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TELESYS SOFTWARE LIMITED
CHENNAI

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ANNUAL REPORT
2000 - 2001

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TELESYS SOFTWARE LIMITED

BOARD OF DIRECTORS

1. Shri G. Anand Rao
2. Shri I. Srinivas
3. Shri Srivatsava Srinivas
4. Shri Thanasingh Mosae
5. Shri Thirumalachari Sridharan
6. Shri K.V. Viswanathan

AUDITORS

N.R. Krishnamurthy & Co

Chartered Accountants,

8/2, Anandhan Street, T. Nagar
Chennai-600 086

BANKERS

HDFC Bank,
ITC Centre, 759, Mount Road,
Chennai-600 002.

REGISTERED OFFICE

#31, Loco Works Road, Agaram,
Chennai-600 082

SHARE TRANSFER AGENTS

ANKIT CONSULTANCY Pvt Ltd
2nd floor, Alankar Point,
Geeta Bhawan Chouraha, A.B. Road,
Indore-452001
Phone 491298, 492698
Fax: (0731) 265798

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TELESYS SOFTWARE LIMITED

NOTICE

NOTICE is hereby given that the Ninth Annual General Meeting of the members of TELESYS SOFTWARE LIMITED will be held on Saturday, the 29th September, 2001 at 2.00 pm at Nalvar Thirumana Malligai # 48, S.R.P. Koil Street, Agaram, Chennai-82 to transact the following business:

ORDINARY BUSINESS:

01. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2001 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 the place of Shri Thanasingh Mosae, who retires by rotation, and being eligible, offers himself for re-appointment.
- 03 To appoint a Director in place of Shri Thirumalachari Sridharan., who retires by rotation, and being eligible, offers himself for re-appointment.
04. To appoint Auditors to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting on a remuneration to be decided by the Board of Directors.

SPECIAL BUSINESS

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

RESOLVED THAT Shri. K.V. Viswanathan who was appointed as an additional Director at the meeting of the Board of Directors held on 30th October 2000 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. K.V. Viswanathan, as a candidature for the office of the Director of the Company be and is hereby appointed as a Director of the Company

For Telesys Software Limited

PLACE : CHENNAI
DATE : 30.06.2001

(G. Anand Rao)
MANAGING DIRECTOR

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.

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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 26th September 2001, Wednesday to 29th September 2001, Saturday both days inclusive.
4. The members are requested to intimate to the Registrar and Transfer Agents, Ankit Consultancy Private Limited, 2nd floor, Alankar Point, Geeta Bhavan Chouraha, A.B. Road, Indore-452 001, change of address, if any, at the earliest quoting their registered folio number.
5. Members seeking any information with regard to accounts or operation are requested to write to the company at an early date so as to enable the management to keep the information readily.

EXPLANATORY STATEMENT

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

ITEM NO.5:

Mr. Shri. K.V. Viswanathan has been appointed as an additional director by the Board of Directors of the Company effective from 30th October 2000. 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. Shri. K.V. Viswanathan as a Director of the Company, whose period of office shall be liable to determination by retirement of Directors by rotation.

The Board considers it desirable that the Company should continue to avail itself of his services. Hence your Directors recommend his appointment.

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

PLACE: CHENNAI
DATE: 30.06.2001

(G. Anand Rao)
Managing Director

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DIRECTORS REPORT

Dear Members,

Yours Directors have great pleasure in presenting the Ninth Annual Report of the company with audited accounts for the year ended 31st March 2001.

	Rs.	Rs.
PROFIT BEFORE DEPRECIATION	12577127	7706713
LESS: DEPRECIATION	10436627	3197484
Less Miscellaneous Expenditure written off	608807	608807
PROFIT BEFORE TAX	1531693	3900422
LESS: PROVISION FOR TAX	130000	411873
PROFIT AFTER TAX	1401693	3488549
BALANCE BROUGHT FORWARD	8138874	4650325
BALANCE CARRIED FORWARD TO BALANCE SHEET	9540567	8138874

MANAGEMENT DISCUSSION AND ANALYSIS

a) Industry Structure And Development:

The slowdown in the US Economy has affected the growth and profitability figures. Your company is focusing primarily on e-commerce, banking and finance & internet applications. It has also developed in house products for internet applications using case tools. Your Directors hope of sustaining the recession.

b) Business Performance:

During the year under review the company has registered a profit of Rs 125 lakhs before providing for depreciation and writing of miscellaneous expenditure as against Rs 77 lakhs profit of previous year. The net profit before tax during the year is only 15 lakhs as compared to the previous year net profit of 49 lakhs which is due to providing depreciation for the new hardware and software procured during the year.

c) Out Look

The issues remain essentially the same as at last year end, and with evidence now of a slow-down, both globally and locally, we can expect no favours from the markets in which we operate. In accepting these challenges, we also expect all our workforce to play their part. The simple fact remains that to improve returns, will require continued focus on productivity's improvements, optimal sourcing and general cost containment.

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d) Internal control systems and their adequacy:

The system of internal control comprises controls established to provide reasonable assurance of Safeguarding assets. Maintenance of proper accounting records and its accuracy. The business risks and its control procedures are reviewed frequently. Systems audit is also conducted regularly to review the systems with respect to security and its adequacy. Reports are prepared and circulated to senior management and action taken to strengthen controls where necessary.

e) Human Resources and Industrial relations:

Your company continued to have cordial relations with its employees

DEPOSITS:

The Company has not accepted any deposit from the public.

DIRECTORS

Shri K. Viswanathan were appointed as additional Directors of the Company by the Board of Directors.

In accordance with the provisions of the Companies Act, 1956 and the Companies Articles of Association Shri Thanasingh Mosae & Shri Thirumalachari Sridharan are due to retire by rotation and are eligible for re appointment.

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.

AUDITORS AND AUDITORS REPORT:

SHRI.N.R. KRISHNAMOORTHY & CO, Chartered Accountants, Chennai, the Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letters from them to the effect that their appointment, if made, would be within the

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prescribed limits under section 224(1B) of the Companies Acts, 1956. Accordingly, the said auditors will be appointed as Auditors of the Company at the ensuing Annual General Meeting. The notes to the accounts referred to in the Auditors Report are self-explanatory and, therefore do not call for any further comments.

CORPORATE GOVERNANCE:

Company's Philosophy on Corporate governance:

The company's Philosophy of corporate governance is to ensure that the core values of the company are protected and to ensure that the Board exercises its fiduciary responsibilities towards share owners and creditors, thereby ensuring high accountability.

Board of Directors:

The Board of Directors is comprised of 2 executive directors and 4 non executive independent directors.

Number of Board meetings held and the dates on which its held : Eight meetings were held. Dates: 6th April, 2000, 5th May 2000, 30th June 2000, 14th July 2000, 24th July 2000, 10th August 2000, 10th November 2000, 25th March 2001.

Attendance of each Director at the Board meeting and last AGM

Name of the director	No of Board meetings attended	Attendance at the last AGM
Shri. G. Anand Rao	9	yes
Shri I. Srinivas	9	Yes
Shri Srivatsava Srinivas	9	Yes
Shri Thanasingh Mosae	9	Yes
Shri Thirumalachari Sridharan	9	yes
Shri K.V. Viswanathan	-appointed on 30th october 2000	

None of the Directors is member in more than 10 committees or acting as Chairman of more than five committees.

Audit Committee:

The committee reviews with the management the annual/half- yearly/ quarterly financial statements, the adequacy of accounting records maintained in accordance with the provisions of companies Act 1956, the performance of statutory Auditors and recommend their appointment and remuneration to the Board, considering their independence and effectiveness.

The committee comprised of Shri Thanasingh Mosae , Shri Thirumalachari Sridharan, Shri K.V. Viswanathan, Shri Srivatsava Srinivas all non-executive Directors. The committee appoints one amongst themselves as chairman for the meeting. The terms of reference for the Audit