Nil	Nil
Technology Absorption ,Adoption and: Innovation and benefits derived there-from		nil
Technology Imported and Absorbed		Nil

Foreign Exchange Earnings/Outgoings:

	CURRENT YEAR	PREVIOUS YEAR
Earning	Nil	Nil
Expenditure	Nil	Nil
Valued of Imports on CIF	Nil	Nil

FOR & ON BEHALF OF THE BOARD

Anup Saxena R K Kapur
 W.T.DIRECTOR DIRECTOR

PLACE: Bangalore
 DATED: 20th December, 2003

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement, a Report on Corporate Governance is given below)

Mandatory Requirements

Company's Philosophy on Code of Governance

CSESL firmly believes in abiding by the Code of Corporate Governance so as to be a responsible Corporate Citizen. The company's philosophy of Corporate Governance seeks the attainment of the highest levels of transparency, accountability and equality, in all facets of its operations and in all interactions with its stakeholders, including the shareholders, employees, government and lenders. The company takes utmost care to balance individual interest with corporate goals and continues to remain committed to fairness, transparency, accountability and responsibility.

Board of Directors

Composition: - The present strength of the Board is three Directors. Attendance of each Director at the Board Meetings and the last AGM conducted. Nine Board Meetings were held in 2002-2003.

Name of the Director	Category of Directorship	No. of Board Meetings attended	% of total meetings attended	Attendance at the last AGM
Mr. Anup Saxena	W.T.D.	6	67	N
Mr. R.K. Kapur	Director	7	80	Y
Mr. D.B. Negandhi	Director	7	80	N

Audit Committee

Terms of Reference & Composition, Name of Members and Chairman:-

The Audit Committee comprises of Mr. R.K. Kapur, Chairman of the Committee and Mr. D. B. Negandhi all being Independent Directors. The Whole Time Director and Directors along with the Statutory Auditors are invitees to the meeting. The Terms of Reference of this Committee are wide enough covering the matters specified for Audit Committee under the Listing Agreements.

Audit Meetings and the attendance during the year.

There were five meetings of the Audit Committee during the year 2002-03.

All the members of the committee are non executive Directors having knowledge of finance, accounts and Company Law. The Terms of Reference of this Committee are wide enough covering the matters specified for Audit Committee under the Listing Agreements.