



CYBERMATE INFOTEK LIMITED

We win, when you win!

An ISO 9001:2008 Company

Annual Report 2009-10

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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 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.
Bank of Baroda
Punjab National Bank

**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 16th Annual General Meeting of the shareholders of the company will be held on Friday the 24th September 2010 at 10.00 A.M. at Main Hall, Sundarayya Vignan 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 2010 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 Pawan 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.”

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

“RESOLVED THAT Mr. K K 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.”

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 modifications (s) the following resolution as Special Resolution

“RESOLVED THAT in accordance with the provisions of Sections 198,269,309,310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act 1956 (including any statutory modification or re-enactment thereof, for the time being in force), in super cession of any earlier resolution, the consent of the Company be and is hereby accorded for the increase in remuneration of Mr. K.S. Shiva Kumar, as Director (Operations) & Chief Operating Officer with effect from 1st April, 2010 till 31st March, 2012 (both days inclusive) as set out hereunder”.

1. Basic Rs.1,10,000/-per month (in the scale of 1,10,000-5000-1,30,000 p.m.)
2. Commission: 1% of the net profits of the Company as per the provisions of Section 198 and 309 of the Companies Act, 1956

3. Perquisites: (subject to the maximum of annual salary)
- i. Housing: 40% of the salary over and above 10% payable by the director himself. In case the company provides accommodation the company shall recover 10% of the salary from the Director.
 - ii. The expenditure incurred by the Company on gas, electricity, water and furnishing etc. shall be Valued as per the Income Tax rules, 1962. This shall however, be subject to a ceiling of 10% of his salary.
 - iii. Medical Reimbursement: Expenses incurred for the Director and family subject to a ceiling of one month's salary in year of 3months salary in a block of 3 years
 - iv. Leave Travel Concession: For the Director and his family consist of spouse, dependent children and parents once in year incurred in accordance with the rules specified by the Company.
 - v. Club fees: Fees of Clubs subject, to a maximum of two clubs. This will not include admission and life membership.
 - vi. Personal Accident Insurance: Premium not exceeding Rs. 2000/- per annum.
 - vii. Provident Fund, super annuation Fund/ Annuity Fund: As per Company's rules.
 - viii. Gratuity: As per company's rules
 - ix. Leave:
 - a. Casual leave: As per Company Rules.
 - b. Sick Leave: As per Company Rules.
 - c. Privilege Leave: As per Company Rules.
 - x. Leave Encashment: As per Company Rules.
 - xi. Residential Telephone: Residential telephone be provided at the expense of the company. The company will pay the Telephone bill including STD and Trunk calls for the official business.
 - xii. Car: Entitled to use office car with driver for official purpose. Alternatively if he owns a car with driver he shall be entitled for reimbursement of expense of Rs. 4,500/- p.m.
 - xiii. The following shall not be include in the computation of the ceiling on perquisites:
 - a. Contribution to Provident fund, Super Annuation Fund/ Annuity Fund to the extent either singly or put together are not taxable under Income Tax Act, 1961
 - b. Gratuity payable at the rate not exceeding half-month's salary for each completed year of service.
4. Minimum Remuneration: In the event of loss or inadequacy of profits in any year during the period of his appointment, Mr. K.S. Shiva Kumar will be paid the remuneration as above as minimum remuneration. Mr. K.S. Shiva Kumar will not be entitled to any sitting fee for attending meetings of the Board or any committee there of.

SPECIAL BUSINESS:.

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 18th September 2010 to 24th September 2010 (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 Pawan Kasera, aged 54 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 Department of Information Technology, Ministry of communications and information technology, Govt of India).

ITEM NO. 3:

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

Sri K.Koteswara Rao, aged 64 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 Grop of Companies before leaving for the Middle East.

Directors' Report:

To the Members,

Your Directors have pleasure in presenting their 16th Annual Report of the business and operations of your company for the year ended March 31st 2010.

Financial Results:

	(Rs. in lakhs)	
	2009-10	2008-09
Operational Income	1163.34	2092.82
Other Income	54.70	156.22
Total Revenues	1218.05	2249.04
Profit before Depreciation,		
Interest & Tax	360.44	577.98
Depreciation	240.89	240.40
Interest	36.80	40.81
Profit before Tax	82.74	296.77
Provision for Tax	8.52	19.50
Profit after Tax	74.22	277.27

Overview of Operations:

The year began with many challenges and many things changed. The financial sector suffered a meltdown, the stock markets collapsed. Liquidity became tight the world over. What started as a problem in the housing sector became a problem of the financial sector and very shortly, it hit the real world economy. Funds to the real world economy got choked and customers found their business shrinking, their supply chains and inventories mounting and their profitability

disappearing and the first quarter of the last year only deepened as the year progressed. We are not yet out of these problems. By the most favorable estimates, the world economy may hit the rock bottom in another 2/3 quarters, but the recovery will take long time.

The pressure of liquidity and profitability forced customers all over cut costs, to postpone his commitments and to ensure that they got value for their money.

In a sense last year we emerged toughened by the fire of the global economic challenges and I believe we came out as a distinctly better company at the end of the year as compared to what we were at the beginning of the year.

Global Depositary Receipts(GDR's)

Your Company has been in a constant endeavour to get to the next level in its services and offerings has been facing the pressure for liquidity. The company has commenced the follow on offering of its GDR. The company has obtained in-principal approvals from the Bombay stock exchange and also the Bangalore stock exchange where the equity share of the company is listed. The company is in the process of concluding the offering to secure funds for its long term working capital requirements.

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

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 comprises eight members (inclusive of three executive directors and four 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. Shankar Khasnis	Independent Director
6) Mr. Pawan Kumar Kasera	Independent Director
7) 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.

Audit committee has been reconstituted as follows.

1) Mr. Pawan Kumar Kasera	Chairman
2) Mr. D J Reddy	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 2010 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 Development:

The fiscal year 2009-10 can be described as a year of economic turbulence. The mortgage and fiscal crisis took on the global economy, followed by unemployment, declining GDP and weakened demand environment. IT industry was also affected adversely by this turmoil. The technology related spending was reduced drastically. There was insignificant uptick in the demand scenario and pricing pressures were felt across the industry. Some companies had to down size their operation while the others were delaying the payments and deals.

With the rapidly changing macro-economic scenario, customer demands and expectations have also changed. Customers are maintaining a cautious approach while spending money on their IT requirements. They are also looking for optimum utilization of that money by deriving maximum value in the products and solutions offered. This has emphasized the need for transformation in business models and service delivery, while bringing in more flexibility. The industry is looking to diversify beyond its key offerings and markets, defining new business and pricing and payment models, transforming the delivery process through technology innovation and thus ensuring cost efficiency.

Structural changes:

Changing Customer Demand Customer requirements are changing as they expect IT to play a key role in increasing their enterprise value. This doesn't focus on simple cost cutting

measures but transformation needs to be done in business processes, workforce practices, operation logistics, sales and marketing methodology and information use.

Emergence of new models Companies understand the significance of IT to the economic performance which extends beyond managing expenditures. Emergence of SaaS and cloud computing, shared services, and more selective outsourcing are some new priorities to address constrained IT budgets.

New markets The traditional markets of US and Europe have always been the core growth markets for the IT industry. In verticals, BFSI has been the dominant industry vertical for majority of the IT companies till now. The revival in the overall IT spend was driven by recovery in North America and BFSI, while the emerging markets like APAC and emerging verticals like retail/healthcare and Energy & Utilities have further contributed to the positive news.

Varied offerings Indian IT service offerings have grown from application development and maintenance, to end-to-end solutioning, with testing services, engineering and R & D services, infrastructure services, consulting and system integration. These are the new service areas for increased IT spending.

Innovation IT industry has been developing its capabilities to bring in transformation in the business processes through increased R & D spend. Now the IT companies are more focused

on IP creation, development of new technologies including process and business model innovation and increased domain expertise. There has been a 29 times increase in patents over FY2005-FY2008, and average R & D spend of 1 per cent of revenues. (Source: NASSCOM SR 2010)

Green growth There is an emerging green revolution where the industry looks forward to develop a business model that is not only competitive but sustainable with minimum ecological footprint. The industry is estimated to aggregate revenues of USD 73.1 Billion in FY2010, with the IT software and services industry accounting for USD 63.7 Billion of revenues. Export revenues are estimated to gross USD 50.1 Billion in FY2010, growing by 5.4 per cent over FY2009, and contributing 69 per cent of the total IT-BPO revenues. Software and services exports (including BPO) are expected to account for over 99 per cent of total exports, employing around 1.8 million employees.

The engineering design and products development segments that involve IP driven service capabilities command an exports revenue share of 20 per cent, generating revenues of USD 10 Billion in FY2010, growing by 4.2 per cent. The demand scenario has improved in the last two quarters of FY 2009-10 with improving deal flow, volume growth, stable pricing and faster decision making cycle. These improving economic conditions indicate towards return of customer confidence and growth revival.

IT services is expected to grow by 2.4 per cent in 2010, and 4.2 per cent in 2011 as companies coming out of recession are now looking at IT for achieving the competitive edge. (Source: NASSCOM SR 2010)

Company's Focus and Strategy:

Challenges:

The industries to which we offer our services and solutions have been badly hit by this downturn. Manufacturing industry has been the worst impacted with manufacturers reducing their capacity utilization, cutting down on the overall IT spends and halting the discretionary IT projects.

There is a new challenge as manufacturers need to save costs to protect their financial results, while they also need innovative products and solutions to retain the existing and acquire the new customers.

Opportunities:

The economic challenges have provided an impetus to create new growth opportunities. As companies have been fighting the economic turmoil, they never lost sight of their client demands. A "new normal" business environment has been established in the industry, where companies with customer focus, innovative offerings and with a competitive cost base will only survive.

Manufacturing companies are looking at IT to bring in flexible and cost effective manufacturing and thus increase the value for its customers.

There is a demand growth for more customer facing applications like SCM, CRM and BI applications. Cloud computing is another area which may drive the IT need of manufacturing industry during the year mainly due to its manageable IT infrastructure and cost effectiveness. The mid-market segment remains a major growth avenue for enterprise application software. Green IT is the new development in this industry with corporations focusing on saving power and energy and working on sustainable models which are environment friendly.

Although companies are looking at improving internal IT processes and reducing costs, they continue to invest in innovation. Some businesses still have the resources to invest in IT to retain customers and gain competitive advantage as they realized that a downturn can be a perfect time to undertake projects that impact future growth.

There is a widening growth gap between the emerging markets and traditional mature markets like US and Europe. We also believe that emerging markets would be at the forefront of the overall growth.

Our Focus

Due to the economic downturn, we faced a major pounding as we were principally focused on the manufacturing and services industries.

As now significant investments are happening in the areas of Health Care and Telecom domain we are using our Business IT and embedded software capabilities to build world class products

in the area of Healthcare and Mobile Applications.

Your company has about 39 products out of which the following 13 products are receiving higher traction.

- Hospital Management
- Asset Management
- Inventory Management
- Human Resource Mgmt
- Pharmacy Management
- Recruitment Management
- Corporate Information Mgmt
- Customer Relationship Mgmt
- Online Billing
- Contract Management
- Purchase Management
- Food Court Mgmt
- ERP for Small Business

Your Company is also a reseller and integrator of Microsoft and Oracle Products and Applications

Your company is also a partner and reseller of Symantec Antivirus.

Your company is also a registered Partner Member for IBM Products

Your company is also working on Mobile Application platforms and is building up teams and partnerships in this space.

Your company proposes to ramp up its presence in the Health Care Practice and is continuously enhancing the application through innovations, partnerships and enhancing its team size.

Further your company is also strengthening its presence in the consulting space in the domestic markets which is showing signs of improvement.

Safe Harbour Statement

Certain statements in this Annual Report concerning our company's growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earning, intense competition in IT services and general economic conditions affecting industry.

Financial /operational performance:

1. Revenues

Revenue for the year ended 31st March, 2010 is Rs. 1163.34 lacs as compared to 2092.82 lacs the same period last year.

2. Operating Expenses

The ratio of operating expenditure to total income has marginally increased by 1.09% over the same period last year.

3. EBIDT

The EBIDT was at 30.98% for the year ended 31st March, 2010 as compared to 28% for the same period last year.

4. Profit after Tax

Profit after Tax was at 5.07% for the year

ended 31st March, 2009 as compared to 12.32% for the same period last year.

5. Interest and Borrowings

During the year the Company has incurred interest cost of Rs 36.80 lakhs on its Term Loan, Lease Rent Discounting, Hire Purchase Loans and others

6. Capital Employed

The Return on Average Capital Employed (ROCE) for the year ended 31st March, 2010 was 0.72% as compared to 2.71% for the same period last year.

7. Net Worth

The Return on Average Net worth (RONW) for the year ended 31st March, 2010 was 0.72 % as compared to 2.84% for the same period last year.

8. Fixed Assets

The Company added to its fixed assets amounting to Rs 0.44 Lakhs. The additions were mainly attributable to replacement of Infrastructure, Computers, Peripherals and Networking Equipment. Other additions include product development and Software Product Costs.

8. Cash Generation

Cash generated from operations was Rs (521.27) for the year ended 31st March, 2010

9. Manpower

The total employee strength as on 31st March, 2010 was 61 as against 145 as on 31st March, 2009.

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.

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 Explanation of the Management.

(a) Compliance to AS-21 i.e Consolidated Financial Statements

The Company has two Wholly Owned Subsidiaries viz

1. Cybermate Infotek Limited Inc at U.S.A
2. Cybermate Infotek Ltd F.Z.E at Hamriyah Free Zone, Sharjah, U.A.E.

While the operations of the Subsidiary remained dormant since the year 2002, the company is

making efforts to furnish audited financial statements, the same is likely to be completed during the current financial year.

Further, the subsidiary company at U.A.E was incorporated in January 2008 and advances have been paid for acquisition of products for marketing in the Middle East regions.

Subsequently, due to the slowdown in economy the company has postponed its plans for commencement of its operations. The company is confident of marketing its offerings once the economy improves and will be in a position to present its financial statements.

In view of the above the financial statements of the subsidiaries are not available for consolidation as required under Accounting Standard 21, we shall ensure to get the accounts of the subsidiary updated, audited and include the same in our next report.

(b) Collection of Overdue Debtors

Due to the recession globally, there have been delays in the recovery of debtors over a period of time. The Management of your company is taking adequate steps for collection of these amounts and the directors are hopeful of recovering a substantial portion. Provision for bad or doubtful debts will be made at the appropriate time upon a suitable review.

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

Sixteenth Annual Report 2009-10

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

Place: Secunderabad

Date: 31st May 2010

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 never 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 desktops, that reduces working time on desktops. Your company has various communication

facilities include Video-conferencing, and Middleware technologies.

4. Foreign Exchange earnings and outgo

Activities relating to exports, development of new markets, for products and services and export plans. Your company has over the past period, set up communication facilities and marketing offices situated in North America. Your company has plans to set up marketing and development centers at San Jose, California catering to the client needs.

Foreign Exchange inflow and outflow for the year ended

	(Rs. in Lacs)	
	2009-10	2008-09
Foreign Exchange inflow	162.39	303.51
Foreign Exchange Outgo	0.00	0.00

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 7 members comprising:

- 3 Executive Directors:
- 4 Independent & Non-Executive Directors
- ❖ Mr. Surendranath resigned from his office owing to pre-occupation w.e.f 12.12.2009. The board places on record his valuable contribution for the growth of the company during his term of office as an Independent Director.

Attendance Record 2009-2010

S.No	Name of the Director	Category	Meetings Attendance	Attended at last AGM on 29.09.2009
1	Sri P.C. Pantulu	Executive	9	Yes
2	Sri K.S. Shiva Kumar	Executive	8	Yes
3	Sri K.K. Rao	Non-Executive	3	No
4	Sri S Surendranath	Independent	6	Yes
5	Sri Shankar Khasnis	Independent	7	Yes
6	Sri Pawan Kumar Kasera	Executive	2	No
7	Sri P Chandra Sekhar	Independent	9	Yes
8	Sri D J Reddy		9	Yes

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

Sl.No	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

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

Nine 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 3 months at any time.

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

S.No	Date	Time
1	17.04.2009	10.00 A.M
2	19.05.2009	10.00 A.M
3	06.06.2009	10.00 A.M
4	29.06.2009	10.00 A.M
5	31.07.2009	10.00 A.M
6	03.09.2009	10.00 A.M
7	29.09.2009	3.00 P.M
8	14.10.2009	11.00 A.M
9	28.01.2010	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.Pawan Kumar Kasera Chairman
- 2) Dr.D.Jayarami Reddy 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:

- 1) Mr.P.C.Pantulu -Chairman
- 2) Mr. Pawan Kumar Kasera -Member
- 3) Mr. Shankar Khasnis -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. Shankar Khasnis (Chairman) Mr. D.J.Reddy 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 2010.

6. General Body Meetings:

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

Year	Location	Date	Time
2006-07	1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44	29.09.2007	10.00 A.M.
2007-08	1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44.	17.10.2008	10.00 A.M
2008-09	1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44.	29.09.2009	3.00 P.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.

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) 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 were intimated to the Stock Exchanges were 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 :24.09.2010 Time: 10.00 A.M. Venue: 1-8-1/B/25/A,Main Hall, Sundaraya VignanKendra, Baghlingampally, Hyderabad.
Financial Calendar	:	01.04.2009 to 31.03.2010
Date of Book Closure	:	18.09.2010 TO 24.09.2010 (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, 09	2.35	1.39
May, 09	4.00	1.63
June, 09	4.41	2.42
July, 09	2.83	1.74
August, 09	3.39	2.32
September, 09	3.11	2.70
October, 09	2.89	2.24
November, 09	2.64	2.05
December, 09	2.69	2.20
January, 10	3.84	2.55
February, 10	3.40	2.05
March, 10	2.82	2.05

Source : www.bseindia.com

Registrar/ Share Transfer Agents : Aarthi Consultants (p) Ltd
1-2-285, Domalguda, Hyderabad-500029.
Ph:040-27634445/8111/27642217
Fax No.040-27632184
Email:Info@aarthiconsultants.com
Url: www.aarthiconsultants.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 2010 was as follows:

Category	No. Of Shares	Percentage(%)
Promoters	12,60,380	2.02
Financial Institutions & Banks	200	0.00
FII's/FCBs	4,300	0.01
Bodies Corporate	89,91,076	14.38
NRI's/OCBs	27,98,214	4.48
Clearing Members	1,52,946	0.24
Resident Individuals	4,97,71,711	79.58
Total	6,25,41,962	100.00

Dematerialization of shares as on 31.03.2010:

Particulars	Number of Shares	% Of Share Capital
NSDL	4,15,59,389	66.45
CDSL	2,03,63,959	32.56
Physical	6,18,614	0.99
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.

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

Name of Director	Mr. 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 31st March, 2010	7
Chairman/member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2010	2

Name of Director	Mr.K.K Rao
Expertise in specific functional area	Finanace
Date of Birth	01.11.1946
List of other Companies in which Directorship is held as on 31st March, 2010	None
Chairman/member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2010	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 31.03.2010 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
Membership No: 202432

Place: Hyderabad
Date: 31.05.2010.

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 and Directors Report for the year ended 31st March, 2010 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, 2010 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: 31.05.2010

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 2010 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 mis-statement. 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 exception to
 - (i) Consolidation of Financial Statements in accordance with AS 21 and
 - (ii) Collection of Overdue debtors as mentioned in Note No 12 (vi)
- e) On the basis of written representation received from the directors, as on 31.03.2010, and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2010 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 2010
 - 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/-

Place : Hyderabad
Date : 31.05.2010

G.V.Ranga Babu
Partner
Membership No: 202432

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 nor taken any loans, 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 statutory and institutional dues.
As at 31st March 2010 the following amounts were outstanding as
 1. Statutory dues

(a) TDS Payable	Rs. 12,32,980
(b) PF Payable	Rs. 1,55,360
	<u>Rs.13,88,340</u>
 2. Institutional Dues

(a) ICICI Bank-Hire	
Purchase(computers)	9,75,555
(b) Orix Auto Services-Hire	
Purchase(computers)	74,000
	<u>10,49,555</u>
 - (b) 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

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 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.
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
Membership No: 202432

Hyderabad
31.05.2010

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BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule No.	31.03.2010 Rs.	31.03.2009 Rs.
SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
(a) Capital	1	625419620	625419620
(b) Reserves and Surplus	2	404717609	397295446
2. LOAN FUNDS			
(a) Secured Loans	3	24664941	32849484
(b) Unsecured Loans	4	6943000	6943000
TOTAL		<u>1061745169</u>	<u>1062507550</u>
APPLICATION OF FUNDS			
1. A. Fixed Assets	5		
Gross Block		302090896	302046996
Less: Depreciation		<u>179614681</u>	<u>155525092</u>
Net Block		122476215	146521904
B. Capital work-in-Progress		367399890	367399890
2. Investments	6	240580940	155503909
3. Current Assets, Loans & Advances	7		
(a) Inventories		298356503	273678674
(c) Sundry Debtors		61989102	108387617
(d) Cash and Bank balances		1439920	221397
(e) Loans and Advances		<u>23359777</u>	<u>25183744</u>
TOTAL		<u>385145301</u>	<u>407471432</u>
Less : Current Liabilities & Provisions			
i. Current Liabilities	8 (a)	87261586	58678852
ii. Provisions	8 (b)	<u>6085407</u>	<u>5233141</u>
Net Current Assets	TOTAL	93346993	63911993
TOTAL		<u>291798308</u>	<u>343559439</u>
4. Miscellaneous Expenditure	9	39489816	49522408
TOTAL		<u>1061745169</u>	<u>1062507550</u>
Statement of significant Accounting Policies & Notes forming part of Accounts	14	0	

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 : 31.05.2010
Place : Secunderabad

**Cybermate Infotek Limited****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

PARTICULARS	Schedule No.	31.03.2010 Rs.	31.03.2009 Rs.
INCOME			
Revenue	10	116334277	15498818
Other Income	-	5470852	15622425
Increase in Inventory		24677829	193784122
TOTAL		<u>146482958</u>	<u>224905365</u>
EXPENDITURE			
Operating Expenses	12	110438702	167106412
Financial Charges	13	3680239	4081431
Depreciation	5	24089588	24040033
TOTAL		<u>138208529</u>	<u>195227876</u>
Profit for the year		8274429	29677489
Provision for tax		852266	1875000
Fringe Benefit Tax		0	75000
Profit after tax		7422163	27727489
Balance brought forward from the previous year		278725061	253965321
Profit available for appropriation		286147224	281692810
Appropriations:			
Provisions for Dividends		--	--
Transfer to General Reserve		827443	2967749
Balance carried to Balance Sheet		285319781	278725061
Earning per Share - Basic		0.12	0.44
- Diluted		0.12	0.44

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 : 31.05.2010
Place : Secunderabad

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SCHEDULE 1

	31.03.2010	31.03.2009
	Rs.	Rs.
SHARE CAPITAL		
Authorised 14,50,00,000 Equity Shares of Rs. 10/- each fully paid up	1450000000	1450000000
SUBSCRIBED & PAID UP 6,25,41,962 Equity Shares of Rs. 10/- each fully paid up	625419620	625419620
TOTAL	<u>625419620</u>	<u>625419620</u>

**SCHEDULE - 2
RESERVES & SURPLUS**

General Reserve	33687828	32860385
Profit and Loss Account	285319781	278725061
Share Premium	85710000	85710000
TOTAL	<u>404717609</u>	<u>397295446</u>

**SCHEDULE - 3
SECURED LOANS**

Hire Purchase	2269943	2255296
Dewan Housing Finance-Loan against rent	19013647	20940064
IDBI Bank-Term Loan	3381351	9654124
TOTAL	<u>24664941</u>	<u>32849484</u>

**SCHEDULE - 4
UNSECURED LOANS**

Security Deposits	5943000	5943000
Subsidy from Govt. of Nagaland	1000000	1000000
TOTAL	<u>6943000</u>	<u>6943000</u>

SCHEDULE 5
Fixed Assets

Name of Asset	Gross Block On 01.04.09		Additions		Gross Block		As on 31.03.10		Up to The year		Depreciation During The year		Total		Net Block As on 31.03.09		Net Block As on 31.03.10		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	
TANGIBLE ASSETS																			
1) Motor Vehicles	1104603	0	0	0	1104603	1071125	4765	1075889	33478	28714									
2) Computers & Peripherals	43610432	43900	0	43654332	40443573	665756	41109329	3166859	2545003										
3) Office Equipment	1368991	0	0	1368991	810965	86657	897622	558026	471369										
4) Furniture	7799324	0	0	7799324	3851510	493697	4345207	3947814	3454117										
5) Electrical Equipment	5294277	0	0	5294277	1777905	279538	2057443	3516372	3236834										
6) Buildings	24131497	0	0	24131497	4910932	393343	5304276	19220565	18827221										
INTANGIBLE ASSETS																			
1) Web Development Expenses	106959927	0	0	106959927	73995816	10988037	84983853	32964111	21976074										
2) Software Products	111777945	0	0	111777945	28663267	11177795	39841061	83114679	71936884										
TOTAL Rs.	302046996	43900	0	302090896	155525092	24089588	179614681	146521904	122476215										

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	31.03.2010	31.03.2009
	Rs.	Rs.
SCHEDULE-6		
INVESTMENTS		
Investments Non Trade Unquoted		
Cybermate Infotek Limited USA	185900032	91191077
Twin Cities Investments and Finances Ltd	100000	100000
Cybermate Infotek, FZE	54580907	64212832
TOTAL	<u>240580940</u>	<u>155503909</u>
SCHEDULE-7		
CURRENT ASSETS, LOANS AND ADVANCES		
CURRENT ASSETS		
a) Inventories		
Software Products	79894552	79894552
Work in process	218461951	193784122
	<u>298356503</u>	<u>273678674</u>
b) Sundry Debtors		
(Unsecured, Considered Good)		
More than six months old	57897465	104978412
Less than six months old	4091637	3409205
	<u>61989102</u>	<u>108387617</u>
c) Cash & Bank Balances		
i. Cash on hand	1053	628
ii. Balance with Scheduled Banks	1438867	220769
TOTAL	<u>1439920</u>	<u>221397</u>
LOANS AND ADVANCES		
Advances Recoverable in cash or kind or for value to be received	8005233	10887269
Inter Corporate Deposits	10522643	10522643
Deposits with Others	1239972	1421598
Advance Tax Paid	1186023	1186023
Tax deducted at source	2405906	1166211
TOTAL	<u>23359777</u>	<u>25183744</u>

	31.03.2010	31.03.2009
	Rs.	Rs.
SCHEDULE-8		
CURRENT LIABILITIES & PROVISIONS		
(a) CURRENT LIABILITIES		
Sundry Creditors	8801036	12479931
Other Current Liabilities	77965665	45704036
Loan from Others	494885	494885
TOTAL	<u>87261586</u>	<u>58678852</u>
(b) PROVISIONS		
Provision for Tax	6085407	5233141
TOTAL	<u>6085407</u>	<u>5233141</u>
SCHEDULE-9		
MISCELLANEOUS EXPENSES		
to the extent not written off		
Public Issue Expenses	213519	427037
Product Development Expenses	20863675	26079594
Software Products	18412622	23015777
TOTAL	<u>39489816</u>	<u>49522408</u>
SCHEDULE-10		
REVENUE		
Exports	97619587	15300444
Domestic	18714690	198374
TOTAL	<u>116334277</u>	<u>296021532</u>
SCHEDULE-11		
INCREASE / (DECREASE) IN STOCK		
Opening		
Work In Process	273678674	79894552
	<u>273678674</u>	<u>79894552</u>
Less:		
Closing work in process	298356503	273678674
	<u>298356503</u>	<u>273678674</u>
INCREASE/ DECREASE IN INVENTORY	24677829	193784122

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	31.03.2010	31.03.2009
	Rs.	Rs.

SCHEDULE - 12**Operating and Other Expenditure**

Salaries	18702934	46334162
Directors Remuneration	4560000	5136000
Software Purchases	4331941	3998560
Administration Expenses	21500937	6804046
Consultancy and Professional Expenses	2940250	2751921
Rent, Rates and Taxes	1815376	1465345
Business Promotion Expenses	842922	3805795
Audit Fee	100000	100000
Insurance	0	61664
Bank Charges	65809	52409
A.G.M.Expenses	292997	227020
Security Charges	84931	47046
Overseas Marketing Expenses	6743377	4791136
Investments written off	23310586	40946675
Miscellaneous Expenses written off	10032592	13582069
Loss on Foreign Exchange	0	27287
GDR Issue Expenses	222425	0
Training Expenses	14891623	8360277
TOTAL	<u>110438702</u>	<u>138491412</u>

SCHEDULE 13**Financial Charges**

Interest on secured loans	2059505	3738246
Interest others	1620734	343185
TOTAL	<u>3680239</u>	<u>4081431</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 deference 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 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.P C 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	21,60,000
2	K S Shiva Kumar	13,20,000
3	P Chandra Sekhar	10,80,000
Total		45,60,000

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, 2010 are at Rs. NIL.
6. **Segment reporting:** The entire operations of the company relate only to one segment i.e., Computer Software.
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 to one company 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. 2,33,10,586/-. During the year the company has capitalized dues from the wholly owned subsidiary at USA amounting to 10,83,87,617/-.
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	
	31.03.10	31.03.09
Receipts	1,62,39,424	3,03,51,334
Total	<u>1,62,39,424</u>	<u>3,03,51,334</u>

ii. Amounts paid/payable to Auditors

	31.03.10	31.03.09
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

	31.03.10	31.03.09
Salaries	45,60,000	51,36,000
	<u>45,60,000</u>	<u>51,36,000</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

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

	Year ended 31.03.10	Year ended 31.03.09
Number of shares considered as basic	6,25,41,962	6,25,41,962
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	6,25,41,962	6,25,41,962
Earnings per share	0.12	0.44

- vi. Debtors, Creditors, Loans and Advances are subject to confirmation and reconciliation. The Management is confident of recovering dues from debtors which are due for more than 180 days.

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 2009 to 31st March 2010.

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 : 31.05.2010
Place : Secunderabad

Balance Sheet Abstract and Company's General Business Profile

i. Registration Details:

Registration No. State code:

Balance Sheet Date:

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

Public Issue : Rights Issue:

Bonus Issue: Private Placement:

GDR Issue

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

Total Liabilities

Total Assets

Sources of Funds:

Paid up Capital

Reserves & Surplus

Secured Loans

Unsecured Loans

Application of Funds

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

Accumulated Losses

iv. Performance of the Company (Amount in Rs. Thousands)

Turnover including

Other Income

1 2 1 8 0 5

Total Expenditure

1 1 3 5 3 0

+/- Profit/Loss before Tax +/- Profit after Tax

8 2 7 4 4

7 4 2 2 1

Earning per share

0 . 1 2

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



Cybermate Infotek Limited

Cash Flow Statement for the year ended 31st March,2010

	Year ended 31st March, 2010 (Rs.)	Year ended 31st March, 2009 (Rs.)
Cash Flow from Operating Activities:		
Net Profit before Tax	8274429	29677489
Depreciation	24089588	24040033
Change in Miscellaneous Expenses	10032592	13582069
Operating Profit before working capital	42396609	67299591
Changes in Working Capital		
Increase / (Decrease) in Inventories	(24677829)	(193784122)
Increase / (Decrease) in Sundry Debtors	46398515	(10007791)
Increase / (Decrease) in Loans & Advances	1823967	(11621066)
Increase / (Decrease) in Current Liabilities	28582734	(6931389)
Change in Miscellaneous Expenses	0	0
cash generated from Opearions	52127388	(222344368)
Net Cash from Operating Activities	94523997	(155044777)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	(43900)	(1261990)
Change in Capital work-in-Progress	0	0
Increase / (Decrease) in Investments	(85077031)	162869309
Net Cash from Investing Activities	(85120931)	161607319
Cash Flow from Financing Activities		
Increase in share capital	0	0
Increase / (Decrease) in Secured Loans	(8184543)	(4969660)
Increase in Unsecured Loans	0	(1498500)
Net Cash used in Financing Activities	(8184543)	(6468160)
Net Change in Cash and Cash Equivalents	1218523	94382
Cash & Cash Equivalents at the Beginning of the Year	221396	127014
Cash & Cash Equivalents at the End of the Period	1439919	221396

For and on Behalf of the Board

Date: 31.05.2010
Place: Secunderabad

Sd/-
P.C.Pantulu
Managing Director

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

Sd/-
P Chandra Sekhar
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 2010. 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 May 2010 to the members of the Company.

Date : 31.05.2010
Place : Hyderabad

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



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 16th 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 24th September 2010 at 10.00 A.M. and at any adjournment thereof.**

Signed this day of 2010

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 16th 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 24th September 2010 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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**CYBERMATE
INFOTEK LIMITED**

We win, when you win!

An ISO 9001:2008 Company

11, Sripuri Colony, Kakaguda, Karkhana, Secunderabad-500 015. A.P. INDIA

Tel: +91-40-66326447/8, Fax: +91-40-66486446

email: info@cybermateinfotek.com

url: <http://www.cybermateinfotek.com>