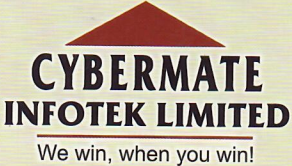
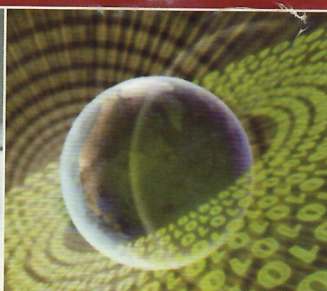


Annual Report 2007-08

**CYBERMATE
INFOTEK LIMITED**
We win, when you win!

Annual
Report
2007-08



BOARD OF DIRECTORS

| | | |
|-----------------------|---|-------------------------|
| Sri P.C.PANTULU | - | Managing Director & CEO |
| Sri K.S.SHIVA KUMAR | - | Director & COO |
| Sri P. CHANDRA SEKHAR | - | Director-Finance |
| Sri K. K. RAO | - | Director |
| Sri S SURENDRANATH | - | Director |
| Sri K.SHANKAR | - | Director |
| Sri K.PAWAN KUMAR | - | Director |
| Dr.D.JAYARAMI REDDY | - | Director |

AUDITORS:

B. Rama Rao & Co
Chartered Accountants
Hyderabad

BANKERS:

IDBI Bank Ltd
ICICI Bank Ltd

REGISTERED OFFICE & SOFTWARE DEVELOPMENT CENTRE:

#11, Sripuri Colony,
Kakaguda, Karkhana,
Secunderabad-50015
e-mail: info@cybermateinfotek.com
Url : www.cybermateinfotek.com

NOTICE

Notice is hereby given that the 14th Annual General Meeting of the shareholders of the company will be held on Friday the 17th October 2008 at 10.00 A.M. at Main Hall, Sundarayya Vignana Kendra, # 1-8-1/B/25/A, Baghlingampally, Hyderabad 500 044 A.P. India to transact the following business:

AS ORDINARY BUSINESS:

1. *To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.*

"RESOLVED THAT the Audited Balance Sheet as at 31st March 2008 and the Profit and Loss Account of the Company for the year ended on that date and the report of the Directors and Auditors thereon be and are hereby considered and adopted"

2. *To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.*

"RESOLVED THAT Mr K.Koteswar Rao, who retires by rotation and being eligible for re-appointment, offers himself for re-appointment be and is hereby re-appointed, as a Director of the Company."

3. *To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.*

"RESOLVED THAT Mr.Pawan Kumar Kasera, who retires by rotation and being eligible for re-appointment, offers himself for re-appointment be and is hereby re-appointed, as a Director of the Company."

4. *To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.*

"RESOLVED THAT the retiring auditors M/s. B. RAMA RAO & Co., Chartered Accountants, Hyderabad, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed in this behalf by the Board of Directors of the Company."

AS SPECIAL BUSINESS:

5. *To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.*

"RESOLVED THAT Dr.D.Jayarami Reddy, who was appointed by the board as Additional Director with effect from 31st January 2008, pursuant to Section 260 of the Companies Act 1956, and who holds office upto the date of this Annual General Meeting of the Company, being eligible for re-appointment and in respect of whom the company has received a

notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for office of a Director be and is hereby appointed as a director of the Company liable to retire by rotation”

6. Increase of Authorized Share Capital

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

“RESOLVED THAT the Authorised Capital of the Company be increased from Rs. 85.00 Crores (Rupees Eighty Five Crores Only) divided into 8,50,00,000 equity shares of Rs. 10 each to Rs 145,00,00,000 (Rupees One Forty Five Crores Only) divided into 14,50,00,000 equity shares of Rs 10 each by creation of 6,00,00,000(Six crores Only) EQUITY SHARES OF Rs10/- each ranking pari- passu with the existing Equity shares of the company.

7. Alteration of Authorized Share Capital clause in Memorandum of Association

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 16 and other applicable provisions, if any, of the companies act, 1956 the Memorandum of Association of the company is amended as follows.

By inserting in place of existing clause V, the following:

V.The authorized share capital of the company is Rs. 145,00,00,000/-(Rupees One Hundred and Forty Five Crores Only) divided in to 14,50,00,000 equity shares of Rs.10/- each with power for company to consolidate, convert, sub-divide, reduce or increase the capital and to issue any new shares with any preferential or special rights and conditions attached there to subject to the provisions of the companies Act, 1956

8. Alteration of Authorized Share Capital clause in Articles of Association

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 and other applicable provisions, if any, of the companies act, 1956 and the Article 3 of the Articles of Association of the company is amended as follows.

By inserting in place of existing Article 3, the following:

3.The authorized share capital of the company is Rs. 145,00,00,000/-(Rupees One Hundred and Forty Five Crores Only) divided in to 14,50,00,000 equity shares of Rs.10/- each (Rupees Ten Only).

9. Further issue of equity shares

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

"RESOLVED THAT pursuant to the provisions of Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and relevant provisions of the Memorandum of Association and Articles of Association of the Company, the Listing Agreements entered into by the Company with Stock Exchanges where the shares of the Company are listed and the Issue of Foreign Currency Convertible Bonds, Qualified Institution Placements and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and subject to the approval, consent, permission and/or sanction of the Ministry of Finance and Ministry of Industry (Foreign Investment Promotion Board/ Secretariat for Industrial Assistance) of the Government of India, Reserve Bank of India, Securities & Exchange Board of India (SEBI) and all other appropriate and/or concerned authorities, institutions or bodies and subject to such conditions and modifications as may be prescribed by any of them in granting such approval, consent, permission or sanction, the Board of Directors (hereinafter referred to as the "Board", which term shall be

deemed to include any committee which the Board may have constituted or may hereafter constitute) be and is hereby authorized on behalf of the Company to issue, offer and allot in international offerings, in one or more foreign markets Foreign Currency Convertible Bonds(FCCBs) and/or Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs) and/or any securities convertible into equity shares at the option of the Company and/or holder of the securities and/or securities linked to equity shares through and/or any other instruments or securities (hereinafter referred to as the "Securities") subscribed to in foreign currency(ies) for cash or stock swap or for other valuable consideration including strategic alliances, business(es) or a combination thereof, to Foreign Investors (whether Institutions and/or Incorporated Bodies and/or Individuals and whether or not such investors are members of the Company) through Public Issue(s), Private Placement(s), Preferential Allotment(s), which upon conversion of all Securities so issued or allotted could give rise to the issue of an amount (inclusive of such premium as may be determined) up to US \$ 20 million and such issue and allotment to be made at such time or times, in one or more tranches, at such price or prices, on such terms and conditions including security, rate of interest and in such manner as the Board may, in its absolute discretion think fit or deemed appropriate,

wherever necessary in consultation with the Lead Manager(s)/ Investment Banker(s)/Advisers and/or the Underwriters, subject to guidelines of the Reserve Bank of India(RBI),FEMA, Securities and Exchange Board of India(SEBI) and Ministry of Finance, and otherwise on such terms and conditions as may be decided, and deemed appropriate by the Board at the time of issue or allotment”.

“RESOLVED FURTHER THAT the Company and/or any agency or body authorized by the Company may issue depository receipts representing the underlying equity shares or other securities issued by the Company, in registered form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the international practices and regulations, and under the forms and practices prevalent in the international markets including filing any registration statement and any amendment thereto with the respective regulatory authorities”.

“RESOLVED FURTHER THAT the Board be and it is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon conversion of any securities referred to in paragraph one above or as may be necessary in accordance with the terms of the offering, all such shares

rank paripassu with the equity shares of the Company in all respects and the Board be further authorized to execute necessary documents for the purpose of listing the equity shares on the Stock Exchanges in India”.

“RESOLVED FURTHER THAT for the purpose of giving effect to any issue or allotment of equity shares or securities or instruments or securities representing the same, as described in paragraph one above, the Board and other designated officers of the Company be and are hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as they may at their discretion deem necessary or desirable for such purpose, including without limitation, filing a Registration Statement and other documents with the respective regulatory authorities, listing the securities on overseas stock exchanges such as Luxembourg and/or London and/or Nasdaq and/or New York Stock Exchange(NYSE) and/ or Singapore Stock Exchange and/or any of the other overseas stock exchanges, and the entering into and executing all such arrangements/ agreement(s) with any Lead Manager(s)/ Investment Banker(s)/ Underwriter(s)/ Guarantor(s)/ Depository(ies)/ Custodian(s) and all such agents as may be involved or concerned in such offering of securities and to remunerate all such agents including by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any”.

“RESOLVED FURTHER THAT the Board be and it is hereby authorized to settle all questions, difficulties or doubts that may arise in regard to the issue, offer or allotment of securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution”.

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any committee of directors or chief executive officer or any executive director or directors or any other officer or officers of the Company to give effect to the aforesaid resolution.”

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 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 read with the enabling provisions of the Memorandum and Articles of Association of the Company and subject to the regulations/rules/guidelines issued by the Securities and Exchange Board of India (SEBI), Listing Agreement entered into with the Stock Exchanges and subject to such approvals, consents, permissions and sanctions of all other

appropriate and/or concerned authorities and departments, if any, and subject to such conditions and modifications as may be prescribed by any of them in granting such approvals, consents, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as “Board” which term shall be deemed to include any Committee constituted/to be constituted by the Board to exercise its powers conferred by this Resolution), and subject to the approval of members of the Company in the general meeting, consent of the Board of Directors of the Company be and is hereby accorded to offer, issue, allot and deliver 1,97,26,416 (One Crore Ninety Seven Lakhs Twenty Six Thousands Four Hundred Sixteen Only) convertible warrants with a face value of Rs.10 each, on preferential basis in one or more tranches, convertible into 1,97,26,416 (One Crore Ninety Seven Lakhs Twenty Six Thousands Four Hundred Sixteen Only) Equity Shares (in the exchange ratio of one equity share for one warrant issued) of the Company of the face value of Rs. 10/- each to the following persons:

| S No. | Name of the Proposed Allottee | No. of warrants to be allotted |
|-------|--------------------------------|--------------------------------|
| 1 | Mr.P.C.Pantulu | 2275058 |
| 2 | Mr.K.S.Shiva Kumar | 987004 |
| 3 | Mr.P.Chandra Sekhar | 234160 |
| 4 | M/s Orchasp Securities (p) Ltd | 16230194 |
| | Total | 19726416 |

for cash which shall upon conversion rank pari-passu with the existing equity shares of the Company, in such form and manner and upon such terms and conditions as the Board may in its absolute discretion deem fit, at a price of Rs. 10/- per warrant, which has been determined based on the provisions of Clause 13.1.1 of SEBI (Disclosure and Investor Protection) Guidelines, 2000.

RESOLVED FURTHER THAT the 'Relevant Date' for the purpose of determining the issue price of warrants, in pursuance of SEBI (Disclosure and Investor Protection) Guidelines, 2000 has been fixed as 16.09.2008.

RESOLVED FURTHER THAT

- a) Each warrant, be convertible into one equity share, can be exercised at any time within a period of 18 months from the date of issue of such warrants and on such other terms and conditions, subject to SEBI (Disclosure and Investor Protection) Guidelines, 2000, as may be applicable, from time to time.
- b) The aforementioned allottees shall have to pay a minimum 10% of the warrant offer price i.e. Rs. 1/- per warrant as application money towards the warrants.
- c) The amount paid on issue of warrants shall be forfeited if the warrants are not exercised within a period of 18 months from the date of issue of warrants.

- d) Equity shares to be issued and allotted by the Company on exercising of the option against the warrants shall rank pari passu in all respects with the existing fully paid-up Equity Shares of the Company.
- e) The warrants shall be convertible into equity shares of the company (at the sole option of the warrant holders) at any time within a period of 18 months from the date of allotment of warrants. However, the warrants holder(s) shall be eligible to exercise only such portion of the warrants, which will entitle them for voting rights not exceeding 5% in any financial year ending on 31st March, subject to not exceeding 15% (including existing share holding) by all the promoters.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be necessary to give effect to this resolution and also to seek listing of such securities at the stock exchange(s) where the existing securities of the Company are listed"

By order of the Board
For Cybermate Infotek Limited
Sd/-
P. C. Pantulu
Managing Director

Place: Secunderabad
Date : 20th September, 2008

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself and the proxy need not be a member. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not later than 48 hours before the meeting.
2. The share transfer books and Register of Members of the Company will remain closed from 14th October 2008 to 17th October 2008 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report to the meeting. Please bring the Attendance slip with you duly filled in and handover the same at the entrance of the Meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
4. Members are requested to notify immediately any change in their address to the Company in case their shares held in dematerialized form; this information should be passed so that the information required can be made readily available at the meeting.
5. Members holding shares in physical form are requested to de-materialize the shares in electronic form to facilitate faster

transfer and avoid rejections for bad deliveries. The Share Certificates may be sent to Aarthi Consultants (p) Ltd, 1-2-285, Domalguda, Hyderabad-500029

ITEM NO.2:

Information on Director's seeking appointment / re-appointment as required under clause 49 of the listing agreement with stock exchanges.

Sri K.Koteswar Rao, aged 61 years, is an independent director on the Board. He is an NRI. He is a Chartered Accountant by profession who has experience in large industries like Bharath Earth Movers Limited, Bangalore, A.P.Fisheries Corporation, Lasheo Group of Companies before leaving for the Middle East. He is currently managing a Construction Company viz Al Baraha Trading & Contracting Co, for the last 25 years mainly in Civil Works, Road Works, Heavy Equipment Dealing etc. at DOHA, Qatar. He is also actively involved in a number of charitable and social activities.

ITEM NO. 3:

Information on Director's seeking appointment / re-appointment as required under clause 49 of the listing agreement with stock exchanges.

Sri Pawan Kumar Kasera, aged 44 years, is an independent director on the Board. He is a commerce graduate from Calcutta

University. He has previously worked with Cabitel India Ltd. He was the Chairman (Eastern Region) of Electronics and Computer Software Export Council (An Autonomous Organization under the Ministry of communications and information technology, Govt. Of India). Presently he is a Member- Telecom Committee (National) Electronics and Computer Software Export Council from 2004 and Chairman, Acme Group of Companies from 1980 to till date.

**EXPLANATORY STATEMENT
PURSUANT TO SECTION 173(2) OF THE
COMPANIES ACT 1956**

ITEM NO. 5:

Dr. D.Jayarami Reddy was appointed by the Board as Additional Director w.e.f 31st January 2008 pursuant to Section 260 of the Companies Act 1956. Dr. Jayarami Reddy, aged 62 years, is an independent director on the Board. He passed his MBBS from Karnataka University, Dharwad. He is a Medical Practitioner and has worked with many Hospitals Managed by various industries in India and abroad.

The company will immensely benefit from the association of Dr. Jayarami Reddy. Hence he was inducted into the Board

The board commends this resolution for approval of the members.

Except Dr. D. Jayarami Reddy, none of the directors are interested in this resolution.

ITEM NO. 6, 7 & 8:

Increase in Authorised Share Capital

The company in order to meet its growth objectives and to strengthen its financial position, is required to generate long term resources by issuing securities. It is therefore deemed appropriate to increase the Authorised Share Capital of the Company from Rs. 85 to Rs. 145 Crores and for that purpose Memorandum of Association and the Articles of Association of the Company are proposed to be suitably altered as set out at Item Nos 6, 7 & 8 of the accompanying notice.

The Provisions of the Companies Act 1956 require the company to seek the approval of the Members to increase the authorized share capital and for the alteration of capital clause of the Memorandum of Association and the Articles of Association of the Company.

The Board of Directors of the Company accordingly recommend the passing of the resolutions set out at item no 6, 7 & 8 of the accompanying notice for the approval of the Members.

None of the Directors of the Company are interested in the proposed resolution except to the extent of their shareholding in the Company.

Your directors recommend the passing of above resolution in the interest of the Company.

ITEM NO. 9

Raising of Resources through issue of securities.

The Company in order to enhance its global competitiveness, and increase the ability to compete with peer group in the domestic and international markets, needs to strengthen its financial position by augmenting long term resources. To achieve the significant advantages, through large amounts of capital with extent maturities, at optimal costs, the Company may need to issue Securities in domestic and for international markets, as contemplated in the resolution and may be decided by the board and found to be expedient and in the interest of the Company.

The detailed terms and conditions of the issue as and when made will be determined by the Board of Directors in consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and other experts in accordance with applicable provisions of the law.

The proposed issue of securities as above may be made in one or more tranches in the domestic and to international markets and in one or more currencies. The issue

price of the security to be issued in the proposed offerings will be determined by the Board of Directors at the time of the offer depending on the then prevailing market conditions and applicable regulations. The securities will be listed on such International /Indian Stock Exchanges as the board may be advised and as it may decide.

Section 81 (1A) of the Companies Act 1956, provides inter alia, that where it is proposed to increase subscribed share capital of the company by allotment of further shares, such further shares shall be offered to the person who on the date of offer are holders of the equity shares of the company, in proportion to be Capital paid up on those shares as of that date unless the Members decide otherwise. The Listing agreements with the various stock exchanges also provide that the company shall issue or offer in the first instance all securities to the existing equity share holders, unless the Members decide otherwise. The Special Resolution seeks consent and authorization of the Members to the Board of Directors to make the proposed issue of Securities and in the event it is decided to issue Securities Convertible into equity shares to issue to the holders of such convertible Securities in such number of equity shares on conversion as may be required to be issued in accordance with the terms of the issue.

This Special Resolution gives (a) adequate flexibility and discretion to the Board of Directors to finalise the terms of the issue, in consultation with the Lead Managers, Underwriters, legal Advisors and experts on such other authority or authorities as need to be consulted including in relation to the pricing of the issue which will be fixed keeping in view the then prevailing market conditions and in accordance with the applicable provisions of rules, regulations or guidelines, and (b) powers to issue and market any Securities issued pursuant to the domestic/international offer including the power to issue Securities in such tranche/tranches with/without voting rights.

The Board of Directors accordingly recommend the resolution set out at Item No. 9 of the accompanying Notice for the approval of the members.

ITEM NO 10.

Issue of warrants on preferential basis

Your Company plans to issue convertible warrants to finance its expansion, modernisation and acquisition plans. It is proposed to create, offer, issue and allot 1,97,26,416 (One Crore Ninety Seven Lakhs Twenty Six Thousands Four Hundred Sixteen Only) warrants and each warrant convertible into one equity share of Rs. 10 each fully paid to the proposed allottees on preferential allotment basis.

The information as required under Clause 13.1A of the SEBI (Disclosure and Investor Protection) Guidelines 2000 for the preferential issue is as under:

a) Object of issue

The object of the proposed preferential offer is to augment resources for expansion, Modernization and acquisition plans and other general corporate purposes of the Company.

b) Intention of the Promoters/ Directors/ Key Management persons to subscribe to the offer:

The promoters of the Company are intending to subscribe for the warrants to the extent of 1,97,26,416 (One Crore Ninety Seven Lakhs Twenty Six Thousands Four Hundred Sixteen Only) to be converted into equity shares within 18 months from the date of issue. Further, the Promoter may convert the warrants in one or more tranches such that he shall not acquire the voting rights so as to attract the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Fourteenth Annual Report 2007-2008

c) Shareholding pattern before and after issue of warrants to be converted into equity shares within 18 months from the date of the allotment of the warrants

| Sr. No. | Category | Pre-issue | | Post-issue (assuming all warrants converted into equity shares) | |
|---------|--|--------------------|---------------|--|---------------|
| | | No. of shares held | % of holding | No. of shares held | % of holding |
| A | Shareholding of Promoters and Promoter Group | | | | |
| 1 | Indian Promoters | 1260380 | 02.02 | 20986796 | 25.51 |
| | Sub-total (A) | 1260380 | 02.02 | 20986796 | 25.51 |
| B | Public shareholding | | | | |
| a. | Financial Institutions/Banks | 200 | 00.00 | 200 | 00.00 |
| b. | FII's | 4300 | 00.00 | 4300 | 00.00 |
| | Sub-total (B1) | 4500 | 00.00 | 4500 | 00.00 |
| a. | Private Corporate Bodies | 13123234 | 20.99 | 13123234 | 15.95 |
| b. | Indian Public | 45036795 | 72.00 | 45036795 | 54.75 |
| c. | NRIs and OCB | 2856602 | 04.57 | 2856602 | 03.47 |
| d. | Clearing members | 260451 | 00.42 | 260451 | 00.32 |
| | Sub-total (B2) | 61277082 | 97.98 | 61277082 | 74.49 |
| | Sub-total (B = B1+B2) | 61281582 | 97.98 | 61281582 | 74.49 |
| | Grand total (A+B) | 62541962 | 100.00 | 82268378 | 100.00 |

Note:

- i. The above table has been prepared on the basis of the shareholding pattern as on 5th September 2008
- ii. The post-issue shareholding pattern in the above table has been prepared on the basis that the Promoters and others would have subscribed to and been allotted 1, 97,26,416 (One Crore Ninety Seven Lakhs Twenty Six Thousands Four Hundred Sixteen Only) warrants to be converted into equity shares within 18 months from the date of the allotment of the warrants of the Company. In the event for any reason, they do not or are unable to subscribe to and/or are not allotted the warrants, the shareholding pattern in the above table would undergo corresponding changes.

- iii. During the period of 18 months for conversion of equity warrants into equity shares, if any change in the paid up capital due to further issue of equity shares/ convertible as well as the percentage(%) of promoters holding will stand to change accordingly.
- iv) If there is any variance in the assumptions as stated above, the allottees of equity warrants i.e promoters, to comply with the SEBI(SAST) regulations 1997 as amended

d) Proposed time within which the allotment shall be completed

The allotment of the warrants shall be completed within 15 days from the date of passing of this resolution, Provided that where the issue of warrants on preferential basis is pending on account of pendency of any approval of such issue by any regulatory authority or the Central Government, the issue of warrants shall be completed within 15 days/ such period as specified by the authority in its approval from the date of such approval.

e) Identity of proposed allottee(s) of warrants and the percentage of the post-issue capital that may be held by them on conversion of the warrants into shares

The proposed warrants are to be issued to Promoters of the Company and to others in the ratio mentioned in the aforementioned resolution.

The percentage of the holding, post-conversion of warrants into equity shares to the proposed allottee:

| | Name of the allottees | Total shares held pre-issue of warrants | % of pre-issue holdings to the total share capital of the Company | Total shares held after the conversion of warrants | % of holding after conversion of warrants to the total capital of the Company |
|----|----------------------------|---|---|--|---|
| 1. | Mr.PC.Pantulu | 1047160 | 1.67 | 3322218 | 04.04 |
| 2. | Mr.K.S.Shiva Kumar | 11010 | 0.02 | 998014 | 01.21 |
| 3. | Mr.P.Chandra Sekhar | 950 | 0.00 | 235110 | 00.29 |
| 4. | Orchasp Securities (p) Ltd | 0 | 0.00 | 16230194 | 19.73 |
| | Total | 1059120 | 1.69 | 20785536 | 25.27 |

- f) Change in the composition of the Board of Directors and control of the Company**
There will not be any change in the composition of the Board of Directors and control of the Company on account of the proposed preferential issue of warrants but there will be a corresponding change in the shareholding pattern as well as voting rights consequent to the exercise of warrants so issued.
- g) Non-transferability of the securities**
The warrants issued and allotted on a preferential basis hereunder will be subject to lock-in as per the provisions of Clause 13.3 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000.
- h) Price at which allotment is proposed**
The issue of warrants is proposed at a price of Rs. 10 per warrant, which has been worked out on the basis of the formula enumerated in Clause 13.1.1 of SEBI (Disclosure and Investor Protection) Guidelines 2000.

A copy of the certificate of the Company Auditor as per the SEBI guidelines shall be placed before the shareholders at the meeting.

The relevant date for the purpose of determining the issue price of the warrants is 16th September 2008, which is 30 days prior to the date of the 14th Annual General Meeting where approval of shareholders is obtained for issue of warrants.

As per Section 81 (1A) of the Companies Act 1956, approval of the shareholders in the General Meeting is required for the issue of the shares by way of preferential allotment as stated in the resolution. Hence, consent of the shareholders by way of special resolution is being sought for the issue of such warrants on preferential basis.

The Board recommends the resolution for approval.

None of the Directors except Sri P.C.Pantulu, Sri.K.S.Shiva Kumar, Sri P.Chandra Sekhar, is interested in the resolution.

Place : Secunderabad
Date : 20th September 2008

By order of the Board
For Cybermate Infotek Limited
sd/-
P. C. Pantulu
Managing Director



Directors' Report:

To the Members,
Your Directors have pleasure in presenting their 14th Annual Report of the business and operations of your company for the year ended March 31st 2008.

Financial Results:

| | (Rs. in lakhs) | |
|-----------------------------|----------------|---------|
| | 2007-08 | 2006-07 |
| Operational Income | 2960.21 | 1634.57 |
| Other Income | 113.55 | 61.37 |
| Total Revenues | 3073.76 | 1695.94 |
| Profit before Depreciation, | | |
| Interest & Tax | 1604.86 | 517.48 |
| Depreciation | 61.21 | 160.23 |
| Interest | 48.76 | 34.27 |
| Profit before Tax | 1494.89 | 322.98 |
| Provision for Tax | 18.06 | 21.41 |
| Profit after Tax | 1476.82 | 301.57 |

Overview of Operations:

Your company has overcome the hurdles faced in the past by any other small and medium IT-ITES companies and has consolidated the operations with an utmost focus on building the technical strengths both at senior management as well as middle management levels. Your company is also exploring the possibilities and opportunities of penetrating into newer geographic and vertical markets.

Global Depository Receipts(GDR's)

Your Company was successful in its Offering of 4,800,000 Global Depository Receipts Representing 48,000,000 Underlying Shares of Rs.10 each, at an Offer Price of USD2.50 per Global Depository

Receipt . These GDR's are listed on the Luxembourg Stock Exchange and traded on the Euro MTF market of the Luxembourg Stock Exchange.

Subsidiary Company Accounts:

Due to certain administrative difficulties the accounts of the overseas subsidiary could not be finalized and hence the consolidation of accounts could not be completed .We have informed the auditors about the difficulty and the auditors have qualified their report. Accounts of the Subsidiary are presently under preparation , we shall ensure to get the accounts of the subsidiary updated, audited and include the same in our next report.

Fixed Deposits

Your company has not accepted any deposits and as such no amount of principal or interest was outstanding on the date of Balance Sheet.

Directors:

Sri K.Koteswar Rao and Sri Pawan Kumar Kasera are to retire at the conclusion of this annual general meeting and being eligible offer them selves for reappointment. The Board of Directors recommend their appointment.

During the year Dr.D.Jayarami Reddy was inducted into the board at the Board of Directors Meeting held on the 31st January 2008 and he shall hold office until the conclusion of the ensuing Annual General Meeting and further being eligible offers himself for re-appointment in terms of section 257 of the Companies Act 1956. The Board of directors recommend his appointment.

Fourteenth Annual Report 2007-2008

In accordance with the requirements of Clause 49 of the Listing Agreement executed with the stock exchanges as also in pursuance of section 292A of the Companies Act'1956, following steps have been taken by the Board of Directors:

a) The Board of Directors has been reconstituted and comprises eight members (inclusive of three executive directors and five Non-Executive directors). The reconstituted Board comprises the following:

| | |
|---------------------------|------------------------|
| 1) Mr. P. C. Pantulu | Managing Director |
| 2) Mr. K. S. Shiva Kumar | Director & COO |
| 3) Mr. P.Chandra Sekhar | Director-Finance |
| 4) Mr. K. K. Rao | Non-Executive Director |
| 5) Mr. S. Surendranath | Independent Director |
| 6) Mr. Shankar Khasnis | Independent Director |
| 7) Mr. Pawan Kumar Kasera | Independent Director |
| 8) Dr.D.Jayarami Reddy | Independent Director |

Audit Committee:

The Audit committee provides direction to the audit and risk management function in the company and monitors the quality of internal audit and the Committee looks after the financial reporting process to ensure proper disclosure of financial statement, recommending appointment/removal of external auditors and fixing remuneration.

The present audit committee comprises the following directors:

| | |
|---------------------------|----------|
| 1) Mr. S Surendranath | Chairman |
| 2) Mr. Pawan Kumar Kasera | Member |
| 3) Mr. K K Rao | Member |

Directors' Responsibility Statement (As the provisions of Section 217(2AA) of the Companies Act' 1956), the Directors confirm that

- a) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation related to material departures.
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at the end of 31st March 2008 and the profits for the year ended on that date.
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) the directors have prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS Industry Structure and developments.

IT Industry in India continues to offer and deliver the best 'bundle' of benefits sought from global sourcing. With significant potential still untapped, it is expected that the global sourcing phenomenon will continue to



expand in scope, scale and geographic coverage. As global delivery matures, multi-location strategies will become the norm and most sourcing destinations, including emerging locations, will grow in size. Strong fundamentals of a large talent pool, sustained cost competitiveness and an enabling business environment will help India sustain its position as the preferred sourcing destination. NASSCOM's Annual Study, Strategic Review 2008 shows the Indian IT-BPO industry to be in great health, but says, things could be even better. Despite a slowing economy, financial sector crisis in the US, and sharp appreciation of the Rupee against the Dollar, the industry showed grit, logging in double-digit revenue growth. The robust performance was accounted for by more diversified geographic market exposure, continued expansion of the service portfolio of IT-BPOs, steady growth in scale by Indian origin service providers as well as Multinational Corporations (MNCs) having operations in India and the sector's strong and sustainable value proposition.

Opportunities and threats

Your company intends to benefit from this steady growth in the outsourcing opportunities and has taken the necessary initiatives in this direction. Recruitment cum training drive has been initiated and the required up gradation in the existing infrastructure and is also being taken up. Your company plans a modest beginning subsequently moving up the value chain thereby increasing the margins.

Segment or product-wise performance

Your Company operates only in one segment i.e customized software services. Hence there are no separate segments to be reported.

Outlook:

Your Company currently has a facility in Hyderabad, which can seat 150 people. This is also nearing full capacity. For expansion in Hyderabad, your Company has identified a land to set up its development centre which can seat about 250 people when fully developed. Apart from expanding the facilities to meet the requirements from the growth both from existing as well as new customers, your Company has also identified various areas which will drive the Company's growth plans. Some of the key growth drivers are Domain expertise, enhancement of service portfolio to clients, tap new geographies, strengthening marketing teams and inorganic initiatives.

Risks and concerns:

The main risks causing concern to the IT Industry and your Company as well are Economic slowdown, ability to attract and retain talent, withdrawal of Tax benefits, Currency Exchange risks etc.

Internal control systems and their adequacy:

Your Company has placed considerable emphasis on internal control system so as to minimize the costs and improve the efficiencies and existing systems adequate given the size of the company.

Financial /operational performance:

1. Revenues

The Company's business has shown a steady growth. Revenue for the year ended

31st March, 2008 is Rs. 2960.22 lakhs as compared to 1634.57 the same period last year. Your Company's strategy of building strong delivery capability with a steady growth emphasis on technology, people & processes has started paying results in the form of new business from existing customers.

2. Operating Expenses

The ratio of operating expenditure to total income has marginally decreased by 10 % over the same period last year.

3. EBIDT

The EBIDT was at 56 % for the year ended 31st March, 2008 as compared to 55% for the same period last year.

4. Profit after Tax

Profit after Tax was at 48.05 % for the year ended 31st March, 2008 as compared to 17.78% for the same period last year.

5. Interest and Borrowings

During the year the Company has incurred interest cost of Rs 45.09 lakhs on its Term Loan, Lease Rent Discounting, Hire Purchase and Lease transactions.

6. Capital Employed

The Return on Average Capital Employed (ROCE) for the year ended 31st March, 2008 was 14.84 % as compared to 8.21.% for the same period last year.

7. Net Worth

The Return on Average Net Worth (RONW) for the year ended 31st March, 2008 was 15.85 % as compared to 8.43% for the same period last year.

8. Fixed Assets

The Company added to its fixed assets amounting to Rs 1136.46 Lakhs . The additions were mainly attributable to replacement of Infrastructure, Computers, Peripherals and Networking Equipment. Other additions include product development and Software Product Costs.

9. Cash Generation

Cash generated from operations was Rs (119.01) for the year ended 31st March, 2008

10. Manpower

The total employee strength as on 31st March, 2008 was 99 as against 67 as on 31st March, 2007.

PERFORMANCE SUMMARY

1. Revenue

Revenue increased by 81% at Rs 2962.22 Lakhs for the year ended 31st March, 2008 as compared to Rs. 1634.57 Lakhs for the same period last year.

2. EBIDT

EBIDT was Rs. 1719.16 lakhs for the year ended 31st March, 2008 as compared to Rs. 766.12 Lakhs for the same period last year.

3. Profit After Tax (PAT)

a. PAT stood at Rs. 1476.83 Lakhs for the year ended 31st March, 2008 as compared to Rs. 301.58 for the same period last year.

- b. Profit Margin was at 48.05 Lakhs % for the year ended 31st March, 2008 as compared to 17.78 Lakhs % for the same period last year.

Human Resources/ Industrial Relations:

Human resource functions and initiatives of your Company to attract, train, retain and motivate employees are driven by a strong set of values and policies. Your Company has taken all adequate and necessary steps from time to time to maintain a competitive, healthy and harmonious work environment at all levels. To pursue the growth plans of the Company, efforts continue for increasing the manpower strength and retaining the good talent. During the year under review, the manpower strength has increased from 67 to 99 as of 31st March, 2008.

Auditors:

The auditors, M/s. B.Rama Rao & Co., Chartered Accountants, Hyderabad retire at this Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment.

Auditors Observations:

The observations of the auditors in their report to the members are self-explanatory and are not called for any explanation from the Board. The observations of auditors as referred to in the annexure to the Auditors Report are suitably explained in the notes to the accounts.

Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo

The particulars as prescribed under sub-

section (1)(e) of section 217(2A) of the Companies Act'1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, are given in Annexure B.

Employee Particulars

As required under the provisions of Section 217(2A) of the Companies read with the Companies (Particulars of employees) Rules' 1975 as amended form part of this report. However, in pursuance of section 219(1)(b)(iv) of the companies Act' 1956 this report is being sent to all shareholders of the company excluding the aforesaid information and the said particulars are made available at the registered office of the company.

Acknowledgement

Your Directors acknowledge with a deep sense of gratitude the continued support extended by investors, customers, business associates, bankers and government departments.

For and on behalf of the Board

| | | |
|---|--|---|
| Sd/- P. C. Pantulu Managing Director | Sd/- K.S.Shiva Kumar Director & COO | Sd/- P Chandra Sekhar Director Finance |
|---|--|---|

Place: Secunderabad

Date: 20th September, 2008

Annexure to the Directors' Report

a) Particulars pursuant to Companies (disclosure of particulars in the report of the Board of Directors) Rules, 1988

1. Conservation of Energy

The operations of your company are not energy-intensive by using energy efficient computer terminals and equipment and electrical fittings. Energy saving conditioners are being purchased that reduces heat absorption. Your company is always in the look out for newer and efficient energy conservation technologies and introduces them appropriately.

2. Research and Development (R & D)

Research and Development of new products and services that allows software designs across different projects that continue to increase quality and productivity. Your company is continuously strengthening its research exposure in application and system development areas. Your company has set up practice units for web-related technologies and object and component technologies. Your company helps its customers creating a world standard virtual workplace connecting across offices, geographies, on a real time with multimedia linkups.

3. Technology absorption, adaptation and Innovation

Your company has taken steps to improvise on quality and innovation. The

company to constantly upgrading its infrastructure to keep pace with the markets.

4. Foreign Exchange earnings and outgo

Foreign Exchange inflow and outflow for the year ended

| | (Rs. in Lacs) | |
|-------------------------|---------------|---------|
| | 2007-08 | 2006-07 |
| Foreign Exchange inflow | 966.07 | 0.00 |
| Foreign Exchange Outgo | 0.00 | 0.00 |

5. Activities relating to exports, development of new markets for products and services & exports plans.

Your Company has set up a wholly owned subsidiary at Hamriyah Free zone at Sharjah for scaling up its presence in Middle East region.

REPORT ON CORPORATE GOVERNANCE:
1. Company's Philosophy on Corporate Governance:

Corporate Governance is more a way of Business life than a mere legal compulsion. Your Company believes that, though its primary focus is on the core objective of earning profits, the same should be aligned with the expectations of stakeholders. In this direction, the Board of Directors of your Company is committed to adopt good corporate governance practice as a part of the corporate culture, a way of its corporate life and a kind of self-disciplinary code designed to serve the ultimate goal of making the Company a value driven Organization.

2. Board of Directors (Board)

The Board consists of 8 members comprising:

- 3 Executive Directors:
- 5 Independent & Non-Executive Directors:

Attendance Record 2007-2008

| S.No. | Name of the Director | Category | Meetings Attendance | Attended at last AGM on 29.09.2007 |
|-------|------------------------|---------------|---------------------|------------------------------------|
| 1 | Sri P.C. Pantulu | Executive | 10 | Yes |
| 2 | Sri K.S. Shiva Kumar | Executive | 10 | Yes |
| 3 | Sri K.K. Rao | Non-Executive | 03 | No |
| 4 | Sri S. Surendranath | Independent | 06 | Yes |
| 5 | Sri Shankar Khasnis | Independent | 02 | No |
| 6 | Sri Pawan Kumar Kasera | Independent | 04 | No |
| 7 | Sri P Chandra Sekhar | Executive | 10 | Yes |
| 8 | Sri D J Reddy | Independent | 01 | No |

Number of other Directorships, Committee Membership(s) & Chairmanship(s):

| SLNo | Name of the Director | Other Directorship | Committee Membership | Committee Chairmanship |
|------|------------------------|--------------------|----------------------|------------------------|
| 1 | Sri P.C. Pantulu | 1 | 1 | Nil |
| 2 | Sri K.S. Shiva Kumar | None | 1 | Nil |
| 3 | Sri K.K. Rao | None | 2 | Nil |
| 4 | Sri S. Surendranath | None | Nil | 1 |
| 5 | Sri Shankar Khasnis | None | Nil | Nil |
| 6 | Sri Pawan Kumar Kasera | 7 | 2 | 1 |
| 7 | Sri P Chandra Sekhar | 3 | Nil | Nil |
| 8 | Sri D J Reddy | None | Nil | 1 |

Fourteenth Annual Report 2007-2008

Number of Board Meetings held and the date on which held:

Ten Board Meetings were held during the year as against the minimum requirement of four meetings. The gap between two Board meetings was not more than 4 months at any time.

The dates of Board meeting held during the year under review are:

| S.No | Date | Time |
|------|------------|-----------|
| 1 | 11.04.2007 | 10.00 A.M |
| 2 | 15.05.2007 | 02.00 P.M |
| 3 | 09.06.2007 | 11.00 A.M |
| 4 | 05.07.2007 | 03.00 P.M |
| 5 | 31.07.2007 | 11.00 A.M |
| 6 | 28.09.2007 | 3.00 P.M |
| 7 | 25.10.2007 | 10.00 A.M |
| 8 | 31.10.2007 | 11.00 A.M |
| 9 | 24.12.2007 | 02.00 P.M |
| 10 | 31.01.2008 | 11.00 A.M |

3. Audit Committee:

The Board of Directors of the Company Constituted Audit Committee consisting of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements. During the year, in all, 3 meetings of the Committee took place and the Audit Committee comprises of the following Directors.

- 1) Mr. S Surendranath Chairman
- 2) Mr.Pawan Kumar Kasera Member
- 3) Mr.K K Rao Member

4. Remuneration of Directors & Remuneration Committee:

Other than whole-time Directors, no other Director receives any remuneration from the Company excepting Sitting Fees for attending the Board Meetings. The details of remuneration paid to the whole-time Directors is mentioned in Schedule 12 read with notes on accounts 14 (12) (iii) to the Balance Sheet of the Company.

The Board of Directors of the Company constituted Remuneration Committee consisting of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements.

a) **Composition, Name of the Chairman and Members:**

3) Mr. K K Rao -Member

b) **Attendance during the year**

The remuneration Committee had met once during the year and all the members of the Committee were present at the meeting.

5. Shareholders' Grievance Committee:

The Shareholders' Grievance Committee constituted by the Board of Directors and comprising of Mr. Pawan Kumar Kasera (Chairman) Mr. P.C.Pantulu and Mr.K.S.Shiva Kumar, inter-alia oversees the transfer of shares and redressal of shareholders/ Investors grievances and complaints.

All the complaints received are replied to the satisfaction of shareholders during the year under review and there are no outstanding complaints as on 31st March 2008.

6. General Body Meetings:

c) Location and time for the last 3 Annual General Meetings were:

| Year | Location | Date | Time |
|---------|---|------------|------------|
| 2004-05 | 1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44 | 29.09.2005 | 10.00A.M. |
| 2005-06 | 1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44 | 07.08.2006 | 10.00 A.M. |
| 2006-07 | 1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44 | 29.09.2007 | 10.00 A.M |

7. Disclosures:

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large -

None of the transactions with any of the related parties were in conflict with the interest of the Company.

Fourteenth Annual Report 2007-2008

Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or The Securities and Exchange Board of India of (SEBI) or any other statutory authority on any matter related to the Capital Markets during the last 4 years
None.

8. Means of Communication:

Un-audited Quarterly results have been approved by the Board and has intimated to the Stock Exchanges and are published in Business Standard and Andhra Prabha. Management Discussion and Analysis Report forms part of Annual Report.

General Shareholders Information:

| | | |
|----------------------------|---|--|
| Annual General Meeting | : | Date :17.10.2008 Time: 10.00 A.M. Venue: 1-8-1/B/25/A,Main Hall, Sundaraya Vignan Kendra, Baghlingampally, Hyderabad |
| Financial Calendar | : | 01.04.2007 to 31.03.2008 |
| Date of Book Closure | : | 26.09.2008 TO 30.09.2008 (Both days inclusive) |
| Listing on Stock Exchanges | : | 1. The Bombay Stock Exchange Limited 2. The Bangalore Stock Exchange Limited 3. Luxembourg Stock Exchange |
| Stock Code | : | 532271 on BSE |

Market Price Date:

| Month | High (Rs) | Low (Rs) |
|---------------|-----------|----------|
| April, 07 | 6.15 | 4.55 |
| May, 07 | 5.90 | 4.90 |
| June, 07 | 7.05 | 5.01 |
| July, 07 | 7.35 | 5.30 |
| August, 07 | 7.28 | 5.00 |
| September, 07 | 8.02 | 6.18 |
| October, 07 | 8.26 | 6.22 |
| November, 07 | 11.04 | 6.52 |
| December, 07 | 13.31 | 8.30 |
| January, 08 | 18.90 | 10.46 |
| February, 08 | 12.12 | 8.56 |
| March, 08 | 8.84 | 4.22 |



Registrar/ Share Transfer Agents : Aarhi Consultants (p) Ltd
1-2-285, Domalguda,
Hyderabad-500029.
Ph: 040-27634445/8111/27642217
Fax No.040-27632184
Email:Info@aarhiconsultants.com
Url:www.aarhiconsultants.com.

Share Transfer System:

Shares are received at the Registered office of the Company as well as directly at Registrar's Office. All are registered within 15 days from the date of receipt, if the documents submitted are found in order in all respects. A Committee of Directors authorized for approval of share transfers meets at regular intervals as required and the certificates duly endorsed for transfer are returned to shareholders within stipulated time of 30 days.

DISTRIBUTION OF SHAREHOLDING:

The distribution of shareholding as on 31st March 2008 was as follows:

| Category | No. Of Shares | Percentage(%) |
|--------------------------------|--------------------|---------------|
| Promoters | 1260380 | 2.02 |
| Financial Institutions & Banks | 11750200 | 18.79 |
| FIIs/FCBs | 2694300 | 4.31 |
| Bodies Corporate | 12755010 | 20.39 |
| NRIs/ OCBs | 1524499 | 2.44 |
| Clearing Members | 493668 | 0.79 |
| Resident Individuals | 32063905 | 51.26 |
| Total | 6,25,41,962 | 100.00 |

Dematerialization of shares:

| Particulars | Number of Shares | % Of Share Capital |
|--------------|--------------------|--------------------|
| NSDL | 3,31,67,828 | 53.03 |
| CDSL | 2,87,39,970 | 45.95 |
| Physical | 6,34,164 | 1.02 |
| Total | 6,25,41,962 | 100.00 |

Address for Correspondence:

Shareholders can correspond at the Registered Office of the Company at Secunderabad, addressed to the Company Secretary/Compliance Officer or to the Registrars & Share Transfer Agents, whose address has been mentioned elsewhere in this Report.

Fourteenth Annual Report 2007-2008

Particulars of Directors seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:

| | |
|--|--------------------|
| Name of Director | Pawan Kumar Kasera |
| Expertise in specific functional area | IT and ITES |
| Date of Birth | 23.09.1956 |
| List of other Companies in which Directorship is held as on 31 st March, 2008 | 7 |
| Chairman/member of the Committees of the Board of other Companies in which he is a Director as on 31 st March, 2008 | 2 |

| | |
|--|------------|
| Name of Director | K K Rao |
| Expertise in specific functional area | Finance |
| Date of Birth | 01.11.1946 |
| List of other Companies in which Directorship is held as on 31 st March, 2008 | None |
| Chairman/member of the Committees of the Board of other Companies in which he is a Director as on 31 st March, 2008 | 2 |

**AUDITORS' CERTIFICATE REGARDING
CORPORATE GOVERNANCE**

To the Members of M/s. Cybermate Infotek Limited, Secunderabad

We have examined the compliance of conditions of corporate governance by Cybermate Infotek Limited for the year ended on 31.03.2008 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

We state that generally no, Investor Grievances are pending for a year exceeding one month against the company as per the records maintained by the shareholders/ Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

For B.Rama Rao & Co.
Chartered Accountants

Sd/-
G.V.Ranga Babu
Partner

Place: Hyderabad
Date: 20.09.2008.

CEO and CFO Certification

We, P C.PANTULU, Managing Director, P.CHANDRA SEKHAR, Executive Director, responsible for the finance function certify that :

a) We have reviewed the financial statements and cash flow statement for the year ended 31st March, 2008 and to the best of our knowledge and belief :

i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

b) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2008 are fraudulent, illegal or violative of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design

or operation of such internal controls, if any, of which we are aware have been disclosed to the auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

d)

i) There has not been any significant change in internal control over financial reporting during the year under reference;

ii) There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and

iii) We are not aware of any instance during the year of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Sd/-

P.C.PANTULU
Managing Director
& CEO

Sd/-

P.CHANDRA SEKHAR
Director Finance
& CFO

Place: Hyderabad
Date: 20.09.2008

AUDITORS' REPORT

To
The Members,
Cybermate Infotek Limited

We have audited the attached Balance Sheet of M/s. CYBERMATE INFOTEK LIMITED as at 31st March 2008 and also the Profit and Loss Account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As required by the companies (Auditor's Report) Order, 2003 issued by the Central Government of India 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:

Further to our comments in the Annexure referred to above, we report that

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes 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 and cash flow statement 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 with an exception to AS 21 i.e Consolidated Financial Statements. The reason given by the management is due to certain unavoidable reasons subsidiary accounts were not made available
- e) On the basis of written representation received from the directors, as on 31.03.2008, and taken on record by the

Fourteenth Annual Report 2007-2008

Board of Directors, we report that none of the director is disqualified as on 31st March 2007 from being appointed as director in terms of Clause (g) of section 274 (1) of the Companies Act, 1956.

f) 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 act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

I. In the case of the Balance Sheet, of the State of Affairs of the company as at 31st March 2008

II. In the case of the Profit and Loss Account, of the Profit for the year ended on that date and

III. In the case of cash flow statement, of the cash flows for the year ended on that date

For B.Rama Rao & Co.
Chartered Accountants
Sd/-

G.V.Ranga Babu
Partner

Place : Hyderabad
Date : 20.09.2008

ANNEXURE TO THE AUDITOR'S REPORT

1. a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
b) As per the information and explanation given to us, the management at reasonable intervals carried out the physical verification of the fixed assets. No material discrepancies were noticed on such verification.
c) There was no substantial disposal of fixed assets during the year under audit.
2. Due to the nature of its business, clause (ii) of the order, relating to physical verification of inventory is not applicable to the company.
3. As informed, the Company has neither granted or taken any bans, secured or unsecured to /from companies, firms or other parties covered in the register maintained under section 301 of the companies Act.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with size of the company and the nature of its business, for the purchase of fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls in respect of this area.
5. The Company has not accepted any deposits from public to which the provisions of Section 58A of the act, and the rules made there under apply.
6. In our opinion, the company has an internal audit system, which is commensurate with the size and the nature of its business
7. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records prescribed under section 209(1)(d) of the act.
8. (a) According to the information and explanation given to us and the records examined by us, certain delays were observed in payments of TDS. Further an amount of Rs.7,19,412 is outstanding.
(b) According to the information and explanations given to us, there are no dues of sales tax, provident fund and Tax deducted at source, which have not been deposited on account of any dispute. However there is a disputed sales- tax liability of Rs.20, 94,131/- relating to the Assessment Year 2001-2002. The case is pending disposal with the Appellate Tribunal

Fourteenth Annual Report 2007-2008

9. The company has been registered for a period of more than five years and has no accumulated losses at the end of the year under audit.
10. Based on our examination of the records and the information and explanation given to us, the company has not granted any loan and or advances on the basis of security by way of pledge of shares, debentures and other securities.
11. The company is not a chit fund, nidhi, mutual benefit fund or a society.
12. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(XIV) of the order are not applicable to the company.
13. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions except loans to employees given by banks.
14. According to the information and explanations given to us, the company has raised term loan of Rs. 2 crores during the year and the outstanding as on 31.03.2008 is Rs.1,47,95,802/-.
15. According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that the company has not raised any funds on short-term basis.
16. The company has not made any preferential allotment of shares during the year. However the company has raised Rs.48 crores through GDR'S
17. During the year covered by our audit report the company has not issued any secured debentures.
18. As per the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For B.RAMA RAO & CO
Chartered Accountants

Sd/-
G.V. Ranga Babu
Partner

Hyderabad
20.09.2008

BALANCE SHEET AS AT 31st MARCH, 2008

| | Schedule No. | 31.03.2008 Rs. | 31.03.2007 Rs. |
|--|-----------------|-------------------|-------------------|
| SOURCES OF FUNDS | | | |
| 1. Share Holders' Funds | | | |
| (a) Capital | 1 | 625419620 | 145419620 |
| (b) Reserves and Surplus | 2 | 369567957 | 221885106 |
| 2. Loan Funds | | | |
| (a) Secured Loans | 3 | 37819143 | 23741358 |
| (b) Unsecured Loans | 4 | 8441500 | 8739000 |
| TOTAL | | 1041248220 | 399785084 |
| APPLICATION OF FUNDS | | | |
| 1. (a) Fixed Assets | 5 | | |
| Gross Block | | 300785006 | 187139110 |
| Less: Depreciation | | 131485059 | 125363666 |
| Net Block | | | |
| | | 169299947 | 61775444 |
| (B) Capital Work in Progress | | 367399890 | 0 |
| 2. Investments | 6 | 318373218 | 159535535 |
| 3. Current Assets, Loans & Advances | 7 | | |
| (a) Inventories | | 79894552 | 11427690 |
| (c) Sundry Debtors | | 98379826 | 295100359 |
| (d) Cash and Bank balances | | 127014 | 117517 |
| (e) Loans and Advances | | 13562678 | 12945588 |
| TOTAL | | 191964070 | 319591154 |
| Less : Current Liabilities & Provisions | | | |
| i. Current Liabilities | 8(a) | 66168269 | 148702719 |
| ii. Provisions | 8(b) | 2725113 | 2026069 |
| Net Current Assets | TOTAL | 123070688 | 168862366 |
| 3. Miscellaneous Expenditure | 9 | 63104477 | 9611739 |
| TOTAL | | 1041248220 | 399785084 |
| Statement of significant Accounting Policies & Notes forming part of Accounts 14 | | | |

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 Chandra Sekhar
Director-Finance

Date : 20.09.2008
Place : Secunderabad

Fourteenth Annual Report 2007-2008

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2008

| PARTICULARS | Schedule No. | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|---------------------|-------------------------|-------------------------|
| Income | | | |
| Revenue | 10 | 296021532 | 163457476 |
| Other Income | - | 11355180 | 6137054 |
| TOTAL | | <u>307376712</u> | <u>169594530</u> |
| Expenditure | | | |
| Operating Expenses | 12 | 135461441 | 92983004 |
| Financial Charges | 13 | 4876337 | 3427005 |
| Depreciation | 5 | 6121393 | 16023047 |
| Increase (Decrease in Stock) | | 11427690 | 24863152 |
| TOTAL | | <u>157886861</u> | <u>137296208</u> |
| Profit for the year | | 149489851 | 32298322 |
| Provision for Tax | | 1719500 | 2065732 |
| Provision for fringe benefit tax | | 87500 | 75000 |
| Profit after Tax | | 147682851 | 30157590 |
| Balance brought forward from the previous year | | 121231455 | 94303697 |
| Profit available for appropriation | | 268914306 | 124461287 |
| Appropriations: | | | |
| Provisions for Dividends | | | |
| Transfer to General Reserve | | 14948985 | 3229832 |
| Balance carried to Balance Sheet | | 253965321 | 121231455 |
| Earning per Share - Basic | | 3.47 | 2.07 |
| - Diluted | | 3.47 | 2.07 |
| Statement of significant Accounting Policies & Notes forming part of Accounts | 14 | | |

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 Chandra Sekhar
Director-Finance

Date : 20.09.2008
Place : Secunderabad



Cybermate Infotek Limited

SCHEDULE I

| SHARE CAPITAL | 31.03.2008 Rs. | 31.03.2007 Rs. |
|---|-------------------|-------------------|
| Authorised | | |
| 8,50,00,000 Equity Shares of Rs. 10/- each fully paid up) | 850000000 | 150000000 |
| (1,50,00,000 Equity shares of Rs.10/-each fully paid up) | | |
| Subscribed & Paid Up | | |
| 6,25,41,962 Equity Shares of Rs. 10/- each fully paid up | 625419620 | 145419620 |
| (1,45,41,962 Equity shares of Rs.10/- each fully pai up) | | |
| TOTAL | 625419620 | 145419620 |

SCHEDULE - 2

Reserves & Surplus

| | | |
|-------------------------|------------------|------------------|
| General Reserve | 29892636 | 14943651 |
| Profit and Loss Account | 253965321 | 121231455 |
| Share Premium | 85710000 | 85710000 |
| TOTAL | 369567957 | 221885106 |

SCHEDULE 3

Secured Loans

| | | |
|---|-----------------|-----------------|
| Hire Purchase | 1018542 | 638394 |
| Dewan Housing Finance-Loan Against Rent | 22004799 | 23102964 |
| IDBI Bank-Term Loan | 14795802 | 0 |
| TOTAL | 37819143 | 23741358 |

SCHEDULE 4

UnSecured Loans

| | | |
|--------------------------------|----------------|----------------|
| Security Deposits | 7441500 | 7739000 |
| Subsidy from Govt. of Nagaland | 1000000 | 1000000 |
| TOTAL | 8441500 | 8739000 |

SCHEDULE 5
Fixed Assets

| Name of Asset | Gross Block As on 01.04.07 Rs. | Additions /Deletions Rs. | Gross Block As on 31.03.08 Rs. | Depreciation Upto the Year Rs. | Depreciation During the Year Rs. | Total Rs. | Net Block As On 31.03.07 Rs. | Net Block As On 31.03.08 Rs. |
|--------------------------------|--------------------------------------|--------------------------------|---|---|---|------------------|---------------------------------------|---------------------------------------|
| 1) Motor Vehicles | 1104603 | 0 | 1104603 | 1061595 | 4765 | 1066360 | 43008 | 38243 |
| 2) Computers & Peripherals | 39781426 | 3539149 | 43320575 | 39605042 | 206969 | 39812011 | 176384 | 3508564 |
| 3) Office Equipment | 1173419 | 15472 | 1188891 | 652345 | 74593 | 726938 | 521074 | 461953 |
| 4) Furniture | 6781436 | 499917 | 7281353 | 2930128 | 437176 | 3367304 | 3851308 | 3914049 |
| 5) Electrical Equipment | 3273353 | 1746862 | 5020215 | 1285619 | 215987 | 1501606 | 1987734 | 3518609 |
| 6) Buildings | 24131497 | 0 | 24131497 | 4124246 | 393343 | 4517589 | 20007251 | 19613908 |
| 7) Web Development Expenses | 63007779 | 43952148 | 106959927 | 63007779 | 0 | 63007779 | 0 | 43952148 |
| 8) Software Products | 47885597 | 63892348 | 111777945 | 12696912 | 4788560 | 17485472 | 35188685 | 94292473 |
| TOTAL | Rs. 187139110 | 113645896 | 300785006 | 125363666 | 6121393 | 131485059 | 61775444 | 169299947 |



Cybermate Infotek Limited

| | 31.03.2008 | 31.03.2007 |
|--|------------------|------------------|
| | Rs. | Rs. |
| SCHEDULE-6 | | |
| Investments | | |
| Investments Non Trade Unquoted | | |
| Cybermate Infotek Limited USA | 132137752 | 159435535 |
| Twin Cities Investments and Finances Ltd | 100000 | 100000 |
| Cybermate Infotek ,FZE | 186135466 | 0 |
| TOTAL | 318373218 | 159535535 |
| Current Assets Loans & Advances | | |
| Current Assets | | |
| a) Inventories | | |
| Software Products | 79894552 | 11427690 |
| TOTAL | 79894552 | 11427690 |
| b) Sundry Debtors | | |
| (Unsecured, Considered Good) | | |
| More than six months old | 0 | 211990235 |
| Less than six months old | 98379826 | 83110125 |
| TOTAL | 98379826 | 295100360 |
| c) Cash & Bank Balances | | |
| i. Cash on hand | 1031 | 1129 |
| ii. Balance with Scheduled Banks | 125983 | 116388 |
| TOTAL | 127014 | 117517 |
| Loans and Advances | | |
| Advances Recoverable in cash or kind or for value to be received | 454383 | 538000 |
| Inter Corporate Deposits | 10522643 | 10522643 |
| Deposits with Others | 1399629 | 698922 |
| Advance Tax Paid | 1186023 | 1186023 |
| TOTAL | 13562678 | 12945588 |

Fourteenth Annual Report 2007-2008

| | 31.03.2008 | 31.03.2007 |
|---|-------------------------|-------------------------|
| | Rs. | Rs. |
| SCHEDULE-8 | | |
| Current Liabilities & Provisions | | |
| (a) Current Liabilities | | |
| Sundry Creditors | 9720475 | 3454365 |
| Other Current Liabilities | 55178151 | 137196981 |
| Loan from Others | 1269643 | 8051373 |
| TOTAL | <u>66168269</u> | <u>148702719</u> |
| (b) Provisions | | |
| Provision for Tax | 2725113 | 2026069 |
| TOTAL | <u>2725113</u> | <u>2026069</u> |
| SCHEDULE-9 | | |
| Miscellaneous Expenses | | |
| To the extent not written off | | |
| Public Issue Expenses | 640555 | 854073 |
| Product Development Expenses | 33589053 | 7916482 |
| Software Products | 28874869 | 841184 |
| TOTAL | <u>63104477</u> | <u>9611739</u> |
| SCHEDULE-10 | | |
| Revenue | | |
| Exports | 296021532 | 135035132 |
| Domestic | 0 | 28422344 |
| TOTAL | <u>296021532</u> | <u>163457476</u> |
| SCHEDULE-11 | | |
| Increase/Decrease in Stock | | |
| Opening Stock | | |
| Software Product | 11427690 | 36290842 |
| In-process | 79894552 | 0 |
| | <u>91322242</u> | <u>36290842</u> |
| Less: | | |
| Closing Stock | | |
| Software Product in Process | 0 | 11427690 |
| In-process | 79894552 | 0 |
| | <u>79894552</u> | <u>11427690</u> |
| Decrease in Stock | 11427690 | 24863152 |

| | 31.03.2008 | 31.03.2007 |
|--|-------------------------|------------------------|
| | Rs. | Rs. |
| SCHEDULE - 12 | | |
| Operating and Other Expenditure | | |
| Salaries | 50566657 | 37951327 |
| Directors Remuneration | 4715845 | 4616245 |
| Software Purchases | 4279841 | 3147892 |
| Administration Expenses | 7408073 | 2723795 |
| Consultancy and Professional Expenses | 1042708 | 604400 |
| Rent, Rates and Taxes | 5405839 | 1469354 |
| Business Promotion Expenses | 1141742 | 409454 |
| Audit Fee | 100000 | 100000 |
| Insurance | 82746 | 52026 |
| Bank Charges | 427523 | 70975 |
| A.G.M.Expenses | 254511 | 61248 |
| Security Charges | 92120 | 72301 |
| Overseas Marketing Expenses | 5540650 | 3365369 |
| Investments written off | 28135683 | 35935683 |
| Miscellaneous Expenses written off | 2402935 | 2402935 |
| Loss on Foreign Exchange | 769226 | |
| GDR Issue Expenses | 23095342 | |
| TOTAL | <u>135461441</u> | <u>92983004</u> |
| SCHEDULE 13 | | |
| Financial Charges | | |
| Interest on secured loans | 4509165 | 2980059 |
| Interest others | 367172 | 446946 |
| TOTAL | <u>4876337</u> | <u>3427005</u> |

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 recognized 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. Revenue Recognition.

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

iii. 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 prorata basis.

iv. Expenditure

The cost of software user licenses purchased for software development and the rendering of IT services is charged to revenue in the year the software is acquired at the time of acquisition. Provisions are made for all known losses and liabilities, future unforeseeable circumstances that may affect the profit on fixed-price software development contracts and also towards likely expenses for providing post-sales client support.

v. Investments

Long Term Investments are stated at cost.

vi. 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.

vii. Retirement benefits.

Gratuity liability towards existing eligible employees will be met by the contribution made to the fund administered by LIC, since, the company has settled the employees dues from its resources who left the services of the company. Hence, during the year no contributions were made

viii. Foreign currency transactions

Foreign Exchange transactions are recorded at the spot rate prevailing at the beginning of the concerned month. Year-end balances of foreign currency assets and liabilities are restated at the closing rate/forward contract rate as

applicable. Gains/Losses arising out of fluctuations in the exchange rates are recognized in Profit & Loss A/c.

ix. Deferred Tax liability

The Company is a 100% EOU engaged in export of computer software and is claiming exemption of its business income under Section 10B. Hence, Accounting Standard on Deferred Tax liability is not applicable in so far as it relates to the business income of the company. However, with respect to other income, there is no timing or permanent deférence and hence provision for tax is recognized in the year in which it arises.

x. Miscellaneous Expenditure

Expenses in connection with public issue of shares and preliminary expenses are being Written off over a period of 10 years.

B. Notes on Accounts

(All figures are reported in rupees, except data relating to shares or unless stated Otherwise)

1. Cost of Acquisition of Software
Cost of Acquisition of Licensed versions of Software is charged off in the year of purchase.
2. Secured Loans
(a) Rupee Lease Rental Finance from Dewan Housing Finance Corporation Limited is primary secured by assignment of rent receivables, collateral security by a first charge on the on the property of the company.

(b) Term loan from IDBI Bank is secured by a first charge on property i.e land belonging to the Managing Director Mr.PC Pantulu.

3. Employee Stock Option Scheme. (ESOP)
The compensation committee of the board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options.

Amount received from employees on exercise of stock option, pending allotment of shares is shown as share application money pending allotment.

**4. Related Party Transactions
Directors Remuneration**

| S No. | Name of the director | Remuneration |
|--------------|----------------------|------------------|
| 1 | P C Pantulu | 27,72,000 |
| 2 | KSShiva Kumar | 15,13,200 |
| 3 | P Chandra Sekhar | 4,30,645 |
| Total | | 47,15,845 |

5. Key Management personnel are non-director officers of the company; who have the authority and Responsibility for planning, directing and controlling the activities of the Company. The loans and advances receivable from non-director officers as at 31st March, 2008 are at Rs. NIL.
6. Segment reporting: The entire operations of the company relate only to one segment i.e., Computer Software.

Fourteenth Annual Report 2007-2008

7. Assets taken on lease comprise computers and peripherals, which are accounted as per the tenor of the hire purchase agreement. The dues against certain assets on hire purchase basis could not be settled as the Hire Purchase Company has suspended its operations.
8. Dues to S.S.I.: There are no dues to S.S.I. units in respect of Sundry Creditors as required to be disclosed in accordance with Section 211 read with part 1 of Schedule VI of the Companies Act, 1956.
9. Miscellaneous expenses: Miscellaneous expenses not written off include expenditure in connection with development of certain software products. The company proposed to charge off the same to revenue over a period of five years commencing from 2006-2007.
10. Investments by the company are in the category of non-trade and unquoted shares. The Wholly Owned Subsidiary in the USA has suspended its operations and hence the management proposes to recognize a diminution in the value of investment by 15 % of the value amounting to Rs. 281,35,683/-.
11. Inter corporate Deposits: The recovery of interest on these deposits is very irregular and outstanding for a long period. The auditors have requested the company to make a suitable provision in the books of accounts. However the company has obtained judgment in favour of the company on a suit filed on Armour Pharmaceuticals Ltd for the recovery of inter corporate deposit and is confident of recovering interest and principal
12. Additional Information Pursuant to the provisions of the Schedule VI to the Companies Act, 1956.

i. Inflow in Foreign currency
(Receipt Basis)

| | Figures in Rupees | |
|--------------|---------------------------|--------------------|
| | 31.03.08 | 31.03.07 |
| Receipts | 9,66,07,111 | 0.00 |
| Total | <u>9,66,07,111</u> | <u>0.00</u> |

ii. Amounts paid/payable to Auditors

| | 31.03.08 | 31.03.07 |
|----------------------------|------------------------|------------------------|
| Audit Fees | 60,000 | 60,000 |
| Tax Audit Fee | 5,000 | 5,000 |
| Certification Fee | 10,000 | 10,000 |
| Tax Representation fee | 10,000 | 10,000 |
| Management Consultancy fee | 10,000 | 10,000 |
| Out of Pocket Expenses | 5,000 | 5,000 |
| | <u>1,00,000</u> | <u>1,00,000</u> |

iii. Managerial Remuneration

| | 31.03.08 | 31.03.07 |
|----------|-------------------------|-------------------------|
| Salaries | 47,15,845 | 46,16,245 |
| | <u>47,15,845</u> | <u>46,16,245</u> |

| | | |
|---|--------|---------|
| iv. Contingent Liabilities not provided for | | |
| a) Bank Guarantee | Rs.Nil | Rs. Nil |
| b) LC's | Rs.Nil | Rs. Nil |
| c) Foreign Bills Discount | Rs.Nil | Rs. Nil |
| d) Disputed Income Tax Liability | Rs.Nil | Rs. Nil |

vi. Reconciliation of basic and diluted shares used in computing earnings per share

| | Year ended | Period ended |
|--|-------------------|---------------------|
| | 31.03.08 | 31.03.07 |
| Number of shares considered as basic | 4,25,41,962 | 1,45,41,962 |
| Weighted average shares outstanding (12 months) | | |
| Add: Effect of dilutive issues of shares / Stock options | -- | --- |
| Number of shares considered as weighted average shares and potential shares outstanding | 4,25,41,962 | 1,45,41,962 |
| Earnings per share | 3.47 | 2.07 |

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

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

ix. Figures are rounded off to nearest rupee.

x. The accounts for the year are prepared for the period of 12 months from 1st April 2007 to 31st March 2008.

For B.Rama Rao & Co
Chartered Accountants

For and on behalf of the Board

Sd/-
G.V.Ranga Babu
Partner

Sd/-
P.C. Pantulu
Managing Director

Sd/-
K.S.Shiva Kumar
Director-Operations

Sd/-
P Chandra Sekhar
Director-Finance.

Date : 20.09.2008
Place : Secunderabad

Balance Sheet Abstract and Company's General Business Profile

Registration Details:

Registration No.

| | | | | |
|---|---|---|---|---|
| 1 | 7 | 4 | 8 | 5 |
|---|---|---|---|---|

State code:

| | |
|---|---|
| 0 | 1 |
|---|---|

Balance Sheet Date:

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 3 | 1 | 0 | 3 | 2 | 0 | 0 | 8 |
|---|---|---|---|---|---|---|---|

Capital raised during the year (Amt. In Rs. thousands)

Public Issue:

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

Rights Issue:

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

Bonus Issue:

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

Private Placement:

| | | |
|---|---|---|
| N | I | L |
|---|---|---|

GDR Issue

| | | | | | |
|---|---|---|---|---|---|
| 4 | 8 | 0 | 0 | 0 | 0 |
|---|---|---|---|---|---|

Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 0 | 4 | 1 | 2 | 4 | 8 |
|---|---|---|---|---|---|---|

Total Assets

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 0 | 4 | 1 | 2 | 4 | 8 |
|---|---|---|---|---|---|---|

Sources of Funds:

Paid up Capital

| | | | | | |
|---|---|---|---|---|---|
| 6 | 2 | 5 | 4 | 1 | 9 |
|---|---|---|---|---|---|

Reserves & Surplus

| | | | | | |
|---|---|---|---|---|---|
| 3 | 6 | 9 | 5 | 6 | 7 |
|---|---|---|---|---|---|

Secured Loans

| | | | | |
|---|---|---|---|---|
| 3 | 7 | 8 | 1 | 9 |
|---|---|---|---|---|

Unsecured Loans

| | | | |
|---|---|---|---|
| 8 | 4 | 4 | 1 |
|---|---|---|---|

Application of Funds

Net Fixed Assets

| | | | | | |
|---|---|---|---|---|---|
| 1 | 6 | 9 | 2 | 9 | 9 |
|---|---|---|---|---|---|

Investments

| | | | | | |
|---|---|---|---|---|---|
| 3 | 1 | 8 | 3 | 7 | 3 |
|---|---|---|---|---|---|

Net Current Assets

| | | | | | |
|---|---|---|---|---|---|
| 1 | 2 | 3 | 0 | 7 | 0 |
|---|---|---|---|---|---|

Misc. Expenditure

| | | | | |
|---|---|---|---|---|
| 6 | 3 | 1 | 0 | 4 |
|---|---|---|---|---|

Accumulated Losses

| | | |
|---|---|---|
| N | I | L |
|---|---|---|



Cybermate Infotek Limited

Performance of the Company (Amount in Rs. Thousands)

Turnover including

Other Income

| | | | | | |
|---|---|---|---|---|---|
| 3 | 0 | 7 | 3 | 7 | 6 |
|---|---|---|---|---|---|

Total Expenditure

| | | | | | |
|---|---|---|---|---|---|
| 1 | 5 | 7 | 8 | 8 | 6 |
|---|---|---|---|---|---|

+/- Profit/Loss before Tax

| | | | | | |
|---|---|---|---|---|---|
| 1 | 4 | 9 | 4 | 8 | 9 |
|---|---|---|---|---|---|

+/- Profit after Tax

| | | | | | |
|---|---|---|---|---|---|
| 1 | 4 | 7 | 6 | 8 | 2 |
|---|---|---|---|---|---|

Earning per share

| | | | |
|---|---|---|---|
| 3 | . | 4 | 7 |
|---|---|---|---|

Dividend Rate

| |
|---|
| - |
|---|

Generic Names of three principal products/services of the company.

Item Code No.
(ITC Code)

| | | | | |
|---|---|---|---|---|
| 8 | 5 | - | 0 | 4 |
|---|---|---|---|---|

Product Description

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| C | O | M | P | U | T | E | R | S | O | F | T | W | A | R | E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

Fourteenth Annual Report 2007-2008

Cash Flow Statement for the year ended 31st March 2008.

| | Year ended 31st March, 2008 (Rs.) | Year ended 31st March, 2007 (Rs.) |
|---|---|---|
| Cash Flow from Operating Activities: | | |
| Net Profit before Tax | 149489851 | 32298322 |
| Depreciation | 6121393 | 16023048 |
| Change in Miscellaneous Expenses | 2402935 | 2402936 |
| Operating Profit before working capital | 158014179 | 50724306 |
| Changes in Working Capital | | |
| Increase / (Decrease) in Inventories | (68466862) | 24863152 |
| Increase / (Decrease) in Sundry Debtors | 196720533 | (135120729) |
| Increase / (Decrease) in Loans & Advances | (617090) | 5515879 |
| Increase / (Decrease) in Current Liabilities | (83642406) | 18708296 |
| Change in Miscellaneous Expenses | (55895673) | 0 |
| <i>Cash Generated from Operations</i> | <i>(11901498)</i> | <i>(86033402)</i> |
| Net Cash from Operating Activities | 146112681 | (35309096) |
| Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets | (113645896) | (49550) |
| Change in Capital work-in-Progress | (367399890) | 0 |
| Increase / (Decrease) in Investments | (158837683) | 35935683 |
| Net Cash from Investing Activities | (639883469) | 35886133 |
| Cash Flow from Financing Activities | | |
| Change in P/LA/c. | 0 | 0 |
| Increase in Share Capital | 480000000 | 0 |
| Increase / (Decrease) in Secured Loans | 14077785 | (551726) |
| Increase in Unsecured Loans | (297500) | 0 |
| Net Cash used in Financing Activities | 493780285 | (551726) |
| Net change in Cash and Cash Equivalents | 9497 | 25311 |
| Cash & Cash Equivalents at the Beginning of the year | 117517 | 92206 |
| Cash & Cash Equivalents at the End of the Year | 127014 | 117517 |

For and on Behalf of the Board

| | | | |
|---------------------------|---------------------|-------------------------|--------------------------|
| Date: 20th September 2008 | Sd/- P.C.Pantulu | Sd/- K.S.Shiva Kumar | Sd/- P Chandra Sekhar |
| Place: Secunderabad | Managing Director | Director-Operations | Director-Finance |

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 year ended 31st March 2008. The statement has been prepared by the company in accordance with the requirements of Clause 32 of listing agreement with Hyderabad, Mumbai and Bangalore 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 31st July, 2008 to the members of the Company.

For B. Rama Rao & Co.
Chartered Accountants
Sd/-
G.V.Ranga Babu
Partner

Date : 20th September 2008
Place : Hyderabad



Regd. & Corp. Office 11, Sripuri Colony, Kakaguda, Karkhana, Secunderabad-500015

PROXY FORM

Folio No.:

I/We..... of..... in the district of
..... being a Member/Members of the above named Company, hereby appoint
Mr/ Mrs/Kum in the District of
..... as my/our proxy to attend and vote for me/us on my/our behalf at the 14th Annual
General Meeting of the Company to be held at Main Hall Sundarayya Vignan Kendra, # 1-8-1/B/25/A,
Baghlingampally, Hyderabad 500 044 A.P India, on Friday the 17th October 2008 at 10.00 A.M. and at
any adjournment thereof.

Signed..... this..... day of.....2008

Address

.....
.....

Signature

Note: The proxy form duly completed must be deposited at the Registered Office of the Company
addressed to SECRETARIAL DEPARTMENT Cybermate Infotek Ltd at Plot 11, Sripuri Colony, Karkhana,
Secunderabad- 500015. A.P. Not less than 48 Hrs. before the time for holding the meeting. A proxy need
not be Member.



Regd. & Corp. Office 11, Sripuri Colony, Kakaguda, Karkhana, Secunderabad-500015

ATTENDANCE SLIP

I hereby record my presence at the 14th Annual General Meeting of the company at Main Hall,
Sundarayya Vignan Kendra, # 1-8-1/B/25/A, Baghlingampally, Hyderabad 500 044 A.P India, on Friday
the 17th October 2008 at 10.00.A.M.

Full Name of the Shareholder (in block letters)

Signature

Folio No.

No. of Shares Held

Full Name of the Proxy (in block letters)

(to be filled if the proxy attends instead of the Member)

Signature

Note: Shareholders attending the meeting in person or by proxy are requested to complete the
attendance slip and hand over at the entrance of the meeting hall



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