

TELESYS SOFTWARE LIMITED CHENNAI



**ANNUAL REPORT
2001-2002**

TELESYS SOFTWARE LIMITED

TELESYS SOFTWARE LIMITED

BOARD OF DIRECTORS

Mr. G Anand Rao
Mr. Satyakumar
Ms. Usha Natarajan
Mr. Nagaraj Sharma
Mr. K P Anandan
Mr. B. Bhushan Babu

AUDITORS

M/s. N.R. Krishnamoorthy & Co.
Chartered Accountants
14, Anandhan Street,
T. Nagar, Chennai-17

BANKERS

Andhra Bank
Sowcarpet Branch
Chennai

REGISTERED OFFICE

#14/2, 3RD Floor, Parsn Commercial Complex
600 Mount Road,
Chennai-600 006

SHARE TRANSFER AGENTS

CAMEO CORPORATE SERVICES LIMITED
"Subramaniam building V Floor
1, Club House Road, Chennai-600 002.
Phone (044) 8460390 (5 lines)
Fax: (044) 8460129

Report

TELESYS SOFTWARE LIMITED

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the members of Telesys Software Limited will be held on Saturday, the 28th September, 2002 at 10.00 am at Nalvar Thirumana Maligai, #48, S.R.P Koil Street, Agaram, Chennai-82 to transact following business:

ORDINARY BUSINESS:

01. To receive, consider and adopt the audited Balance Sheet as at 31st March 2002 and the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon
02. To appoint Auditors of company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company. The remuneration may be fixed by the Board of Directors.

SPECIAL BUSINESS

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

"RESOLVED THAT Shri Satyakumar who was appointed as an additional Director at the meeting of the Board of Directors held on 17th March 2002 and who holds office as such upto the date of this Annual General Meeting and in respect of whom notice has been received from a member signifying his intention to propose Shri Satyakumar, as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Ms Usha Natarajan who was appointed as an additional Director at the meeting of the Board of Directors held on 17th March 2002 and who holds office as such up to the date of this Annual General Meeting and in respect of whom notice has been received from a member signifying his intention to propose Ms Usha Natarajan, as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Shri Nagaraj Sharma who was appointed as an additional Director at the meeting of the Board of Directors held on 17th March 2002 and who holds office as such up to the date of this Annual General Meeting and in respect of whom notice has been received from

TELESYS SOFTWARE LIMITED

a member signifying his intention to propose Shri Nagaraj Sharma, as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Shri K P Anandan who was appointed as an additional Director at the meeting of the Board of Directors held on 17th March 2002 and who holds office as such up to the date of this Annual General Meeting and in respect of whom notice has been received from a member signifying his intention to propose Shri K P Anandan, as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT Shri B.Bhushan Babu who was appointed as an additional Director at the meeting of the Board of Directors held on 30th May 2002 and who holds office as such up to the date of this Annual General Meeting and in respect of whom notice has been received from a member signifying his intention to propose Shri B.Bhushan Babu, as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the Company."

By order of the Board,
For **TELESYS SOFTWARE LIMITED**

(G.ANAND RAO)
Managing Director

PLACE: CHENNAI
DATE: 29th June 2002

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. The proxy form in order to be effective must be deposited at the Registered office of the company not less than 48 hours before commencement of the meeting.
3. The Register of Members and the Transfer of book in respect of the Equity shares will remain closed from 19th September 2002 to 28th September 2002 both days inclusive.

TELESYS SOFTWARE LIMITED

4. The members' are requested to intimate to the Registrar and Transfer Agents, Cameo Corporate Services Limited #1, Subramaniam Building, Club House Road, Mount Road, Chennai-2, change of address, if any, at the earliest quoting their registered folio number.
5. Equity shares of the Company are in the Depository, set up by National Securities Depository Limited and Central Depositories Services (India) Limited. The shares of the company are in the compulsory dematerialization list specified by SEBI and are traded in the demat mode and the share holders are requested to get their holding dematerialised as early as possible, in their own interest.

EXPLANATORY STATEMENT

(Pursuant to Section 173 (2) of the Companies Act, 1956)

ITEM NO.:3

Mr. Satyakumar was appointed as an additional director by the Board of Director of the Company effective from 17th March 2001. Pursuant to section 260 of the Companies Act, 1956 he holds office only upto the date of ensuing Annual General Meeting of the company. A notice under section 257 of the Act has been received from a member proposing the appointment of Mr. Satyakumar as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.

Considering his vast experience in administration and knowledge, the Board of Directors recommends his appointment.

ITEM NO.: 4

The Board of Director of the Company effective from 17th March 2002 appointed Ms. Usha Natarajan as an additional director. Pursuant to section 260 of the Companies Act, 1956 She holds office only up to the date of ensuing Annual General Meeting of the company. A notice under section 257 of the Act has been received from a member proposing the appointment of Ms. Usha Natarajan as a Director of the Company, whose period of office shall be liable to retire by rotation.

Considering her vast experience in administration and knowledge, the Board of Directors recommends his appointment.

TELESYS SOFTWARE LIMITED

ITEM NO.: 5

Mr. Nagaraj Sharma was appointed as an additional director by the Board of Director of the Company effective from 17th March 2002. Pursuant to section 260 of the Companies Act, 1956 he holds office only upto the date of ensuing Annual General Meeting of the company. A notice under section 257 of the Act has been received from a member proposing the appointment of Mr. Nagaraj Sharma as a Director of the Company, whose period of office shall be liable to retire by rotation.

Considering his vast experience in administration and knowledge, the Board of Directors recommends his appointment.

ITEM NO.: 6

Mr. K.P.Anandan was appointed as an additional director by the Board of Director of the Company effective from 17th March 2002. Pursuant to section 260 of the Companies Act, 1956 he holds office only upto the date of ensuing Annual General Meeting of the company. A notice under section 257 of the Act has been received from a member proposing the appointment of Mr. K.P.Anandan as a Director of the Company, whose period of office shall be liable to retire by rotation.

Considering his vast experience in administration and knowledge, the Board of Directors recommends his appointment.

ITEM NO.: 7

Mr. B.Bhushan Babu was appointed as an additional director by the Board of Director of the Company effective from 30th May 2002. Pursuant to section 260 of the Companies Act, 1956 he holds office only upto the date of ensuing Annual General Meeting of the company. A notice under section 257 of the Act has been received from a member proposing the appointment of Mr. B.Bhushan Babu as a Director of the Company, whose period of office shall be liable to retire by rotation.

By order of the Board,
for **TELESYS SOFTWARE LIMITED**

(G.ANAND RAO)
Managing Director

Place: Chennai
Date: 29th June 2002

TELESYS SOFTWARE LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have great pleasure in presenting the Tenth Annual Report of the company with audited accounts for the year ended 31st March 2002.

Rupees in Lakhs

Financial Results:	Year ended 31.03.2002	Year ended 31.03.2001
Sales	214.3	352.08
Profit before Depreciation	125.56	119.68
Less: Depreciation	119.28	104.36
Profit before Tax	6.28	15.32
Provisions for Tax-Current & Deferred	2.29	1.30
Profit After Tax	3.99	14.02
Profit brought forward	95.41	81.39
Less: Deferred tax liability of prior period	52.50	
Balance carried forward to Balance Sheet	46.90	95.41

DIVIDEND:

To conserve the reserves and plough back the profits for expansion activities of the company. Your Directors do not recommend any dividend for financial year 2001-2002

REVIEW OF OPERATIONS: -**a) Industry Structure And Development:**

IT sector has been facing slow down. Sky racking growth is curtailed. But results of recent market researches in US and Europe are revealing encouraging facts. According to them the IT industry would come down and settle at normalcy and companies with their niche markets would do well as each company in future would necessarily require technical support on computerization of their respective systems which should be tailor made for them.

TELESYS SOFTWARE LIMITED

b) Business Performance & Segment Reporting:

Your Company did not have growth in terms of turnover and net profits during the year under review. Because the general recession in the Software Industry had its impact in the turnover. Your Directors are hopeful that the activities of your company would improve significantly once the re-orientation strategy is implemented. Members are hereby informed that Segment wise Reporting is not applicable to your company since all the investments are deployed in a single line of business activity i.e. Software Development.

c) Out Look

Your Board of Directors has taken stock of the situation prevailing both at macro level and micro level markets. They have formulated a strategy to skive off a hitch market with exclusive clients to the company, whose needs could be catered by the present technical skills and marketing advantage of your company. Which is why an overseas Director had been inducted inside the Board so as to fortify the Board and as well as to augment the revenues.

d) Internal control systems and their adequacy:

Much has been done in cutting off expenditures in almost all areas. Manpower is carefully taken in by making systematic study of their skill and exposure in regard to the projects the company is handling. Greater care is shown on the effective utilization of these skills by coordinating all the individual efforts towards the corporate goal incurring minimal cost.

e) Human Resources and Industrial relations:

Your Directors wish to place on record their deep appreciation of the dedication and commitment of employees to the growth of your Company during the year. Your Directors also express their sincere gratitude to the Banks, Consultants, Auditors and shareholders for their continued patronage and Co-operation

DIRECTORS

M/s.I.Srinivasalu, Sailesh Srivatsava, Thanasing Mosae, Thirumalachari Sridharan and K.V Viswanathan have relinquished from their Directorships due to their personal reasons w.c.f. 17th March 2002. On the same day M/s. Sathyakumar. Usha Natarajan, Nagaraj Sharma and K P Anandan, were appointed, as Additional Directors by the Board and B.Bhushan Babu was appointed on 30th May 2002 as additional director. Now the Board recommends them to the members for regularizing their appointment since their precious knowledge, expertise and market connections would be of great use to the company.

TELESYS SOFTWARE LIMITED

ENHANCEMENT OF EQUITY & LISTING:

In order to achieve vertical growth, achieve bigger volume of business, it is proposed to take over the aforesaid companies as wholly owned subsidiaries by acquiring their entire share capital on swap basis. Acquiring these companies will leverage the software development business of the company with help of their current client base, employee strength, and infrastructure. Therefore it is proposed to issue 1,32,25,350 equity shares of Rs10/- each fully paid on preferential basis to acquire their entire capital under swapping arrangement. The company is going to consider this matter in the extraordinary general meeting scheduled on 15th July 2002.

CHANGE OF REGISTRAR AND SHARE TRANSFER AGENT:

M/s Cameo Corporate Services Ltd. has been appointed as new registrar and share transfer agent in place of M/s Ankit Consultancy (Pvt) Ltd.

DEPOSITS:

The Company has not accepted any deposit from the public.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

1. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the annual accounts on a going concern basis.

AUDITOR AND AUDITORS' REPORT:

Members are hereby informed that Mr. N R Krishnamoorthy & Co., Chartered Accountant has been appointed as an Auditor of the company to hold the position till the conclusion of the

TELESYS SOFTWARE LIMITED

ensuing AGM. At the same time M/s. N R Krishnamoorthy & Co, Chartered Accountants have offered their services to act as Auditors and have also informed the Board that their appointment if considered would be within the prescribed limits under 224(1B) of the Companies Act, 1956. The Board requests the members to consider their appointment from the conclusion of the ensuing AGM till the conclusion of the subsequent AGM.

CORPORATE GOVERNANCE:

Your company has always striven to incorporate appropriate standards for good corporate governance. It has taken adequate steps to ensure that all mandatory provisions of corporate governance as prescribed under the amended listing agreements of the stock exchanges, with which the company is listed, are complied with. A separate report on corporate governance is produced as a part of the annual report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS/OUTGO:

The Company has no activity relating to Conservation of energy or technology absorption. The Company did not have any foreign exchange earnings or outgo during the year.

STATEMENT UNDER SECTION 217(2A) ON PERSONNEL:

Particulars of Employees pursuant to Section 217 (2A) of the Companies Act, 1956 are not applicable since none of the employees are in receipt of remuneration in excess of the limits specified herein during the period under review.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their deep appreciation of the dedication and commitment of employees to the growth of your Company during the year. Your Directors also express their sincere gratitude to the Banks, Consultants, Auditors and shareholders for their continued patronage and Co-operation

By order of the Board,
for **TELESYS SOFTWARE LIMITED**

(MR.SATHYAKUMAR)
Director

(G.ANAND RAO)
Managing Director

Place: Chennai
Date: 29th June 2002