

TELESYS SOFTWARE LIMITED

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Annual Report

2003-2004

TELESYS SOFTWARE LIMITED

TELESYS SOFTWARE LIMITED

BOARD OF DIRECTORS

DIRECTOR

Mr.Satyakumar
Ms Usha Natrajan
Mr.Bhushan Babu
Mr.K.P.Anandan
Mr.Rajkumar Suriya Prakash

AUDITORS

M/s. N.R.Krishnamoorthy
Chartered Accountants
14/1, Anandhan Street,
T.Nagar, Chennai-17.

BANKERS

Tamilnadu Mercantile Bank
Mount Road Branch,
Chennai – 02

Union Bank Of India
IFB Branch,
Kodambakkam, Chennai,

REGISTERED OFFICE

861-A Vaigai Colony,
13th Main Road
Anna Nagar West,
Chennai - 600 040.

BRANCH OFFICE

124,Ambalathutaiyar Maduthu Street,
Pondicherry -605 001

SHARE TRANSFER AGENTS

M/s. Cameo Corporate Services Limited,
"Subramaniam Building", V Floor,
1, Club House Road,Chennai-600 002.
Phone (044) 28460390 (5 lines)
Fax: (044) 28460129

TELESYS SOFTWARE LIMITED

NOTICE

NOTICE is hereby given that the Twelfth Annual General Meeting of the members of Telesys Software Limited will be held on Wednesday, the 29th September, 2004 at 09.30 A.M at #48, Nalvar Thirumana Maligai, ,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 2004 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 a Director in place of Ms.Usha Natrajan who retires by rotation and being eligible offers himself for re-appointment.
03. 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:

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

"RESOLVED THAT Mr. Rajkumar Suriya Prakash who was appointed as an additional Director at the meeting of the Board of Directors held 30th September 2003 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 Mr. R.Rajkumar Suriya Prakash as a candidate for the office of the Director of the Company be and is hereby appointed as a Director of the Company."

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

"RESOLVED THAT a consent of the members of the Company be and is hereby given to the Board of Directors of the Company to make applications to the Madras Stock Exchange Limited for purpose of delisting the equity shares of the Company, which is already listed with the above mentioned Stock Exchanges, with immediate effect."

"FURTHER RESOLVED THAT board of Director of the Company be and is hereby authorized to make necessary applications and to do all other acts and things necessary in this regard for purpose of delisting the equity shares of the Company, which is already listed with the above mentioned Stock Exchanges, with immediate effect."

TELESYS SOFTWARE LIMITED

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

RESOLVED THAT pursuant to Section 21 and all other applicable provisions of the Companies Act, 1956 and subject to the approval of the Registrar of Companies, Chennai and such other authorities as may be required in this connection, the name of the Company be changed from M/s TELESYS SOFTWARE LIMITED, to M/s RAINBOW ENERGY LIMITED.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, things and deeds as may be required in this connection.

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

RESOLVED THAT pursuant to Section 13, 21 and all other applicable provisions of the Companies Act, 1956 and subject to such other approvals/consents as may be required from such other authorities the unanimous consent of the shareholders of the company be and is hereby accorded to amend the Clause I of the Memorandum of Association of the Company as follows :

- I. The name of the Company is " RAINBOW ENERGY LIMITED"

RESOLVED FURTHER THAT the new name be substituted in the Articles of Association, Letter Heads, and all other stationeries and the Board of Directors of the Company be and is hereby authorised to do all such acts, things and deeds as may be required in this connection.

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

RESOLVED THAT pursuant to Section 149 and all other applicable provisions of the Companies Act, 1956 and subject to such other approvals/consents as may be required from such other authorities, the unanimous consent of the shareholders of the company be and is hereby accorded to do following objects as mentioned in the Other Objects Clauses IIIC of the Memorandum of Association of the Company:

7. To carry on the business of manufacturing, buying, selling, importing, exporting or otherwise dealing in computer and related hardware, software, software development, data processing, word processing and microprocessor based control systems.

TELESYS SOFTWARE LIMITED

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid resolution the Board of Directors of the company be and is hereby authorised to do all such acts, things and deeds in this connection.

By order of the Board,
For Telesys Software Limited

(Y.SATHYA KUMAR)
DIRECTOR

PLACE: CHENNAI

DATE: 6th September 2004

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 23rd September 2004 to 29 September 2004 both days inclusive.
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.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956

Item No:1

Mr. Rajkumar Suriya Prakash was appointed as an additional director of the Company by the Board of Directors pursuant to Section 260 of the Companies Act, 1956 with effect from 30th September 2003. The Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 signifying his intention to propose Mr. Rajkumar Suriya Prakash as a candidate for the office of director of the company.

TELESYS SOFTWARE LIMITED

The Board recommends his appointment as a Director.

None of the Directors of the Company except Mr.Rajkumar Suriya Prakash is interested or concerned in passing of this resolution.

ItemNo:2

As the members are aware, the equity shares of the company are presently listed with Madras Stock Exchange Limited, and Mumbai Stock exchange Limited, now called MSE and BSE

In view of the extensive connectivity of BSE across India investors now find it convenient to trade in the company's securities. Since the listing fees paid to the regional stock exchange is disproportionately high and with no trading volume taking at MSE no purpose is served by continuing the listing of our company's with M/s Madras Stock Exchange Limited, Chennai. This shall enable the company to save cost.

SEBI has recently formulated guidelines, by which the Companies are allowed to get the shares delisted from certain Stock Exchanges, provided the Company continues the listing with Bombay Stock Exchange.

Since there is no trading at the MSE and hence in order to save the cost and at the same time to provide sufficient liquidity to the investor, the Board of Directors has decided to get the shares delisted from MSE.

For this purpose the Company is required to obtain the consent of the shareholders by means of special resolution. Hence an item is included in notice of AGM, requesting your consent for the above proposal.

The Directors recommend the resolution for adoption by the Shareholders

Item No: 3 and 4

The company had amended its main objects to carry on the business of operations of power generation and related business. The company is in process of starting of activities related to the said business and in order that the name of the company to reflect the businesses carried on by the company this resolutions are placed before the members for their approval. Further the company had got the approval for the name availability from the Office of the Registrar of Companies, Chennai for the said name vide their letter No. NA/2228/STAT/2004 dated 08-06-2004.

The Directors recommend the resolution for adoption by the members.

Item No.5

With the company's main objects amended to carry on the business of power generation and related business, this enabling resolution shall help the company to undertake with the past expertise and personnel available with the company to undertake computer software development, hardware and related business mentioned in the other objects of the company. Further for the same the members approval is necessary. Hence this resolution. The Directors recommend the resolution for adoption by the members.

TELESYS SOFTWARE LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have great pleasure in presenting the Twelfth Annual Report of the company with audited accounts for the year ended 31st March 2004.

Rupees in Lakhs

Financial Results:

	Year ended 31.03.2004	Year ended 31.03.2003
Revenue from Operations	296.15	805.87
Profit before Depreciation	63.93	124.22
Less: Depreciation	154.85	121.78
Less: Dim in Value of Investment	16.90	-
Profit/(Loss) before Tax	(107.82)	2.44
Less: Provisions for Tax-Current & Deferred	(30.56)	0.91
Profit/(Loss) After Tax	(77.26)	1.53
Balance carried forward to Balance Sheet	(28.88)	48.38

DIVIDEND:

To conserve the reserves & plough back the profits for expansion activities of the company your directors do not recommend any dividend for financial year 2003-2004.

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

There has been considerable decline in software industry globally. The same trend has been observed in India also. There have been encouraging developments in the Power Sector in last year. The government has announced many reforms in this field. Looking to the immense potential in this sector the company has decided to enter in this field.

b) Business Performance

The turnover is 296¹ Lakhs in financial year 2003-2004 against 805 Lakhs in the financial year 2002-2003. The Company has incurred loss of Rs.77.26 lacs after tax compared to previous profit of Rs.1.53 lacs in the previous year, but the company has cash profit of Rs.73.44 lacs and your Directors are hopeful of maintaining and improving the turnover and profit in coming years by strategic business plans.

TELESYS SOFTWARE LIMITED

c) Out Look

Being our country is a Power deficit country the outlook for the Power Generation shall be a lucrative business opportunity. Further with the Central and State Governments giving concessions and priority to this sector the outlook for the industry is good and encouraging. Moreover the attitude of bankers and institutions is also good towards the industry. With the accelerating pace of India's urbanization and industrialization and growing rural electrification, the country's power requirement is growing substantially.

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

F) Merger of companies:

The Company's subsidiary companies Namley M/s MILLENIUM WEB SOLUTIONS P LIMITED, M/s AAVISHKAR SOFTWARE LIMITED, SUN JAVA SOLUTIONS P LIMITED and M/s SCRIBE SOLUTIONS P LIMITED is got merged with M/S TELESYS SOFTWARE LIMITED by scheme of amalgamation vide by the court order 05/01/2004 and assets and liabilities of the transferee companies are transferred with effective date of merger -01/04/2004.

DIRECTORS

Mr.Y.Sathya kumar, Ms.Usha Natarajan ,Mr.Bhushan Babu ,Mr.K.P.Anandan are the directors of the company Mr.Rajkumar Suriya Prakash was appointed as Additional Directors. He seek accord from the members to continue so.

DEPOSITS:

The Company has not accepted any deposit from the public.

TELESYS SOFTWARE LIMITED

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 AUDITOR REPORT:

M/s. N.R.Krishnamoorthy & Co, Chartered Accountant has expressed their inability to continue as auditor of the company due to personal reasons. A.Chinnappan Chartered Accountant has been appointed in the place of retiring auditor M/s. N.R.Krishnamoorthy & Co, Chartered Accountant, to hold the position till the conclusion of the ensuing AGM and is recommended for appointment Your company has received certificate from A.Chinnappan Chartered Accountant, to the effect that the appointment, if made, would be within the prescribed limits under 224(1B) of the companies Act,1956.

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.

TELESYS SOFTWARE LIMITED

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

(Usha Natarajan)
DIRECTOR

(SathyaKumar)
DIRECTOR

Place: Chennai

Date: 6th September 2004

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STATEMENTS AND REPORTS ON CORPORATE GOVERNANCE:

A MANDATORY REPORTS ON CORPORATE GEVERNANCE :-

Company's Philosophy On Corporate Governance:

The company's Philosophy of corporate governance is aimed at exhibiting maximum transparency to the investors by providing them with more information. This is done not only with the information that are to be revealed under mandatory provisions but also with those information which according to the Management and the Board are relevant to the Investors and other Statutory Authorities to whom these Reports are addressed to.

Board of Directors:

The Board of Directors is comprised of 2 executive director or non-independent Directors and 3 non-executive independent Directors.