

TELESYS SOFTWARE LIMITED

ANNUAL REPORT

2008-2009

TELESYS SOFTWARE LIMITED

- Board of Directors** : 1. Heerachand Surana, Chairman
2. Y. Sathyakumar, Whole time Director
3. Thavachithan Vaithyalingam Palaniswamy,
Director (from 12.06.2008)
4. Pandian Kashi, Director (from 12.06.2008)
5. Bakoolesh Harakchandbhai Khanderia
(from 27.01.2009)
6. Prashant Maganlal Brahmbhatt (from
27.01.2009)
7. Rajendhiran Jayaram (from 02.04.2009)
8. AXN Prabhu, Director (upto 12.06.2008)
9. MVC Kutty, Director (upto 12.06.2008)
10. R.Vednarayanan, Director (Upto 27.01.2009)

Auditors **Venkat & Rangaa**
Chartered Accountants
12, Krishnapuri Second Street,
RA puram, Chennai – 600 028.

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

Punjab National Bank
Mulund (west) Branch, Mumbai - 400 080.

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

Registered Office No. 6, First Floor, Sixth Cross Street,
CIT Colony, Mylapore, Chennai – 600 004
(upto 03.07.2008)

New No. 72, Old No. 33, First Floor,
Giri Road, T. Nagar, Chennai – 600 017.
(w.e.f. 03.07.2008)

Share Transfer Agents Cameo Corporate Services limited,
#1, Subramaniam Building,
Club House Road, Mount Road,
Chennai – 600 002.
Ph.: (044) 28460390 (5 lines)
Fax: (044) 28460129

TELESYS SOFTWARE LIMITED

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

NOTICE

SEVENTEENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Company will be held at Nalvar Thirumana Maaligai, 136 (48) SRP Koil Street, Agaram, Chennai – 600 082 on Wednesday, 30th September, 2009 at 9.30 A.M. to transact the following business:

ORDINARY BUSINESS :

1. To receive consider and adopt the Audited Balance Sheet as at 31.03.2009, the Profit & Loss account for the period from 01.04.2008 to 31.03.2009 and to consider the reports of the Directors and Auditors thereon.
2. To appoint a director in place of Thavachithan Vaithyalingam Palaniswamy, Director who retires by rotation and being eligible offers himself for reappointment.
3. 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 :

4. APPOINTMENT OF MR. BAKOOLESH HARAKCHANDBHAI KHANDERIA, ADDITIONAL DIRECTOR AS DIRECTOR

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

“RESOLVED THAT Mr. Bakoolesh Harakchandbhai Khanderia who was appointed as an additional Director of the company at the meeting of Board of Directors held on 27th January, 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 rotation.”

“FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to do all acts, deeds and things which may be necessary to give effect to the above resolution.”

5. APPOINTMENT OF MR. PRASHANT MAGANLAL BRAHMBHATT, ADDITIONAL DIRECTOR AS DIRECTOR

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

TELESYS SOFTWARE LIMITED

“RESOLVED THAT Mr. Prashant Maganlal Brahmhatt who was appointed as an additional Director of the company at the meeting of Board of Directors held on 27th January, 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 rotation.”

“FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to do all acts, deeds and things which may be necessary to give effect to the above resolution.”

6. APPOINTMENT OF MR. RAJENDHIRAN JAYARAM, ADDITIONAL DIRECTOR AS DIRECTOR

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

“RESOLVED THAT Mr. Rajendhiran Jayaram who was appointed as an additional Director of the company at the meeting of Board of Directors held on 2nd April, 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 rotation.”

“FURTHER RESOLVED THAT the Board of Directors of the Company be and are hereby authorized to do all acts, deeds and things which may be necessary to give effect to the above resolution.”

7. ALTERATION IN THE MAIN OBJECTS CLAUSE OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY:

To consider and, if thought fit, to pass the following Resolution as Special Resolution as specified hereafter **(To be voted only through Postal Ballot) pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 viz.:**

“RESOLVED THAT pursuant to the provisions of section 192A, section 17 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the confirmation of the Registrar of Companies, Tamil Nadu, Chennai, the Main Objects Clause (Clause III(A)) of the Memorandum of Association of the Company be and is hereby altered by adding the following new clause after the existing clause and numbering the said Clauses as Clause III(A) (1) and Clause III(A) (2):

TELESYS SOFTWARE LIMITED

“To carry on either alone or jointly with one or more persons, government, local or other bodies, the business to construct, build, alter, acquire, convert, improve, design, erect, establish, equip, develop, dismantle, pull down, turn to account, furnish, level, decorate, fabricate, install, finish, repair, maintain, search, survey, examine, test, inspect, locate, modify, own, operate, run, protect, promote, provide, participate, reconstruct, grout, dig, excavate, pour, renovate, remodel, rebuild, undertake, contribute, assist and to act as builder and developer, civil engineer, architectural engineer, interior decorator, consultant, advisor, agent, broker, supervisor, administrator, contractor, sub-contractor, turnkey contractor and manager of all types of electrical, mechanical, constructions and developmental work in all its branches, such as roads, ways, culverts, dams, bridges, railways, tram-ways, water-tanks, reservoirs, canals, wharves, warehouses, factories, houses, flats, apartments, housing towers, offices, shops, buildings, sheds, properties, godowns, structures, drainage and sewage works, land development, Agro farming, water distribution and filtration systems, docks, marine, ship breaking, harbours, port development, piers, irrigation works, foundation works, flyovers, airports, runways, rock drilling, aquaducts, stadiums, hydraulic units, sanitary work, power supply works, power stations, hotels, restaurants, holiday resorts, Farm houses, shopping cum residential complexes, townships, markets, hospitals, health centres, IT parks, telecommunication infrastructure and services, multistoreys, colonies, shopping complexes, super markets, malls, housing projects and other similar works and for the purpose to acquire, handover, purchase, sell, own, cut to size, develop, distribute or otherwise deal in all sorts of lands and buildings and to deal in real estates.”

“FURTHER RESOLVED THAT the approval of members of the company be and is hereby accorded pursuant to the provisions of section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956 for commencing and carrying on all or any of the new business and activities mentioned in Clause III(A)(2) in the Main Objects clause as inserted by the Special Resolution above.”

“FURTHER RESOLVED THAT for the purpose of giving effect to this resolution, the Board of Directors, be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary and settle any or all questions/ matters arising with respect to the above matter, and to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to this resolution, take such further incidental and ancillary steps in this regard, as may be considered desirable or expedient by the Board in the best interest of the company and its shareholders.”

8. CHANGE IN THE NAME OF THE COMPANY:

To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution:

“RESOLVED THAT pursuant to the provisions of section 21 of the Companies Act, 1956 and subject to the approval of the Central Government the name of the company be changed from **TELESYS SOFTWARE LIMITED** to **TELESYS INFO-INFRA (I) LIMITED** and clause 1 of the Memorandum and the name in the Articles be changed accordingly.”

TELESYS SOFTWARE LIMITED

“FURTHER RESOLVED THAT an application be made to The Registrar of Companies, Tamil Nadu, Chennai under section 21 of the Companies Act, 1956 for approving the change in name.”

“FURTHER RESOLVED THAT the Board of directors of the company be and are hereby authorised to do all acts deeds and things which may be necessary to give effect to the above resolution.”

BY ORDER OF THE BOARD OF DIRECTORS

Place : Chennai
Date : 26/08/2009

Sd/-
Heerachand Surana
(Director)

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.**
- 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 EXPLANATORY STATEMENT SETTING OUT THE MATERIAL FACTS CONCERNING SPECIAL BUSINESS IN RESPECTS OF ITEM NOS. 4, 5, 6, 7 AND 8 OF THE ACCOMPANYING NOTICE AS REQUIRED BY SECTION 173 OF THE COMPANIES ACT, 1956 IS ANNEXED HERETO.**
- 4. WITH RESPECT TO RESOLUTION AT ITEM NO. 7 OF THE NOTICE, MEMBERS ARE REQUESTED TO VOTE ONLY BY POSTAL BALLOT IN TERMS OF SECTION 192A OF THE COMPANIES ACT, 1956 READ WITH THE POSTAL BALLOT RULES. A POSTAL BALLOT NOTICE ALONG WITH THE FORM AND PRE-PAID POSTAGE ENVELOPE ARE ENCLOSED FOR THE SAID PURPOSE. VOTES CAST OTHERWISE THAN IN THE POSTAL BALLOT FORM WILL BE REJECTED. PLEASE READ THE INSTRUCTIONS IN THE POSTAL BALLOT FORM CAREFULLY. THE RESULT OF THE POSTAL BALLOT ON THE SAID RESOLUTION WILL BE ANNOUNCED AT THE ANNUAL GENERAL MEETING.**
- 5. THE REGISTER OF MEMBERS AND THE SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM WEDNESDAY, 23RD SEPTEMBER, 2009 TO WEDNESDAY, 30TH SEPTEMBER, 2009 (BOTH DAYS INCLUSIVE) IN CONNECTION WITH THE ANNUAL GENERAL MEETING.**
- 6. 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.**
- 7. THE DOCUMENTS REFERRED TO IN THE NOTICE AND EXPLANATORY STATEMENT ARE OPEN FOR INSPECTION AT THE REGISTERED OFFICE OF THE COMPANY ON ALL WORKING DAYS, EXCEPT HOLIDAYS DURING WORKING HOURS UPTO THE DATE OF THE ANNUAL GENERAL MEETING.**

8. Reappointment of directors

At the ensuing Annual General Meeting Shri Thavachithan Vaithyalingam Palaniswamy retires by rotation and being eligible offers himself for reappointment. Pursuant to Clause 49(VI)(A) of the Listing Agreement relating to the code of Corporate Governance, the particulars of the aforesaid Director are given below:

TELESYS SOFTWARE LIMITED

Profile of Directors retiring by rotation:

a) Shri Thavachithan Vaithylingam Palaniswamy aged about 50 years is a science graduate and has a rich and varied experience in the field of industry and business.

Shri Thavachithan Vaithylingam Palaniswamy 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. He is the member of the Audit Committee and Shareholders/ Investors Grievance Committee and Chairman of the Remuneration Committee of the Board of Directors of the Company.

The other directorships/ committee memberships of Shri Thavachithan Vaithylingam Palaniswamy are: NIL

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956 ('the Act')

The following Explanatory Statement relating to Special Business at Item Nos. 4, 5, 6, 7 AND 8 of the accompanying Notice sets out all material facts as required under Section 173 of the Act.

Item No. 4:

Mr. Bakoolesh Harakchandbhai Khanderia 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 27th January, 2009. 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. Bakoolesh Harakchandbhai Khanderia as a candidate for the Office of director of the Company. Aged 71 years, with an enormous and varied experience in industry and business, his appointment as a Non-Executive Independent Director will strengthen the board. Other Directorships/Committee Memberships are NIL.

The Board recommends the above resolution for your approval.

None of the Directors of the Company except Mr. Bakoolesh Harakchandbhai Khanderia are concerned or interested in the above resolution.

Item No. 5:

Mr. Prashant Maganlal Brahmhatt 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 27th January, 2009. 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. Prashant Maganlal Brahmhatt as a candidate for the Office of director of the Company. Aged 57 years, a British Citizen, a graduate with an enormous experience in industry and business, his appointment as a Non-Executive Independent Director will strengthen the board. Other Directorships/Committee Memberships are NIL.

TELESYS SOFTWARE LIMITED

The Board recommends the above resolution for your approval.

None of the Directors of the Company except Mr. Prashant Maganlal Brahmhatt are concerned or interested in the above resolution.

Item No. 6 :

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. 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. Rajendhiran Jayaram as a candidate for the Office of director of the Company. Aged 54 years, a graduate with expertise in services, his appointment as a Professional Executive Director will strengthen the board. Other Directorships/Committee Memberships are NIL.

The Board recommends the above resolution for your approval.

None of the Directors of the Company except Mr. Rajendhiran Jayaram are concerned or interested in the above resolution.

Item No. 7:

The company is presently engaged in the business of Software development. However, due to heavy competition the company could not sustain its operations and achieve desired growth in the software industry. Therefore, the company proposes to diversify and expand into infrastructure, real estate and allied activities. Therefore it is desirable to amend suitably the Main Objects Clause of the Memorandum of Association of the Company as detailed in the resolution in order to carry out infrastructure, real estate and allied activities. The proposed additional objects may be conveniently and advantageously combined with the existing business activities of the company. The company will continue to carry on its existing business activities, viz., Software Development to complete the current projects in hand and to profitably exploit the opportunities available in the software industry.

In view of Section 17 of the Companies Act, 1956 the proposed alterations of the Memorandum of Association requires to be approved by special resolution. In terms of Section 17 and 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001 the Resolution has to be passed by way of Postal Ballot. The alteration shall be effective upon the registration of the resolutions with the Registrar of Companies.

The company also proposes to commence and carry on all or any of the new business and activities mentioned in Clause III(A)(2) (Main Objects clause) as inserted by the Special Resolution as mentioned above.

The approval of the members by special resolution in general meeting to the commencement by the company of the said new business is considered necessary in view of the requirements of section 149(2A) of the Companies Act, 1956 read with the explanation thereof. The approval can also be obtained by way of postal ballot.

TELESYS SOFTWARE LIMITED

The Directors are of the opinion that the proposal would be in the interest of the company and its shareholders and accordingly recommend the Special Resolution for approval by exercising their vote through a Postal Ballot in terms of Section 17 and Section 192A of the Companies Act, 1956 read with Companies (Passing of Resolution by Postal Ballot) Rules, 2001. The postal ballot form is sent to you alongwith the notice.

The draft copy of the Memorandum of Association of the company is available for inspection at the Registered Office of the company on any working day during business hours.

The Directors of the Company may be deemed to be concerned or interested in the resolution as set out in the Notice pursuant to Section 192A of the Companies Act, 1956 to the extent of shares held by them, their associates and the companies in which they are interested in the Company.

Item No. 8 :

The current name of the company does not reflect the new objects proposed to be carried on by the company. Hence the company is desirous of Changing its name from **TELESYS SOFTWARE LIMITED TO TELESYS INFO-INFRA (I) LIMITED**. This will help the company to rebrand itself in the industry as an Info Infra Company and will enable the company to effectively accomplish its strategic initiatives. The Registrar of Companies has confirmed availability of the new name. The Letter from the Registrar of Companies, referred to above will be available at the registered office for inspection during business hours on any working day before the day of the meeting.

The Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of shares held by them, their associates and the companies in which they are interested in the Company.

The Board recommends the resolution for the approval of members as special resolution.

BY ORDER OF THE BOARD OF DIRECTORS

Sd/

Place : Chennai
Date : 26/08/2009

Heerachand Surana
(Director)

TELESYS SOFTWARE LIMITED

DIRECTORS REPORT

Your Directors are happy to present the Seventeenth Annual Report of your company together with the Audited Accounts of the Company for the financial year ended 31st March 2009.

FINANCIAL HIGHLIGHTS:

During the year under review, the company has incurred a loss of Rs. 18,722,960.00/- as against a loss of Rs. 16,535,817/- during the previous year. The financial results of the company compared to the previous year are summarized as under:

(Rs.)

Particulars	31.03.2009	31.03.2008
Income	72,714,362.00	83,423,178.00
Profit/ (Loss) before Depreciation and Tax	(14,491,690.00)	(13,593,341.00)
Less: Depreciation	2,420,468.00	3,030,259.00
Profit/ (Loss) Before Tax	(16,912,158.00)	(16,623,600.00)
Prior Period Expenditure	2,200,674.00	-
Provision for FBT	48,450.00	31,251.00
Provision for Taxation - Current	-	353,772.00
Provision for Deferred Tax - Asset	(438,321.00)	(472,806.00)
Profit/ (Loss) After Tax	(18,722,960.00)	(16,535,817.00)
Balance Brought Forward	(69,821,438.00)	(53,285,621.00)
Balance carried over to Balance Sheet.	(88,544,398.00)	(69,821,438.00)
EPS Basic & Diluted (Rs.)	(0.80)	(0.72)
Weighted Average No. of shares	23,235,250	23,235,250

REGISTERED OFFICE:

The Registered Office of the Company was changed from No. 6, First Floor, Sixth Cross Street, CIT Colony, Mylapore, Chennai – 600 004 to New No. 72, Old No. 33, First Floor, Giri Road, T. Nagar, Chennai – 600 017 w.e.f. 03.07.2008 looking at better prospects from the new location.

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.

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.

TELESYS SOFTWARE LIMITED

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 NIL.

MANAGEMENT DISCUSSION AND ANALYSIS

a) Economic Overview

The year witnessed a global economic slow down in general. The market conditions were difficult and there was a volatile currency environment. In view of the difficulties faced on account of economic conditions the main focus of the company was on conserving cost and creating efficiencies thereby enhancing value. Due to slowdown considerable reductions were experienced in IT service spends all over. There was also increased regulation leading to more enterprise regulation, security and reporting.

b) Industry Structure, Development and Outlook

The growth in Software Services sector continued to be broad based inspite of general recession. However, due to heavy competition the company could not sustain its operations and achieve desired growth in the software industry. Therefore, the company proposes to diversify and expand into infrastructure, real estate and allied activities 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. 18,722,960.00/- as against a loss of Rs. 16,535,817/- 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 operates in only one segment i.e. Software development and sales in India only.

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

TELESYS SOFTWARE LIMITED

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.

DIRECTORS

Shri Thavachithan Vaithyalingam Palaniswamy, Director of the company retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offers himself for reappointment.

Shri Thavachithan Vaithyalingam Palaniswamy and Shri Pandian Kashi, Additional Directors were appointed as directors of the Company in the Annual General Meeting held on 30.09.2008.

Shri Bakoolesh Harakchandbhai Khanderia and Shri Prashant Maganlal Brahmhatt were appointed as additional directors of the company w.e.f. 27.01.2009 and Shri Rajendhiran Jayaram was appointed as the additional director of the company w.e.f. 02.04.2009 by the Board of Directors of the company in accordance with Section 260 of the Companies Act, 1956. They hold office upto the date of the ensuing Annual General Meeting of the Company to be held on 30th September, 2009. The requisite notices together with necessary deposits have been received from members pursuant to section 257 of the Companies Act, 1956 proposing the appointment of Shri Bakoolesh Harakchandbhai Khanderia, Shri Prashant Maganlal Brahmhatt and Shri Rajendhiran Jayaram as directors of the company.

Shri AXN Prabhu and Shri MVC Kutty have resigned as directors of the company w.e.f. 12.06.2008 and Shri R. Vedanarayanan has resigned as director of the company w.e.f. 27.01.2009. The Board places on record their sincere and deep appreciation for valuable services rendered to the company during their tenure as directors of the company.

Shri Y. Sathyakumar was appointed as a Whole time Director of the company at the Annual General Meeting held on 30.09.2008.

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.

TELESYS SOFTWARE LIMITED

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.

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.

TELESYS SOFTWARE LIMITED

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.

ACKNOWLEDGEMENT

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/-

Place: Chennai
Date : 26/08/2009

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

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.

TELESYS SOFTWARE LIMITED

II. Board of Directors :

Composition and Category

The Board has 6 Directors, comprising of two Executive Directors and four Non-Executive Independent Directors as on 31st March, 2009. The Executive Director is 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.

The composition of the Board of Directors, the number of other Directorship and Committee positions held by the Director, of which the Director is a member/ Chairman as on March 31, 2009 are as under:

Name	Designation	Category	No. of Board Meetings attended during 2008-2009 out of Seventeen	Whether attended the last AGM	No. of Directorships in public companies	No. of other Board committees (Other than Telesys Software Limited) in which he/she is member/ chairperson
Heerachand Surana	Chairman and Director	Promoter and Executive	Seventeen	Yes	2	Nil
*Y. Sathyakumar	Whole time Director	Professional and Executive	Seventeen	Yes	Nil	Nil
**Thavachithan Vaithyalingam Palaniswamy	Director	Non-Executive and Independent	**Sixteen	Yes	Nil	Nil
**Pandian Kashi	Director	Non-Executive and Independent	**Sixteen	Yes	Nil	Nil
***Bakoolesh Harakchandbhai Khanderia	Director	Non-Executive and Independent	***Four	N.A.	Nil	Nil

TELESYS SOFTWARE LIMITED

***Prashant Maganlal Brahmhatt	Director	Non-Executive and Independent	***One	N.A.	Nil	Nil
****MVC Kutty	Director	Promoter and Executive	****Two	N.A.	1	Nil
AXN Prabhu	Director	Non-Executive and Independent	*Two	N.A.	2	Nil
*****R. Vednarayanan	Director	Non-Executive And Independent	*****Four	Yes	Nil	Nil

*Shri Y. Sathyakumar was appointed as Whole time Director of the Company w.e.f. 30.09.2008.

**Shri Thavachithan Vaithyalingam Palaniswamy and Shri Pandian Kashi were appointed as Directors of the Company w.e.f. 12.06.2008 as Non-Executive Independent Directors.

***Shri Bakoolesh Harakchandbhai Khanderia and Shri Prashant Maganlal Brahmhatt were appointed as Additional Directors of the Company w.e.f. 27.01.2009 as Non-Executive Independent Directors.

****Shri MVC Kutty and Shri AXN Prabhu have resigned as directors of the company w.e.f. 12.06.2008.

*****Shri R. Vednarayanan has resigned as director of the company w.e.f. 27.01.2009.

Shri Rajendhiran Jayaram was appointed as Additional Director w.e.f. 02.04.2009 as Professional Executive Director

III. Board Agenda :

Meetings are governed by a structured Agenda and a Board member may bring up any matter for consideration of the meeting in consultation with the Chairman. Agenda papers are generally circulated to the Board members at least 4-5 working days in advance. An indicative list of the information usually placed before the Board is as under:

- ◆ Annual Budgets and updates thereon.
- ◆ Capital expenditure proposals if any and review of their implementation.
- ◆ Quarterly, Half yearly and Annual Results.
- ◆ Business performance and steps for improvement.
- ◆ Legal proceedings involving the Company.

TELESYS SOFTWARE LIMITED

- ◆ Minutes of meetings of Audit Committee, Remuneration Committee and Shareholders Committee.
- ◆ Materially important show cause notices, non-compliances, if any, etc.
- ◆ Other relevant information pertaining to the Company including information detailed in Clause 49 of the Listing Agreement.

I. Board Meetings :

During the financial year ended 31st March, 2009 Seventeen Board meetings were held i.e. on 30th April, 2008, 12th June, 2008, 30th June, 2008, 3rd July, 2008, 31st July, 2008, 19th August, 2008, 4th September, 2008, 22nd October, 2008, 31st October, 2008, 27th November, 2008, 15th December, 2008, 2nd January, 2009, 19th January, 2009, 27th January, 2009, 31st January, 2009, 10th February, 2009 And 20th March, 2009. The gap between two Board meetings did not exceed four months. The attendance of the directors at the Board Meetings and the Last Annual General Meeting held on 30.09.2008 are given in the table hereinabove.

II. Committees of the Board

The Board of Directors has constituted 3 Committees of the Board viz.

- _ Audit Committee
- _ Remuneration Committee
- _ Shareholders Committee and

The Board determines the terms of reference of these Committees from time to time. Meetings of these Committees are convened by the respective Committee Chairman / Company Secretary. At each Board Meeting, minutes of these Committees are placed before the Directors for their perusal and noting.

a) AUDIT COMMITTEE :

The Audit Committee of the Board of Directors of the Company, inter-alia, provides assurance to the Board on the adequacy of the internal control systems and financial disclosures.

TERMS OF REFERENCE:

The terms of Reference of the Audit Committee are wide enough to cover the matters specified for Audit Committees under Clause 49 of the Listing Agreements as well as in Section 292A of the Companies Act, 1956 and inter-alia includes:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

TELESYS SOFTWARE LIMITED

2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees and for approval of payment to statutory auditors for any other services rendered by the statutory auditors.
3. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Any Changes in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management and significant adjustments made in the financial statements arising out of audit findings.
 - d. The Going concern assumption.
 - e. Compliance with accounting standards.
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions 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.
 - g. Qualifications in the draft audit report.
4. Reviewing, with the management, the quarterly financial statements before submission to the board for approval, performance of statutory and internal auditors, the structure and adequacy of the internal control systems.
5. Reviewing adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit and discussing with internal auditors any significant findings and follow up there on.
6. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
7. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
8. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
9. Reviewing the Company's financial and risk management policies.
10. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

TELESYS SOFTWARE LIMITED

The Audit Committee, inter alia, reviews the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor.

In fulfilling the above role the Audit Committee has powers to investigate any activity within its terms of reference, to seek information from employees and to obtain outside legal and professional advice.

The Audit Committee while reviewing the Annual Financial Statements also reviews the applicability of various Accounting Standards (AS) issued by the Institute of Chartered Accountants of India. Compliance of the AS as applicable to the Company has been ensured in the financial statements for the year ended March 31, 2009.

Constitution:

The Audit Committee comprises of three directors of whom two are Non-Executive Independent Directors and one is Professional Executive Director. The Audit Committee is constituted in accordance with the provisions of Clause 49(IIA) of the Listing Agreement and Section 292A of the Companies Act, 1956. All these directors possess requisite knowledge of Accounts, finance and applicable laws. One of the members acts as Chairman of the Committee Meetings. The Auditors are also invited to the Meetings wherever required. The quorum for the Audit Committee Meetings is two members. The Minutes of the Audit Committee Meetings are noted by the Board of Directors at the subsequent Board Meeting.

The composition of the Audit Committee is as follows:

1. Bakoolesh Harakchandbhai Khanderia
2. Thavachithan Vaithyalingam Palaniswamy
3. Y. Sathyakumar

The Committee is chaired by Bakoolesh Harakchandbhai Khanderia who is a Non-Executive Independent Director

CHANGE IN THE COMPOSITION OF THE AUDIT COMMITTEE

Shri AXN Prabhu has ceased to be a member of the Audit Committee w.e.f. 12.06.2008 and Shri Thavachithan Vaithyalingam Palaniswamy was appointed as the member of the Audit Committee in his place w.e.f. 12.06.2008 at the meeting of the Board of Directors of the company.

Shri R. Vednarayanan has ceased to be a Member and Chairman of the Audit Committee w.e.f. 27.01.2009 and Shri Bakoolesh Harakchandbhai Khanderia was appointed as the member and Chairman of the Audit Committee in his place w.e.f. 27.01.2009 at the meeting of the Board of Directors of the company.

TELESYS SOFTWARE LIMITED

Meetings and Attendance:

The Audit Committee met 4 (four) times during the year ended 31st March, 2009 i.e. on **30th April, 2008, 30th June, 2008, 31st October, 2008 and 31st January, 2009.**

The gap between two meetings did not exceed four months. The Audit Committee also met prior to finalization of accounts for the year ended 31st March, 2009. And all the directors have attended all the four meetings.

The Chairman of the Audit Committee was present at the last Annual General Meeting of the Company to answer the Shareholders queries.

b) REMUNERATION COMMITTEE :

TERMS OF REFERENCE AND REMUNERATION POLICY:

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. 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 national and international practices.

Constitution :

The Remuneration Committee comprises of three directors all of whom are Non-Executive Independent Directors. The Chairman of the Remuneration Committee is a Non-Executive Independent Director nominated by the Board.

The Committee consists of 3 (three) directors :

1. Thavachithan Vaithyalingam Palaniswamy
2. Pandian Kashi
3. Bakoolesh Harakchandbhai Khanderia

The Committee is chaired by Shri Thavachithan Vaithyalingam Palaniswamy who is a Non- Executive Independent Director.

CHANGE IN THE COMPOSITION OF THE REMUNERATION COMMITTEE

Shri Heerachand Surana has ceased to be a Member and Chairman of the Remuneration Committee w.e.f. 12.06.2008 and Shri Thavachithan Vaithyalingam Palaniswamy was appointed as the Member and Chairman of the Remuneration Committee in his place w.e.f. 12.06.2008 at the meeting of the Board of Directors of the company.

Shri AXN Prabhu has ceased to be a member of the Remuneration Committee w.e.f. 12.06.2008 and Shri Pandian Kashi was appointed as the member of the Remuneration Committee in his place w.e.f. 12.06.2008 at the meeting of the Board of Directors of the company.

TELESYS SOFTWARE LIMITED

Shri R. Vednarayanan has ceased to be a Member of the Remuneration Committee w.e.f. 27.01.2009 and Shri Bakoolesh Harakchandbhai Khanderia was appointed as the member of the Remuneration Committee in his place w.e.f. 27.01.2009 at the meeting of the Board of Directors of the company.

Meetings and Attendance:

The Remuneration Committee met once during the year i.e. on

31st October, 2008

And all the directors have attended the meeting.

No Remuneration or Sitting fees has been paid to the Directors of the Company including the Whole time Director.

The Shareholdings of directors in the Company as on 31st March, 2009 are:

Heerachand Surana: NIL Equity Shares

Y. Sathyakumar: NIL Equity Shares

Thavachithan Vaithyalingam Palaniswamy: NIL Equity Shares

Pandian Kashi: NIL Equity Shares

Bakoolesh Harakchandbhai Khanderia: NIL Equity Shares

Prashant Maganlal Brahmbhatt: NIL Equity Shares

c) SHAREHOLDERS COMMITTEE:

The Board of Directors have constituted a Committee of Directors which functions as Shareholders/ Investors Grievance Committee, consisting of three Directors all of whom are Non-Executive Independent directors, Chaired by a Non-Executive Independent Director.

Role:

The terms of reference of the Shareholders Committee are as under:

1. To specifically look into the redressal of Shareholders Grievances pertaining to:
 - _ Transfer/ transmission/ transposition of shares.
 - _ Consolidation/splitting of shares/ folios.
 - _ Issue of share certificates for lost, subdivided, consolidated, rematerialized, defaced etc.
 - _ Dematerialisation of shares.
 - _ Recommend measures to improve the level of investor services.

The company and the Registrar and Share Transfer Agents Cameo Corporate Services Limited attend to all grievances of the shareholders and investors received directly or through SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies etc. Continuous efforts are made to ensure that grievances are more expeditiously redressed to the complete satisfaction of the investors. The Minutes of the Shareholders committee are noted by the Board of Directors at their meetings.

TELESYS SOFTWARE LIMITED

Constitution:

The Committee consists of 3 (three) directors :

- 1.Pandian Kashi
- 2.Thavachithan Vaithyalingam Palaniswamy
- 3.Bakoolesh Harakchandbhai Khanderia

The Committee is chaired by Shri Pandian Kashi who is a Non-Executive Independent director of the Company.

CHANGE IN THE COMPOSITION OF THE SHAREHOLDERS COMMITTEE

Shri Y. Sathyakumar has ceased to be a Member and Chairman of the Shareholders Committee w.e.f. 12.06.2008 and Shri Pandian Kashi was appointed as the Member and Chairman of the Shareholders Committee in his place w.e.f. 12.06.2008 at the meeting of the Board of Directors of the company.

Shri AXN Prabhu has ceased to be a member of the Shareholders Committee w.e.f. 12.06.2008 and Shri Thavachithan Vaithyalingam Palaniswamy was appointed as the member of the Shareholders Committee in his place w.e.f. 12.06.2008 at the meeting of the Board of Directors of the company.

Shri R. Vednarayanan has ceased to be a Member of the Shareholders Committee w.e.f. 27.01.2009 and Shri Bakoolesh Harakchandbhai Khanderia was appointed as the member of the Shareholders Committee in his place w.e.f. 27.01.2009 at the meeting of the Board of Directors of the company.

Meetings and Attendance:

The Shareholders Committee met 4 (four) times during the year i.e. on

30th April, 2008, 30th June, 2008, 31st October, 2008 and 31st January, 2009

And all the directors have attended all the four meetings.

NAME AND DESIGNATION OF THE COMPLIANCE OFFICER:

SHRI Y. SATHYAKUMAR, DIRECTOR

Tel No. : 044 – 24662518 / Fax No. : 044 – 42312518

Email ID : telesyss@yahoo.com

DETAILS OF INVESTORS COMPLAINTS RECEIVED AND ADDRESSED:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
0	11	11	0

No Investors grievances remained unattended/ pending for more than 30 days as on 31st March, 2009.

TELESYS SOFTWARE LIMITED

VI. GENERAL BODY MEETINGS:

Location and time, where last three Annual General Meetings were held is given below:

General Body Meeting	Date	Venue	Time	Special Resolutions passed at AGM
AGM for the year 2008	30.09.2008	Nalvar Thirumana Maaligai, 136 (48) SRP. Koil Street, Agaram, Chennai - 600 082	9.30 A.M.	No
AGM for the year 2007	29.09.2007	New No. 33, Old No. 15, Postal Colony, First Street, West Mambalam, Chennai - 600 033	10.00 A.M.	No
AGM for the year 2006	30.09.2006	New No: 33 (Old No: 15) Postal Colony, 1 st Street, West Mambalam, Chennai - 600 033	9.30 A.M.	Yes

b. Special Resolutions passed at last three Annual General Meetings

At the Annual General Meeting held on 30th September, 2006, Special Resolution was passed for alteration in the Main Objects Clause of the Company. The resolution was passed with requisite majority.

c. Passing of resolutions by Postal Ballot

No resolution was passed by Postal Ballot during the last three financial years.

d. No Extraordinary General Meeting was held during the last three financial years.

VII. SUBSIDIARIES : NIL

VIII. CODE OF CONDUCT:

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the Directors and members of the Senior Management and they have affirmed compliance with the same. There is no website of the company.

TELESYS SOFTWARE LIMITED

IX. PREVENTION OF INSIDER TRADING :

The Company has framed a Code of Conduct for prevention of Insider Trading based on SEBI (Insider Trading) Regulations, 1992 as amended from time to time. This code is applicable to all Directors/Officers/Designated Employees. The code ensures the prevention of dealing in company's shares by persons having access to unpublished price sensitive information.

X. 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. In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956. The trading in securities of the Company was suspended by BSE from 31st December, 2007 on account of some non-compliances of listing agreement clauses. However, the company complied with all the provisions of the listing agreement upto date and paid the reinstatement fees. The suspension of trading is not revoked by the BSE till date. The Company has complied with the mandatory requirements relating to strengthening the responsibilities of Audit Committee, improving the quality of financial disclosures, including related party transactions and periodical review by the Board and its constituted committees. The Company has adopted the non-mandatory requirements with regard to setting up of a remuneration committee.

MEANS OF COMMUNICATION :

- (i) The Board of Directors of the company approves and takes on record the quarterly and yearly financial results in the proforma prescribed by Clause 41 of the Listing Agreement within one month of the close of the respective period.
- (ii) The approved financial results are forthwith sent to the listed stock Exchanges and are published in the leading national English Newspaper namely Trinity Mirror (English daily). In addition the same is published in local language (Tamil) newspaper namely Makkal Kural (Tamil daily) within forty-eight hours of approval thereof. The same are not sent to the shareholders separately.
- (iii) Management Discussion and Analysis forms part of the Annual Report, which is posted to the shareholders of the company.
- (iv) The Company has not made presentations to Institutional Investors or to Analysts.
- (v) Company's Email ID: telesyss@yahoo.com

TELESYS SOFTWARE LIMITED

XI. GENERAL SHAREHOLDERS INFORMATION :

Registered Office : New No. 72, Old No. 33, First Floor, Giri Road, T. Nagar,
Chennai – 600 017. (w.e.f. 03.07.2008)
Number of AGM : 17th AGM
Date : 30TH SEPTEMBER, 2009
Day : WEDNESDAY
Time : 9.30 A.M.
Venue : Nalvar Thirumana Maaligai, 136 (48) SRP. Koil Street, Agaram,
Chennai – 600 082
Financial year : 1ST April, 2008 to 31st March, 2009
Book Closure date : 23RD SEPTEMBER, 2009 TO 30TH SEPTEMBER,
2009 (BOTH DAYS INCLUSIVE)
Dividend payment : Not Applicable
date

LISTING ON STOCK EXCHANGES:

The Bombay Stock Exchange Limited, Mumbai.

LISTING FEES : The company has paid listing fees upto the financial year 2009-2010.

REGISTRAR AND TRANSFER AGENTS:
CAMEO CORPORATE SERVICES LIMITED,
#1, SUBRAMANIAM BUILDING,
CLUB HOUSE ROAD,
MOUNT ROAD,
CHENNAI – 600 002.

SHARE TRANSFER SYSTEM:

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 by the Registrar and Transfer Agent so long as the documents have been clear in all respects. In case of shares in electronic form, the transfers are processed by NSDL/ CDSL through respective Depository participants. The company as per SEBI Guidelines offers the facility of transfer cum demat. There are no pending share transfers and requests for demat as on 31st March, 2009. In compliance with the Listing Agreement with the Stock Exchanges, a Practising Company Secretary carries out an Audit of the System of Transfer and a certificate to that effect is issued.

TELESYS SOFTWARE LIMITED

SHARE PRICES:

Stock Code: 532315

Market Price Data:

High, low (based on the closing prices) and number of shares traded during each month in the financial year 2008-2009 on the Bombay Stock Exchange Limited and Performance of Share Price of the Company in Comparison to the BSE Sensex is not available as the trading in securities of the Company was suspended by BSE from 31st December, 2007.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

The Management Discussion and Analysis Report is included in the Directors Report and forms part of the Annual Report.

XII. COMPLIANCE CERTIFICATE OF THE AUDITORS :

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to the Directors Report and Management Discussion and Analysis. The certificate from the Statutory Auditors will be sent to the listed Stock Exchanges alongwith the Annual Reports of the Company.

XIII. CHIEF EXECUTIVE OFFICER CERTIFICATE :

The Chief Executive Officer have certified to the Board as required under Clause 49(v) of the Listing Agreement and the same is annexed to and forms part of this report.

TELESYS SOFTWARE LIMITED

SHARE HOLDING PATTERN AS ON 31ST MARCH, 2009

Category	Shares	%
A. Promoters Holdings		
1. Promoters		
Indian Promoters	1325000	5.7025
Foreign Promoters	---	---
2. Persons Acting in concert		
	---	---
Sub-Total	1325000	5.7025
B. Non Promoters Holdings		
3. Institutional Investors		
a) Mutual Funds and UTI	--	--
b) Banks, Financial Institutions, Insurance Companies, (Central/ State Govt/ Institutions/ Non-Government Institutions) City Union Bank	100	0.0004
c) FIIs	--	--
Sub-Total	100	0.0004
4. Others		
a) Private Bodies Corporate	8131577	34.9967
b) Clearing members	2300	0.0099
c) Indian Public	13767882	59.2543
d) NRI/OCBs	8391	0.0361
e) Any other (Please Specify) Shares in Transit Forfeited Shares Foreign National	---	---
Sub-Total	21910150	94.2970
Grand Total	23235250	100

TELESYS SOFTWARE LIMITED

DISTRIBUTION SCHEDULE AS ON 31.03.2009

No of Equity Shares Held	No. of Shareholders	% of Total	No. of Shares	% of Total
Up to 5000	25378	91.2910	3249809	13.9865
5001 - 10000	1117	4.0181	988882	4.2559
10001 - 20000	609	2.1907	997483	4.2929
20001 - 30000	208	0.7482	542274	2.3338
30001 - 40000	88	0.3165	323454	1.3920
40001 - 50000	131	0.4712	634863	2.7323
50001 - 100000	145	0.5216	1146995	4.9364
100001 and above	123	0.4424	15351490	66.0698
Total	27799	100.0000	23235250	100

Dematerialisation of Shares and Liquidity:

The company's shares are available for trading on both the depositories in India viz., National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

As on 31st March, 2009 the details of shares in demat mode and in physical mode are as under :

No. of shares in Physical mode : 15191910

No. of shares in dematerialized mode CDSL : 2489332

NSDL : 5554008

Under the Depository system the International Securities Identification Number (ISIN) allotted to the Company's Shares is **INE042B01012**

Outstanding GDRs/ADRs/ Warrants : Nil

SECRETARIAL AUDIT FOR RECONCILIATION OF CAPITAL :

As stipulated by SEBI, a qualified practicing Company Secretary carries out Secretarial Audit to reconcile the total admitted capital with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital.

TELESYS SOFTWARE LIMITED

This Audit is carried out every quarter and the report thereon is submitted to the Listed Stock Exchanges. The audit confirms that the total listed and paid up capital is in agreement with the aggregate of the total number of shares in dematerialized form (held with NSDL and CDSL) and total no of shares in physical form.

Company Registration details

The Company is registered in the State of Tamilnadu. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L74999TN1992PLC023621.

Address for Correspondence :

Regd. Office: New No. 72, Old No. 33, First Floor, Giri Road, T. Nagar, Chennai – 600 017. (w.e.f. 03.07.2008)

Registrar And Transfer Agents: Cameo Corporate Services Limited,
#1, Subramaniam Building, Club House Road, Mount Road,
Chennai – 600 002.

In terms of Clause 47(f) of the Listing Agreement of Stock Exchanges, investors may please use the following exclusive e-mail id for redressal of Investor requests/complaints:-

E-mail : investorcomplaintstelesys@yahoo.com
Factory Location : Nil

FOR AND ON BEHALF OF THE BOARD

Sd/-

Sd/-

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

Date : 26/08/2009

Place: Chennai

DECLARATION REGARDING COMPLIANCES BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a code of conduct for the members of the Board and Senior Management Personnel. I confirm that the company has, in respect of the financial year ended 31st March, 2009, received from the members of the Board and Senior Management Team of the Company, a declaration of compliance with the code of conduct as applicable to them.

Sd/-

Place : Chennai
Date : 26.08.2009

Y. Sathyakumar
Whole time Director

TELESYS SOFTWARE LIMITED

AUDITORS CERTIFICATE REGARDING COMPLIANCE WITH CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

**REGISTRATION NO. OF THE COMPANY : 18-023621
NOMINAL CAPITAL : RS. 25,00,00,000/-**

**TO
THE MEMBERS OF TELESYS SOFTWARE LIMITED
CHENNAI**

We have examined all the relevant records of M/s. TELESYS SOFTWARE LIMITED for the purpose of certifying compliance of the conditions of Corporate Governance under Clause 49 of the Listing Agreement with BSE for the financial year ended on 31st March, 2009. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the company has complied with the applicable mandatory conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement and the company has adopted the non-mandatory requirements with regard to setting up of a remuneration committee.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Registrar and Share Transfer Agents of the Company have maintained records to show Investors' Grievances against the Company and have certified that as on 31st March, 2009 there were no investor grievances remaining unattended / pending for a period exceeding one month.

For M/s. Venkat & Rangaa, Chartered Accountants

Sd/-

**(S. Mohanrajan)
Partner
Membership No. 206393**

**Date : 26.08.2009
Place : Chennai**

TELESYS SOFTWARE LIMITED

CERTIFICATION BY CEO/CFOs issued pursuant to revised Clause 49 of the Listing Agreement.

The Board of Directors
TELESYS SOFTWARE LIMITED
CHENNAI.

Re : Financial Statements for the year 2008-09 - Certification by CEO

I, Y. Sathyakumar, Whole time Director of M/s. **TELESYS SOFTWARE LIMITED, CHENNAI** on the basis of review of the financial statements and the Cash Flow Statement for the financial year ending 31st March, 2009 and to the best of my knowledge and belief, hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended 31st March, 2009 which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. Based on my observance and on the basis of submission received through sub-certification process, I certify that internal controls for financial reporting are established, maintained and are effective considering the nature and size of the business. Further, no deficiencies have been observed in design or operation of such internal controls for the period covered by this report.
5. We further certify that :
 - (a) There have been no significant changes in internal control during this year.
 - (b) There have been no significant changes in accounting policies during this year.
 - (c) There have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems.

Sd/-
(Signature of the Certifying Authority)
Y. Sathyakumar
(Whole time Director)

Date : 26.08.2009
Place : Chennai

TELESYS SOFTWARE LIMITED

AUDITORS' REPORT TO THE MEMBERS OF TELESYS SOFTWARE LIMITED

We have audited the attached Balance Sheet of Telesys Software Limited ("the Company") as at 31st March 2009 and the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor Report) Order, 2003, as amended by the Companies (Auditors Report) Amendment Order, 2004 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, ("the Act") we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

2. Further to our comments in the annexure referred to above, we report that:-

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.

(ii) In our opinion, the Company has kept proper books of account as required by Law so far as appears from our examination of those books

(iii) The Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report are in agreement with the books of accounts.

(iv) In our opinion, the Balance Sheet, Profit & Loss Account and cash flow statement dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

(v) On the basis of the written representations received from the Directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March 2009 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956; and

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

i. In the case of the balance sheet, of the state of Affairs of the Company as at 31st March 2009; and

TELESYS SOFTWARE LIMITED

ii. in the case of the Profit & Loss Account of the Loss of the company for the year ended on that date.

iii. In the case of the cash flow statement, of the cash flows for the year ended on that date. The Cash Flow Statement has been prepared by the company in accordance with the requirements of Clause 32 of the listing agreement entered into with the Stock Exchange.

FOR VENKAT & RANGAA
Chartered Accountants

Place: Chennai
Date: 30.06.2009

Sd/-
S. Mohanraajan
Partner
M No. 206393

ANNEXURE TO THE AUDITOR'S REPORT

Annexure referred to in our report to the members of M/s. Telesys Software Limited ("the Company") for the year ended 31st March 2009.

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) All the assets have been physically verified by the management during the year and there is regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c) During the year no sale of any of the fixed assets was effected by the Company.

2. The Company does not have any inventory. Accordingly paragraph 4(ii) of the order is not applicable.

3. The Company has neither taken nor granted any loans, secured and unsecured to/from companies, firms and other parties listed in the register maintained under section 301 of the Companies Act 1956.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

TELESYS SOFTWARE LIMITED

5. The Company has not entered into any contracts or arrangements attracting provisions of Section 301 of the Companies Act, 1956. Accordingly, clause 4 (v) of the order is not applicable.
6. The Company has not accepted any deposits from the public and hence provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975 are not applicable. Accordingly, clause 4(vi) of the order is not applicable.
7. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
8. The Company has not been required by the Central Government to maintain cost records under Section 209 (1) (d) of the Companies Act, 1956. Accordingly, clause 4 (viii) of the order is not applicable.
9. a) The Company is regular in depositing with appropriate authorities undisputed statutory dues such as Income Tax, Sales Tax, Education Cess and other material statutory dues applicable to it.
b) According to the information and explanations given to us there are no disputed amounts payable in respect of Income Tax, Sales Tax, Education Cess were in arrears as at 31st March, 2009 for a period of more than six months from the date they become payable.
10. In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanation given to us, the Company has not availed any loan from financial institution, banks or debentures holders and hence the question of default in repayment doesn't arise.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly clause 4(xii) of the order is not applicable.
13. In our opinion, the Company is not a Chit Fund or a Nidhi/ Mutual Benefit Fund/ Society. Therefore, the provision of clause 4(xiii) of the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
14. The Company is not dealing or trading in Shares, Securities, Debentures and other Investment. The Investments in Shares, Securities, Debentures and other forms of Investments were held in the name of the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans from Banks or Financial Institutions. Accordingly Paragraph 4(xv) of the Order is not applicable.
16. According to the information and explanations given to us, we report that the Company has not raised any Term Loan during the Year.

TELESYS SOFTWARE LIMITED

17. According to the information and explanations given to us, we report that the Company has not raised any Short Term or Long Term funds during the Year.

18. According to the information and explanations given to us, during the year the Company has not made any preferential allotment of Shares to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956.

19. According to the information and explanations given to us, during the period covered by this audit report, the Company has not issued any debentures.

20. The Company has not raised any money by way of public issue during the year.

21. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For VENKAT & RANGAA
Chartered Accountant

Place: Chennai
Date: 30.06.2009

Sd/-
S.Mohanraajan
Partner
M.No. 206393

TELESYS SOFTWARE LIMITED

BALANCE SHEET AS AT 31.03.2009

Particulars	Sch	As at March 31, 2009 Rs	As at March 31, 2008 Rs
SOURCES OF FUNDS			
SHARE HOLDERS' FUNDS			
Share capital	1	232,352,500	232,352,500
Reserves & Surplus	2	34,949,500	34,949,500
LOAN FUNDS			
Secured Loans		-	-
Unsecured Loans		-	-
Deffered Tax Liability (Net)		1,004,985	1,443,306
		<u>268,306,985</u>	<u>268,745,306</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
	3		
Gross Block		76,098,500	74,393,364
Less: Depreciation		69,306,136	66,885,668
Net Block		<u>6,792,364</u>	<u>7,507,696</u>
Goodwill on Amalgamation		-	15,183,640
INVESTMENTS	4	31,007,699	30,370,125
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories			-
Sundry Debtors	5	59,824,044	66,855,228
Cash And Bank Balances	6	3,070,938	6,043,197
Loans and Advances	7	116,694,981	125,467,553
Sub Total		<u>179,589,964</u>	<u>198,365,978</u>
Less: CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	8	31,934,591	46,345,875
Provisions	9	5,692,849	6,696,480
NET CURRENT ASSETS		<u>141,962,524</u>	<u>145,323,623</u>
Miscellaneous Expenditure (To the Extent not written off or adjusted)	10	-	538,784
Profit & Loss Account		88,544,398	69,821,438
		<u>268,306,985</u>	<u>268,745,306</u>

Significant Accounting Policies &
Notes to Accounts
For and on behalf of board

15

As per our report of Even date
for Venkat & Rangaa
Chartered Accountants

Sd/-
Y.Satya Kumar
Whole time Director
Partner
Place: Chennai

Sd/-
Heera Chand Surana
Chairman & Director

Sd/-
S Mohanraajan

TELESYS SOFTWARE LIMITED

Profit and Loss Account for the year ended March 31, 2009

PARTICULARS	SCH	As on	As on
		31/03/2009	31/03/2008
		Rs	Rs
INCOME			
Sales and Service Income		1,093,645	65,955,461
Other Income	11	71,620,717	6,238,693
Profit on Sale of Shares		-	-
Profit on Sale of Land		-	11,229,024
		<u>72,714,362</u>	<u>83,423,178</u>
EXPENDITURE			
Decrease in Inventories		-	-
Software Development Expenses	12	2,841,737	64,263,870
Purchases	13	53,859,729	-
Operating & Administrative Expenses	14	14,782,161	16,617,401
Depreciation		2,420,468	3,030,259
Preliminary Expenses Written off		538,784	951,608
Goodwill Written Off		15,183,640	15,183,640
		<u>89,626,520</u>	<u>100,046,778</u>
PROFIT/(LOSS) BEFORE TAX		(16,912,158)	(16,623,600)
Prior Period Expenditure		2,200,674	-
Provision for FBT		48,450	31,251
Provision for taxation-Current		-	353,772
Provision For Deferred Tax - Asset		(438,321)	(472,806)
PROFIT/(LOSS) AFTER TAX		(18,722,960)	(16,535,817)
		<u>(18,722,960)</u>	<u>(16,535,817)</u>
Add:Balance brought forward		<u>(69,821,438)</u>	<u>(53,285,621)</u>
Balance carried to Balance sheet		(88,544,398)	(69,821,438)
		<u>(88,544,398)</u>	<u>(69,821,438)</u>
Earnings Per Share - Basic & Diluted (Rs.)		(0.80)	(0.72)
Weighted Average Number of Shares		23,235,250	23,235,250

Notes to Accounts 15
For and on behalf of the board

As per our report of Even date
for Venkat & Rangaa
Chartered Accountants

Sd/-
Y.Satya Kumar
Whole time Director

Sd/-
Heera Chand Surana
Chairman & Director

Sd/-
S Mohanraajan
Partner

Place: Chennai
Date: 30.06.2009

Membership No.206393

TELESYS SOFTWARE LIMITED

Particulars	As at March 31, 2009 Rs	As at March 31, 2008 Rs
SCHEDULE 1		
SHARE CAPITAL		
Authorized		
25000000 (PY 25000000) Equity Shares of Rs.10/- each	250,000,000	250,000,000
Issued and Subscribed & Paid Up:-		
23235250 (PY 23235250) Equity Shares of Rs.10/- each	232,352,500	232,352,500
	<u>232,352,500</u>	<u>232,352,500</u>
SCHEDULE 2		
RESERVES & SURPLUS		
Share Premium	34,949,500	34,949,500
	<u>34,949,500</u>	<u>34,949,500</u>
SCHEDULE 3		
FIXED ASSETS		
(Separate Statement Attached)		
SCHEDULE 4		
INVESTMENT		
Quoted Investments - Fully Paid		
i)Shapre Infotech India Limited Cost of 1183933 (P.Y 1183933)Equity Shares of Face Value Rs 10/each	1,760,000	1,760,000
ii)Omni Ax's Software Limited Cost of Nil (P.Y3498600) Equity Shares of Face Value Rs 10/each	-	3,262,426
iii)SMR Universal Softech Limited Cost of 1052400 (P.Y1052400) Equity Shares of Face Value Rs 10/each	2,017,239	2,017,239
iv)Twincities Infotech Limited Cost of 894500 (P.Y894500) Equity Shares of Face Value Rs 10/each	1,245,815	1,245,815
Non Quoted Investments - Fully Paid		
v)Baghmar Finance Limited Cost of 50000(P.Y.50000)Equity Shares of Face Value Rs 10 each	1,000,000	1,000,000
vi)Parque Foods & Exports Limited Cost of 198300(P.Y.198300) Equity Shares of Face Value Rs 10 each	244,514	244,514
vii)Pentagaon Global Solutions Limited Cost of 880275(P.Y.880275)Equity Shares of Face Value Rs 10 each	840,131	840,131
viii)Chenitan Color Chem Pvt Ltd Cost of Nil (P.Y.400000) Equity Shares of Face Value Rs.10 each	-	20,000,000

TELESYS SOFTWARE LIMITED

ix) Greenpath Energy Pvt Ltd	6,500,000	-
Cost of 130000 (P.Y.Nil) Equity		
Shares of Face Value Rs. 10 each		
x) Mahavir Bio Power Ltd	5,400,000	-
Share Application Money		
xi) Gigo Softlogic Pvt Ltd	5,000,000	-
Cost of 100000 (P.Y.Nil) Equity		
Shares of Face Value Rs. 10 each		
xii) Sambhav Energy Ltd	5,500,000	-
Cost of 109700 (P.Y.Nil) Equity		
Shares of Face Value Rs. 10 each		
xiii) Sameer Financial Services Pvt Ltd	100,000	-
Cost of 4000 (P.Y.Nil) Equity		
Shares of Face Value Rs. 10 each		
xiv) Sameer Financial Services Pvt Ltd -		
Share Application Money	1,400,000	-
	31,007,699	30,370,125

SCHEDULE 5

SUNDRY DEBTORS

(Unsecured)

(a) Debts Outstanding for a Period Exceeding Six Months

Considered Good	59,824,044	-
Considered Doubtful	-	-

(b) Others

Considered Good	-	66,855,228
Considered Doubtful	-	-
	59,824,044	66,855,228

Less : Provision for Doubtful Debts	-	-
	59,824,044	66,855,228

Directors or Other Officers

	-	-
	59,824,044	66,855,228

SCHEDULE 6

CASH AND BANK BALANCES

Cash on Hand	2,382,286	1,417,712
Bank Balance -		
- With Scheduled Banks on Current Accounts	688,653	4,625,485
- In Fixed Deposit	-	-
- Others	-	-
	3,070,938	6,043,197

Schedules forming part of Accounts WDV METHOD
 SCHEDULE 3 : FIXED ASSETS

TELESYS SOFTWARE LIMITED

Rs. in. thousands

Descriptions	Gross Block			Depreciation / Amortization					Net Block	
	As at 01.04.2008	Additions	Deletions	As at 31.03.2009	Upto 01.04.2008	For the period	Deletion	Upto 31.03.2009	As at 31.03.2009	As at 31.03.2008
Computers,Softwares & Peripherals	71,709,262	-	-	71,709,262	65,842,066	2,346,878	-	68,188,944	3,520,318	5,867,196
Office Equipments	1,543,444	-	-	1,543,444	1,020,696	72,714	-	1,093,410	450,034	522,748
Vehicles	26,288	-	-	26,288	22,906	876	-	23,782	2,506	3,382
	73,278,994	-	-	73,278,994	66,885,668	2,420,468	-	69,306,136	3,972,858	6,393,326
Building Under Construction	1,114,370	1,705,136	-	2,819,506	-	-	-	-	2,819,506	1,114,370
	-	-	-	-	-	-	-	-	-	-
	73,278,994	1,705,136	-	76,098,500	66,885,668	2,420,468	-	69,306,136	6,792,364	7,507,696

TELESYS SOFTWARE LIMITED

SCHEDULE 7

LOANS AND ADVANCES

Secured considered good unless otherwise stated	4,500,000	-
(Unsecured considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
(a) Debts Outstanding for a Period Exceeding Six Months		
Considered Good	97,532,917	38,805,824
Considered Doubtful	-	-
(b) Others		
Considered Good	12,928,280	85,552,160
Considered Doubtful	-	-
	114,961,197	124,357,984
Less: Provision for doubtful Debts	-	-
	114,961,197	124,357,984
 Tax Deducted At Source		
Opening Balance	11,09,569.00	
Add: Additions During the Year	6,24,215.00	1,733,784
	116,694,981	125,467,553

Note:

Advances recoverable in cash or kind or for value to be received include Intercompany deposits

SCHEDULE 8

CURRENT LIABILITIES

(a) Total Outstanding Dues to Micro and Small Enterprises	-	-
(b) Total Outstanding Dues to Creditors other than Micro and Small Enterprises	31,934,591	46,345,875
	31,934,591	46,345,875

SCHEDULE 9

PROVISIONS

Provision for Taxation	3,345,794	3,351,391
Advance Received	2,245,000	3,274,512
Provision for Expenses	53,605	39,326
Provision for FBT	48,450	31,251
	5,692,849	6,696,480

SCHEDULE 10

MISCELLANEOUS EXPENDITURE

Opening Balance	538,784	1,490,392
Less: Written off during the year	538,784	951,608
	-	538,784

TELESYS SOFTWARE LIMITED

SCHEDULE 11

OTHER INCOME

Interest Received (Less : CY Tds Rs.624215/- & LY Tds Rs.348175/-)	5,826,775	6,238,693
Sale of Shares	3,510,660	-
Sale of Land	62,283,282	-
	71,620,717	6,238,693

SCHEDULE 12

SOFTWARE DEVELOPMENT EXPENSES

Salaries Allowances & Incentives	2,337,403	2,997,235
Staff Welfare-Employees	154,084	166,885
Cost of Software Packages & Computer Maintanance	350,250	61,099,750
	2,841,737	64,263,870

SCHEDULE 13

PURCHASES

Purchases of Shares	25,260,306	-
Purchases of Land	28,599,423	-
	53,859,729	-

SCHEDULE 14

OPERATING AND ADMINISTRATIVE EXPENSES

Amalgamation Fees	-	48,500
Travelling & Conveyance	380,628	1,357,685
Rent	108,000	139,000
Electricity	72,303	106,067
Postage & Courier	212,741	375,137
Printing & Stationary	149,548	199,084
Repairs & Maintanance		
Building	81,450	-
Machinary	14,650	9,594
Advertisement & Marketing Expenses	5,000	1,700
Telephone Charges	38,059	2,018
Roc Fees	17,520	-
Loss on sale of Shares - Short Term	-	13,720,000
Auditors Remuneration	38,605	58,651
Miscellaneous Expenses	155,926	123,184
Bank Charges	38,169	80,264
Discount Allowed	9,557,184	-
Bonus	498,000	-
NSDL Fees	22,472	23,373
Listing Fees	30,000	76,234
Bad Debts	2,800,000	-
Share Transfer Agent Fees	-	20,000
Consultancy Charges	36,000	42,000

TELESYS SOFTWARE LIMITED

Brokerage & Commission Paid	200,000	-
Fuel Charges	36,881	-
Business Promotion Exp	289,026	234,910
	<u>14,782,161</u>	<u>16,617,401</u>

For and on behalf of board

As per our report of Even date
for Venkat & Rangaa
Chartered Accountants

Sd/-
Y.Satya Kumar
Whole time Director

Sd/-
Heera Chand Surana
Chairman & Director

Sd/-
S Mohanraajan
Partner
Membership No. 206393

Place: Chennai
Date: 30.06.2009

SCHEDULE-15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

I Significant Accounting Policies

1. Basis of preparation of Financial Statements:

The Financial Statements have been prepared in accordance with the generally accepted accounting principles on accrual basis and comply with the accounting standards referred to in section 211 (3C) of the Companies Act, 1956 as adopted consistently by the company. The company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

2. Revenue Recognition:

Revenue from software development is recognized at the time of invoicing them to customers. The sale of Shares is accounted on transfer and sale of Land is accounted on registration of sale deed.

3. Fixed Assets:

Fixed assets are stated at historical cost less accumulated depreciation

4. Investments:

Investments are classified as long-term investments and current investments. Long-term investments are stated at cost and any decline other than temporary, in the value of such investments is charged to the Profit and Loss Account. Current investments are stated at lower of cost and market value. Investments are held in the name of the company. As on the date of the balance sheet all investments made by the Company are Long term investments only.

5. Depreciation:

Depreciation on fixed assets is provided on written down value basis at the rates prescribed in schedule XIV to the Companies Act, 1956. The Company has provided depreciation only on the assets utilized during the year

TELESYS SOFTWARE LIMITED

6. Segment:

The Company operates in only one segment that is Software development and sales in India only. During the year as there was downtrend in the Software Business, the Company has also purchased and sold Land and Shares on Trading.

II Notes on Accounts

- Miscellaneous Expenditure represents preliminary expenses amortised over a period of five years and public issue expenses to be written off over a period of ten years.
- Goodwill is written off over a period five years equally.
- In compliance with the Accounting Standard – AS 22 relating to “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India, the deferred tax asset has been created.
- Employee Benefits: The Company is not adopting Accounting Standard (AS) 15 – “Employee Benefit” and no provisions made in books of account as the liability on account of gratuity as on 31.03.2009 is not material.
- Related Party Disclosure:

As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosure of transaction with the related parties are given below:

Name of the related party:

Name of the Company	Balance as on 31st March, 2009	Maximum outstanding during the year
Nil	Nil	Nil

Key Management Personnel (KMP):

HeeraChand Surana, Chairman & Director

Y.Satya Kumar, Whole time Director

Disclosure of related party transaction:

Nature of transaction	Nature of Relationship	Amount
Directors Remuneration	KMP	NIL
Sitting Fees	KMP	NIL

6. Auditors' Remuneration:

	2008-09 Rs.	2007-08 Rs.
Audit Fees	38,605	58,651
	38,605	58,651

7. Contingent Liability - Nil

8. Expenditure in Foreign Currency – Nil

9. CIF Value of imports-Capital Goods –Nil

10. Earnings Per Share:

	2008-09	2007-08
Profit/ (Loss) after Tax as per Accounts	(16912158)	(16233600)
Weighted Average Number of Equity Shares	2,32,35,250	2,32,35,250
EPS Basic & Diluted (Rs)	(0.80)	(0.72)

11. Information pursuant to the provisions in part II of Schedule VI of the Companies Act, 1956 – Expenditure on employees drawing remuneration of Rs. 24 Lacs or more per annum when employed throughout the year or Rs. 2,00,000/- or more per month when employed for part of the year – Nil

12. As the Company is engaged in the development of software, it is not possible to give the quantitative details.

13. Previous year's figures have been regrouped or restated wherever necessary to conform to the current

TELESYS SOFTWARE LIMITED

year's presentation.

For Venkat & Rangaa
Chartered Accountants

Sd/-
Y.Satyakumar
Whole time Director

Sd/-
Heera Chand Surana
Chairman & Director

Sd/-
S Mohanraajan
Partner
Membership No.206393

Place: Chennai

Date: 30.06.2009

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	2008-2009	(Rs.in Lakhs)
		2007-2008
A: CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/Loss After Tax And Extra	(191.61)	(170.08)
Ordinary Items		
Adjustment for:		
-Depreciation	24.20	30.30
-Miscellaneous expenses written off	5.39	9.52
- Loss on sale of Fixed Assets & Shares	-	137.20
Profit on sale of shares	-	-
Goodwill Written off	151.84	151.84
Provision for dimution in the value of investments	-	-
Operation Profit before Working Capital Changes	(10.18)	158.78
Adjustment for:		
-Trade Receivables & other assets	70.31	(668.55)
-Inventories	-	-
- Other Payables	(154.15)	409.17
Net Cash From Operating Activities	(94.02)	(100.62)
B: CASH FLOW FROM INVESTING ACTIVITIES:		
- Purchase of Fixed Assets	(17.05)	(25.89)
-Sale of Fixed Assets	-	1,056.31
Loans & Advances	87.73	(718.20)
- Pur of Investments	(6.38)	(183.20)
sale of investments		-
Net Cash used in Investing Activites	64.30	129.02

TELESYS SOFTWARE LIMITED

C: CASH FLOW FROM FINANCING ACTIVITIES:

- Proceed From Issue Of Share Capital	-	-
Increase In Unsecured Loan	-	-
- Fees paid for Increase In Authorised Capital	-	-
- Other income	-	-
Net Cash From Financing Activities	-	-

D: NET INCREASE IN CASH AND CASH EQUIVALENTS	(29.72)	28.41
E. Cash & Cash equivalents at the beginning of the year	60.43	32.02
F. Cash and Cash Equivalents at the end of the year	30.71	60.43

Place : Chennai
Date : 30/06/2009

Sd/-
Heera Chand Surana
Chairman & Director

Sd/-
Y.Satya Kumar
Whole time Director

AUDITORS CERTIFICATE

We have examined the attached cash flow statement of Telesys Software Limited (the company) for the year ended 31st March 2009. The statement has been prepared by the company in accordance with the requirements of Listing Agreement and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of even date to the members of the company.

Venkat & Rangaa
Chartered accountants

Place : Chennai
Date : 30/06/2009

Sd/-
S Mohanraajan
Partner
Membership No.206393

TELESYS SOFTWARE LIMITED

TELESYS SOFTWARE LIMITED
Balance Sheet Abstract and Company's General Business Profile
as per Part IV
Schedule VI of the Companies Act, 1956.

I. Registration Details	
Registration No.:	: 023261
State Code	: 18
Balance Sheet Date	: 31.03.2009
II. Capital Raised during the year (Amount Rs. in Thousands)	
Public Issue	: Nil
Rights Issue	: Nil
Bonus Issue	: Nil
Private Placement	: Nil
III. Position of Mobilisation and Deployment of Funds (Amount Rs. in Thousands)	
Total Liabilities	: 268,306.98
Total Assets	: 268,306.98
Source of Funds	
Paid-up Capital	: 232,352.50
Reserves & Surplus	: 34,949.50
Secured Loans	: 0.00
Unsecured Loans	: 0.00
Deferred Tax Liability	: 1,004.98
Application of Funds	
Net Fixed Assets	: 6,792.36
Investments	: 31,007.70
Net Current Assets	: 1,41,962.52
Miscellaneous Expenditure	: 0.00
Accumulated Losses	: 88,544.40
IV. Performance of the Company (Amount Rs. in Thousands)	
Total Income	: 72,714.36
Total Expenditure	: 89,626.52
Profit Before Tax	: (16,912.16)
Profit After Tax	: (18,722.96)
Earnings Per Share (Rs.)	: (0.80)
Dividend Rate (%)	: Nil
V. Generic Names of Principal Products/Services of the Company (as per monetary terms)	
Item Code No.	: N.A.
Product Description.	: Software Development

TELESYS SOFTWARE LIMITED

TELESYS SOFTWARE LIMITED

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

PROXY FORM

17th ANNUAL GENERAL MEETING

Reg. Folio No./DPID & Client ID* _____

I/We _____
_____ of _____

in the district of _____ being a Member / Members of TELESYS SOFTWARE LIMITED hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our Proxy to attend and vote for me/us on my/our behalf at the 17th Annual General meeting of Telesys Software Limited to be held on Wednesday, 30th September, 2009 at 9.30 a.m. at Nalvar Thirumana Maaligai, 136 (48) SRP Koil Street, Agaram, Chennai – 600 082 or any adjournment thereof.

Signed this _____ day of _____ 2009.

Signature(s) of the Shareholder(s)

Signature of Proxy

NOTE: This form must be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.

*Applicable for investors holding shares in electronic (dematerialized) form.

-----CUT HERE-----

TELESYS SOFTWARE LIMITED

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

To be handed over at the entrance of the Meeting Hall

ATTENDANCE SLIP

17th ANNUAL GENERAL MEETING

I hereby record my presence at the 17th ANNUAL GENERAL MEETING held on Wednesday, 30th September, 2009 at 9.30 a.m. at Nalvar Thirumana Maaligai, 136 (48) SRP Koil Street, Agaram, Chennai – 600 082.

Reg. Folio No./DPID & Client ID* _____

No. of Shares: _____

Full Name of the Shareholder (in block letters)	Signature
**Full Name of the Proxy (in block letters)	Signature

* Applicable for Investors holding Shares in electronic (Dematerialized) form. ** (To be filled in if the Proxy attends instead of the Member)

BOOK POST

**If Undelivered Please Return to :-
REGISTERED OFFICE
New No. 72, Old No. 33, First Floor,
Giri Road, T. Nagar,
Chennai - 600 017.**