

TELESYS INFO-INFRA (I) LIMITED
(formerly known as Telesys Software Limited)

ANNUAL REPORT

2009-2010

TELESYS INFO-INFRA (I) LIMITED

Board of Directors : 1. Heerachand Surana, Chairman
2. Y. Sathyakumar, Whole time Director
3. Thavachithan Vaithyalingam Palaniswamy, Director
4. Pandian Kashi, Director
5. Bakoolesh Harakchandbhai Khanderia (Upto 05.11.09)
6. Prashant Maganlal Brahmhatt (Upto 05.11.09)
7. C.S. Rajasekaran (From 05.11.09)
8. Rajendhiran Jayaram (from 02.04.09)

Auditors **Venkat & Rangaa**
Chartered Accountants
No. 13, Flat No. 5, "Majestic Apartments",
First floor, Soundarrajan Street, T.Nagar
Chennai - 600 017

Bankers Tamil Nadu Mercantile Bank,
Mount Road Branch,
Chennai – 600 002.

Andhra Bank
Sowcarpet Branch
Chennai – 600 079

Punjab National Bank
Mumbai.

Punjab National Bank
T. Nagar Branch, Chennai – 600 017.

Registered Office New No. 72, Old No. 33, First Floor, Giri Road,
T. Nagar, Chennai – 600 017.

Share Transfer Agents Cameo Corporate
Services limited,
#1, Subramaniam Building,
Club House Road,
Mount Road, Chennai – 600 002.
Ph.: (044) 28460390 (5 lines)
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TELESYS INFO-INFRA (I) LIMITED

NOTICE

EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Company will be held at Nalvar Thirumana Maaligai, 136 (48) SRP Koil Street, Agaram, Chennai – 600 082 on Wednesday, 29th September, 2010 at 9.30 A.M. to transact the following business:

ORDINARY BUSINESS:

- 1.To receive consider and adopt the Audited Balance Sheet as at 31.03.2010, the Profit & Loss account for the period from 01.04.2009 to 31.03.2010 and to consider the reports of the Directors and Auditors thereon.
- 2.To appoint a director in place of Mr. Pandian Kashi, Director who retires by rotation and being eligible offers himself for reappointment.
- 3.To appoint a director in place of Mr. Rajendhiran Jayaraman, Director who retires by rotation and being eligible offers himself for re-appointment.
- 4.To appoint M/s. Venkat & Rangaa, Chartered Accountants, the retiring auditor, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the company at a remuneration to be fixed by the Board of Directors of the Company in consultation with them.

SPECIAL BUSINESS:

- 5.Appointment of Chockalingam Rajasekaran Subramanian, Additional Director as Director

To consider and if thought fit pass the following resolution as an Ordinary Resolution:

RESOLVED THAT Mr. Chockalingam Rajasekaran Subramanian who was appointed as an additional Director of the Company at the meeting of the Board of Directors held on 5th November 2009 and who holds office as such upto the date of this Annual General Meeting of the Company in terms of Section 260 of the Companies Act, 1956 ("Act") and in respect of whom the Company has received a notice in writing from a Member under Section 257 of the Act proposing his candidature for the office of the Director of the Company be and is hereby appointed as a Director of the Company liable to retire by rotaion.

FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, things which may be required to give effect to the above resolution

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

Heerachand Surana
(Chairman)

Place: Chennai
Date : 04/09/2010

NOTES:

1.A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND TO VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.

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2.A PROXY FORM IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED ATLEAST 48 HOURS BEFORE THE GENERAL MEETING AT THE REGISTERED OFFICE OF THE COMPANY.

3.THE REGISTER OF MEMBERS AND THE SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM WEDNESDAY, 22nd SEPTEMBER, 2010 TO WEDNESDAY, 29TH SEPTEMBER, 2010 (BOTH DAYS INCLUSIVE) IN CONNECTION WITH THE ANNUAL GENERAL MEETING.

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 – 600 002, CHANGE OF ADDRESS, IF ANY AT THE EARLIEST QUOTING THEIR REGISTERED FOLIO NUMBER.

5.REAPPOINTMENT OF DIRECTORS

At the ensuing Annual General Meeting Shri Pandian Kashi and Mr. Rajendhiran Jayaraman retires by rotation and being eligible offers themselves for reappointment. Pursuant to Clause 49(VI)(A) of the Listing Agreement relating to the code of Corporate Governance, the particulars of the aforesaid Directors are given below:

Profile of Directors retiring by rotation:

a) Shri Pandian Kashi aged about 42 years is a science graduate and has a rich and varied experience in the field of industry and business.

Shri Pandian Kashi who joined the company on 12th June, 2008 as a Non-Executive Independent Director has contributed in various ways by bringing external and wider perspective and independence to the decision making thereby contributing towards improving the efficiency of the company.

b) Mr. Rajendhiran Jayaram aged about 55 years is a graduate and has enormous and varied experience in industry and business.

Mr. Rajendhiran Jayaram was appointed as an additional director by the Board of Directors of the Company pursuant to Section 260 of the Companies Act, 1956 with effect from 2nd April, 2009 as a professional Non-Executive Independent Director has contributed in various ways by bringing external and wider perspective and independence to the decision making thereby contributing towards improving the efficiency of the Company. Other Directorships/Committee Memberships are NIL.

ANNEXURE TO THE NOTICE

Explanatory Statement as required under Section 173 of the Companies Act, 1956 ("Act")

ITEM 5

Mr. Chockalingam Rajasekaran Subramanian was appointed as an additional director by the Board of Directors at their meeting held on 5th November 2009 pursuant to Section 260 of the Companies Act, 1956. 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. Chockalingam Rajasekaran Subramanian as a candidate for the Office of Director of the Company. Aged about 48 Years is a graduate with enormous experience in industry and business. His appointment as a non-executive independent Director will strengthen the Board. Other Directorships / Committee memberships are NIL.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/-

Heerachand Surana
(Chairman)

Place : Chennai

Date : 04/09/2010

TELESYS INFO-INFRA (I) LIMITED

DIRECTORS REPORT

Your Directors are happy to present the Eighteenth Annual Report of your company together with the Audited Accounts of the Company for the financial year ended 31st March 2010.

FINANCIAL HIGHLIGHTS:

During the year under review, the company has incurred a loss of Rs.11,973,211.00/- as against a loss of Rs. 18,722,960/- during the previous year. The financial results of the company compared to the previous year are summarized as under:

| | | (Rs.) |
|--|------------------|-----------------|
| Particulars | 31.03.2010 | 31.03.2009 |
| Income | 18,421,969.00 | 72,714,362.00 |
| Profit/ (Loss) before Depreciation and Tax | (10,839,197.00) | (14,491,690.00) |
| Less: Depreciation | 1,471,376.00 | 2,420,468.00 |
| Profit/ (Loss) Before Tax | (12,310,573.00) | (16,912,158.00) |
| Prior Period Expenditure | - | 2,200,674.00 |
| Provision for FBT | - | 48,450.00 |
| Provision for Taxation - Current | - | - |
| Provision for Deferred Tax - Asset | (337,362.00) | (438,321.00) |
| Profit/ (Loss) After Tax | (11,973,211.00) | (18,722,960.00) |
| Balance Brought Forward | (88,544,398.00) | (69,821,438.00) |
| Balance carried over to Balance Sheet. | (100,517,609.00) | (88,544,398.00) |
| EPS Basic & Diluted (Rs.) | (0.53) | (0.73) |
| Weighted Average No. of shares | 23,235,250 | 23,235,250 |

CHANGE OF NAME:

The name of the Company was changed from TELESYS SOFTWARE LIMITED TO TELESYS INFO-INFRA (I) LIMITED w.e.f. 05.11.2009 consequent upon passing of the special resolution by the shareholders at their Annual General Meeting held on 30th September 2009 and approval from the Central Government under Section 21 of the Companies Act, 1956.

MATERIAL CHANGES AND COMMITMENTS:

There have been no material changes & Commitments, which have occurred between the end of the financial year of the company to which the balance sheet relates and the date of the report affecting the financial position of the company.

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RESERVES:

The company does not propose to carry any amount to reserves during the financial year in view of the loss incurred by the company.

DIVIDEND:

Your directors do not wish to recommend any dividend in view of the loss incurred by the company.

DEPOSITS AND LOANS / ADVANCES:

The Company has not accepted any public deposits during the financial year.

The particulars of loans/ advances and investment in its own shares by listed companies, their subsidiaries, associates etc. required to be disclosed in the annual accounts of the company pursuant to Clause 32 of the listing agreement with the company, are furnished separately.

MANAGEMENT DISCUSSION AND ANALYSIS

a) Economic Overview

According to the estimates by the Ministry of Statistics and Programme Implementation, the Indian economy has registered a growth of 7.4 per cent in 2009-10, with 8.6 per cent year-on-year (y-o-y) growth in its fourth quarter. The growth is driven by robust performance of the manufacturing, mining, quarrying, electricity, gas, water, construction, trade, hotels, transport and communication sectors. GDP growth rate of 7.4 per cent in 2009-10 has exceeded the government forecast of 7.2 per cent for the full year. The Gross National Income is estimated to rise by 7.3 per cent in 2009-10 as compared to 6.8 per cent in 2008-09. The per capita income is estimated to grow at 5.6 per cent in 2009-10.

Under Infrastructure development, Indian Government allocation under Jawaharlal Nehru National Urban Renewal Mission (JNNURM) stepped up by 87 per cent to Rs.12,887 crore in B.E. 2009-10 over B.E. 2008-09. Allocation for housing and provision of basic amenities to urban poor enhanced to Rs.3,973 crore in B.E. 2009-10. This includes provision for Rajiv Awas Yojana (RAY), a new scheme announced.

b) Industry Structure, Development and Outlook

According to DIT, the Indian software and services exports is expected to reach US\$ 49.7 billion in 2009-10 as compared to US\$ 47.1 billion in 2008-09, registering an increase of 5.5 per cent in dollar terms. Further, the IT services exports is estimated to grow from US\$ 25.8 billion in 2008-09 to US\$ 27.3 billion in 2009-10, showing a growth of 5.8 per cent.

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Moreover, according to a study published in February 2010, the Indian information technology (IT) market is expected to grow at around 15.5 per cent in 2010, on the back of growing investor confidence and favourable initiatives taken by the government. The data centre services market in the country is forecast to grow at a compound annual growth rate (CAGR) of 22.7% between 2009 and 2011. As per a report by the Internet and Mobile Association of India (IAMAI) and market research, the total number of Internet users in India reached 71 million in 2009. The number of active users increased to 52 million in September 2009 registering a growth of 19% year-on-year. According to IDC India, during January-March 2010, total PC sales in India registered a year-on-year increase of 33%.

The growth in Software Services sector continued to be broad based despite of general recession. The management is also planning diversification in areas of Infrastructures Development, Power sector etc. to improve the performance of the company and in turn enhance shareholders value.

c) Business performance

During the year under review, the company has incurred a loss of Rs.11,973,211/- as against a loss of Rs. 18,722,960/- during the previous year. The performance of the company is expected to improve during the coming years with increasing efforts being made in the direction of improving the working efficiency of the company.

d) Segment Reporting

The company was operating in only one segment up to September 2009 has altered its objects so as to enable it to do the business of infrastructure, real estate and allied activities and consequently changed its name from TELESYS SOFTWARE LIMITED TO TELESYS INFO - INFRA(I) LIMITED. Therefore the Company has two segments i.e. Software development & sales in India and infrastructure, real estate and allied activities.

e) Internal Control System and its adequacy

The system of internal control has been 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.

f) Risk Management

Risk evaluation and management is an ongoing process in the company.

g) Human resources and Industrial relations

Your company continues to have cordial relations with its employees.

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DIRECTORS

Shri Kashi Pandian and Shri Rajendhiran Jayaram, Directors of the company retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offers themselves for reappointment. Chockalingam Rajasekaran Subramanian was appointed as Additional Director with effect from 5th November 2009 who holds office till the conclusion of ensuing annual general meeting. Mr. Bakoolesh Harakchandbhai Khanderia and Prashant Maganlal Brahmabhatt have submitted their resignations with effect from 5th November 2009 and their contribution to the organization during their tenure of office of Director was appreciate and placed on record..

AUDITORS:

M/s. Venkat & Rangaa, Chartered Accountants, Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment. A written certificate pursuant to section 224(1B) has been obtained that their appointment if made will be within the limits specified therein. The Audit Committee in its meeting have recommended the reappointment of the Auditors.

AUDITORS REPORT:

There are no reservations, qualifications or adverse remarks contained in the Auditors Report.

CORPORATE GOVERNANCE:

Your Company has always striven to incorporate appropriate standards for good 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. 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 of the Company.

The Auditors of the Company have certified that conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement are complied by the Company and their Certificate is annexed to the Report on Corporate Governance.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information regarding conservation of energy and technology absorption as required under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to your company. There were no foreign exchange earnings and outgo during the financial year.

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PARTICULARS OF EMPLOYEES U/S 217(2A) OF THE ACT:

None of the employees have received remuneration in excess of the sum prescribed u/s 217(2A) of the Companies Act, 1956.

GOING CONCERN:

The Directors consider on the basis of current financial results, future projections and infrastructure available that the company has adequate resources to continue the operational existence in the foreseeable accounts and therefore, the accounts have been prepared on a going concern basis.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors hereby declare:-

- (i) that in preparation of accounts, applicable accounting standards have been followed or where departure has been made, explanation relating to material departures;
- (ii) that directors have selected such accounting policies and applied them and made judgements and estimates that are reasonable and prudent to give a true and fair view of state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.
- (iii) that Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) that the directors had prepared Annual Accounts on a Going Concern basis.

COMPANY SECRETARY:

The appointment of Whole time Company Secretary is under consideration of the Company. The company has been availing services of practicing company secretary from time to time to ensure compliance of the provisions of the applicable acts and statutes. Also the Annual Return of the Company is being certified by practicing company secretary from year to year and the company is also taking certifications from them for Stock Exchange Compliances.

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 government regulations, tax laws and other statutes and other incidental factors.

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ACKNOWLEDGMENT

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, customers, Auditors and the shareholders for their continued patronage and cooperation.

FOR AND ON BEHALF OF THE BOARD

Sd/- Sd/-
(Heerachand Surana) (Y. Sathyakumar)
Chairman & Director Whole time Director

Date: 04/09/2010

Place: Chennai

STATEMENT AND REPORTS ON CORPORATE GOVERNANCE

A. MANDATORY REPORTS ON CORPORATE GOVERNANCE

I. Company's Philosophy on Corporate Governance:

Your Company has always striven to incorporate appropriate standards for good 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. 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.

II. Board of Directors :

Composition and Category

The Board has 6 Directors, comprising of three Executive Directors and Three Non-Executive Independent Directors as on 31st March, 2010. The Executive Directors are involved in the day to day management of the Company and non-executive including the independent directors bring external and wider perspective and independence to the decision making. The composition of the Board of Directors with reference to number of Executive and Non-Executive Directors generally meets with the requirements of Clause 49(I)(A) of the Listing Agreement.

None of the directors is a member in more than 10 committees or acting as a Chairman of more than five committees across all companies in which they are directors.