

**CYBERMATE  
INFOTEK LIMITED**

We win, when you win!



6<sup>th</sup>  
Annual Report  
1999-2000

## BOARD OF DIRECTORS

|                        |   |
|------------------------|---|
| <b>P.C.PANTULU</b>     | - Managing Director                       |
| <b>K.S.SHIVA KUMAR</b> | - Director &<br>Chief Operating Officer   |
| <b>P.S.MURTY</b>       | - Director (Technical)                    |
| <b>RAJIV GOYAL</b>     | - Director                                |
| <b>Dr.J.V.RAO</b>      | - Director                                |
| <b>IJJU SHIV ANAND</b> | - Director &<br>Chief Technical Officer   |
| <b>K.K. RAO</b>        | - Director                                |
| <b>B.K.SARMA</b>       | - Alternate Director to<br>Mr.Rajiv Goyal |

### **Auditors**

B.RAMA RAO & Co.  
Chartered Accountants  
Hyderabad.

### **Bankers**

State Bank of India (IFB)  
Punjab National Bank

### **Registered Office & Software Development Centre**

# 11, Sripuri Colony,  
Kakaguda, Karkhana,  
Secunderabad – 500 015.  
e-mail: [info@cil-it.com](mailto:info@cil-it.com)  
URL: [www.cil-it.com](http://www.cil-it.com)

### **Overseas Offices:**

USA & Abu Dhabi

### **Registrar/Share Transfer Agent**

Sindhu Corporate Serv. (P) Ltd.  
18A (492), East Marredpally,  
Secunderabad – 500 026.  
e-mail: [sindhu@hd2.dot.net.in](mailto:sindhu@hd2.dot.net.in)

## NOTICE OF SIXTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the 6th Annual General Meeting of the Members of CYBERMATE INFOTEK LIMITED, will be held on Friday, the 29th day of September, 2000 at 10.00 A.M. at Juloori Vajamma Kalyana Mandapam, Karkhana, Secunderabad - 500 003 to transact the following business :

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2000 and the Profit & Loss account for the year ended 31st March, 2000 along with Auditors' Report & Directors' Report thereon.
2. To appoint a director in place of Shri Rajiv Goyal, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/s. B. Rama Rao & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

### SPECIAL BUSINESS :

4. To consider, and if thought fit, to pass with or without modifications, the following resolution as a ORDINARY RESOLUTION:

"RESOLVED THAT Mr. Ijju Shiva Anand, who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the companies Act, 1956, at this meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director.

5. To consider, and if thought fit, to pass with or without modifications, the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act 1956 (including any statutory modification or re-enactment thereof, for the time being in force), and in supercession of the earlier resolution the consent of the Company be and is hereby accorded for the **increase in remuneration of Mr. P.C.Pantulu, Managing Director with effect from 1st April, 2000 till 31st March, 2004** (both days inclusive) as set out hereunder".

1. Salary : Rs. 75,000 per month in the scale of (75,000-20,000-1,55,000).
2. Commission : **2% of the net profits** of the Company as per the provisions of Section 198 and 309 of the Companies Act, 1956.
3. Perquisites : (Subject to the maximum of annual salary)
  - i. Housing : 40% of the salary over and above 10% payable by the Managing Director himself. In case the Company provides accommodation the company shall recover 10% of the salary from the Managing Director.  
  
The expenditure incurred by the Company on gas, electricity, water and furnishing etc. shall be valued as per the Income Tax rules, 1962. This shall however, be subject to a ceiling of 10% of his salary.
  - ii. Medical Reimbursement : Expenses incurred for the Managing Director and family subject to a ceiling of one month's salary in a year or 3 months salary in a block of 3 years.

## Sixth Annual Report 1999 - 2000

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- iii. Leave Travel Concession : For the Managing Director and his family consists of spouse, dependent children and parents once in a year incurred in accordance with the rules specified by the company.
  - iv. Club Fees : Fees of Clubs subject, to a maximum of two clubs. This will not include admission and life Membership.
  - v. Personal Accident Insurance : Premium not exceeding Rs.3000/- per annum.
  - vi. Provident Fund, Super Annuation Fund/Annuity Fund : As per Company's rules.
  - vii. Gratuity : As per company's rules.
  - viii. Leave:
    - Casual Leave : As per Company Rules.
    - Sick leave : As per Company Rules.
    - Privilege Leave : As per Company Rules.
  - ix. Leave Encashment : As per Company' Rules.
  - x. Residential Telephone :

Residential telephone be provided at the expense of the company. The Company will pay the Telephone bill including STD. and Trunk calls for the official business.
  - xi. Car : Entitled to use office car with driver for official purpose. Alternatively if he owns a car with driver he shall be entitled for reimbursement of expenses of Rs. 9000/- p.m.
- The following shall not be included in the computation of the ceiling on perquisites:
- a. Contribution to provident fund, Super Annuation Fund/Annuity Fund to the extent either singly or put together are not taxable under Income Tax Act, 1962.
  - b. Gratuity payable at the rate not exceeding half month's salary for each completed year of service.
4. Minimum Remuneration: In the event of loss or inadequacy of profits in any year during the period of his appointment, Mr. P. C. Pantulu will be paid the remuneration as above as minimum remuneration. Mr. P.C.Pantulu will not be entitled to any sitting fee for attending meetings of the Board or any committee thereof.
6. To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution
- "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act 1956 (including any statutory modification or re-enactment thereof, for the time being in force), in supercession of any earlier resolution, the consent of the Company be and is hereby accorded for the **increase in remuneration of Mr. K.S.Shiva Kumar, as Director (Operations) & Chief Operating Officer with effect from 1st April, 2000 till 31st March, 2004 (both days inclusive) as set out hereunder**".
1. Salary Rs. 50,000 per month (In the scale of 50,000 - 10,000 -90,000 p.m)
  2. Commission : 1% of the net profits of the Company as per the provisions of Section 198 and 309 of the Companies Act, 1956.
  3. Perquisites : (subject to the maximum of annual salary)

- i. (a) Housing : 30% of the salary over and above 10% payable by the Director himself. In case the accommodation is provided by the Company, 10% of the salary of the Director shall be recovered by the company.  
(b) The expenditure incurred by the Company on gas, electricity, water and furnishing etc. shall be valued as per the Income Tax rules, 1962. This shall however, be subject to a ceiling of 10% of his salary.
  - ii. Medical Reimbursement : Expenses incurred for the Director and family subject to a ceiling of one month's salary in a year of 3 months salary in a block of 3 years.
  - iii. Leave Travel Concession : For the Director and his family consists of spouse, dependent children and parents once in a year incurred in accordance with the rules specified by the Company.
  - iv. Club Fees : Fees of Clubs subject, to a maximum of two clubs. This will not include admission and life Membership
  - v. Personal Accident Insurance : Premium not exceeding Rs. 2000/- per annum.
  - v. Provident Fund, Super Annuation Fund/Annuity Fund : As per Company's rules.
  - vii. Gratuity : As per company's rules
  - viii. Leave :
    - Casual Leave : As per Company Rules.
    - Sick leave : As per Company Rules.
    - Privilege Leave : As per Company Rules.
  - ix. Leave Encashment : As per Company' Rules.
  - ix. Residential Telephone: Residential telephone be provided at the expense of the company. The Telephone bill including STD and Trunk calls for the official business will be paid by the Company.
  - xi. Car : Entitled to use office car with driver for official purpose. Alternatively if he owns a car with driver he shall be entitled for reimbursement of expenses of Rs.4,500/- p.m.
- The following shall not be included in the computation of the ceiling on perquisites:
- a. Contribution to Provident fund, Super Annuation Fund/Annuity Fund to the extent either singly or put together are not taxable under Income Tax Act, 1961.
  - b. Gratuity payable at the rate not exceeding half month's salary for each completed year of service.
4. Minimum Remuneration : In the event of loss or inadequacy of profits in any year during the period of his appointment, Mr. K.S.Shiva Kumar will be paid the remuneration as above as minimum remuneration. Mr. K.S.Shiva Kumar will not be entitled to any sitting fee for attending meetings of the Board or any committee thereof.
7. To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution
- "RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act 1956 (including any statutory modification or re-enactment thereof, for the time being in force), in supercession of the earlier resolution

## Sixth Annual Report 1999 - 2000

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the consent of the Company be and is hereby accorded for the **Increase in remuneration of Mr. P.S.Murty, as Director (Technical)** with effect from **1st April, 2000 till 31st March, 2004 (both days inclusive)** as set out hereunder".

1. Salary Rs. 35,000 p.m. (in the scale of 35,000 - 5,000 -55,000 p.m.)
2. Commission : 1% of the net profits of the Company as per the provisions of section 198 and 309 of the Companies Act, 1956.
3. Perquisites : (subject to the maximum of annual salary)
  - i. (a) Housing : 30% of the salary over and above 10% payable by the Director himself, in case the accommodation is provided by the Company, 10% of the salary of the Director shall be recovered by the Company.  
(b) The expenditure incurred by the Company on gas, electricity, water and furnishing etc. shall be valued as per the income tax rules, 1962. This shall however, be subject to a ceiling of 10% of his salary.
  - ii. Medical Reimbursement : Expenses incurred for the Director and family subject to a ceiling of one month's salary in a year of 3 months salary in a block of 3 years.
  - iii. Leave Travel Concession : For the Director and his family consists of spouse, dependent children and parents once in a year incurred in accordance with the rules specified by the company.
  - iv. Club Fees : Fees of Clubs subject, to a maximum of two clubs. This will not include admission and life Membership.
  - v. Personal Accident Insurance : Premium not exceeding Rs.2000/- per annum.
  - vi. Provident Fund, Super Annuation Fund/Annuity Fund : As per Company's rules.
  - vii. Gratuity : As per company's rules
  - viii. Leave :

|                 |   |                       |
|-----------------|---|-----------------------|
| Casual Leave    | : | As per Company Rules. |
| Sick leave      | : | As per Company Rules. |
| Privilege Leave | : | As per Company Rules. |
  - ix. Leave Encashment : As per Company' Rules.
  - x. Residential Telephone :

Residential telephone be provided at the expense of the Company. The company will pay the Telephone bill including STD and Trunk calls for the official business.
  - xi. Car : Entitled to use office car with driver for official purpose. Alternatively if he owns a car with driver he shall be entitled for reimbursement of expenses of Rs.4,500/- p.m.

The following shall not be included in the computation of the ceiling on perquisites :

  - a. Contribution to provident fund, Super Annuation Fund/Annuity Fund to the extent either singly or put together is not taxable under Income Tax Act, 1962.
  - b. Gratuity payable at the rate not exceeding half month's salary for each completed year of service.
4. Minimum Remuneration : In the event of loss or inadequacy of profits in any year during the period of his appointment, Mr. P.S.Murty will be paid the remuneration as above as minimum remuneration. Mr. P.S.Murty will not be entitled to any sitting fee for attending meetings of the Board or any committee thereof.

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

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded for the appointment and remuneration of **Mr. Ijju Shiv Anand as Director (e-solutions) and Chief Technical Officer** for a period of three years with effect from **1st September, 2000**, as set out hereunder".

1. Salary Rs. 40,000 p.m. (in the scale of 40,000 - 5,000 -55,000 p.m)
  2. Perquisites : (subject to the maximum of annual salary)
    - i. (a) Housing : 30% of the salary over and above 10% payable by the Director himself, in case the accommodation is provided by the Company, 10% of the salary of the Director shall be recovered by the Company.
    - (b) The expenditure incurred by the Company on gas, electricity, water and furnishing etc. shall be valued as per the income tax rules, 1962. This shall however, be subject to a ceiling of 10% of his salary.
    - ii. Medical Reimbursement : Expenses incurred for the Director and family subject to a ceiling of one month's salary in a year of 3 months salary in a block of 3 years.
    - iii. Leave Travel Concession : For the Director and his family consists of spouse, dependent children and parents once in a year incurred in accordance with the rules specified by the company.
    - iv. Club Fees : Fees of Clubs subject, to a maximum of two clubs. This will not include admission and life Membership
    - v. Personal Accident Insurance : Premium not exceeding Rs.2000/- per annum.
    - vi. Provident Fund, Super Annuation Fund/Annuity Fund : As per Company's rules.
    - vii. Gratuity : As per company's rules
    - viii. Leave :

|                 |   |                       |
|-----------------|---|-----------------------|
| Casual Leave    | : | As per Company Rules. |
| Sick leave      | : | As per Company Rules. |
| Privilege Leave | : | As per Company Rules. |
    - ix. Leave Encashment : As per Company' Rules.
    - x. Residential Telephone :

*Residential telephone be provided at the expense of the Company. The company will pay the Telephone bill including STD and Trunk calls for the official business.*
    - xi. Car : Entitled to use office car with driver for official purpose. Alternatively if he owns a car with driver he shall be entitled for reimbursement of expenses of Rs.4,500/- p.m.
- The following shall not be included in the computation of the ceiling on perquisites :
- a. Contribution to provident fund, Super Annuation Fund/Annuity Fund to the extent either singly or put together is not taxable under income tax Act, 1962.
  - b. Gratuity payable at the rate not exceeding half month's salary for each completed year of service.

## Sixth Annual Report 1999 - 2000

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4. Minimum Remuneration : In the event of loss or inadequacy of profits in any year during the period of his appointment, Mr. Ijju Shiv Anand will be paid the remuneration as above as minimum remuneration. Mr. Ijju Shiv Anand will not be entitled to any sitting fee for attending meetings of the Board or any committee thereof.
9. To consider and if thought fit to pass with or without modification(s) the following resolution as Special Resolution

"RESOLVED that pursuant to section 31 and other applicable provisions, if any, of the Companies Act, 1956, and the provisions of other statutes as applicable and subject to such approvals, consents, permissions and sanctions as may be necessary from the appropriate authorities or bodies, the Articles of Association of the Company be and is hereby altered in the following manner :

Insert the following Heading and Article along with the marginal Notes as Article 17A after Article 17 :

**'Dematerialisation of Securities'**

- (1) For the purpose of this Article :

Definitions

"Beneficial Owner" means a person whose name is recorded as such with a Depository.

"SEBI" means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

"Depositories Act" means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force.

"Bye-Laws" means bye-laws made by a Depository under Section 26 of the Depositories Act.

"Depository" means a Company formed and registered under the Companies Act, 1956, and which has been granted a certificate of Registration under sub-section (1A) of Section 12 of the Securities and Exchange Board of India Act, 1992.

"Member" means the duly registered holder from time to time of the shares of the Company and includes every person whose name is entered as a Beneficial Owner in the records of the Depository.

"Debentureholder" means the duly registered holders from time to time of the debentures of the Company

"Participant" means a person registered as such under Section 12 (1A) of the Securities and Exchange Board of India Act, 1992.

"Record" includes the records maintained in the form of books or stored in Computer or in such other form as may be determined by regulations made by SEBI in relation to the Depositories Act.

"Regulations" mean the regulations made by the SEBI.

"Security" means such security as may be specified by the SEBI.

Words imparting the singular number include the plural number and vice versa.

Words imparting persons include corporations. Words and expressions used and not in the Act but defined in the Depositories Act shall have the same meanings respectively assigned to them in that Act.



**Company to recognize interest in dematerialized Securities under Depositories Act**

- (2) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modifications thereto or Re-enactment thereof.

**Dematerialisation of Securities**

- (3) Notwithstanding anything contained in these Articles, the company shall be entitled to dematerialise its existing securities, Rematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialised form pursuant to the Depositories Act and the rules framed there under, if any.

Options to receive security certificates or hold securities with Depository

- (4) Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository.

If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the security.

**Securities in Depositories to be in fungible form**

- (5) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.

**Rights of Depositories and Beneficial Owners**

- (6) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.

(b) Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the security held by it.

(c) Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

**Beneficial Owner deemed as absolute owner**

- (7) Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

# Sixth Annual Report 1999 - 2000

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## **Depository to furnish information**

- (8) Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.

## **Cancellation of certificates upon surrender by a person**

- (9) Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.

## **Option to opt out in respect of any security**

- (10) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.

The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

## **Service of Documents**

- (11) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

## **Provisions of Articles to apply to shares held in Depository**

- (12) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depository Act.

## **Allotment of securities dealt with in a Depository**

- (13) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.

## **Distinctive number of securities held in a Depository**

- (14) The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.

## **Register Index of Beneficial Owners**

- (15) The Company shall cause to be kept a Register / Index of Members and a Register / Index of Debentureholders in accordance with Sections 151 and 152 of the Act respectively, and the

Depositories Act, with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debenture holders, as the case may be, for the purposes of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country.

#### **Register of Transfers**

(16) *The Company shall keep a Register of Transfers and shall have recorded therein fairly and distinctly particular of every transfer or transmission of any share held in material form.*"

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

"RESOLVED THAT pursuant to Section 31, an all other applicable provision, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:

A. The following new Articles 32(7) & 32(8) be inserted after the existing Articles 32(6).

#### **32(7) Nomination**

1. Every shareholder or debenture holder of the Company, may at anytime nominate, in the prescribed manner, a person to whom his shares in, or debentures of the company shall vest in the event of his death.
2. Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person, to whom all the rights in the shares or debentures of the company as the case may be, shall vest in the event of death of all the joint holders.
3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the company, where a nomination made in the prescribed manner purports to confer on a any person the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debenture holder or, as the case may be, or on the death of the joint holders, become entitled all the rights in such shares or debentures or, as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.
4. Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death, during the minority.

#### **32(8) Transmission of Securities by nominee**

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either :

1. to be registered himself as holder of the share or debenture as the case may be, or
2. to make such transfer of the share or debenture, as the case may be, as the deceased shareholder or debenture holder. could have made.

## Sixth Annual Report 1999 - 2000

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3. if the nominee elects to be registered as holder of the share or debenture, himself, as the case may be, he shall deliver or send to the company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be.
4. a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

Provided further that the Board may, at any time, give notice requiring any such person, to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

By Order of the Board  
For **CYBERMATE INFOTEK LIMITED**

Sd/-

**P.C.PANTULU**  
Managing Director

Place : Secunderabad  
Dated : 21st August, 2000

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### NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy to attend, and, on a poll, to vote instead of himself and such proxy need not be a member. The instrument appointing a proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday 28th September, 2000 to Friday, 29th September, 2000, both days inclusive.
3. Members are requested to notify promptly any change in their addresses to the Registrars/Share Transfer Agents.
4. Members are requested to bring the Annual Report with them for the Annual General Meeting. No copies of Annual Reports will be distributed at the meeting.
5. The Company's Equity Shares are listed on Hyderabad, Mumbai & Bangalore Stock Exchanges. The annual listing fees for the aforesaid Stock Exchanges was paid for the year 2000 - 2001.
7. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business set out above is annexed hereto.

## **EXPLANATORY STATEMENT Pursuant to Section 173(2) of the Companies Act, 1956**

### **Item No. 5 to 7 :**

The shareholders had, at the extraordinary general meeting held on 10th March, 1999, given their consent to the re-appointment of Mr. P.C.Pantulu, Mr. K.S. Shiva Kumar & Mr. P.S. Murty, as Managing Director, Director – Operations & Director-Technical respectively, for a period of 5 years w.e.f 01.04.1999. At the same meeting, the shareholders had also approved payment of remuneration to them.

The Members are aware, that Mr. P.C. Pantulu, Mr. K.S.Shiva Kumar and Mr. P.S.Murty, are the Promoter Directors of the Company and they are on the Board since its inception. The Company has been immensely benefited from their rich experience, vision and guidance. They have been instrumental for the growth and development of the Company. Therefore the Board of Directors, thought fit and proper, the increase of remuneration to them, keeping in mind, the remuneration packages prevailing in the software industry and their contribution for the growth of the Company. Your Directors recommend for your approval the salary and perquisites referred to in the resolutions No(s).6-8, concerning the increase in remuneration payable to Mr. P.C.pantulu, Mr. K. S. Shiva Kumar and Mr. P.S.Murty. Except Mr.P.C.Pantulu, Mr.K.S.Shiva Kumar and Mr.P.S.Murty, no other directors are concerned or interested in the resolution

### **Item No. 4 & 8 :**

Mr. Ijju Shiv Anand was co-opted as Additional Director on the Board at its meeting held on 21.08.2000. He is a B.E (Electronics) from REC (Bhopal) and a MBA in Systems & Finance (XIM). He has a work experience of over 8 years in Software Consulting, Design & Implementation of ERP and other software solutions in US and India of significant importance wherein, he brings about working with clients like General Electric(LA,US), Summit Electric (Arizona), and others in various technical capacities. He is presently heading our Software Solutions Group. A notice was received by the Company in writing by a Member pursuant to section 257 of the Act, proposing Mr. Ijju Shiv Anand's candidature as director liable to retire by rotation.

The Board of Directors, have appointed Mr. Ijju Shiv Anand as Director(e-solutions) & CTO, for a period of 3 years w.e.f 01.09.2000 with a remuneration as outlined under resolution no. 9.

Your Directors recommend for your approval the appointment of Mr. Ijju Shiv Anand, Director(e-solutions) & CTO and payment of salary and perquisites referred to in the resolution No. 9.

Except Mr.Ijju Shiv Anand no other directors are concerned or interested in the resolution.

### **Item No. 9 :**

The Equity shares of the company have been brought under compulsory dematerialisation and rolling settlement w.e.f 30h March, 2000. The Company has signed agreements with both the Depository participants: viz; National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) and appointed M/s. Sindhu Corporate Services Pvt. Ltd. as its Depository Transfer agent.

Article 17A is proposed to be included in the Articles of Association of the Company to contain the special provision relating to the Electronic form of shares. None of the Directors are concerned or interested in the Resolution.

### **Item No. 10 :**

The Companies Act, 1956 has been amended from time to time and in order to incorporate the latest amendments of the Act, it is proposed to alter the Article of Association in respect of nomination for shares. Special Resolution at item no.11 of the notice is required to be passed to amend the Articles of Association and accordingly the said resolution commend your approval. No director of the company are concerned or interested in the proposed resolution except to the extent of his shareholding.

By Order of the Board  
For **CYBERMATE INFOTEK LIMITED**

Sd/-  
**P.C.PANTULU**  
Managing Director

Place : Secunderabad  
Dated : 21st August, 2000

# Sixth Annual Report 1999 - 2000

## DIRECTOR'S REPORT

Dear Members,

Your Directors have the pleasure of presenting this Sixth Annual Report of your company for the year ended 31-03-2000

### Operational Results :

|   | (Rs. In Lakhs) |         |
|---|----------------|---------|
|   | 1999-00        | 1998-99 |
| Total Income                              | 776.79         | 311.83  |
| Total Expenditure                         | 526.34         | 211.41  |
| Profit Before Depreciation Interest & Tax | 370.79         | 100.42  |
| Profit Before Tax                         | 250.45         | 58.27   |
| Less : Provision for Tax                  | 22.69          | 6.74    |
| Profit after Tax                          | 227.75         | 51.53   |
| Add : Surplus brought forward             | 61.30          | 18.54   |
| Profit available for appropriation        | 289.05         | 70.07   |
| Transfer to General Reserve               | 28.90          | 8.77    |
| Surplus carried to Balance Sheet          | 260.15         | 61.30   |

### Operational Performance :

Cybermate Infotek Limited (CIL) has grown from strength to strength achieving a turnover of Rs. 776.79 Lacs up 149% over 1998-99, with profits before tax growing by 342% to touch Rs.227.75 Lacs for the year. The earnings per share increased from 0.68 to 2.68 per share in the current year. The Company has focused on markets in USA, Europe, South-East Asia and Middle East, increasing its foreign exchange earnings. Your Company, in its first quarter ended June, 2000, has shown a turnover of Rs. 702.28 Lacs, an increase of 327% over the corresponding quarter of last year. CIL, proposes to strengthen its Global presence and scale up the existing operations in US. In addition to this, your company is setting up one of the first National level Certification Authority (CA) as a Joint business arrangement with Gujarat Narmada Valley Finance Company Ltd (GNFC). In light, of this your directors have not recommended dividend for the financial year 1999-00.

|                    | (Rs. in Lacs) |                |
|--------------------|---------------|----------------|
| (as on 31.03.2000) | Performance   | Vs Projections |
| Total Turnover     | 776.79        | 974.64         |
| Profit After Tax   | 227.75        | 51.54          |

### Increase in Share Capital :

During the year, the company has allotted 12,00,000 Equity shares of Rs.10/- each on Preferential basis to the Strategic Investors, other than Promoters as per the resolutions passed at the last year AGM, at a premium of Rs.70/- per share. Due to this, the issued, Subscribed and Paid-up Equity Share Capital stands increased to Rs. 9,39,93,000. Further the Company has allotted 4,00,000 Fully Convertible Equity Warrants to "Cybermate Employees Trust", in accordance with the guidelines issued by SEBI for ESOP. Upon conversion of these warrants into Equity Shares, on full payment of issue price, the Share Capital, will stand increased, by 4,00,000 Equity shares of Rs.10/- and necessary applications will be made to the Stock Exchanges for listing and trading permission.

**Global Perspective :**

Our Global partnerships have resulted fruitful businesses both in the global and domestic markets. This experience has further benefitted CIL to partner with other overseas companies like Entegriy Solutions Corp. SHYM Technology Inc. Lockstar Inc. of USA. These partners will help us to move services up the value-chain of systems Integration and e-security business.

**Software Solutions and Services :**

*Your company has been a visionary in the cyberspace, developing applications in emerging areas of IT. During the year, CIL is engaged in, providing Offshore & On-site Consultancy, Software Services & Solutions to the Domestic and International markets. CIL integrated its services and solutions under two Groups as under:*

- \* Systems Integration/Security Solutions Group.
- \* Software Solutions Group

**I. Systems Integration/Security Solutions Group**

The Security Solutions Group of CIL provides Systems Integration and Consultancy Services for setting up PKI hosting services in India, apart from issuing Digital Certificates and Security products in collaboration with Baltimore Technologies of USA. Other security solutions include reselling Baltimore toolkits and ethical hacking services.

Your Company has partnered with the following Integrated Trust Solution Providers located in USA.

SHYM Technology Inc.  
Entegriy Solutions Corporation  
Lockstar Inc. & Alladin Knowledge Systems, Israel  
Precise Biometrics, Spain for e-security Systems and Software

**Baltimore Technologies Inc. Ireland**

Cybermate Infotek Limited has partnered with CyberTrust GTE, subsequent to which the company was taken-over by M/s. Baltimore Technologies of Ireland. This has given a great mileage in the security market business and provided CIL with broader bandwidth in the security markets. The Information Technology Act, 2000, has provided a legal status to the Digital Signatures and Digital Certificates in India. This business segment is likely to reach US \$ 600 million in the next three years. CIL, is setting up one of the first national level Certification Authority (CA) at GNFC Info Tower, Ahmedabad for Gujarat Narmada Valley Fertilizers Company Limited (GNFC) with strategic business arrangement.

**Gujarat Narmada Valley Fertiliser Company Ltd. (GNFC) :**

Cybermate Infotek Limited has reached a strategic business alliance arrangement with GNFC for setting up of a PKI facility at GNFC Info Tower, Ahmedabad. Under this alliance GNFC will establish the infrastructure and Cybermate would shoulder operational responsibility. GNFC will act as a Trusted Third Party (TTP) and will be in the business of setting up Virtual Certification Authority (VCA) across the nation and will be in the business of Digital Certification. The facility will offer a complete suite of Digital Certificates of SSL and SET, S/MIME complying with X.509 standards. The security solutions will cover very simple services of e-mail through complete enterprise wide security which will enable business to run in secured Internet environments. These secured business environments could be like Internet Banking, online trading, secured extranets and web shopping.

# Sixth Annual Report 1999 - 2000

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## II. Software Solutions Group

e-solutions is the fast growing in technology based applications, contributing to the major revenues of the company. The company's software solutions can be classified into the sub-groups listed below :

- \* Web Applications Group
- \* Distributed Computing Group
- \* Wireless Solutions Group
- \* Client/Server Solutions Group
- \* GIS & CAD/CAM Services

### **Web Applications Group**

Your Company's Web applications group had designed various web applications, including the **Credit Card Validation System** developed for one of the large Public Sector Banks, providing the Cardholders and other Customers various services, through Browser-Web based, back-end server-application database for the existing cardholders and Merchants, using ASP in VBScript, Microsoft IIS, MS Windows NT & Oracle.

CIL, has also recently completed a **Employee Benefit Plan**, for a large Hospital Group in USA, a web based Intranet project, enabling various benefit plans, using ASP, Java Script, Adobe Acrobat (PDF), using IIS 4.0 and Windows NT 4.0.

### **Merant Solutions Pvt. Ltd.**

CIL has entered into an MOU with Merant Solutions (P) Ltd. (MSPL), is wholly owned Subsidiary of Merant Plc. A US\$ 400 Million, operating in 37 Countries in web based applications, which includes Net Express, ODBC Drivers & other web tools. This association will put CIL in a position to target Vertical market segment of Enterprise application development solutions in Banking, Finance, Manufacturing, Hospitality, Healthcare. CIL is already into the market of webatising legacy applications. Now Merant Solutions Pvt. Ltd. has assigned the contractual obligations in the MOU entered for its due performance to Rapid Web Solutions Pvt Ltd with whom CIL has recently entered into a Tripartite Agreement.

### **Distributed Computing Group**

The Distributed Computing group contributes 10% of our software revenues and has been able to create niche in the technology market, by providing solutions. Your company is developing a pilot project for a Telecom Giant based at Abu Dhabi, involving Video on Demand (VOD) facilities to all its customers, using various JSP, Java Servlets, UML, EJB, BEA-Weblogic, Java API JDK 1.2.

CIL is executing B2B & B2C projects on Platform like e-speak, in USA & Europe, using EJB & Broadvision. Recently your company has received a large order from a Property Management Company for B2B Portal creating a digital market place for the property management industry.

### **HP e-speak**

Hewlett-Packard's (HP) innovation - e-speak is an open, standards-based platform for developing, managing, and accessing Internet based services (e-services). HP-Open Systems Division, has partnered with CIL for developing applications using e-speak Platform. CIL is one of the few associates, involved in this project. CIL, has developed a pilot project for Multimedia Broking Project for Helsinki Telecom, Finland.



- Virtually any asset – from hardware, software to business processes, data and expertise can be made available as an e-service to drive new revenue streams or create new efficiencies in the Internet economy. CIL's association with HP and e-speak technology enables complex distributed systems in a short time-to-market.

#### **Wireless Solutions Group**

CIL's Wireless Solutions team has developed various applications using two different models, Microsoft Model & Java Model. The Microsoft Model uses WML/WML Script as user agent, ASP & VB Components as Web server, whereas, the Java Model works on the Java Components & Servlets. WAP offers a security protocol based upon the industry standard Transport Layer Security (TLS) protocol also known as Secure Socket Layer (SSL) and optimized the use over narrow-based communication channels. It provides the Authentication, Integrity & Privacy.

Banking solutions for Banks, under WAP 1.1 Specifications, CIL, is in the process of implementing the solution at a medium private sector Indian bank. CIL has also WAP enabled [www.hyderabad.com](http://www.hyderabad.com) a regional portal in India. Thus today cellular subscribers in India equipped with WAP phones can access news, stock quotes etc anytime anywhere. CIL is able to provide SMS services, GRPS and other application areas, enabling m-commerce.

#### **Client/Server Group**

Your Company has been a leader in the domestic Client/Server market providing Customised solutions to various vertical industries in Pharmaceuticals, Sugar, Paper & Pulp, General Engineering, Finance & Textiles industries. The client list include Petrochem Middle East, Emke Group-Abu Dhabi, Krupp Industries, to name a few.

CIL has developed a Customised Hospital Management System (HMS), presently implemented at various small and medium hospitals. CIL has a proven and tested business methodology for its projects.

#### **GIS & CAD/CAM Group**

CIL's latest endeavor into GIS (AM/FM Services, Geo-Spatial Mapping, Map Conversion, Topographic, Retrieval, Analysis & Modeling) & CAD/CAM/CAE, other emerging areas.

CIL has executed large contracts for CADD Images, USA, in Architectural, Mechanical Pipe Layouts & Contours. CIL has also executed contracts for Geological Survey of India, Survey of India in Digitisation of Maps, National Remote Sensing Agency for MAP Conversion (TP contract), IQBAL EDV Systems GmbH - Germany (2D Drawings), UNICAD Brazil (Component & Architectural Drawings).

#### **CIL's other technology partners includes the following**

##### **KAAP Technologies Inc. U.S.A :**

Cybermate Infotek Limited has signed an MOU with KAAP Technology and Services Inc. which is a professional management services company based at Atlanta, USA. This business arrangement will enable CIL to enter into the major government business in USA and Australia. CIL has bid for several major projects both in Australia and USA in the areas of Web Commerce, data warehousing, data conversion and migration projects. These projects will build a long term association and strengthening the company's presence with the government and much large projects which will yield benefits both in the long term as well as in the near future.

# Sixth Annual Report 1999 - 2000

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## **Goldcrest Software Ltd. UK**

Goldcrest Software Ltd. is a world-class solution provider of Digital Surveillance systems and System Integration Software, which can enable security surveillance at various important locations. CIL's association with Goldcrest, will enable us to bring the software & solutions into Indian market, the demand, for which is immense, taking into the fact that, Government Buildings, Airports, Ports are likely to be attacked by miscreants.

## **Cybermate Infotek Limited Inc., New Jersey, USA**

CIL Inc. USA, a wholly owned Subsidiary of CIL, has started, its full fledged operations, during the year under review, as required under section 212, of the Companies Act, 1956, the annual accounts for the year ended 31.12.1999 are attached.

## **Strategic Investments**

Your Company has, in view of the growing competitive market in e-Commerce and Web based developments, has acquired/invested in equity of Hyderabad.com Pvt. Ltd, a leading local portal catering to the needs and aspirations of A.P & the Telugu Community at large, located at USA.

## **Auditors**

The auditors, B. Rama Rao & Co. Chartered Accountants, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

## **Directors**

In terms of Sections 255 and 256 of the Companies Act, 1956 Shri Rajiv Goyal director on Board will retire at the ensuing annual general meeting, and being eligible offer himself for re-appointment. During the year Mr. Ijju Siva Anand, was appointed as additional director, who will hold office till the conclusion of this AGM.

## **Research & Development**

CIL kick started the R&D process by investing in people and technology, by developing Wireless Application Protocol (WAP) modules for Banks and web enabling web sites including that of Hyderabad.com. Full fledged R&D center is coming up with infrastructure and other facilities.

## **Year 2000 Risks and issues**

The year 2000 transition has been smooth, since enough preparatory work has been done for the transition, and changes been made to all the systems. A cell was created during the period supporting its users and clients. The financial impact was insignificant.

## **Conservation of Energy, Technology, absorption, Foreign Exchange earnings and Outgo**

The particulars as prescribed under sub section (1) (e) of section 217 of the Companies Act, 1956 read with the companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 the particulars relating to conservation of energy, technology, absorption and foreign exchange earnings and outgo are annexed with this report

## **Particulars Of Employees**

Statement giving particulars of employees covered under section 217 (2A) of the companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is annexed hereto forming part of this report.

**Acknowledgements**

Your Directors thank the clients, vendors, investors and bankers for their continued support of your company's growth. Your directors place on record their application of the contribution made by the employees at all levels, who through their competence, dedication, support and co-operation, have enabled the company to achieve rapid growth.

Your Directors also place on record their thanks to various Government Depts. Particularly the Department of Electronics, the Customs and Central Excise departments, Software Technology park – Hyderabad, the Ministry of Commerce, the Reserve bank of India, the Department of Telecommunications, the state of Andhra Pradesh and other Government agencies, for their support during the year and look forward for their continuing support in the future.

For and on behalf of the Board of Directors

|  |   |  |
|--|---|--|
| Place : Secunderabad<br>Date : 21st August, 2000 | Sd/-<br><b>P.C.Pantulu</b><br>Managing Director | Sd/-<br><b>K.S. Shiva Kumar</b><br>Director - Operations |
|--|---|--|

**ANNEXURE 'A' TO THE DIRECTORS REPORT**

**Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.**

- A. Conservation of Energy** : Not Applicable
- B. Technology Absorption, Research, Adaptation and Innovation :**
  - 1. Specific area in which R& D work has carried out been done by the Company : Research & Development is being in e-Services, Web Technologies and Wireless Solutions.
  - 2. Benefits expected from the R& D work : These technologies will help the Company in focussing on web enabled services and e-services.
  - 3. Future Plan of action : To improve on the technologies adapted for Web Development in area of E-Services & Web Commerce with Quality Tools & Methodology.
  - 4. Expenditure on R& D : We are in the process of setting aside an amount towards R & D expenditure.

**C. Foreign Exchange Earnings & Outgo, for the year ended 31st March, 2000 :**

|                           | (in Rs.)    |           |
|---------------------------|-------------|-----------|
|                           | 1999-2000   | 1998-1999 |
| Foreign Exchange Earnings | 12,74,922   | 47,44,000 |
| Foreign Exchange Outgo    | 1,58,76,524 | 16,02,000 |

# Sixth Annual Report 1999 - 2000

## D. STATEMENT PURSUANT TO SECTION 217 (2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTOR'S REPORT FOR THE YEAR ENDED 31.03.2000.

| Sl.No.                         | Name              | Designation       | Gross Remuneration | Qualification | Age in Years | Date of Commencement | Experience in years | Employment held/ Designation |
|--------------------------------|-------------------|-------------------|--------------------|---------------|--------------|----------------------|---------------------|------------------------------|
| Employment throughout the year |                   |                   |                    |               |              |                      |                     |                              |
| 1.                             | Sri P. C. Pantulu | Managing Director | 10,84,306          | F.C.A         | 53           | 05.05.1994           | 28                  | Consultancy Services         |

## E STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 AS AT MARCH, 31ST 2000

| Name of Subsidiary      | Financial year      | No. of Shares Held | Extent of holding | in US\$   |  |   |  |
|-------------------------|---------------------|--------------------|-------------------|---|--|---|--|
|                         |                     |                    |                   | For Financial year of the subsidiary  | For previous Financial years since it became a subsidiary  | For Financial year of the subsidiary  | For previous Financial years since it became a subsidiary  |
|                         |                     |                    |                   | Profits/(losses) so far it concerns the members of the holding Company and not dealt with in the accounts of Holding Co. (except to the extent dealt with in F) | Profit/(losses) so far it concerns the members of the holding Company and dealt with in the account of Holding Co. | Profits/(Loss) so far it concerns the members of the holding Company and not dealt with in the accounts of Holding Co. (Except to the extent dealt with in H) | Profit/(Loss) so far it concerns the members of the holding Company and dealt with in the books of accounts of |
| A                       | B                   | C                  | D                 | E   | F  | G   | H  |
| Cybermate Ltd. Inc. USA | December 31st, 1999 | to be allotted     | 100%              | (18,144)  | N.A.   | (9,130)   | NA   |

## AUDITOR'S REPORT

To

The Members of  
M/s. **CYBERMATE INFOTEK LIMITED**  
SECUNDERABAD

We have audited the attached Balance Sheet of M/s. CYBERMATE INFOTEK LIMITED as at 31st March, 2000 and Profit and Loss Account of the Company for the year ended on that date annexed thereto, and report that:

1. As required by the Manufacturing and other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order and to the extent relevant and applicable.
2. We further report that:
  - a) 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;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
  - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance sheet and Profit and Loss Account dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956, to the extent applicable;
  - e) 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;
    - i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2000; and
    - ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date.

For **B.RAMA RAO & CO.**,  
Chartered Accountants

Sd/-  
**G.V.RANGA BABU**  
Partner

Place : Hyderabad  
Date : 31st July, 2000

# Sixth Annual Report 1999 - 2000

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## ANNEXURE TO THE AUDITORS' REPORT

Annexure referred in paragraph I of Report of even dates, on the accounts of Cybermate Infotek Limited for the year ended 31st March, 2000:

1. The Company has maintained proper records to show full particulars including quantitative details and situation of its Fixed Assets. We are informed that the Company's fixed Assets have been physically verified by the management periodically during the year and no material discrepancies were noticed on such verification.
2. None of the Fixed Assets of the Company have been revalued during the year.
3. The Company has not taken any loans, secured or unsecured from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. We are informed that there are no Companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
4. The Company has not made any loans, secured or unsecured to Companies, Firms or other parties listed in the registers maintained under section 301 of the Companies Act, 1956. We are informed that there are no Companies under the same management as defined under section 370 (1B) of the Companies Act, 1956.
5. In the case of parties to whom loans or advances in the nature of loans were given by the company we are informed that the company is taking reasonable steps for recovery of principal and interest wherever applicable.
6. In our opinion and according to the information and explanation given to us there are adequate *internal control procedure commensurate with the size of the company and nature of its business* for the purchase of computer hardware and software, consumables, plant & machinery, equipment and other assets. However, in respect of services rendered, we are informed that the Company is further streamlining its procedures and controls thereon.
7. As the Company has not accepted deposits from the public, provisions of Section 58A of the Companies Act, 1956, and the rules framed thereunder as also directives issued by Reserve Bank of India are not applicable. However, the Company has accepted a security deposits to the tune of Rs.44.24 lakhs from the trainees, who are undergoing training in the development of software by the Company.
8. We are informed that the Company is in the process of installing an internal audit system commensurate with the size and nature of its business.
9. The Central Government has not prescribed rules for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for any of the products or services of the company.
10. According to the records of the Company, Provident Fund and Employees' State Insurance dues, where applicable, have been regularly deposited during the year, with the appropriate authorities.
11. According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax, Sales Tax, Customs Duty and Excise Duty were outstanding as at 31st March, 2000 for a period of more than six months from the date they became payable.

12. According to the information and explanation given to us , no personal expenses have been charged to revenue account other than those payable under contractual obligations or in accordance with the generally accepted business practices.
13. In our opinion and according to the information and explanations given to us the Company has not entered into any transactions for the purchase of goods and materials and services, with companies, firms, or other parties listed in the Registers maintained under section 301 of the Companies Act, 1956, and aggregating to Rs.50, 000/- or more in respect of each party.
14. The Company is not a sick industrial company within the meaning of clause (O) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
15. In our opinion and according to the information and explanations given to us, in respect of the service activities, the Company, commensurate with the size and nature of its business, has a reasonable system of allocating man-hours to specific jobs.
16. In our opinion, and according to the information and explanation given to us there is a reasonable system of authorization at proper levels and an adequate system of internal control for allocation of manpower to jobs, commensurate with the size of the Company and nature of its business.
17. Items (iii), (iv), (v), (vi), (xiv) of clause A of paragraph 4 of the aforesaid order are not applicable to the Company, being service oriented.

For **B.RAMA RAO & CO.,**  
Chartered Accountants

Sd/-  
**G.V.RANGA BABU**  
Partner

Place : Hyderabad  
Date : 31st July, 2000

# Sixth Annual Report 1999 - 2000

## BALANCE SHEET AS AT 31ST MARCH, 2000

|   |          | (in Rs.)            |                     |
|---|----------|---------------------|---------------------|
|   | Schedule | 31.03.2000          | 31.03.1999          |
| <b>SOURCES OF FUNDS</b>                                     |          |                     |                     |
| 1. SHAREHOLDERS' FUNDS                                      |          |                     |                     |
| (a) Capital   | 1        | 9,39,93,000         | 8,19,93,000         |
| (b) Reserves and Surplus                                    | 2        | 11,38,82,550        | 71,07,017           |
| 2. LOAN FUNDS   |          |                     |                     |
| (a) Secured Loans   | 3        | 3,23,64,372         | 1,30,05,000         |
| (b) Unsecured Loans   | 4        | 44,24,000           | 38,00,000           |
| TOTAL   |          | <u>24,46,63,922</u> | <u>10,59,05,017</u> |
| <b>APPLICATION OF FUNDS</b>                                 |          |                     |                     |
| 1. A. Fixed Assets  | 5        |                     |                     |
| Gross Block   |          | 6,64,00,190         | 2,11,66,395         |
| Less : Depreciation   |          | <u>1,36,10,858</u>  | <u>53,41,381</u>    |
| Net Block   |          | 5,27,89,332         | 1,58,25,014         |
| B. Capital work in progress<br>(as certified by management) |          | 48,69,300           | 2,96,02,500         |
| 2. Investments  | 6        | 1,55,39,744         | 1,00,000            |
| 3. Current Assets, Loans & Advances                         | 7        |                     |                     |
| (a) Work-in-Progress<br>(as certified by management)        |          | 4,55,62,339         | 93,25,000           |
| (b) Sundry Debtors  |          | 3,92,44,319         | 82,17,000           |
| (c) Cash and Bank balances                                  |          | 3,80,61,720         | 2,92,34,026         |
| (d) Loans and Advances                                      |          | <u>5,48,22,626</u>  | <u>1,17,00,000</u>  |
| TOTAL   |          | 17,76,91,004        | 5,84,76,026         |
| Less : Current Liabilities & Provisions                     |          |                     |                     |
| i. Liabilities  | 8 (a)    | 78,87,549           | 19,44,523           |
| ii. Provisions  | 8 (b)    | <u>26,28,121</u>    | <u>6,74,000</u>     |
| TOTAL   |          | 1,05,15,670         | 26,18,523           |
| Net Current Assets  |          | 16,71,75,334        | 5,58,57,503         |
| 3. Miscellaneous Expenditure                                | 9        | 42,90,212           | 45,20,000           |
| TOTAL   |          | <u>24,46,63,922</u> | <u>10,59,05,017</u> |

Statement of Significant Accounting Policies<sup>14</sup>  
and Notes forming Part of Accounts

As per our report of even date

For **B.RAMA RAO & CO.**  
Chartered Accountants

Sd/-  
**G.V.RANGA BABU**  
Partner

Sd/-  
**P.C.PANTULU**  
Managing Director

Sd/-  
**K.S.SHIVA KUMAR**  
Director-Operations

Sd/-  
**P.S.MURTY**  
Director-Technical

Place : Secunderabad  
Date : 31st July, 2000



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2000**

| PARTICULARS                                    | Schedule No. | 31.03.2000         | 31.03.1999<br>(in Rs.) |
|--|--------------|--------------------|------------------------|
| <b>INCOME</b>                                  |              |                    |                        |
| Revenue  | 10           | 3,55,85,000        | 2,74,90,000            |
| Increase / (Decrease) in Stock                 | 11           | 3,62,37,392        | 11,20,000              |
| Other Income                                   |              | 58,56,660          | 25,73,000              |
| TOTAL  |              | <b>7,76,78,999</b> | <b>3,11,83,000</b>     |
| <b>EXPENDITURE</b>                             |              |                    |                        |
| Operating Expenses                             | 12           | 4,05,99,749        | 2,11,41,561            |
| Financial Charges                              | 13           | 37,64,737          | 14,36,925              |
| Depreciation                                   |              | 82,69,477          | 27,77,991              |
| TOTAL  |              | <b>5,26,33,963</b> | <b>2,53,56,477</b>     |
| Profit for the year                            |              | <b>2,50,45,036</b> | 58,26,523              |
| Provision for tax                              |              | 22,69,555          | 6,74,000               |
| Profit after tax                               |              | <b>2,27,75,481</b> | 51,52,523              |
| Balance brought forward from the previous year |              | 61,30,017          | 18,54,494              |
| Profit available for appropriation             |              | <b>2,89,05,498</b> | 70,07,017              |
| Appropriations:                                |              |                    |                        |
| Provisions for Dividends                       |              | 0.00               | 0.00                   |
| Transfer to General Reserve                    |              | 28,90,550          | 8,77,000               |
| Balance carried to Balance Sheet               |              | <b>2,60,14,948</b> | 61,30,017              |
| Statement of Significant Accounting Policies   | 14           |                    |                        |
| and Notes forming Part of Accounts             |              |                    |                        |

As per our report of even date

For **B.RAMA RAO & CO.**  
Chartered Accountants

For and on behalf of the Board of Directors

Sd/-  
**G.V.RANGA BABU**  
Partner

Sd/-  
**P.C.PANTULU**  
Managing Director

Sd/-  
**K.S.SHIVA KUMAR**  
Director-Operations

Sd/-  
**P.S.MURTY**  
Director-Technical

Place : Secunderabad  
Date : 31st July, 2000

# Sixth Annual Report 1999 - 2000

|   | 31.03.2000          | 31.03.1999         |
|---|---------------------|--------------------|
| <b>(in Rs.)</b>   |                     |                    |
| <b>SCHEDULE - 1</b>   |                     |                    |
| <b>SHARE CAPITAL</b>  |                     |                    |
| <b>Authorised</b>   |                     |                    |
| 120,00,000 Equity Shares of Rs.10/- each fully paid up<br>(90,00,000 shares of Rs. 10/- each)                   | <u>12,00,00,000</u> | <u>9,00,00,000</u> |
| <b>SUBSCRIBED &amp; PAID UP</b>   |                     |                    |
| 93,99,300 Equity Shares of Rs. 10/- each fully paid up<br>(81,99,300 Equity Shares of Rs.10 each fully paid-up) | <u>9,39,93,000</u>  | <u>8,19,93,000</u> |
| TOTAL   | <u>9,39,93,000</u>  | <u>8,19,93,000</u> |
| <b>SCHEDULE - 2</b>   |                     |                    |
| <b>RESERVES &amp; SURPLUS</b>   |                     |                    |
| General Reserve   | 38,67,602           | 9,77,000           |
| Balance in Profit and Loss Account  | 2,60,14,948         | 61,30,017          |
| Share Premium   | 8,40,00,000         | 0.00               |
| TOTAL   | <u>11,38,82,550</u> | <u>71,07,017</u>   |
| <b>SCHEDULE - 3</b>   |                     |                    |
| <b>SECURED LOANS</b>  |                     |                    |
| Hire Purchase   | 16,83,802           | 1,30,05,000        |
| State Bank of India - Term Loan   | 100,00,000          | 0.00               |
| Overdraft from Banks  | 2,06,80,570         | 0.00               |
| TOTAL   | <u>3,23,64,372</u>  | <u>1,30,05,000</u> |
| <b>SCHEDULE - 4</b>   |                     |                    |
| <b>UNSECURED LOANS</b>  |                     |                    |
| Caution Deposits  | 44,24,000           | 38,00,000          |
| TOTAL   | <u>44,24,000</u>    | <u>38,00,000</u>   |

**SCHEDULE - 5  
FIXED ASSETS**

(in Rs.)

| Name of Asset               | Gross Block on 01.04.1999 | Additions / Deletions on 01.4.1999 | Gross Block As on the Year 31.3.2000 | Depreciation Upto the Year | During the Year  | Total              | Net Block as on 31.03.99 | Net Block as on 31.03.2000 |
|-----------------------------|---------------------------|------------------------------------|--------------------------------------|----------------------------|------------------|--------------------|--------------------------|----------------------------|
| 1) Buildings                | 0                         | 2,59,52,603                        | <b>2,59,52,603</b>                   | 0                          | <b>35,252</b>    | 35,252             | 0                        | <b>2,59,17,351</b>         |
| 2) Computers & Pheripherals | 1,71,71,776               | 1,63,27,955                        | <b>3,34,99,731</b>                   | 49,73,135                  | <b>79,04,573</b> | 1,28,77,708        | 1,21,98,641              | <b>2,06,22,023</b>         |
| 3) Motor Vehicles           | 8,51,794                  | 8,82,852                           | <b>17,34,646</b>                     | 81,000                     | <b>97,088</b>    | 1,78,088           | 7,70,794                 | <b>15,56,558</b>           |
| 4) Furniture                | 16,90,925                 | 12,94,189                          | <b>29,85,114</b>                     | 1,39,150                   | <b>1,33,635</b>  | 2,72,785           | 15,51,775                | <b>27,12,329</b>           |
| 5) Office Equipment         | 6,91,000                  | 3,75,302                           | <b>10,66,302</b>                     | 81,992                     | <b>52,840</b>    | 1,34,832           | 6,09,008                 | <b>9,31,470</b>            |
| 6) Electrical Equipment     | 7,60,900                  | 4,00,894                           | <b>11,61,794</b>                     | 66,104                     | <b>46,089</b>    | 1,12,193           | 6,94,796                 | <b>10,49,601</b>           |
| <b>TOTAL</b>                | <b>2,11,66,395</b>        | <b>4,52,33,795</b>                 | <b>66,400,190</b>                    | <b>53,41,381</b>           | <b>82,69,477</b> | <b>1,36,10,858</b> | <b>1,58,25,014</b>       | <b>5,27,89,332</b>         |

Capital Work in progress (Including Advances on Capital Account)

**48,69,300**

**(2,96,02,500)**

# Sixth Annual Report 1999 - 2000

|   | (in Rs.)           |                    |
|---|--------------------|--------------------|
|   | 31.03.2000         | 31.03.1999         |
| <b>SCHEDULE - 6</b>   |                    |                    |
| <b>INVESTMENTS</b>  |                    |                    |
| a) Non-Trade-Unquoted ( At Cost)  |                    |                    |
| Twin Cities Investments and Finances Ltd<br>10,000 Equity Shares of Rs.10/- each fully paid | 1,00,000           | 1,00,000           |
| b) Advance for Equity Shares  |                    |                    |
| Cybermate Infotek Limited Inc. USA  | 76,39,744          | 0.00               |
| Hyderabad.com Pvt. Ltd.   | 78,00,000          | 0.00               |
| TOTAL   | <u>1,55,39,744</u> | <u>1,00,000</u>    |
| <b>SCHEDULE - 7</b>   |                    |                    |
| <b>CURRENT ASSETS, LOANS AND ADVANCES</b>   |                    |                    |
| <b>CURRENT ASSETS</b>   |                    |                    |
| a) Inventories:   |                    |                    |
| Work-in-progress  | 4,55,62,339        | 93,25,000          |
| b) Sundry Debtors   |                    |                    |
| Stage Billing on-going projects   | 2,66,88,000        | 0.00               |
| c) Other Trade Debtors  | 1,25,56,319        | 82,17,000          |
| TOTAL   | <u>3,92,44,319</u> | <u>82,17,000</u>   |
| d) Cash & Bank Balances   |                    |                    |
| i. Cash on hand   | 1,90,341           | 16,988             |
| ii. Balance with Scheduled Banks  | 8,71,379           | 2,92,17,038        |
| iii. Deposit with Banks   | 3,70,00,000        | 0.00               |
| TOTAL   | <u>3,80,61,720</u> | <u>2,92,34,026</u> |
| <b>LOANS AND ADVANCES</b>   |                    |                    |
| Advances Recoverable in cash or<br>kind or for value to be received                         | 1,49,02,302        | 1,17,00,000        |
| Loans to others   | 13,03,384          | 0.00               |
| Inter-Corporate Deposit   | 3,03,03,986        | 0.00               |
| Deposit with others   | 46,72,112          | 0.00               |
| Advance Tax Paid  | 34,60,000          | 0.00               |
| T.D.S   | 1,80,842           | 0.00               |
| TOTAL   | <u>5,48,22,626</u> | <u>1,17,00,000</u> |

|   | 31.03.2000         | 31.03.1999         |
|---|--------------------|--------------------|
| <b>(in Rs.)</b>                             |                    |                    |
| <b>SCHEDULE - 8</b>                         |                    |                    |
| <b>CURRENT LIABILITIES &amp; PROVISIONS</b> |                    |                    |
| <b>(a) CURRENT LIABILITIES</b>              |                    |                    |
| Sundry Creditors                            | 58,04,043          | 11,04,000          |
| Income Tax Deducted at Source               | 0.00               | 1,50,000           |
| Other Statutory Liabilities                 | 20,83,506          | 6,90,523           |
| TOTAL                                       | <u>78,87,549</u>   | <u>19,44,523</u>   |
| <b>(b) PROVISIONS</b>                       |                    |                    |
| Provision for Tax                           | 22,69,555          | 6,74,000           |
| Provision for Gratuity                      | 2,95,200           | 0.00               |
| Provision for TDS                           | 63,366             | 0.00               |
| TOTAL                                       | <u>26,28,121</u>   | <u>6,74,000</u>    |
| <b>SCHEDULE - 9</b>                         |                    |                    |
| <b>MISCELLANEOUS EXPENSES</b>               |                    |                    |
| <b>to the extent not written off</b>        |                    |                    |
| Public Issue Expenses                       | 20,99,989          | 20,56,000          |
| Product Development Expenses                | 21,90,223          | 24,64,000          |
| TOTAL                                       | <u>42,90,212</u>   | <u>45,20,000</u>   |
| <b>SCHEDULE - 10</b>                        |                    |                    |
| <b>REVENUE</b>                              |                    |                    |
| (a) Domestic                                | 88,97,000          | 2,27,46,000        |
| (b) Exports                                 | 2,66,88,000        | 47,44,000          |
| TOTAL                                       | <u>3,55,85,000</u> | <u>2,74,90,000</u> |
| <b>SCHEDULE - 11</b>                        |                    |                    |
| <b>INCREASE/(DECREASE) IN STOCK</b>         |                    |                    |
| Opening Stock In Process                    | 93,25,000          | 82,05,000          |
| Less : Closing Stock In Process             | 4,55,62,339        | 93,25,000          |
| TOTAL                                       | <u>3,62,37,339</u> | <u>11,20,000</u>   |

# Sixth Annual Report 1999 - 2000

|   | (in Rs.)           |                    |
|---|--------------------|--------------------|
|   | 31.03.2000         | 31.03.1999         |
| <b>SCHEDULE - 12</b>  |                    |                    |
| <b>OPERATING AND OTHER EXPENDITURE</b>                                  |                    |                    |
| Salaries  | 64,29,027          | 59,18,659          |
| Contribution to Provident Fund  | 3,20,095           | 1,77,000           |
| Gratuity  | 2,95,200           | 0.00               |
| Staff Welfare   | 17,45,191          | 6,15,364           |
| Directors Remuneration  | 24,37,468          | 8,23,000           |
| Communication Costs   | 10,05,108          | 11,18,164          |
| Travelling Expenses   | 57,16,550          | 23,10,344          |
| Visa Processing Fee   | 54,420             | 0.00               |
| Repairs & Maintenance   | 7,78,067           | 9,95,401           |
| Power and Fuel  | 4,93,816           | 2,09,233           |
| Vehicle Maintenance   | 3,08,432           | 3,03,658           |
| Consultancy & Professional Fee  | 14,68,952          | 6,15,595           |
| Rent  | 16,27,059          | 3,84,000           |
| Rates & Taxes   | 2,87,299           | 3,11,595           |
| Conveyance  | 1,35,940           | 6,61,650           |
| Business Promotion Expenses   | 8,41,242           | 5,50,795           |
| Auditor's Fee   | 1,00,000           | 75,000             |
| Software Purchases  | 55,06,000          | 0.00               |
| Advertisement Expenses  | 8,67,555           | 1,85,000           |
| Postage & Courier   | 4,39,243           | 3,16,303           |
| Printing & Stationery   | 9,24,393           | 6,28,655           |
| Income Tax  | 7,44,044           | 0.00               |
| Computer Stationery   | 3,61,400           | 0.00               |
| Computer Hire Charges   | 7,86,000           | 0.00               |
| Meetings & Seminars   | 2,57,649           | 0.00               |
| Insurance   | 50,883             | 48,795             |
| Bank Charges  | 7,04,204           | 42,599             |
| Membership Fee  | 2,30,103           | 62,925             |
| Office Maintenance  | 12,34,962          | 10,60,995          |
| Books & Periodicals   | 2,46,683           | 12,900             |
| AGM Expenses  | 88,884             | 0.00               |
| Security Charges  | 46,607             | 0.00               |
| Service Charges   | 1,23,411           | 0.00               |
| Staff Training Expenses   | 8,38,498           | 8,00,450           |
| General Expenses  | 5,58,305           | 3,42,000           |
| Board Meeting Expenses  | 56,180             | 85,006             |
| Overseas Marketing Expenses   | 19,88,658          | 19,70,400          |
| Miscellaneous Expenses Written off                                      | 5,02,221           | 5,15,975           |
| <b>TOTAL</b>  | <b>4,05,99,749</b> | <b>2,11,41,561</b> |
| <b>SCHEDULE - 13</b>  |                    |                    |
| <b>FINANCIAL CHARGES</b>  |                    |                    |
| a) Interest on packing credit facilities/<br>Working Capital facilities | 2,89,512           | 4,00,150           |
| b) Interest Hire Purchase loans   | 24,01,984          | 7,99,675           |
| c) Interest - others  | 10,73,241          | 2,37,100           |
| <b>TOTAL</b>  | <b>37,64,737</b>   | <b>14,36,925</b>   |

**SCHEDULE - 14**  
**SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS**

**A. SIGNIFICANT ACCOUNTING POLICIES**

**i. Accounting Convention**

Financial statements are prepared under the historical cost convention on the basis of a going concern with revenues and expenses recognised on accrual basis with the exception of insurance claims, export incentives, interest on calls in arrears and interest on over due receivables which are accounted for on cash basis.

**ii. Fixed Assets and Depreciation**

Fixed Assets are stated at cost less depreciation. Cost includes freight, installation costs, duties and taxes and other incidental expenses incurred during the construction / installation.

Depreciation on Fixed Assets has been provided on the Straight Line Method and at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 on a single-shift working basis. Depreciation is charged on a pro-rata basis.

Capital Work in Progress: These are stated at cost and relating to assets in progress incurred during construction/pre-operative period and include advances made against orders placed.

**iii. Investments**

Long Term Investments are stated at cost.

**iv. Inventories**

Software Products/ Projects in process are stated at cost. Development Costs of products are amortised over a period of five years or earlier on the basis of Management's evaluation.

**v. Revenue Recognition**

Revenue from software development is recognised based on software developed and billed in accordance with the terms of specific contracts. Revenue from a fixed price contract is recognised on the basis of milestones achieved in the performance of the contracts on a percentage completion basis.

Interest on investment of surplus funds is recognised on a proportionate basis.

**vi. Retirement benefits**

Provision for gratuity is determined in accordance with the amounts payable to eligible employees as at the balance sheet date, as per the provisions of the Payment of Gratuity Act.

**vii. Foreign currency transactions**

Foreign Exchange transactions are accounted at the prevailing rates on the date of the transaction and exchange fluctuations are accounted at the time of realisation. Gains/Losses arising out of fluctuations in the exchange rates are recognized in Profit & Loss A/c.

# Sixth Annual Report 1999 - 2000

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## B. NOTES ON ACCOUNTS

### i. Cost of Acquisition of Software

Cost of Acquisition of Licensed versions of Software is charged off in the year of purchase.

### ii. Secured Loans

Rupee Term Loan from State Bank of India, is secured by a first charge on the Property of the Company at L&T Info City, Hyderabad, first charge on the un-encumbered immovable properties of the Company.

Working Capital Loan from State Bank of India, is secured by hypothecation of book debts/ receivables and a second charge on the property of the company at L&T Info City, Hyderabad.

Assets acquired under hire purchase finance are hypothecated to the hire vendors as security for the amounts advanced.

### iii. Employees Stock Option Plan (ESOP)

The Company has formulated an Employee Stock Option Plan whereby eligible employees are to be given warrants which can be converted into equity shares in the company in terms of the scheme. A sum of Rs. 4 lakh was received towards the issue of warrants which is to be set off against the conversion price. The amount is shown in the balance sheet under Current Liabilities.

### iv. Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956, and calculation of commission payable to whole-time directors

|   | (In Rs.)           |
|---|--------------------|
| Net profit before Tax   | 2,50,45,036        |
| Add : Depreciation as per books of account                        | 82,69,477          |
|   | <u>3,33,14,513</u> |
| Less : Depreciation under Section 350 of the Companies Act, 1956. | 48,23,484          |
| Loss on Sale /disposal /discard of assets                         | 26,24,543          |
| Profit as per Section 349   | <u>2,58,66,486</u> |
| Add : Director's remuneration                                     | 13,48,854          |
| Profit as per section 198   | <u>2,72,15,340</u> |
| Commission payable  |                    |
| Managing Director @2% of the Profit                               | 5,44,306           |
| Director-Operations @1% of the Profit                             | 2,72,154           |
| Director-Technical @1% of the Profit                              | 2,72,154           |



**v. Additional Information pursuant to the provisions of the Schedule VI to the Companies Act, 1956.**

|  | <b>(In Rs.)</b>    |                   |
|--|--------------------|-------------------|
|  | <b>31.03.2000</b>  | <b>31.03.1999</b> |
| <b>a. Expenditure in Foreign Currency</b>              |                    |                   |
| Import on CIF basis                                    |                    |                   |
| Capital Goods  | <b>33,23,581</b>   | 0.00              |
| Travel   | <b>48,83,780</b>   | 16,02,000         |
| Investment in Subsidiaries                             | <b>76,39,744</b>   | 0.00              |
| Total  | <b>1,58,47,105</b> | <b>16,02,000</b>  |
| <b>b. Earnings in Foreign currency (Receipt Basis)</b> |                    |                   |
| Sales  | <b>12,74,922</b>   | 47,44,000         |
| Total  | <b>12,74,922</b>   | <b>47,44,000</b>  |
| <b>c. Amounts paid/payable to Auditors</b>             |                    |                   |
| Audit Fees   | <b>60,000</b>      | 40,000            |
| Tax Audit Fee  | <b>15,000</b>      | 5,000             |
| Certification Fee                                      | <b>10,000</b>      | 25,000            |
| Management Consultancy fee                             | <b>10,000</b>      | 0.00              |
| Out of Pocket Expenses                                 | <b>5,000</b>       | 0.00              |
| Total  | <b>1,00,000</b>    | <b>70,000</b>     |
| <b>d. Managerial Remuneration</b>                      |                    |                   |
| Salaries   | <b>12,17,184</b>   | 7,51,000          |
| Perks  | <b>30,870</b>      | 0.00              |
| P. F. Contribution                                     | <b>1,00,800</b>    | 72,000            |
| Commission   | <b>10,88,614</b>   | 0.00              |
| Total  | <b>24,37,468</b>   | <b>8,23,000</b>   |

vi. Debtors, Creditors, Loans and Advances are subject to confirmation and reconciliation.

vii. Previous year's figures have been regrouped wherever necessary.

viii. Figures are rounded off to nearest rupee.

As per our report of even date

For **B.RAMA RAO & CO.**  
Chartered Accountants

Sd/-  
**G.V.RANGA BABU**  
Partner

For and on behalf of the Board of Directors

Sd/-  
**P.C.PANTULU**  
Managing Director

Sd/-  
**K.S.SHIVA KUMAR**  
Director-Operations

Sd/-  
**P.S.MURTY**  
Director-Technical

Place : Secunderabad  
Date : 31st July, 2000

# Sixth Annual Report 1999 - 2000

## 15. CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2000

|  | (In Rs.)                       |                                |
|--|--------------------------------|--------------------------------|
|  | Year ended<br>31st March, 2000 | Year ended<br>31st March, 1999 |
| <b>Cash Flow from Operating Activities :</b>         |                                |                                |
| Net Profit before Tax and Extra Ordinary Items       | 2,50,45,036                    | 58,26,523                      |
| Depreciation   | 82,69,477                      | 27,77,991                      |
| Miscellaneous Expenses written off                   | 5,02,221                       | 5,15,975                       |
| Operating Profit before working capital changes      | 3,38,16,734                    | 91,20,489                      |
| Changes in Working Capital                           |                                |                                |
| Increase/(decrease) in Sundry Debtors                | (3,10,27,319)                  | (62,53,000)                    |
| Increase/(Decrease) in Inventories                   | (3,62,37,339)                  | (11,20,000)                    |
| Increase/(Decrease) in Loans & Advances              | (4,31,22,626)                  | (95,93,000)                    |
| Increase/(Decrease) in Current Liabilities           | 56,27,644                      | 7,13,300                       |
| Cash generated from operations                       | (10,47,59,640)                 | (1,62,52,700)                  |
| Net Cash from Operating activities                   | (7,09,42,906)                  | (71,30,407)                    |
| <b>Cash Flow from Investing Activities :</b>         |                                |                                |
| Purchase of Fixed Assets                             | (4,52,33,795)                  | (42,60,370)                    |
| Purchase of Investments                              | (1,54,39,744)                  | (1,00,000)                     |
| Increase in Advances                                 | 2,47,33,200                    | (2,15,19,500)                  |
| Net Cash from investing activities                   | (3,59,40,339)                  | (2,58,79,870)                  |
| <b>Cash Flow from financing activities :</b>         |                                |                                |
| Proceeds from issue of share capital                 | 1,20,00,000                    | 6,44,50,250                    |
| Proceeds from issue of share premium                 | 8,40,00,000                    | 0                              |
| Proceeds from long term borrowings                   | (13,21,198)                    | 57,41,000                      |
| Proceeds from Bank Over drafts                       | 2,06,80,570                    | 0                              |
| Repayment of long term borrowings                    | 6,24,000                       | (33,73,000)                    |
| Public Issue expenses                                | (2,72,433)                     | (50,21,000)                    |
| Net cash used in financing activities                | 11,57,10,939                   | 6,17,97,250                    |
| Net increase in Cash and Cash equivalents            | 88,27,694                      | 2,87,86,973                    |
| Cash & Cash equivalents at the beginning of the year | 2,92,34,026                    | 4,47,053                       |
| Cash and Cash Equivalents at the end of the period   | 3,80,61,720                    | 2,92,34,026                    |

For and on behalf of the Board of Directors

|                        |                    |                        |                    |
|------------------------|--------------------|------------------------|--------------------|
|                        | Sd/-               | Sd/-                   | Sd/-               |
| Place : Secunderabad   | <b>P.C.PANTULU</b> | <b>K.S.SHIVA KUMAR</b> | <b>P.S.MURTY</b>   |
| Date : 31st July, 2000 | Managing Director  | Director-Operations    | Director-Technical |

### AUDITOR'S CERTIFICATE

To  
The Board of Directors  
Cybermate Infotek Limited  
Secunderabad

We have examined the attached Cash Flow Statement of M/s. Cybermate Infotek Limited, for the period ended 31st March, 2000. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of listing agreement with Hyderabad, Bangalore & Mumbai Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss A/c. Balance Sheet of the Company covered by our report of 31.07.2000 to the members of the Company.

For **B.RAMA RAO & CO.**  
Chartered Accountants  
Sd/-  
**G.V.RANGA BABU**  
Partner

Place: Secunderabad  
Date : 31st July, 2000

## 16, BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### Registration Details

|                    |                  |
|--------------------|------------------|
| Registration No.   | 17485            |
| State Code         | 01               |
| Balance Sheet date | March 31st, 2000 |

### Capital raised during the year

(Amount in Rs.Thousands)

|                   |        |
|-------------------|--------|
| Public Issue      | Nil    |
| Rights Issue      | Nil    |
| Bonus Issue       | Nil    |
| Private Placement | 12,000 |

### Position of mobilization and deployment of funds

|                   |          |
|-------------------|----------|
| Total Liabilities | 2,44,664 |
| Total Assets      | 2,44,664 |

### Sources of Funds

|                      |          |
|----------------------|----------|
| Paid-up Capital      | 93,993   |
| Reserves and Surplus | 1,13,883 |
| Secured Loans        | 32,364   |
| Un-Secured Loans     | 4,424    |

### Application of Funds

|                           |          |
|---------------------------|----------|
| Net Fixed Assets          | 52,789   |
| Investments               | 15,539   |
| Net Current Assets        | 1,67,175 |
| Miscellaneous Expenditure | 42,90    |

### Accumulated Losses

Nil

### Performance of the Company

|                        |        |
|------------------------|--------|
| Turnover               | 77,678 |
| Total Expenditure      | 52,633 |
| Profit/Loss before tax | 25,045 |
| Extraordinary Income   | NIL    |
| Profit/Loss after tax  | 22,775 |
| Earnings per share     | 2.62   |
| Dividend Rate (%)      | Nil    |

### Generic Names of principal products/services of the Company

|                         |                   |
|-------------------------|-------------------|
| Item Code No.(ITC Code) | 85249009.10       |
| Product Description     | Computer Software |

# Sixth Annual Report 1999 - 2000

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders

I have audited the accompanying Balance sheet of Cybermate Infotek Ltd. Inc. as of December, 31st 1999 and 1998 and the related statement of income, statement of retained earnings, and statement of cash flows for the periods then ended. These financial statements are the responsibility of the Company's Management. My responsibility is to express an opinion on these financial statements based upon my audit.

I conducted the audit in accordance with General accepted Auditing Standards(GAAP). These Standards require that I 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 statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cybermate Infotek Ltd. Inc., as of December 31st, 1999 and 1998 and the results of its operations and its cash flows for the period then ended in conformity with generally accepted *accounting principles*.

Place: New Jersey, USA  
Date : June 20th, 2000

Sd/-  
**Framroze K.Patel**  
Certified Public Accountant

**CYBERMATE INFOTEK LTD. INC. USA**  
**BALANCE SHEET AS OF DECEMBER 31, 1999 AND 1998**

|  | (In US \$)      |              |
|--|-----------------|--------------|
|  | 1999            | 1998         |
| <b>Current Assets</b>                            |                 |              |
| Cash & Cash Equivalents                          | 111,368         | 1,140        |
| Accounts Receivable : Trade                      | 7,200           | 0            |
| Loan Receivable : Vision technologies LLC        | 50,060          | 0            |
| Prepaid Advertising                              | 0               | 160          |
| <b>Total Current Assets</b>                      | <b>168,628</b>  | <b>1,300</b> |
| <b>Property &amp; Equipment</b>                  |                 |              |
| Office Equipment                                 | 3,958           | 306          |
| Accumulated Depreciation                         | 1,212           | 36           |
| <b>Total Property &amp; Equipment Net</b>        | <b>2,746</b>    | <b>270</b>   |
| <b>Other Assets</b>                              |                 |              |
| Start Up Costs, Net of Amortisation              | 3,614           | 3,614        |
| <b>Total Other Assets</b>                        | <b>3,614</b>    | <b>3,614</b> |
| <b>Total Assets</b>                              | <b>174,988</b>  | <b>5,184</b> |
| <b>Liabilities &amp; Current Liabilities</b>     |                 |              |
| <b>Current Liabilities</b>                       |                 |              |
| Accrued Corporate Taxes                          | 400             | 0            |
| Loan Payable : Share Holder                      | 196,862         | 3,266        |
| <b>Total Current Liabilities</b>                 | <b>197,262</b>  | <b>3,266</b> |
| <b>Stockholder's Equity</b>                      |                 |              |
| Common Stock no par Value 1500 shares            | 5,000           | 5,000        |
| Retained Earnings                                | (27,274)        | (3,082)      |
| <b>Total Stakeholders Equity</b>                 | <b>(22,274)</b> | <b>1,918</b> |
| <b>Total Liabilities and Stakeholders Equity</b> | <b>174,988</b>  | <b>5,184</b> |

For and on behalf of the Board of Directors

Place : New Jersey, USA  
Date : June 20th, 2000

Sd/-  
**Rajiv Goyal**  
Director

Sd/-  
**Srinivas K. Bulusu**  
President

# Sixth Annual Report 1999 - 2000

## CYBERMATE INFOTEK LTD. INC. USA STATEMENT OF INCOME AND RETAINED EARNINGS

|  | (In US \$)      |                |
|--|-----------------|----------------|
|  | 1999            | 1998           |
| <b>Revenue</b>                               | 0               | 18,600         |
| <b>Administrative Expenses</b>               |                 |                |
| Advertising Expenses                         | 160             | 160            |
| Auto Expenses: Tools, Parking and Gas        | 544             | 1,455          |
| Professional Services : Computer Consultants | 0               | 15,460         |
| Bank Charges                                 | 187             | 0              |
| Legal Fee                                    | 665             |                |
| Office Expenses                              | 2,776           | 710            |
| Travel Expenses : Domestic                   | 2,748           | 2,335          |
| Travel Expenses : Foreign                    | 12,142          | 0              |
| Telephone Expenses                           | 3,358           | 1,489          |
| <b>Total Administrative Expenses</b>         | <b>22,580</b>   | <b>21,609</b>  |
| Depreciation                                 | 1,212           | 36             |
| (Net Loss) Net Income Before Taxes           | <b>(23,792)</b> | <b>(3,045)</b> |
| Corporate Taxes                              | 400             | 37             |
| <b>(Net Loss) Net Income After Taxes</b>     | <b>(24,192)</b> | <b>(3,082)</b> |
| Retained Earning : Beginning                 | <b>(3,082)</b>  | 0              |
| Additions (Deductions) To retained Earnings  | <b>(24,192)</b> | <b>(3,082)</b> |
| Retained Earning : End                       | <b>(27,274)</b> | <b>(3,082)</b> |

For and on behalf of the Board of Directors

Place : New Jersey, USA  
Date : June 20th, 2000

Sd/-  
**Rajiv Goyal**  
Director

Sd/-  
**Srinivas K. Bulusu**  
President

## NOTES ON FINANCIAL STATEMENTS

### **Note1 : Summary of Significant Accounting policies**

This summary of the significant accounting policies of Cybermate Infotek Limited inc. ("the Company") is presented to assist in understanding the Company's financial statements. The financial statements and the notes are the representations of the Company's Management, who is responsible for their integrity and objectivity. These accounting policies conform to Generally Accepted Accounting Principles (GAAP) and have been consistently applied in the preparation of the financial statements.

#### **Nature of Operations**

The Company is a Delaware Corporation, incorporated during June, 1998. Its Registered Office is located at #25, Greystone Manor Lewes, Delaware. It is authorized to do business as a foreign corporation in the Commonwealth of Pennsylvania and the State of New Jersey. Currently its administrative office is located at #204, Lucas Lane, Voorhese, NJ 08043, U.S.A. The company is a fully owned Subsidiary of an Indian Corporation, Cybermate Infotek Limited, India.

The Company is engaged in providing Software Development in the following areas:

e-commerce and Portal Development, Wireless Application Protocol(WAP), Internet/Intranet Development, Digital Marketplace, Client/Server Application development and e-services.

The Company offers both on-site projects and offshore projects, on both fixed price and time and material basis.

The company also provides Consulting services in the areas of Information technology, including but not limited to the following:

Microsoft Development Environment, e-commerce, Database Management and System Integration

#### **Use of Estimates**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles(GAAP) requires management to make estimates and assumptions that effect certain reported amounts and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from estimates.

#### **Income Recognition**

Gross revenue to the company from subscriptions is recognized in the period in which it accrues.

#### **Concentration of risk**

The Company extends credit to its customers. The Company does not believe that it is exposed to any significant credit risks in connection with the extension of credit to its Customer.

#### **Property & Equipment**

Property & Equipment are stated at cost. Office Equipment costing less than five thousand dollars has been fully depreciated.

#### **Accounts Receivables**

The Company has not made any provision for doubtful accounts since all receivables were considered collectible.

#### **Loan payable to Shareholder**

The current liabilities include a sum payable to Shareholder to the company. No interest is payable on the said liability and accordingly no accrual has been made.

# Sixth Annual Report 1999 - 2000

## CYBERMATE INFOTEK LTD. INC. USA STATEMENT OF CASH FLOWS FOR YEARS ENDED DEC. 31, 1999 AND 1998

(In US \$)

|   | 1999     | 1999      | 1998    | 1998    |
|---|----------|-----------|---------|---------|
| <b>CASH PROVIDED FROM (USED BY)</b>   |          |           |         |         |
| <b>OPERATING ACTIVITIES</b>   |          |           |         |         |
| Net Earnings  |          | (24,192)  |         | (3,082) |
| <b>ADJUSTMENTS TO RECONCILE NET EARNINGS TO NET CASH PROVIDED FROM OPERATIONS</b> |          |           |         |         |
| Depreciation and Amortisation   | 1,176    |           | 36      |         |
| Decrease (Increase) : Prepaid Advertising   | 160      |           | (160)   |         |
| Decrease(Increase) : Accounts Receivables   | (7,200)  |           | 0       |         |
| Decrease(Increase) : Startup Costs  | 0        |           | (3,614) |         |
| Increase(Decrease) : Accrued Corporation Taxes                                    | 400      |           | 0       |         |
| Total Adjustments   |          | (5,464)   |         | (3,738) |
| Net Cash Provided : Operating Expenses  |          | (239,656) |         | (6,820) |
| <b>CASH PROVIDED FROM(USED BY) INVESTING ACTIVITIES</b>                           |          |           |         |         |
| (Acquisition)or Sale of Property  | (3,632)  |           | (306)   |         |
|   |          | (3,632)   |         | (306)   |
| <b>CASH PROVIDED FORM (USED BY) FINANACING ACTIVITES</b>                          |          |           |         |         |
| Net Borrowing   |          |           |         |         |
| (Increase) Decrease : Loan Receivable from Vision Technologies LLC.               | (50,060) |           | 0       |         |
| Issuance of Stock   |          |           | 5,000   |         |
| Increase(Decrease) Loan Payable to Shareholder                                    | 193,596  |           | 3,266   |         |
| Net Cash Provided From(Used By) Investing Activities                              |          | 143,536   |         | 8,266   |
| Increase(Decrease) in Cash & Cash Equivalent                                      |          | 110,228   |         | 1,140   |
| <b>Cash &amp; Cash Equivalent : Beginning of the Year</b>                         |          | 1,140     |         | 0       |
| <b>Cash &amp; Cash Equivalent : End of the year</b>                               |          | 111,368   |         | 1,140   |
| <b>Supplementary Information</b>  |          |           |         |         |
| Cash Paid during the year for Interest  |          | 0         |         | 0       |





We win, when you win!

**Regd. Office :** Sripuri Colony, Kakaguda, Karkhana,  
Secunderabad - 500 015. A.P. India.  
URL : <http://www.cil-it.com>