

# **TELESYS SOFTWARE LIMITED**



**ANNUAL REPORT  
2002-2003**

## TELESYS SOFTWARE LIMITED

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### TELESYS SOFTWARE LIMITED

#### BOARD OF DIRECTORS

##### DIRECTOR

Mr. Satyakumar  
Ms. Usha Natrajan  
Mr. Bhushan Babu  
Mr. K.P.Anandan

##### AUDITORS

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

##### BANKERS

Andhra Bank  
Sowcarpet Branch,  
Chennai – 79

Union Bank Of India IFB Branch,  
Kodambakkam, Chennai.

##### REGISTERED OFFICE

14/2,3<sup>rd</sup> Floor, Parsn Complex,  
600,Mount Road,  
Chennai-600006

##### BRANCH OFFICE

# 124,Ambalethataiyar 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

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### **NOTICE**

NOTICE is hereby given that the Eleventh Annual General Meeting of the members of Telesys Software Limited will be held on Tuesday, the 30<sup>th</sup> September, 2003 at 10.00 A.M at #48, Naivar 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 2003 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. Bhushan Babu 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.

By order of the Board,  
For Telesys Software Limited

(SATHYA KUMAR)  
MANAGING DIRECTOR

PLACE: CHENNAI

DATE: 29<sup>th</sup> August 2003

#### **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 25<sup>th</sup> September 2003 to 30<sup>th</sup> September 2003 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.

## TELESYS SOFTWARE LIMITED

DIRECTORS' REPORT

Dear Members,

Your Directors have great pleasure in presenting the Eleventh Annual Report of the company with audited accounts for the year ended 31<sup>st</sup> March 2003.

Financial Results:	Year ended 31.03.2003	Rupees in Lakhs Year ended 31.03.2002
Revenue from Operations	805.87	289.43
Profit before Depreciation	124.22	125.56
Less: Depreciation	121.78	119.28
Profit before Tax	2.44	6.28
Provisions for Tax-Current & Deferred	0.91	2.29
Profit After Tax	1.53	3.99
Balance carried forward to Balance Sheet	48.38	46.85

**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 2002-2003.

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

The period is beginning of the "Consolidation of Indian Software Industry" and bodes well for organizations with the ability to create and maintain strong competitive advantages that can shine in global markets. The future is vibrant for high quality Indian IT Corporates that have right management team and proven delivery capabilities. Specifically, the IT scenario is in its 'High growth' stages and the business growth over the next few years will reflect India's supremacy in being preferred outsourcing solutions partner.

**b) Out Look**

The IT industry is now standing at an important juncture and has to constantly adapt to the fast changing business environment. The market is fiercely competitive and therefore necessitates marketing efforts to build the brand equity and differentiate from the competition. Your company had recognized the need to step up the market positioning investments early.

**c) 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.

**d) 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

## TELESYS SOFTWARE LIMITED

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### DIRECTORS

Mr. Nagraj Sharma and Mr.G.Anand Rao have relinquished from their Directorships due to their personal reasons. Mr Anand Rao resigned on 10<sup>th</sup> December 2002 & Mr.Nagraj Sharma resigned on 30<sup>th</sup> May 2003. The board of directors wish to place on records their sincere appreciation and hard work during their tenure as Director.

### 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 AUDITOR REPORT:

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

## TELESYS SOFTWARE LIMITED

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### 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

(Bhushan Babu)  
DIRECTOR

Sathyakumar  
MANAGING DIRECTOR

Place: Chennai  
Date: 29<sup>th</sup> August 2003

### STATEMENTS AND REPORTS ON CORPORATE GOVERNANCE:

#### A MANDATORY REPORTS ON CORPORATE GOVERNANCE :-

##### 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 1 executive director or non-independent Directors and 3 non-executive independent Directors.

##### Mr.B.Bhushan Babu:

Aged 28 years he is holding his postgraduate degree in Masters of Business Administration. Considering his experience & capabilities in finance field he is a precious treasure of the company. Hence the Board recommends his reappointment.

He is not a director in any other company.

He is Chairman/Member of following Committees.

- |   |            |
|---|------------|
| a. Audit Committee                            | - Chairman |
| b. Investors/Shareholders Grievance Committee | - Member   |
| c. Remuneration Committee.                    | - Member   |

##### Board Meetings: -

Number of Board meetings held and the dates on which it held are: Eleven Board meetings were held. Dates: 30<sup>th</sup> May 2002, 10<sup>th</sup> June 2002, 29<sup>th</sup> June 2002, 18<sup>th</sup> July 2002, 30<sup>th</sup> July 2002, 31<sup>st</sup> July 2002, 31<sup>st</sup> October 2002, 10<sup>th</sup> December 2002, 6<sup>th</sup> January 2003, 20<sup>th</sup> January 2003 & 31<sup>st</sup> January 2003

**TELESYS SOFTWARE LIMITED****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	11	Yes
Ms Usha Natrajan	Director	11	Yes
Mr.Bhushan Babu	Director	10	Yes
Mr.K.P.Anandan	Director	11	Yes
Mr.Nagraj Sharma*	Resigned During the year	6	Yes
Mr. Anand Rao**	Resigned During the year	8	Yes

\* Resigned on 30<sup>th</sup> May 2003\*\* Resigned on 10<sup>th</sup> December 2002**REMUNERATION TO DIRECTORS**

The details of remuneration paid to Directors for the year ended March 31, 2002 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	10000	Nil	Nil	10000
Mr.Bhushan Babu	10000	Nil	Nil	10000
Mr.K.P.Anandan	10000	Nil	Nil	10000
Mr.Nagraj Sharma	Nil	Nil	Nil	Nil
Mr. Anand Rao	Nil	Nil	Nil	Nil

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

**Audit Committee:**

There exist a qualified and independent audit committee comprised of Mr.Bhushan Babu, Ms Usha Natrajan &amp; Mr.K.P.Anandan, all non-executive Directors and Mr.Bhushan Babu is the Chairman of this Committee.

The committee oversees, inter alia, the financial reporting system, disclosure requirements, matters relating to appointment and remuneration of statutory auditors. The committee also reviews periodically the financial accounts, adherence to Accounting Standards, internal control systems, financial and risk management policies of the company;

## TELESYS SOFTWARE LIMITED

### Shareholders Grievance Committee:

The Share transfer cum investor Grievance committee is constituted under the Chairmanship of Ms Usha Natrajan, a non-executive Director. Mr.Sathya Kumar and Mr.Bhushan Babu are other members of this committee. Apart from looking into redressal of investors grievances the committee deals with various matters relating to the transfer and transmission of shares, issue of duplicate share certificates, approval of split and consolidation requests, other matters relating to transfer and registration of shares including dematerialisation. The Board has appointed Ms. Usha Natrajan, as the compliance officer as per the listing agreement Director. No complaint was received from investors during the year

### Remuneration Committee: -

There exists a qualified and independent Remuneration Committee comprised of Mr.Bhushan Babu, Ms Usha Natrajan & Mr.K.P.Anandan all non-executive Directors. Mr.K.P.Anandan is the Chairman of this Committee.

The committee oversees the fixation and justification of remuneration to various top executives including executive directors. The committee also ensures adherence to legal provisions in regard to remunerations.

### General Body Meetings in last three financial years:

AGM/ EGM	Date	Venue	Time	No of special resolution passed
EGM	19/3/2003	#48,Nalavar Thirumana Mandapam, SRP Koli Street, Agaram, Chennai.	10.30 a.m	-
AGM	28/9/2002	#48,Nalavar Thirumana Mandapam, SRP Koli Street, Agaram, Chennai.	10.00 a.m	-
EGM	15/7/2002	#48,Nalavar Thirumana Mandapam, SRP Koli Street, Agaram, Chennai.	10.15 a.m	3
AGM	29/9/2001	#48,Nalavar Thirumana Mandapam, SRP Koli Street, Agaram, Chennai.	10.00 a.m	-
AGM	28/9/2000	#48,Nalavar Thirumana Mandapam, SRP Koli Street, Agaram, Chennai.	10.00 a.m	1

### Disclosures:

There are no materially significant transactions made by the company with its promoters, the Directors or the management, their subsidiaries or relatives etc. Which require separate disclosure.

No penalties/strictures have been imposed on the company by any regulatory authority for non-compliance of any law.

The merger of your company with its four subsidiaries is in progress and your company is taking necessary steps regarding the legal formalities to be fulfilled in connection with the merger.

### Means of Communication:

- Quarterly results: The Company has published quarterly results in Trinity Mirror (English) and Makkal Kural (Vernacular).
- Management discussion and analysis forms part of the Directors' Report.

## TELESYS SOFTWARE LIMITED

### General Shareholder Information:

- The Eleventh Annual General Meeting of the company is scheduled to be held on Tuesday, 30<sup>th</sup> September, 2003 at 10.00 am at #48, Nalavar Thirumana Mandapam, SRP Koli Street, Agaram, Chennai-82
- The company's financial calendar is for a period of 12 months starting from April 1 to March 31 of the succeeding year. The period covered under this annual report is from April 1, 2002 to March 31, 2003
- Date of Book closure: 25<sup>th</sup> September 2003 – 30<sup>th</sup> September 2003 (both days inclusive).
- The shares are listed and traded on the following stock exchanges  
The Madras Stock Exchange Limited  
Mumbai Stock Exchange Limited
- Listing fees for the period 2002-2003 has been paid to the stock exchanges.
- Stock code:
- Demat ISIN NO:INE042B01012

### Stock Market Data:

The high and low prices of shares during the year:

MONTH	HIGH	LOW
April 2002	1.90	0.90
May 2002	2.50	1.40
June 2002	2.90	1.60
July 2002	3.50	1.65
August 2002	2.25	1.20
September 2002	1.70	1.05
October 2002	1.35	0.90
November 2002	1.85	1.00
December 2002	2.25	1.00
January 2003	1.40	1.00
February 2003	1.60	1.00
March 2003	1.55	0.75
52 Week High: 3.50		
52 Week Low: 0.75		
All time High: 24.50		
All time Low: 0.75		

### Registrars & Share Transfer Agents :

Cameo Corporate Services Limited,  
#1, Subramaniam Building,  
Club House Road, Mount Road, Chennai-2.

### Share Transfer System :-

Presently, the share transfers in physical form are processed and the share certificates returned within a period of 10 to 15 days from the date of receipt, subject to the documents being clear in all respects. The Company has, as per SEBI guidelines offers the facility of transfer cum demat.

## TELESYS SOFTWARE LIMITED

Distribution of shareholdings as on 31<sup>st</sup> March 2003

S No Category	Shares	%
<b>A.Promoter's Holding</b>	---	---
1. Promoters:		
-Indian Promoter	2545400	10.954
-Foreign Promoter	Nil	Nil
2.Person acting in concert	---	---
<b>Sub Total</b>	<b>2545400</b>	<b>10.954</b>
<b>B.Non-Promoter Holding</b>	---	---
3.Institutional Investors	---	---
a. Mutual Fund	---	---
b.Banks,Financial Institution, Insurance Companies (Central/State Govt./Institutions/ NonGovt.Institutions)	---	---
c. FI's	---	---
d. Foreign Institutional Investments (Foreign Company)	---	---
<b>Sub Total</b>	---	---
4.Others		
a. Private Bodies Corporate	166940	0.719
b. Indian Public	20511759	88.278
c. N RI/OCBs	10800	0.048
d. Any Other	351	0.001
<b>Sub Total</b>	<b>20689850</b>	<b>89.046</b>
<b>TOTAL</b>	<b>23235250</b>	<b>100.00</b>