



TYCHE PERIPHERAL SYSTEMS LIMITED



9TH ANNUAL REPORT FOR THE FINANCIAL YEAR 1999-2000

BOARD OF DIRECTORS*Shri Pradeep Chauhan*

Managing Director

Smt Sabari S Kambli

Wholetime Director

Shri M Balaramakrishnaiah

Nominee Director-APIDC

Shri I Premkumar

Director

Shri M S Madhava Rao

Director

AUDITORS***M/s S Srinivasan & Co***

Chartered Accountants

3-3-13/2, Ekbote Blocks

Kachiguda X Roads

Hyderabad - 500 027

BANKERS**State Bank of India**

Commercial Branch

Koti, Hyderabad

REGISTERED OFFICE

6-3-663/E, 5th Floor

"Diamond House"

Punjabgutta

HYDERABAD - 500 082

PLANT

Survey No.855

Adjacent to Industrial Estate

Medchal Village

R R Dist - 501 401

REGISTRARS & SHARE TRANSFER AGENTS**M/s Sindhu Corporate Services (P) Limited**

18A (New No. 492)

East Marredpally

Secunderabad - 500 026

SHARES LISTED AT

Hyderabad Stock Exchange

Bangalore Stock Exchange

Calcutta Stock Exchange

Ahmedabad Stock Exchange

Listing fees paid for the year 2000-2001

**NOTICE**

Notice is hereby given that the Ninth Annual General Meeting of the Members of Tyche Peripheral Systems Limited will be held on Saturday the 30th September, 2000 at Blue Bird Function Palace, 12-2-718, Nanal Nagar, Hyderabad at 11.30 A.M. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2000 and the Balance Sheet as on that date, together with the Directors' and Auditors' reports thereon.
2. To appoint a Director in place of Shri M.S.Madhava Rao who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration. The retiring Auditors M/s S. Srinivasan & Co., Chartered Accountants, are eligible for reappointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

"RESOLVED THAT the Authorised Share Capital of the company be and is hereby increased from Rs.7.50 crores (Rupees Seven crores fifty lakhs only) to Rs.10 crores (Rupees Ten crores only) by addition of 25,00,000 equity shares of Rs.10/- each".

5. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution.

"RESOLVED THAT clause V of the Memorandum of Association of the company be altered as follows:

The authorised share capital of the company is Rs. 10,00,00,000/- (Rupees Ten crores only) divided into 1,00,00,000 (one crore only) equity shares of Rs.10/- (Rupees Ten only) each, with the power for the company to consolidate, convert, subdivide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached thereto subject to the provisions of the companies act, 1956.

RESOLVED FURTHER that Article 4 of the Articles of Association of the Company be altered as follows:

The Authorised Share Capital of the company is same as mentioned in Clause V of the Memorandum of Association".

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as a Special resolution.

"RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and subject to the approvals of Reserve Bank of India, S.E.B.I. and other

appropriate authorities and subject to conditions as may be prescribed by them while granting the approvals and sanctions, the Board of the Company or Committee of the Board duly constituted for the purpose, be and is hereby to issue and allot equity shares or preference shares or Equity linked Securities with or without premium, in one or more than one tranche(s), as the Board may, in their absolute discretion, decide for an aggregate value not exceeding Rs. 2.50 crores (Rupees Two crores and fifty lakhs only) or its equivalent value in US Dollars, exclusive of premium, if any, as the case may be, to Indian Public, Non Resident Indians, Overseas Corporate Bodies, Banks, Financial Institutions, Mutual Funds, Foreign Institutional Investors, Companies or other Bodies Corporate, Existing Share Holders, Promoters of the Company and their associate companies or such other person(s) or otherwise as the Board may, in their absolute discretion, decide and on such terms and conditions as the Board may consider fit, including the number of shares/securities to be issued, face value, rate of dividend/interest, the number of equity shares to be allotted on conversion, period of conversion and such other incidental matters, either through Private Placement on Preferential basis or through Public Issue or Rights Issue as may be decided by the Board on the basis of relative merits of each option.

"FURTHER RESOLVED THAT the Board be and is hereby authorised to appoint Lead Managers, Managers/Arrangers or any other form of intermediaries on such terms and conditions as may be decided by the Board."

7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution.

"RESOLVED THAT the Article 25,31,32 & 34 of Articles of Association of the Company be altered as follows:

25. Notice to call : Not less than Thirty clear day's notice of any call shall be given by the Company (either by letter to the members or by advertisement) specifying the time and place of payment and to whom such payment shall be paid.

31. If call or instalment not paid notice to be given: If any Member fails to pay any call, or instalment on or before the day appointed for payment thereof, the directors may at any time thereafter, during such time of the call or instalment remain unpaid, serve notice on him to pay the same together with any interest that may have accrued, by the Company by reason of such non-payment and stating that in the event of non-payment on or before some day to be named in the notice (such day not being less than fourteen days from the date of service of such notice) and at some place (either the Office or a Bank) named in such notice, the shares in respect of which the call was made or instalment is payable will be liable to be forfeited.

32. If notice not complied with, shares may be forfeited: If the requisitions of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of calls, instalments, interest may be forfeited by a

resolution of the Board of Directors, and the forfeiture shall be recorded in the Directors Minutes Book, and the holder of such share shall thereupon cease to have any interest therein, and his name shall be removed from the register and thereupon notice shall be given to him of such removal and an entry of the forfeiture with the date thereof shall forthwith be made in the register, but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice to or to make such entry aforesaid.

34. Arrears to be paid notwithstanding forfeiture : Any person whose share shall be so forfeited shall cease to be member in respect of the forfeited share, but shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls or installments, interest or in respect of such share at the time of forfeiture together with interest at the rate of 12 per cent per annum, or at such rate as the Directors may determine.

The liability of such person shall cease if and when the Company shall have received payment in full of all such amounts due in respect of the shares.

8. To consider and if thought fit to pass the following resolution with or without modifications as a Special Resolution.

"RESOLVED THAT in supersession of the resolution passed by the members in the Annual General Meeting held on 30th September, 1999 pursuant to the provisions of Sections 198, 269, 309, 310, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the remuneration payable to Sri Pradeep Chauhan, Managing Director be and is hereby revised to Rs. 31,000/- per month w.e.f 01.10.2000.

"RESOLVED FURTHER THAT all the other terms and conditions of his appointment approved by the members of the Company in the Annual General Meeting held on 30th September, 1999 do remain unaltered."

"RESOLVED THAT in supersession of the resolution passed by the members in the Annual General Meeting held on 30th September, 1999 pursuant to the provisions of Sections 198, 269, 309, 310, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 the remuneration payable to Smt Sabari S Kambli, Wholtime Director be and is hereby revised to Rs. 23,500/- per month w.e.f 01.10.2000.

"RESOLVED FURTHER THAT all the other terms and conditions of her appointment approved by the members of the Company in the Annual General Meeting held on 30th September, 1999 do remain unaltered."

9. To consider and if thought fit to pass the following resolution with or without modifications as a Special

Resolution,

"RESOLVED THAT pursuant to Section 17(1) and other applicable provisions of the Companies Act, 1956, Clause III of Object Clause of the Memorandum of Association of the Company be and is hereby altered by addition thereto in Other Objects the following new Clause III(C)(7) after the existing Clause III(C)(6)".

(7) To carry on all or any of the business as buyers, sellers, importers, exporters, distributors, agents, brokers, factors, commission agents, stockist of all types of commodities and goods relating to industry, arts, science, commerce, agriculture, domestic and all other fields and act as export business house and to carry on such business in any way both National and International connected therewith including to act as export agents and purchase and sales representatives to stockists, products, processing units and units engaged in village industries, home industries, cottage industries, small scale and medium scale industries.

By Order of the Board
For TYCHE PERIPHERAL SYSTEMS LIMITED

Place : Hyderabad
Date : 31.08.2000

PRADEEP CHAUHAN
Managing Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the meeting.
3. Explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed herewith.
4. The Register of Members and Share Transfer Books of the Company will be closed from 28th September, 2000 to 4th October, 2000 (both days inclusive)
5. Members are requested to notify immediately, any change in their address, to the Registrars & Share Transfer Agents quoting their registered folio Nos.
6. Members attending the meeting are requested to bring with them the Attendance Slip and hand over the same at the entrance of the hall, duly signed.
7. The Company does not distribute copies of Annual Report at the meeting, Members may, therefore, requested bring their copy along with them.



EXPLANATORY STATEMENT PURSUANT TO SEC 173 (2) OF THE COMPANIES ACT, 1956.

ITEM NO 4 & 5

The Authorised Share Capital of the Company at present is Rs.7.50 crores divided into 75,00,000 equity shares of Rs. 10/- each and the present paid up capital is Rs.726.40 lakhs. It is now proposed to issue shares or any other similar or partially similar instrument to an extent of Rs.2.50 crores either through Private Placement or through Public Issue or through Rights Issue as may be decided by the Board in consultation with the Merchant Bankers or such Agency as may be appointed for the purpose.

It is therefore, proposed to increase the Authorised Share Capital to Rs.10 crores divided into 1,00,00,000 Equity Shares of Rs.10/- each. This requires alteration of the Capital Clause of the Memorandum and articles of Association of the Company by an Ordinary resolution.

Hence, the resolutions proposed may be approved.

None of the Directors is personally interested or concerned in this Resolution.

ITEM NO.6

The Board of Directors at their meeting recommended for raising the share capital by issue of shares or other securities, instruments to an extent of Rs.2.50 crores exclusive of premium on Private Placement basis or through a Public Issue or Rights Issue as may be decided by the Board in consultation with the Merchant Bankers or such Agency as may be appointed for the purpose to Indian Public, NRI, Overseas Corporate Bodies, Existing share holders or such other person(s) under Section 81 of the Companies Act, 1956, the further shares can be allotted to outsiders, other than the existing share holders.

Hence, the resolution proposed may be approved.

None of the Directors is personally interested or concerned in this Resolution.

ITEM NO.7

The Hyderabad Stock Exchange Limited vide their letter No. REF/HSE/LIST/99/776 dated 21.09.1999 advised the company to amend certain clauses in Articles of Association.

It is therefore proposed to alter the Articles of Association suitably. Hence, the resolution proposed may be approved. None of the Directors is personally interested or concerned in this resolution.

ITEM NO 8

Shri Pradeep Chauhan, Managing Director is being currently paid a remuneration of Rs. 27,467/- per month with the applicable perquisites as per the resolution passed by the members in the Annual General Meeting held on 30th September, 1999.

Smt Sabari S Kambli, Wholetime Director is being currently paid a remuneration of Rs.20,130/- per month together with applicable perquisites as per the resolution passed by the members in the Annual General Meeting held on 30th September, 1999.

Considering the additional responsibilities being shouldered by Shri Pradeep Chauhan, Managing Director and Smt Sabari S Kambli, Wholetime Director and the current levels of remuneration prevailing in the industry the Board of Directors at their meeting held on 31.08.2000 approved subject to the members in the Annual General Meeting the revision in remuneration payable to Shri Pradeep Chauhan from Rs. 27,467/- to 31,000/- per month and Smt Sabari S Kambli from Rs. 20,130/- to 23,500/- per month with all other terms remaining unaltered.

The Board recommends the resolutions to the members for their approval.

None of the directors is personally interested or concerned in the above resolution except Mr. Pradeep Chauhan and Ms. Sabari S Kambli.

ITEM NO 9

In the course of the business under the Main Objects Clause many a times it is becoming necessary to deal in certain other commodities and goods which could be conveniently or advantageously combined with the business of the Company.

It is therefore, proposed to add one more clause in Other Objects of the Memorandum of Association of the Company. This requires alteration of the Memorandum of Association of the Company subject to approval of statutory authorities.

Hence, the resolution proposed may be approved.

None of the Directors is personally interested or concerned in this resolution.

For TYCHE PERIPHERAL SYSTEMS LIMITED

Place : Hyderabad
Date : 31.08.2000

PRADEEP CHAUHAN
Managing Director



DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the 9th Annual Report on the Business and operations of the Company together with the Financial Results for the year ended 31st March, 2000.

FINANCIAL RESULTS

PARTICULARS	1999-2000 (Rs.in Lacs)	1998-1999 (Rs. in Lacs)
Income	1908.32	1312.20
Operating Profit	81.75	40.51
Provision for Taxation	23.38	4.43
Profit after tax	58.37	36.08
Retained Earnings	59.71	36.08

OPERATIONS

During the year under review the Company has achieved a total turnover of Rs.1908.32 lakhs. This includes a turnover on the Software for Rs.299.08 lakhs. The total turnover has increased by 45% over the previous year. This was possible as your company chartered new territories for growth and also because of improved market conditons.

DIVIDENDS

The Directors have not recommended dividend as the retained earnings have been kept in reserve for the new division and the proposed new products.

ISSUE OF SHARE CAPITAL

During the year your Company made a sucessful Initial Public Offer of 22,17,700 equity shares of Rs.10/- each aggregating to Rs.221.77 lakhs. There was overwhelming oversubscription by 55 times. Your Directors are thankful for the encouragement given by the investors. The Securities have been listed with Stock Exchanges at Hyderabad, Bangalore, Calcutta and Ahmedabad.

During the year your company has repaid Rs.64.79 lakhs of term loan from Andhra Pradesh Industrial Development Corporation.

MARKET CONDITIONS

Inview of the good target markets for ElectronicCash Registers, Cash Counting Machines and Point of Sale Systems the technology of retail automation is developed and your company is planning to achieve a better market share in the current financial year.

In view to build high quality software various software methodologies are also being developed with such technologies as Object Oriented Programming, Client/Server solutions, Graphical User Interface, Relational Database Management Systems and Web-based Technologies.

DIRECTORS

Mr. M S Madhava Rao, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

PUBLIC DEPOSITS

The company has not accepted any deposits from the public during the year.

AUDITORS

The statutory Auditors of the company M/s S Srinivasan & Co., Chartered Accountants, Hyderabad retire at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

DEMATERIALISATION OF SHARES

The Company has registered with NSDL and CDSL for trading of shares in Dematerialised form and has been allotted ISIN NO. INE969A01018. As per the directive of SEBI trading of shares of our company would be in DEMAT form with w.e.f 24th July, 2000.

YEAR 2000 ISSUES

Your Directors are happy to inform you that there was no negative impact on the company's operations due to Year 2000 issue during the year.

INDUSTRIAL RELATIONS

Industrial relations remained cordial throughout the year. The Directors wish to record their appreciation of the skill, dedication and painstaking efforts put in by employees at all levels.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUT GO

As required under Section 217 (1) (e) of the Companies Act, 1956 and the rules made therein, the concerned particulars relating to energy conservation, technology absorption and foreign exchange earnings and outgo are given in Annexure - I, which is attached hereto and forms a part of the Directors' report.

PARTICULARS OF EMPLOYEES

Information on the Particulars of employees is 'NIL' under the particulars of employees pursuant to section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.