

TELESYS SOFTWARE LIMITED



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Annual Report

2004-2005

TELESYS SOFTWARE LIMITED

BOARD OF DIRECTORS

DIRECTOR

Mr. Satyakumar
Ms. Usha Natrajan
Mr. Bhushan Babu
Mr. Rajkumar Suriya Prakash
Mr. Lakshmi Pathy

AUDITORS

Mr. Chinnappan
Chartered Accountant

BANKERS

Tamilnadu Mercantile Bank,
Mount Road Branch, Chennai - 02

REGISTERED OFFICE

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

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 Thirteenth Annual General Meeting of the members of Telesys Software Limited will be held on Thursday, the 29th September, 2004 at 09.30 A.M at 861-A Vaigai Colony, 13th Main Road, Anna Nagar West, Chennai - 600 040. to transact following business:

ORDINARY BUSINESS:

01. To receive, consider and adopt the audited Balance Sheet as at 31st March 2005 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 Mr.Rajkumar Suriya Prakash who retires by rotation and being eligible offers himself for re-appointment.
03. To Appoint a Director in place of Mr.Bhusan Babu who retires by rotation and being eligible offers himself for re-appointment.
04. 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.LakshmiPathy who was appointed as an additional Director at the meeting of the Board of Directors held on 13th July 2005 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. Lakshmi Pathy, 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 for, with or without modifications, to pass the following as an Special Resolutions:

RESOLVED THAT Corporate Guarantee extended by the Company at their Board Meeting held on the 18th Day of March 2005 to Andhra Bank, Sowcarpet Branch and Union Bank of India, Ashok Nagar Branch, Chennai on behalf of M/s.Chitra Bio Energy Ltd, Chennai for a Sum of Rs:20.48 Crores (Rupees Twenty Crores and Forty Eight Lakhs Only) for the Term Loan extended by the said Bankers to the said Company for their Bio Mass based Power Project be and is hereby approved and ratified.

By order of the Board,
For Telesys Software Limited

(Y.SATYA KUMAR)
DIRECTOR

PLACE: CHENNAI

DATE: 6th September 2005

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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 2005 to 29th September 2005 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.N.Lakshmipathy 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 13th July 2005. 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. N. Lakshmi Pathy as a candidate for the office of director of the company.

The Board recommends his appointment as a Director.

None of the Directors of the Company except Mr.N.Lakshmi Pathy is interested or concerned in passing of this resolution.

ItemNo:2

The Directors have passed resolution in their meeting held on the 18th Day of March 2005 to extend Corporate Guarantee to Andhra Bank, Sowcarpet Branch and Union Bank of India, Ashok Nagar Branch Chennai on behalf of M/s. Chitra Bio Energy Limited, Chennai for Rs: 20.48 Crores (Rupees Twenty Crores and Forty Eight Lakhs Only) for the Term Loan extended by the said Bankers to the said Company for their Bio Mass Based Power Project.

Due to Urgency, the Board of Directors have passed the aforesaid resolution to extend the aforesaid Corporate Guarantee. The Corporate Guarantee Extended on behalf of M/s.Chitra Bio Energy Ltd, Chennai is more than the 60% of the paid up Share Capital and Free reserves of the Company.

As per Section 372A of the Companies Act, 1956 the Company has to obtain permission from its shareholders within Twelve months from the date of the Corporate Guarantee Extended.

Hence this resolution is put up before the Shareholders for their approval and ratification.

None of the Directors are interested in the aforesaid resolution.

TELESYS SOFTWARE LIMITED**DIRECTORS' REPORT**

Dear Members,

Your Directors have great pleasure in presenting the Thirteenth Annual Report of the company with audited accounts for the year ended 31st March 2005.

Rupees in Lakhs

Financial Results:	Year ended 31.03.2005	Year ended 31.03.2004
Revenue from Operations	240.00	296.15
Profit before Depreciation	22.21	63.93
Less: Depreciation	73.99	154.85
Less: Goodwill Written Off	151.84	--
Less: Dim in Value of Investment	(16.90)	16.90
Profit/(Loss) before Tax	(186.72)	(107.82)
Less: Provisions for Tax-Current & Deferred	(15.51)	(30.56)
Profit/(Loss) After Tax	(171.21)	(77.26)
Balance carried forward to Balance Sheet	(198.47)	(27.26)

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 2004-2005.

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

The Software Industry is showing a declining trend. The company is also finding it difficult to compete with MNC Software Companies. There have been encouraging developments in the Power Sector in last year and had planned to enter in power Sector and resolutions was passed unanimously through postal ballot changing the object and the name of the company where by enabling the company to enter power sector. However the Registrar of Companies, Chennai did not approve the same. Hence the company has invested its surplus funds in M/S. Chitra Bio Energy Limited, which is setting up 7.5 MW Bio mass Power Plant in Pudukottai District.

b) Business Performance

The turnover is Rs.229 Lakhs in financial year 2004-2005 against Rs.296.15 Lakhs in the financial year 2003-2004. The Company has incurred loss of Rs171.21 lacs after tax compared to previous Loss of

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Rs. 77.26 lacs in the previous year, but the company has cash profit of Rs.31.72 lacs and your Directors are hopeful of maintaining and improving the turnover and profit in coming years by strategic business plans

c) Out Look

Telesys software ltd has presently taken initiative to invest its surplus funds in the power sector. Its has identified M/S Chitra Bio Energy limited to be its beneficiary towards giving support funds and also corporate Guarantee for the Loan availed by the Project. The company has evolved a broad outlook towards entering the power sector. The reason for choosing a biomass based power generation is due its inherent policy to stick to renewable energy and eco friendly project. As the revenue generation is a steady source of income in this project we are sure that the investor interest will be taken care of. This is in addition to our core business of software development.

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

During the year Mr.Lakshmipathy was appointed as additional director.Mr.Rajkumar suriyaprakash and Mr.Bhushan Babu who retires by rotation offer themselves for reappointment.Mr.Y.Satyakumar, Ms.Usha Natarajan are the other directors of the company.

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;

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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:

The board recommends the appointment of Mr.A.Chinnappan, Chartered Accountant as the auditor of the company from the conclusion ensuing the Annual General Meeting until the conclusion the next AGM of the company on such remuneration as may be fixed by the board. A letter from the auditor about the compliance under Sec 224(1B) of the companies Act has been duly received.

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**

**(Usha Natrajan)
(DIRECTOR)**

**(Y. Satyakumar)
DIRECTOR**

Place: Chennai

Date: 6th September 2005

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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.

Mr.Rajkumar Suriya Prakash:

Aged 38 years he is Mechanical Engineering. Considering his experience in the field of power sector & capabilities in the field of management of the company he is a precious treasure of the company. Hence the Board recommends his appointment as a Director.

Other company in which he is Director:

- IEC Fabchem Limited
- Chitra Bio Energy Limited

He is Chairman/Member of following Committees.

- | | |
|---------------------------|------------|
| a. Remuneration Committee | - Chairman |
| b. Audit Committee | - Member |

Mr.Bhushan Babu

Aged 28Years,M.B.A-Information Technology, has an experience of 6 Years with various corporate viz., M/s. International Data Systems, M/s Pentamedia graphics in the field of administration, strategy development, operations and also design and Development he is a precious treasure of the company. Hence the Board recommends his appointment as a Director

He is Chairman/Member of following Committees.

- | | |
|-------------------------------------|------------|
| a. Shareholders Grievance Committee | - Chairman |
| b. Audit Committee. | - Member |

Mr.Lakshmiipathy

Aged 40 years, a commerce graduate, with enormous experience in accounts, exports procedure with various corporate at senior levels and he will be taking care of administration and Audit procedure in the

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company and he his appointment will strengthen the board. Hence the board recommends his appointment as a director

He is Chairman/Member of following Committees.

- | | |
|------------------------------------|------------|
| a. Audit Committee | - Chairman |
| b. Shareholder Grievance Committee | - Member |

Board Meetings: -

Number of Board meetings held and the dates on which it held are: Nine Board meetings were held. Dates: 30th June 2004, 31st July 2004, 06th September 2004, 14th September 2004, 15th October 2004, 29th October 2004, 19th December 2004, 31st January 2005, 18th March 2005.

Attendance of each Director at the Board meeting and last AGM

Name of the director	Particulars	No of Board meetings attended	Attendance at the last AGM
Mr. Satyakumar	Director	9	Yes
Ms. Usha Natrajan	Director	9	Yes
Mr. Bhushan Babu	Director	9	Yes
Mr. Rajkumar Suriya Prakash	Director	9	Yes
Mr. Lakshmi Pathy *	Director	-	No
Mr.K.P.Anandan **	Director	4	No

* Appointed with effect from 13th July 2005

** Resigned with effect from 14th September 2004

REMUNERATION TO DIRECTORS

The details of remuneration paid to Directors for the year ended March 31, 2005 is as follows:

Name of the director	Sitting Fees (Rs)	Salaries and perquisites (Rs)	Commission (Rs)	Total
Mr. Satyakumar	Nil	120000	Nil	120000
Ms Usha Natrajan	Nil	120000	Nil	120000
Mr. Bhushan Babu	20000	Nil	Nil	20000
Mr. Rajkumar Suriya Prakash	Nil	Nil	Nil	Nil

The Company does not have a scheme for grant of stock options to the Directors.