

TELESYS SOFTWARE LIMITED

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Annual Report

2006 - 2007

TELESYS SOFTWARE LIMITED

BOARD OF DIRECTORS : Mr. Heera Chand Surana Chairman
Mr. Y.Satya Kumar Managing Director
Mr. AXN Prabhu Director
Mr. R.Vednarayanan Director

AUDITORS : Venkat & Rangaa
Chartered Accountants

BANKERS : Tamilnadu Mercantile Bank
Mount Road Branch
Chennai – 600 002

REGISTERED OFFICE : New No.33, Old No. 15
Postal Colony First Street,
West Mambalam,
Chennai – 600 033.

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 Fifteenth Annual General Meeting of the Members of the Company will be held on 29 Th day of September 2007 at 10:00 AM at the Registered Office of the company at New No 33, Old No.15, Postal Colony First Street, West Mambalam, Chennai-600 033 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2007 and the Profit and Loss account for the year ended on that date and the reports of the board of Directors and Auditors thereon.
2. 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.
3. To appoint Mr.AXN Prabhu as a Director who retires by rotation and being eligible offers himself for reappointment.

**By Order of the Board
For Telesys Software Limited**

Place: Chennai

Date:01/09/2007

**(Y.SATYA KUMAR)
Managing Director**

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. Proxies 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 21st September 2007 to 27th. September 2007 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**DIRECTOR'S REPORT**

Dear Members,

Your Directors have great pleasure in presenting the Fifteenth Annual Report of the company with audited accounts for the year ended 31st March 2007.

Financial Results	Year ended 31.3.2007	Year ended 31.03.2006
Revenue from operation	385.92	131.64
Profit before Depreciation & Goodwill	166.05	(69.54)
Less: Depreciation	49.91	85.49
Less: Goodwill written off	151.84	151.84
Profit/Loss before tax	(35.70)	(306.87)
Less: Provisions for Tax-Current & Deferred	(8.05)	0
Profit / (Loss) after Tax	(27.65)	(306.87)
Balance carried forward to Balance sheet	(532.85)	(505.34)

DIVIDEND:

Our Directors have not recommended any dividend as the company was running under loss.

MANAGEMENT DISCUSSION AND ANALYSIS:-**A) Industry Structure And Development:**

There has been considerable decline in software industry globally even then the company has considerably improved its activities when compared with previous year.

b) Business Performance & Segment Reporting:

The income from operation is Rs.385.92 lacs in financial year 2006-07 against Rs. 131.77 lacs in financial year 2005-06. The company has incurred loss of Rs.27.64 lacs after tax as compared to previous year loss of Rs.306.75 lacs. Your Directors are hopeful of Maintaining and improving the turnover and profit in coming years by strategic Business plans. The company operates in one segment viz software development & real estate.

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c) Internal control systems and their adequacy:

The System on of Internal Control Comprises established to provide reasonable assurance of safeguarding Assets and 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. 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 in 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 Bankers, Consultants, Auditors and Shareholders for their continued patronage and co-operations.

DIRECTORS:

In Accordance with the provisions of the companies Act, 1956 and the companies Articles of Association Mr.AXN Prabhu due to retire by rotation and being eligible for reappointment. He seek accord from the members to continue so.

DEPOSITS:

The Company has not accepted any deposit from the public.

DIRECTOR'S RESPONSIBILITY STATEMENT:

As required under section 217 of the companies Act, 1956 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 AUDITORS REPORT:

The Board recommends the appointment of M/s Venkat & Rangaa; Chartered Accountants as the Auditors of the company from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting of the company on such remuneration as may be fixed by the Board. A letter from the Auditor about the compliance under section 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.

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CAUTIONARY STATEMENT:

Statements in the Management discussion and analysis describing the company's objectives, projections, estimates, and expectations may be "forward looking statements: within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and prices conditions in the domestic and overseas markets in which the company operates/going to operate, changes in the Government regulation, tax laws and other statutes and other incidental factors.

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**

**(Y.Satyakumar)
Managing Director**

**(Heera Chand Surana)
Chairman**

**Place: Chennai
Dated: 30/06/2007**

TELESYS SOFTWARE LIMITED**STATEMENT AND REPORTS ON CORPORATE GOVERNANCE:****A MANDATORY REPORT ON CORPORATE GOVERNANCE:****I. Company's Philosophy on Corporate Governance:**

The Company's philosophy 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:

II. BOARD OF DIRECTORS:

Name	Designation	Category	No of Board Meetings attended during 2006-07	Whether attended the Last AGM	No of Directorships in public companies	No of other Board committees in which he/she is Member or Chairperson
1. Mr.Heera Chand Surana	Chairman	Executive	6	Yes	Nil	1
2. Mr.Y.Satya kumar	Managing Director	Executive	6	Yes	Nil	2
3. Mr.R.Ved narayanan	Director	Executive	4	Yes	Nil	3
4. Mr.AXN Prabhu	Director	Non Executive	4	Yes	Nil	3

The Board of Directors comprises of One Managing Director and 2 Independent Directors.

BOARD MEETINGS:

Six Board Meeting were held on the following dates: 30th June 2006, 31st July 2006, 30th September 2006, 1st January 2007, 25th January 2007 & 19th March 2007

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

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III.AUDIT COMMITTEE:

Constitution:

The Committee consists of 3 Directors.

1. Mr. Y.Satyakumar – Chairman
2. Mr.AXN Prabhu – Director
3. Mr.R.Vednarayanan – Director

The Committee is chaired by Mr.Y.Satyakumar

TERMS OF REFERENCE:

The charter of the committee is a prescribed under clause 49 of the Listing Agreement viz,

- 1) Oversight of Company's financial reporting process and disclosure of its financial Information to ensure that the financial statements are correct, sufficient and credible.
- 2) Recommending the appointment and removal of external auditors, fixation of audit fee and also approval of any other services.
- 3) Reviewing with the management the annual financial statements before submission to the Board focusing primarily on:
 - i) Any changes in accounting policies and practices.
 - ii) Major accounting entries based on exercise of judgment by Management.
 - iii) Qualification in draft audit report.
 - iv) Significant adjustments arising out of audit.
 - v) The 'Going Concern" assumption.
 - vi) Compliance with Accounting Standards.
 - vii) Any related party transaction i.e., transaction of the company of material nature with promoters of the management and their subsidiaries or relatives etc., that may have potential conflict with the interest of the company at large.
- 4) Reviewing with management, external and internal audit function including the structure of internal control system.
- 5) Reviewing the adequacy of internal audit function including the structure of internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 6) Discussing with internal auditors any significant findings and follow up thereon.
- 7) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud and irregularity or a failure of internal control systems of a material nature and reporting the matter of the Board.

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- 8) Discussing with the external auditors before the audit commences, nature and scope of audit, as well as post-audit discussion to ascertain any area of concern.
- 9) Reviewing the company's financial and risk management policies.
- 10) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividend) and creditors.

Meetings and attendance:

The Audit committee met 3(Three) times during the year i.e., on 30th June 2006, 1st January 2007 & 19th March 2007 and all the directors have attended all the three (3) the meetings.

IV.REMUNERATION COMMITTEE:-

Constitution:

The Committee consists of 3 (Three) directors.

- | | | |
|---------------------------|---|----------|
| 1. Mr.Heera Chand Surana. | – | Chairman |
| 2. Mr AXN Prabhu | – | Director |
| 3. Mr.R.Vednarayanan | – | Director |

The committee is headed by Mr.Heera Chand Surana

TERMS OF REFERENCE:

The Remuneration committee has been constituted to recommend and review the remuneration packages of the Managing Director, Whole Time Directors and to formulate a broad policy for management remuneration.

Remuneration Policy:

The Remuneration Policy as outlined by the committee aims at recognizing and rewarding performances and achievements, while fixing the remuneration of Directors, their contribution by way of their professional approach. This policy is in tune with current national and international practices.

Meetings and Attendances:

During the year 2006-07, the committee met once on 1st January 2007.