

# **CAUVERY SOFTWARE ENGINEERING SYSTEMS LIMITED**

**13<sup>TH</sup> ANNUAL GENERAL MEETING**



**TUESDAY 21<sup>ST</sup> DECEMBER, 2004**

**Paradise Party Hall-V Floor, Hotel Sukh Sagar,  
No.10, 3<sup>rd</sup> Main Road,Gandhinagar,  
Bangalore-560009  
at 10.30 a.m.**

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<b>REGISTERED OFFICE</b>	<b>ALANKAR BUSINESS CENTRE, 419-A, K. A. ROAD, ALANKAR PLAZA, 2<sup>ND</sup> FLOOR, BOMBAY - 560 009.</b>
<b>REGISTRAR &amp; TRANSFER AGENTS</b>	<b>BOMBAY SHARE SERVICES P LTD. 101, ANSA INDUSTRIAL ESTATE, SAKI BOMBAY ROAD, ANDHERI (E), BOMBAY - 400 072. Tel: 2847 3474 / 2847 3474 E-mail: bsare@bom7.vsnl.net.in</b>
<b>SOLICITORS</b>	<b>DESAI DEWANJI &amp; CO., IIND FLOOR, LENTIN CHAMBERS, FORT, DALAL STREET, MUMBAI</b>
<b>AUDITORS</b>	<b>Y.K.TOLIA &amp; ASSOCIATES, CHARTERED ACCOUNTANTS, MUMBAI</b>

## NOTICE

**NOTICE** is hereby given that the 13<sup>th</sup> Annual General Meeting of the shareholders of Cauvery Software Engineering Systems Limited will be held on Tuesday 21<sup>st</sup> December, 2004 at Paradise Party Hall-V Floor, Hotel Sukh Sagar, No.10, 3<sup>rd</sup> Main Road, Gandhinagar, Bangalore-560009 at 10.30 a.m. to transact the following business:

1. To adopt, consider and approve the following: -

- ◆ The Audited Balance Sheet as at 31<sup>st</sup> August, 2004;
- ◆ The Profit & Loss account for the year ended on that date;
- ◆ Directors' and Corporate Governance Report for the year 2003-04;
- ◆ The Auditors' Report and Compliance Report thereon.

2. To appoint a Director in place of Mr. R.K.KAPUR, 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**

R.K.KAPUR  
**DIRECTOR**

**Registered Office**  
**Alankar Business Centre,**  
**419A, K.G.Road,**  
**Alankar Plaza, 2<sup>nd</sup> Floor,**  
**Bangalore - 560 009.**

**DATED 12<sup>th</sup> October, 2004**

## 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 16<sup>th</sup> December, 2004 to Tuesday 21st December, 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*

**R.K.KAPUR**  
**Director**

**Registered Office:-**

Alankar Business Centre,  
419A, K.G.Road,  
Alankar Plaza, 2<sup>nd</sup> Floor,  
Bangalore 560 009.

Date : 12<sup>th</sup> October, 2004

## **DIRECTOR'S REPORT**

**Dear Shareholders,**

Your Directors have pleasure in presenting the 13th Annual Report and the Audited Statement of Accounts of the Company for the financial year ended 31<sup>st</sup> August, 2004 .

(Rs.'000)

<b>1. FINANCIAL RESULTS</b>	<b>2002-2003</b>	<b>2003-2004</b>
Turnover	7698	7483
<u>Gross Profit before interest and depreciation</u>	<u>277</u>	<u>240</u>
Less : Interest	--	--
Depreciation	70	70
Profit Before Tax	207	170
Less : Provision for Taxation	--	--
Profit After Tax	207	170
Prior Period Adjustment	96	--
Amount available for appropriation	87,230	87,533
<b>Total</b>	<b>87,230</b>	<b>87,533</b>
<b><u>Appropriations:</u></b>		
• Proposed Dividend on equity shares	--	--
• Corporate Tax on Dividend	--	--
• Debenture Redemption Reserve	--	--
• Balance carried to Balance Sheet		
<b>TOTAL</b>	<b>87,230</b>	<b>87,533</b>

## **2. MANAGEMENT ANALYSIS AND DISCUSSION**

### **COMPANY PERFORMANCE:**

The sales of the Company for the year ended 31<sup>st</sup> August, 2004 touched Rs.74.83 lakhs and Net Profit were Rs.1.70 lakhs. Your Company has lost the business due to poor domestic scenario, industry down trend, war threats and global recession. The year under review was one of them most challenging years for IT industry all over the world. Constant efforts are put to redesign the planning and implementation process to aim for leadership on the theme of rapid growth and differentiation .We are confident that the steps taken will help achieve the size, scalability, brand and ambition necessary to create the next generation IT Solutions and Services Company.

## **REVIEW OF OPERATIONS**

The Indian IT Industry is one of the top 10 industries in India. The IT Industry has shown signs of recovery and IT/Technology Expenditure is expected to rise this year as against a stagnant trend in the past two years. The domestic growth has been driven by rapid expansion of IT Infrastructure by Government and Private sectors, Education, Computer Training, Call Center, BPO and Corporate segments.

The Indian IT Industry is interspersed with several large, medium and small players offering their services. The competition and challenges to medium size niche players like CSESL is emerging primarily from large system integration companies.

Your Company is strong in providing IT Infrastructure/Server set-up, support and management as well as in the System Integration Business. The wide range of Products and Solutions, Domain expertise and Competency Pools created by the Company over the year has helped in customer retention and addition of new customer accounts. Clients are looking for a company that is a trusted advisor and a strategic partner. In response to clients needs, we have been working on several new service initiatives. Your company seeks long term partnerships with clients while addressing their various IT requirements. Your Company's Customer Centric Approach has resulted in high levels of client satisfaction.

Your Company has reorganized to face new challenges of greater client expectations, rapidly changing business scenario and heightened competition. As a part of its business process reengineering the Company is constantly analyzing the business areas to focus on the most profitable and productive ones. This has helped in maintaining the profitability levels despite the reduction in the sales turnover. Your Company has also helped many of its clients improve their Processes and Systems by providing consulting services and High-End Products and Solutions.

## **OUTLOOK**

The domestic IT spends is likely to continue its current upward trend. Organizations have been increasing their IT spends for process improvements and efficiency enhancements to face competition and increased productivity. Organizations are widely outsourcing the various activities of managing their IT infrastructure to increase operational efficiency and as well as growth/profitability.

Your Company has clearly drawn its roadmap as a dominant provider of end-to-end IT solutions and services encompassing comprehensive services of IT infrastructure design, implementation and lifecycle support. Continuous research and development of new services, products, processes and solutions allows your Company to enhance quality, productivity and customer satisfaction through innovation. Initiatives are being taken for development of solutions on Storage systems, Firewalls, Disaster Management Systems, Security, Converged Communications etc.

Your Company has established a national service network and this will help in providing support to a large base of customers to provide the solutions. Your company is continuously evolving new business processes, modifying its existing line of activities and expanding its business capabilities to gain higher growth and market share.

### **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 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 29<sup>th</sup> September, 2003 for listing of further issue of capital at any Terminal having nationwide trading terminals it may be BSE or NSE, Mumbai.

### **DIVIDEND**

Your Directors do not recommend any dividend for the year 31<sup>st</sup> August, 2004.

### **CLAIM OF LOSS**

The operation of the company had a set back consequent upon the collapse of the operating office building (Poonam Chambers, B Wing, Dr. A. B. Road, Worli, Mumbai) on 16<sup>th</sup> September, 1997, as a result of which the company had suffered huge losses. The losses quantified have been transferred to "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.20.8.2004. A proposal for his re-appointment as Whole Time Director is being submitted for the approval of the members.

Mr.R.K.Kapur retire 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 31<sup>st</sup> August, 2004, 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 31<sup>st</sup> August, 2004 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.

## **COMPLIANCE CERTIFICATE**

Your company continues to be committed to the systems of good corporate governance by increased transparency and accountability to its shareholders. Pursuant to Clause 49 of the listing agreements with stock exchanges, a report on Corporate Governance and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made part of the Annual Report.

## **PERSONNEL**

As there are no employees, drawing remuneration as per provisions of Section 217(2A) of the Companies Act, 1956, 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 provisions of Companies) Particulars of Employees) Rules, 1975.



## **Conservation of Energy, Technology Absorption, Research & Development and Foreign Exchange Earnings and Outgo:-**

### **CONSERVATION OF ENERGY:**

The Company's operations involve low energy consumption. However efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

### **TECHNOLOGY ABSORPTION:**

The Technology available and utilized is continuously being upgraded to improve overall performance and productivity.

### **RESEARCH & DEVELOPMENT:**

Your company believes that Research & Development is a continues process and is a key driver to scalable and sustained corporate excellence. Our Research & Development activities help us gear for future opportunities and are focused to provide unique benefits to our customers. Accordingly during the year, several key focus areas were identified.

**Foreign Exchange Earnings : Nil**

**Foreign Exchange Outgo : Nil**

### **CORPORATE GOVERNANCE**

Your Company continues to be committed to the systems of good corporate governance by increased transparency and accountability to its shareholders. Pursuant to clause 49 of the Listing Agreement with Stock Exchanges, a report On Corporate Governance and Auditors certificate regarding compliance of conditions of Corporate Governance are made part of the Annual 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.

**On & Behalf of the Board**

**A.SAXENA**  
**WHOLE TIME DIRECTOR**  
 DATED: 12<sup>TH</sup> OCTOBER, 2004  
 PLACE : BANGALORE

**R.K.KAPUR**  
**DIRECTOR**