



**CYBERMATE
INFOTEK LIMITED**

We win, when you win!

An ISO 9001:2008 Company



17th ANNUAL REPORT 2010-11

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 KHASNIS | - | 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.
State Bank of Travancore.

**REGISTERED OFFICE &
SOFTWARE DEVELOPMENT CENTRE:**

#11, Sripuri Colony,
Kakaguda, Karkhana,
Secunderabad-500015
e-mail: info@cybermateinfotek.com
url : www.cybermateinfotek.com

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the shareholders of the company will be held on Friday the 30th September 2011 at 10.00 A.M. at Belsons Taj Mahal Hotel, IV Floor, 82, Main Guard Road, Behind MCH Swimming Pool, Secunderabad - 500003, 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 2011 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 Shankar Khasnis, 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 Dr.D.Jayarami Reddy, 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 M/s P.MURALI & CO, Chartered Accountants, Hyderabad be and are hereby appointed as 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 in place of the retiring auditors M/s. B. RAMA RAO & Co., Chartered Accountants, Hyderabad, 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 terms of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Bombay Stock Exchange where the Company's shares are listed, and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as may be applicable to the preferential issue of Equity Shares and other applicable regulations/guidelines of SEBI, if any, and subject to such conditions and modifications as may be

considered appropriate by the Board of Directors of the Company (hereinafter referred to as “the Board” which expression shall include any committees thereof for the time being to which all or any of the powers hereby conferred on the Board by this resolution, have been delegated) and subject to such consents and approvals of SEBI, Stock Exchanges, Government of India or such other bodies or authorities as may be required by law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals, and which may be agreed to by or any other authority as may be necessary for that purpose, the consent of the members of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more tranches up to 99,00,000 Equity Shares to the promoters and promoters group as detailed below, upon conversion of unsecured loans/ dues payable to the said persons (the dues payable is detailed at explanatory statement), at an issue price of Rs.10/- per Equity Share as determined in accordance with the preferential issue regulations given in chapter VII of SEBI (ICDR) Regulations 2009 and subsequent amendments thereto:

| Sl. No. | Name of the proposed Allottee | No. of Equity Shares proposed to be allotted |
|---------|-------------------------------|--|
| 1. | P. C. Pantulu | 85,50,000 |
| 2. | K. S. Shiva Kumar | 10,50,000 |
| 3. | P. Chandra Sekhar | 3,00,000 |
| | TOTAL | 99,00,000 |

“**RESOLVED FURTHER THAT** the pricing of the equity shares to be allotted shall be

calculated in accordance with the SEBI's Preferential Issue Regulations with reference to the 'Relevant Date'”

The “relevant date” for the purpose of pricing of the resultant share is 31.08.2011 i.e. thirty days prior to the date on which this General Meeting is held in terms of Section 81(1A) of the Companies Act, 1956 (AGM to be held on - 30.09.2011).

“**RESOLVED FURTHER THAT** the Equity Shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for which the book closure or the Record Date falls subsequent to the allotment of Equity Shares.”

“**RESOLVED FURTHER THAT** the aforesaid equity shares shall be subject to lock-in requirements as per the provisions of Chapter VII of SEBI (ICDR) Regulations 2009”

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to modify and decide the price, terms and conditions of the Issue of the equity shares, if necessary, keeping in view the provisions of various Acts and Regulations in force from time to time, subject to that the issue price shall in no case be less than the price determined as per the Preferential Issue Regulations as provided in Chapter VII of SEBI (ICDR) Regulations 2009.”

“**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to agree and accept all such

condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in this regard for implementation of this Resolution, issue and allotment of equity shares and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

“**RESOLVED FURTHER THAT** the Company do apply for listing of the new equity shares”

“**RESOLVED FURTHER THAT** the Company do make an application to the Depositories for admission of the new equity shares”

“**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 any other officer or officers of the Company to give effect to the said resolution.”

By the order of the Board
For Cybermate Infotek Limited

Place : Secunderabad
Date : 30th August 2011

P.C. Pantulu
Managing Director

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 26th September 2011 to 30th September 2011 (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

ANNEXURE TO THE NOTICE

ITEM NO.2:

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

Sri Shankar Khasnis is 45 years old. He is a B.E. He has over fifteen years (15) of experience in areas of IT and ITES. Presently he is the CEO of M/s Feedback Business Consulting Services Private Limited. He is an independent director on Board of CIL. He joined the board of CIL on December 28, 2005.

ITEM NO. 3:

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

Dr. D. Jaya Ramireddy is 63 years old. He is an MBBS from Karnataka University, Dharwad. He is a medical practitioner and has worked in many hospitals managed by various industries in India and abroad. He is an independent director on the board of CIL. He joined the board of CIL on 31st January 2008

EXPLANATORY NOTES PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 FOR SPECIAL BUSINESS

FOR ITEM NO. 5

The following disclosure for the preferential issue of Equity Shares is made in accordance with the provisions of Chapter VII of SEBI (ICDR) Regulations 2009 ("the Regulations").

(i) OBJECTS OF THE ISSUE:

In order to settle the promoter and promoter group unsecured loans and dues amounting to Rs.990 Lakhs in the books of accounts as on 31.03.2011 and at the same time to reduce the debt of the Company, it is proposed to issue equity shares on a preferential allotment basis upon conversion of cited unsecured loan payable to promoters and promoter group.

The proposed preferential allotment of Equity Shares will strengthen the Capital Base position of the Company.

(ii) INTENTION OF THE PROMOTERS / DIRECTORS / KEY MANAGEMENT PERSONS TO SUBSCRIBE TO THE OFFER:

The present promoters of the Company, Mr. P C Panthulu, Mr. K.S. Shiva Kumar and Mr. P Chandra Sekhar will subscribe to this preferential allotment of Equity Shares. Other than the within mentioned, None of the Directors / Key Management Personnel intends to subscribe to this offer.

(iii) CHANGE IN CONTROL:

There is no change in the management of the Company pursuant to the issue of Equity Shares on Preferential Allotment Basis.

(iv) SHAREHOLDING PATTERN OF THE COMPANY BEFORE AND AFTER THE PROPOSED ISSUE OF EQUITY SHARES:

| Category of the Shareholder | Before the Issue | | After the Issue | |
|-----------------------------|------------------|--------|-----------------|--------|
| | No. of Shares | As a % | No. of Shares | As a % |
| Promoter and Promoter Group | 825355 | 01.32 | 10725355 | 14.81 |
| Public | 61716607 | 98.68 | 61716607 | 85.19 |
| Total | 62541962 | 100.00 | 72441962 | 100.00 |

(v) LOCK IN PERIOD:

The Equity Shares to be allotted to Mr. P C Panthulu, Mr. K.S. Shiva Kumar and Mr. P Chandra Sekhar under the proposed offering shall be subject to lock-in for a period of 3 years from the date of allotment of Equity Shares as prescribed under the Regulations.

(vi) PROPOSED TIME WITHIN WHICH ALLOTMENT WILL BE COMPLETED

The Company will complete the allotment of shares within a period of 15 days from the date of passing of the special resolution by the shareholders or where the allotment on preferential basis requires any approval by any regulatory authority or Central Government, the allotment of shares will be completed within 15 days from the date of such approval.

(vii) SEBI TAKE OVER CODE:

The promoter and Promoter Group of the company are allowed to acquire upto 15% in terms of Regulation 10 of SEBI Takeover Code. In the present case the allotment of Equity Shares to the promoters will not attract the SEBI Takeover code and therefore they are not under Compulsion to give open offer to the public.

(viii) HOLDING OF SHARES IN THE DE-MAT ACCOUNT, NON-DISPOSAL OF SHARES BY THE PROPOSED ALLOTTEES AND LOCK-IN PERIOD OF SHARES.

- a. The entire shareholding of the proposed allottees in the company, if any, is held by them in dematerialized form.
- b. The entire pre preferential allotment shareholding of such allottees shall be under lockin from the relevant date up to a period of six months from the date of preferential allotment.
- c. The shareholders who have sold their shares during the six months period prior to the relevant date shall not be eligible for allotment of shares on preferential basis.

(ix) CERTIFICATE FROM AUDITORS:

M/s. B Ramarao & Co., Chartered Accountants, Statutory Auditors of the Company, have certified that the proposed preferential issue is being made in accordance with the requirements contained in the Regulations.

A copy of the said certificate is available for inspection by the shareholders at the Registered Office of the Company on all working days except Public Holidays, Saturdays and Sundays between 3.00 p.m. and 5.00 p.m. prior to the date of the Seventeenth Annual General Meeting and will also be available for inspection at the Meeting.

(x) DETAILS OF PROPOSED ALLOTTEES AND PERCENTAGE OF PRE AND POST ISSUE CAPITAL HELD BY THEM:

| Name of the Proposed Allottees | Pre- Issue | | Post Issue | |
|--------------------------------|---------------|--------|---------------|--------|
| | No. of Shares | As a % | No. of Shares | As a % |
| P. C. Panthulu | 763070 | 1.22 | 9313170 | 12.86 |
| K. S. Shiva Kumar | 11010 | 0.02 | 1061010 | 01.46 |
| P. Chandra Sekhar | 2850 | 0.00 | 302850 | 00.42 |

(xi) PRICING OF PREFERENTIAL ISSUE:

The above Equity Shares will be issued and allotted at a price not less than the higher of the following in terms of the Regulations:-

- a. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date; or
- b. The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date;

The price per share calculated in accordance with the Regulations works out to less than the face value of Rs.10/- of the Share, Hence the allotment will be made at face value i.e.Rs.10/- per share.

Explanation:

[i] Relevant date for the purpose of this clause means the date thirty days prior to the date on which the meeting of general body of shareholders is held in terms of Section 81 [1A] of the Companies Act, 1956 (including any amendment to or re-enactment thereof) to consider the proposed issue, which relevant date, in the present case, is August 31, 2011.

[ii] Stock Exchange for the purpose of this clause means any of the recognized stock exchanges in which the shares are listed and in which the highest trading volume in respect of shares of the company has been recorded during the preceding six months prior to the relevant date, in the present case being the Bombay Stock Exchange Limited.

Section 81 of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to issue further shares, such shares shall be offered to the existing shareholders of the Company in the manner laid down in the said Section, unless shareholders decide otherwise in

the general meeting by way of a Special Resolution. The Regulations require that when a listed company proposes to make a preferential allotment of equity shares, the notice of the meeting, including the explanatory statement, must make the disclosures mentioned above.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956, Chapter VII of SEBI (ICDR) Regulations 2009, and in terms of the provisions of the Listing Agreement to issue and allot Equity Shares as stated in the Special Resolution.

Your Directors recommend the approval of the above said resolutions

Except as Shareholders, none of the directors of the company are in any way concerned or interested in the above resolutions.

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate” by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members are requested to register their e-mail addresses in respect of electronic holdings with the depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send their e-mail address to the following :

1. secretarial@cybermateinfotek.com
2. info@arthiconsultants.com

By the order of the Board
For Cybermate Infotek Limited

Place : Secunderabad
Date : 30th August 2011

P.C.Pantulu
Managing Director

Directors' Report:

To the Members,

Your Directors have pleasure in presenting their 17th Annual Report of the business and operations of your company for the year ended the March 31st 2011.

Financial Results:

(Rs. in lakhs)

| | 2010-11 | 2009-10 |
|-----------------------------|----------------|----------------|
| Operational Income | 1267.39 | 1163.34 |
| Other Income | 32.53 | 54.70 |
| Incr/(Decr) in Stock | 45.02 | 246.77 |
| Total Revenues | 1344.95 | 1464.82 |
| Profit before Depreciation, | | |
| Interest & Tax | 421.10 | 360.44 |
| Depreciation | 242.06 | 240.89 |
| Interest | 47.21 | 36.80 |
| Profit before Tax | 131.83 | 82.74 |
| Provision for Tax | 44.37 | 8.52 |
| Profit after Tax | 87.45 | 74.22 |

Overview of Operations:

The Year 2010-11 can be seen as a year of mild recovery with a cautious approach. To be part of the recovery path we took some strategic decisions on the industry focus, positioning the products and services of the company. As a part of these decisions we identified segments/revenue streams the company intends to focus on.

While the company was able to get the attention of a good number of midsized customers the challenge always remained on working capital

needs to sustain the sales and delivery cycles for custom built software applications.

The products of the company are finding reasonable acceptance in the domestic markets in Telecom, Engineering and Retail Verticals. However those products need continuous up gradation to keep up with the trends in the industry.

The company is also working with larger IT Companies to provide skilled manpower. The company continues to resell third party product and the segment looks promising.

In order to scale up its operations the company is waiting for an opportune time to proceed with its fund raising plans.

These plans are backed by recommendations on emerging market ideas in IT Services.

Global Depository Receipts (GDR's)

Your Company has been in a constant endeavor 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 Shankar Khasnis and Dr.D.Jayarami Reddy, Independent Directors 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 seven 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 2011 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 2010-11 can be described as a year of mild recovery.

The adverse business environment gradually gave way to consolidation in the industry generally and more particularly the IT & ITES industry.

Over all the IT industry performed better in terms of profitability even during adverse market conditions. Now with pent up demand and return of discretionary spending, there is an increase in the overall IT spend which was seen across the markets; traditional and emerging economies. In view of the growth, expectations from the IT industry have also changed drastically. Customers have become more demanding in terms of services delivered, focusing not only on enhancing their technology usage but also aiming the services to contribute towards growing business. The CIOs were specific about their requirements in terms of direct connect between their IT investments and the business results and this transformation demanded that they reconsider the IT vendor capabilities. However, the change was not only driven by customer preferences, but the service providers also started taking up different initiatives by bringing in new business models. This helped propositions for the matured customers.

Changing Market Scenario:

Considering the level of restructuring across industries along with the changes in consumer spending and behavior, the economic recovery process has become slow. Consolidation is already happening in different industries and the pressure to maintain margins is forcing companies to look for eco-system partners for their market and product development strategies.

Technology is moving beyond the core ERP applications and accounting systems to an area where higher emphasis is on capturing and analyzing the data across the eco-system to understand the direction of business and customer demand. IT services are seen not as just business applications, but means to add value to the customer's business and thus improve critical business metrics. This focus on predictive analytics comes at a time when firms are also implementing broader data governance initiatives to improve the accessibility and quality of information. IT providers but also go-to-market partners and suppliers, governing the network of players becomes a key measure of success, similar to product quality and customer service. Emergence of cloud and Software-As-A-Service is fast changing the way IT services are delivered. Market dynamics are prompting the use of "as a service" approach, which enables per-use pricing model with the ability to scale up and down as the business requires; more standardized offerings with lower management overhead for the customer; multitenant delivery to reduce costs; and the shifting from capex to opex outlays.

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.

Company's Focus and Strategy:

Hospital Management Software HEAL SOFT

Your Company has enhanced its focus on the health care industry. The Company has made continuous enhancements to the hospital management software which is now a web based application. The application is received well by small and mid-sized hospitals in domestic and overseas markets. The company is working on integration of medical equipment and peripherals to the application which enhances the acceptability of the software.

The company intends to enhance the features continuously and market the product in other geographies which are governed by government policies. In the current year 2011-12 the company plans to offer the hospital management software on the cloud.

Financial /operational performance:

1. Revenues

Revenue for the year ended 31st March, 2011 is Rs. 1267.39 lacs as compared to 1163.34 lacs the same period last year.

2. Operating Expenses

The ratio of operating expenditure to total income has marginally decreased by 6.8% over the same period last year.

3. EBIDT

The EBIDT was at 33.23% for the year ended 31st March, 2010 as compared to 30.98% for the same period last year.

4. Profit after Tax

Profit after Tax was at 6.05% for the year ended 31st March, 2011 as compared to 5.07% for the same period last year.

5. Interest and Borrowings

During the year the Company has incurred interest cost of Rs 47.21 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, 2011 was 0.84% as compared to 0.72% for the same period last year.

7. Net Worth

The Return on Average Net worth (RONW) for the year ended 31st March, 2011 was 0.84% as compared to 0.72% for the same period last year.

8. Fixed Assets

The Company added to its fixed assets amounting to Rs 147.67 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 (195.90) for the year ended 31st March, 2011.

9. Manpower

The total employee strength as on 31st March, 2011 was 74 as against 61 as on 31st March, 2010.

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:

M/s. B. Rama Rao & Co., Chartered Accountants, could not comply with the requirements of the peer review certification as stipulated by the SEBI vide its Circular No CIR/CFD/DIL/1/2010 dated 5th April 2010 with regard to listed companies, as such M/s. B. Rama Rao and Co have suggested us that they will not be able to continue as Statutory Auditors of the Company confirming to the SEBI's circular. Under the circumstances the company proposed to appoint M/s. P. Murali & Co, Chartered Accountants. The company has received a confirmation from P. Murali & Co, Chartered Accountants, that their appointment, if made would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

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 in the USA 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.

(c) Recognition of Diminution in Value of Investments

The value of investments represents costs incurred towards manpower, travel, marketing and other related costs incurred for operations of wholly owned subsidiaries.

These costs have resulted in providing a footing in overseas markets and have also resulted in positive cash flows for the company. However the related costs have been capitalized to the cost of investments and have not been charged to revenue periodically. The auditor has recommended recognition of impairment to the carrying value of these investments. However the management opined that the costs can be amortized over a reasonable period since the presence in overseas markets continues to result in revenues to the company as export revenues.

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.

Statement pursuant to Section 212 of the companies act 1956 relating to subsidiary Companies

| 1 | Name of the Subsidiary | Cybermate Infotek Limited Inc, USA | Cybermate Infotek Limited FZE, UAE |
|---|--|------------------------------------|------------------------------------|
| 2 | Financial Year ended | 31st December 2010 | 31st December 2010 |
| 3 | Holding Company's Interest | 100% in Equity Share Capital | 100% in Equity Share Capital |
| 4 | Shares Held by the Holding Company in the Subsidiary Company | 5000 Shares | 1 Share |
| 5 | The net aggregate of profits or losses for the above financial year of Subsidiary so far as it concerns the members of the holding company (a) Dealt with or provided for in the accounts of the Holding Company (b) not dealt with or provided for in the accounts of the Holding Company | Nil Nil | Nil Nil |
| 6 | The net aggregate of profits or losses for the previous financial years of Subsidiary so far as it concerns the members of the holding company (a) Dealt with or provided for in the accounts of the Holding Company (b) not dealt with or provided for in the accounts of the Holding Company | Nil Nil | Nil Nil |

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

Place: Secunderabad
Date: 31st May 2011

Sd/-
P. C. Pantulu
Managing Director

Sd/-
K.S.Shiva Kumar
Director & COO

Sd/-
P Chandra Sekhar
Director Finance.

Annexure to the Directors' Report

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

set up communication facilities and marketing offices situated in North America.

Foreign Exchange inflow and outflow for the year ended

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 air conditioners are being purchased that reduces heat absorption. Your company is always in the lookout for newer and efficient energy conservation technologies and introduces them appropriately.

| | (Rs. in Lacs) | |
|-------------------------|----------------|----------------|
| | 2010-11 | 2009-10 |
| Foreign Exchange inflow | 76.43 | 162.39 |
| Foreign Exchange Outgo | 1.50 | ---- |

2. Research and Development (R & D)

Research and Development of new products features for existing products are explored continuously during the course of software development that enhances the productivity of the users. Your company is continuously strengthening its research exposure in application and system development areas.

3. Foreign Exchange earnings and outgo

During the year under review foreign exchange earnings amounted to 81.4 % of the total revenues of the company. Activities relating to development of new markets, for products and services. Your company has over the past period,

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

Attendance Record 2010-11

| S.No | Name of the Director | Category | Meetings Attendance | Attended at last AGM on 24.09.2010 |
|------|-----------------------|-------------|---------------------|------------------------------------|
| 1 | Sri P.C. Pantulu | Executive | 5 | Yes |
| 2 | Sri K.S. Shiva Kumar | Executive | 5 | Yes |
| 3 | Sri K.K. Rao | Independent | 2 | Yes |
| 4 | Sri Shankar Khasnis | Independent | 3 | No |
| 5 | Sri.PawanKumar Kasera | Independent | NIL | No |
| 6 | Sri P Chandra Sekhar | Executive | 5 | Yes |
| 7 | Sri D J Reddy | Independent | 5 | 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 | 2 | Nil | 1 |
| 2 | Sri K.S. Shiva Kumar | 1 | 1 | Nil |
| 3 | Sri K.K. Rao | None | 1 | Nil |
| 4 | Sri P.Chandra Sekhar | 5 | Nil | Nil |
| 5 | Sri Shankar Khasnis | None | 1 | 1 |
| 6 | Sri Pawan Kumar Kasera | 7 | 1 | 1 |
| 7 | Sri D J Reddy | None | 2 | Nil |

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

Five 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 | 31.05.2010 | 10.00 A.M |
| 2 | 22.07.2010 | 10.00 A.M |
| 3 | 24.09.2010 | 10.00 A.M |
| 4 | 01.11.2010 | 10.00 A.M |
| 5 | 27.01.2011 | 10.00 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, 2 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.KK 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 thrice during the year and only two members of the Committee were present at all the meetings.

5. Shareholders' Grievance Committee:

The Shareholders' Grievance Committee constituted by the Board of Directors and comprising 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 2011.

6. General Body Meetings:

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

| Year | Location | Date | Time |
|---------|--|------------|------------|
| 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 |
| 2009-10 | 1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44. | 24.09.2010 | 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.

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by the Stock Exchanges or The Securities and Exchange Board of India (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 were intimated to the Stock Exchanges and were published in Business Standard and Andhra Prabha.

General Shareholders Information:

| | | |
|----------------------------|---|---|
| Annual General Meeting | : | Date :30.09.2011 Time: 10.00 A.M. Venue: Belsons Taj Mahal Hotel, IV Floor, 82, Main Guard Road, Behind MCH Swimming Pool, Secunderabad - 500003, A.P, India |
| Financial Calendar | : | 01.04.2010 to 31.03.2011 |
| Date of Book Closure | : | 26.09.2011 TO 30.09.2011 (Both days inclusive) |
| Listing on Stock Exchanges | : | 1. The Bombay Stock Exchange Ltd 2. The Bangalore Stock Exchange Ltd 3. Luxembourg Stock Exchange |
| Stock Code | : | 532271 on BSE |

Market Price Date:

| Month | High (Rs) | Low (Rs) |
|--------------|-----------|----------|
| April, 10 | 3.19 | 1.98 |
| May, 10 | 3.77 | 2.26 |
| June, 10 | 2.50 | 2.23 |
| July, 10 | 2.48 | 2.10 |
| August,10 | 2.44 | 1.96 |
| September,10 | 2.60 | 2.02 |
| October, 10 | 2.19 | 1.83 |
| November, 10 | 2.62 | 1.71 |
| December, 10 | 2.49 | 1.61 |
| January, 11 | 2.24 | 1.30 |
| February, 11 | 1.69 | 1.16 |
| March, 11 | 1.49 | 1.20 |

Source : www.bseindia.com

Registrar/ Share Transfer Agents : Aarathi 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 2011 was as follows:

| Category | No. Of Shares | Percentage(%) |
|--------------------------------|--------------------|---------------|
| Promoters | 8,23,515 | 1.32 |
| Financial Institutions & Banks | 200 | 0.00 |
| FII's/FCBs | 4300 | 0.00 |
| Bodies Corporate | 89,91,076 | 14.38 |
| NRIs/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 31.03.2011:

| Particulars | Number of Shares | % Of Share Capital |
|--------------|--------------------|--------------------|
| NSDL | 4,21,84,550 | 67.45 |
| CDSL | 1,97,48,198 | 31.58 |
| Physical | 6,09,214 | 0.97 |
| 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. Shankar Khasnis |
| Expertise in specific functional area | Management Consultant |
| Date of Birth | 25.06.1966 |
| 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, 2011 | None. |

| | |
|--|---------------------|
| Name of Director | Dr.D.Jayarami Reddy |
| Expertise in specific functional area | Medical Practioner |
| Date of Birth | 01-07-1945 |
| List of other Companies in which Directorship is held as on 31st March, 2011 | None |
| Chairman/member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2011 | None |

**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 31.03.2011 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

G.V.Ranga Babu
Partner
M.No 28204
Firm Regn. No 005041

Place: Hyderabad

Date: 31.05.2011.

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, 2011 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, 2011 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: 31.05.2011

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 2011 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
 - (ii) Collection of Overdue debtors as mentioned in Note No 12 (vi)
 - (iii) Recognition of Diminution in Value of Long term investments as mentioned in Note No 10
- e) On the basis of written representation received from the directors, as on 31.03.2011, and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March 2011 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 2011
 - 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 : 31.05.2011

G.V.Ranga Babu
Partner
M.No 28204
Firm Regn. No 005041S

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 2011 the following amounts were outstanding as

| | |
|-----------------------------|-----------------------------|
| 1. Statutory dues | |
| (b) TDS Payable | Rs. 10,02,956 |
| | <u>Rs. 10,02,956</u> |
| 2. Institutional Dues | |
| (a) ICICI Bank-Hire | |
| Purchase(computers) | 9,75,555 |
| (b) Orix Auto Services-Hire | |
| Purchase(computers) | 4,21,248 |
| | <u>13,96,803</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
M.No 28204
Firm Regn. No **005041S**

Hyderabad.
31.05.2011

BALANCE SHEET AS AT 31ST MARCH, 2011

| | Schedule No. | 31.03.2011 Rs. | 31.03.2010 Rs. |
|---|-----------------|-------------------|-------------------|
| SOURCES OF FUNDS | | | |
| 1. SHAREHOLDERS' FUNDS | | | |
| (a) Capital | 1 | 625419620 | 625419620 |
| (b) Reserves and Surplus | 2 | 413463602 | 404717609 |
| 2. LOAN FUNDS | | | |
| (a) Secured Loans | 3 | 36144828 | 24664941 |
| (b) Unsecured Loans | 4 | 6943000 | 6943000 |
| TOTAL | | 1081971050 | 1061745170 |
| APPLICATION OF FUNDS | | | |
| 1. A. Fixed Assets | | | |
| Gross Block | 5 | 316839129 | 302090896 |
| Less: Depreciation | | 203820991 | 179614681 |
| Net Block | | 113018138 | 122476215 |
| B. Capital work-in-Progress | | 367399890 | 367399890 |
| 2. Investments | | | |
| | 6 | 303483986 | 240580940 |
| 3. Current Assets, Loans & Advances | | | |
| (a) Inventories | 7 | 302858856 | 298356503 |
| (c) Sundry Debtors | | 71867880 | 61989102 |
| (d) Cash and Bank balances | | 317664 | 1439920 |
| (e) Loans and Advances | | 34826546 | 23359777 |
| TOTAL | | 409870946 | 385145302 |
| Less : Current Liabilities & Provisions | | | |
| i. Current Liabilities | 8 (a) | 132699944 | 87261586 |
| ii.Provisions | 8 (b) | 10523003 | 6085407 |
| Net Current Assets | TOTAL | 143222947 | 93346993 |
| 4. Miscellaneous Expenditure | 9 | 266647999 | 291798308 |
| | | 31421037 | 39849817 |
| TOTAL | | 1081971050 | 1061745170 |
| 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/-
GV.Ranga Babu
Partner

Sd/-
P.C.Pantulu
Managing Director

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

Sd/-
P Chandra Sekhar
Director-Finance

Date : 31.05.2011

Place : Secunderabad

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH,2011

| PARTICULARS | Schedule No. | 31.03.2011 Rs. | 31.03.2010 Rs. |
|--|-------------------------|---------------------------|---------------------------|
| INCOME | | | |
| Revenue | 10 | 126739365 | 116334277 |
| Other Income | - | 3253622 | 5470852 |
| Increase in stock | | 4502353 | 24677829 |
| | TOTAL | <u>134495340</u> | <u>146482958</u> |
| EXPENDITURE | | | |
| Operating Expenses | 12 | 92384151 | 110438702 |
| Financial Charges | 13 | 4721289 | 3680239 |
| Depreciation | 5 | 24206311 | 24089588 |
| | TOTAL | <u>121311751</u> | <u>138208529</u> |
| Profit for the year | | 13183589 | 8274429 |
| Provision for tax | | 4437596 | 852266 |
| Profit after tax | | 8745993 | 7422163 |
| Balance brought forward from the previous year | | 285319781 | 278725061 |
| Profit available for appropriation | | 294065774 | 286147224 |
| Appropriations: | | | |
| Provisions for Dividends | | -- | -- |
| Transfer to General Reserve | | 1318359 | 827443 |
| Balance carried to Balance Sheet | | 292747415 | 285319781 |
| Earning per Share - Basic | | 0.12 | 0.12 |
| - Diluted | | 0.12 | 0.12 |

Statement of significant Accounting Policies & Notes forming
part of Accounts

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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 : 31.05.2011

Place : Secunderabad

SCHEDULE I

| | 31.03.2011 | 31.03.2010 |
|--|-------------------------|-------------------------|
| | Rs. | Rs. |
| SHARE CAPITAL | | |
| Authorised | | |
| 8,50,00,000 Equity Shares of Rs. 10/- each fully paid up | 850000000 | 850000000 |
| 8,50,00,000 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 | 625419620 |
| 6,25,41,962 Equity Shares of Rs. 10/- each fully paid up | | |
| TOTAL | <u>625419620</u> | <u>625419620</u> |
| SCHEDULE - 2 | | |
| RESERVES & SURPLUS | | |
| General Reserve | 35006187 | 33687828 |
| Profit and Loss Account | 292747415 | 285319781 |
| Share Premium | 85710000 | 85710000 |
| TOTAL | <u>413463602</u> | <u>404717609</u> |
| SCHEDULE - 3 | | |
| SECURED LOANS | | |
| Hire Purchase | 2050101 | 2269943 |
| Dewan Housing Finance-Loan against rent | 16908099 | 19013647 |
| State bank of Travancore | 17186628 | 3381351 |
| TOTAL | <u>36144828</u> | <u>24664941</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 01.04.10 | | Gross Block Additions | | Gross Block Deletions | | As on 31.03.11 | | Upto The year | | Depreciation During The year | | Total | | Net Block As on 31.03.10 | | Net Block As on 31.03.11 | |
|-----------------------------|-------------------------|-----------------|-----------------------|------------------|-----------------------|-----------------|------------------|------------------|------------------|-----|------------------------------|-----|-------|-----|--------------------------|-----|--------------------------|-----|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| 1) Motor Vehicles | 1104603 | 49259 | 0 | 1153862 | 1075889 | 8664 | 1084554 | 28714 | 69308 | | | | | | | | | |
| 2) Computers & Peripherals | 43654332 | 26500 | 0 | 43680832 | 41109329 | 670106 | 41779435 | 2545003 | 1901397 | | | | | | | | | |
| 3) Office Equipment | 1368991 | 501462 | 0 | 1870453 | 897622 | 94896 | 992518 | 471369 | 877935 | | | | | | | | | |
| 4) Furniture | 7799324 | 1586223 | 19000 | 9366547 | 4345207 | 592902 | 4938110 | 3454117 | 4428437 | | | | | | | | | |
| 5) Electrical Equipment | 5294277 | 19500 | 0 | 5313777 | 2057443 | 280567 | 2338010 | 3236834 | 2975767 | | | | | | | | | |
| 6) Buildings | 24131497 | 0 | 0 | 24131497 | 5304276 | 393343 | 5697619 | 18827221 | 18433878 | | | | | | | | | |
| 7) Web Development Expenses | 106959927 | 12584289 | 0 | 119544216 | 84983853 | 10988037 | 95971890 | 21976074 | 23572326 | | | | | | | | | |
| 8) Software Products | 111777945 | 0 | 0 | 111777945 | 39841061 | 11177795 | 51018856 | 71936884 | 60759090 | | | | | | | | | |
| TOTAL Rs. | 302090896 | 14767233 | 19000 | 316839129 | 179614681 | 24206311 | 203820991 | 122476215 | 113018138 | | | | | | | | | |

| | 31.03.2011 Rs. | 31.03.2010 Rs. |
|--|-------------------------|-------------------------|
| SCHEDULE-6 | | |
| INVESTMENTS | | |
| Investments Non Trade Unquoted | | |
| Cybermate Infotek Limited USA | 256990215 | 185900032 |
| Twin Cities Investments and Finances Ltd | 100000 | 100000 |
| Cybermate Infotek, FZE | 46393771 | 54580907 |
| TOTAL | <u>303483986</u> | <u>240580940</u> |

SCHEDULE-7
CURRENT ASSETS, LOANS AND ADVANCES
CURRENT ASSETS

| | | |
|----------------------------------|-------------------------|-------------------------|
| a) Inventories | | |
| Software Products | 79894552 | 79894552 |
| W-I-P | 222964304 | 218461951 |
| | <u>302858856</u> | <u>298356503</u> |
| b) Sundry Debtors | | |
| (Unsecured, Considered Good) | | |
| More than six months old | 69702300 | 57897465 |
| Less than six months old | 2165580 | 4091637 |
| | <u>71867880</u> | <u>61989102</u> |
| c) Cash & Bank Balances | | |
| i. Cash on hand | 23984 | 1053 |
| ii. Balance with Scheduled Banks | 293680 | 1438867 |
| TOTAL | <u>317664</u> | <u>1439920</u> |

LOANS AND ADVANCES

| | | |
|---|------------------------|------------------------|
| Advances Recoverable in cash or kind or for value to be received | 20007727 | 8005233 |
| Inter Corporate Deposits | 10522643 | 10522643 |
| Deposits with Others | 715110 | 1239972 |
| Advance Tax Paid | 1186023 | 1186023 |
| Tax deducted at source | 2395044 | 2405906 |
| TOTAL | <u>34826546</u> | <u>23359777</u> |

| | 31.03.2011 | 31.03.2010 |
|--|------------|------------|
| | Rs. | Rs. |

**SCHEDULE-8
CURRENT LIABILITIES & PROVISIONS**

(a) CURRENT LIABILITIES

| | | |
|---------------------------|----------|----------|
| Sundry Creditors | 74368047 | 8801036 |
| Other Current Liabilities | 57265697 | 77965665 |
| Loan from Others | 1066200 | 494885 |

| | | |
|--------------|------------------|-----------------|
| TOTAL | 132699944 | 87261586 |
|--------------|------------------|-----------------|

(b) PROVISIONS

| | | |
|-------------------|----------|---------|
| Provision for Tax | 10523003 | 6085407 |
|-------------------|----------|---------|

| | | |
|--------------|-----------------|----------------|
| TOTAL | 10523003 | 6085407 |
|--------------|-----------------|----------------|

**SCHEDULE-9
MISCELLANEOUS EXPENSES
to the extent not written off**

| | | |
|------------------------------|----------|----------|
| Public Issue Expenses | 0 | 213519 |
| Product Development Expenses | 16690940 | 20863675 |
| Software Products | 14730097 | 18412622 |

| | | |
|--------------|-----------------|-----------------|
| TOTAL | 31421037 | 39489816 |
|--------------|-----------------|-----------------|

**SCHEDULE-10
REVENUE**

| | | |
|----------|-----------|----------|
| Exports | 103209090 | 97619587 |
| Domestic | 23530275 | 18714690 |

| | | |
|--------------|------------------|------------------|
| TOTAL | 126739365 | 116334277 |
|--------------|------------------|------------------|

**SCHEDULE-11
INCREASE / (DECREASE) IN STOCK**

| | | |
|-----------------|------------------|------------------|
| Opening Stock | | |
| Work In Process | 298356503 | 273678674 |
| | 298356503 | 273678674 |

Less:

| | | |
|---------------|------------------|------------------|
| Closing Stock | | |
| In Process | 302858856 | 298356503 |
| | 302858856 | 298356503 |

| | | |
|------------------------------------|----------------|-----------------|
| INCREASE/ DECREASE IN STOCK | 4502353 | 24677829 |
|------------------------------------|----------------|-----------------|

| | 31.03.2011 | 31.03.2010 |
|--|------------|------------|
| | Rs. | Rs. |

SCHEDULE - 12

OPERATING AND OTHER EXPENDITURE

| | | |
|---------------------------------------|-----------------|------------------|
| Salaries | 17687748 | 18702934 |
| Directors Remuneration | 4740000 | 4560000 |
| Software Purchases | 902037 | 4331941 |
| Administration Expenses | 15277608 | 21500937 |
| Consultancy and Professional Expenses | 2010938 | 2940250 |
| Rent, Rates and Taxes | 1134656 | 1815376 |
| Business Promotion Expenses | 813570 | 842922 |
| Audit Fee | 100000 | 100000 |
| Insurance | 73146 | 0 |
| Bank Charges | 481721 | 65809 |
| A.G.M.Expenses | 231724 | 292997 |
| Security Charges | 140081 | 84931 |
| Overseas Marketing Expenses | 4650003 | 6743377 |
| Investment written off | 36072141 | 23310586 |
| Miscellaneous Expenses written off | 8068778 | 10032592 |
| GDR Issue Expenses | 0 | 222425 |
| Training Expenses | 0 | 14891623 |
| | 92384151 | 110438702 |

SCHEDULE - 13

FINANCIAL CHARGES

| | | |
|---------------------------|----------------|----------------|
| Interest on secured loans | 4521989 | 2059505 |
| Interest - others | 199300 | 1620734 |
| | 4721289 | 3680239 |

SCHEDULE 14

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 overdue 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 amortized 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.

Product Development Costs are manpower and other direct costs incurred in connection with Development/ enhancement/ upgradation of existing and new products. Costs incurred on active products are amortised on a linear basis to the revenues over these products. In other cases over a period of time as estimated by the management.

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 primarily secured by assignment of rent receivables, collateral security by a first charge on the property of the company.

(b) Term loan from State Bank of Travancore 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.

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, 2011 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. An amount of Rs. 6,38,394/- (Rupees Six Lakh Thirty Eight Thousand Three Hundred and Ninety Four Only) due against certain assets acquired on hire purchase basis on which 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. 3,60,72,141/-.

During the year the company has capitalized amounts which are long overdue from the wholly owned subsidiary at USA amounting to Rs. 9,89,75,187/-.

Since the Company has suspended operations of its US and UAE subsidiaries in which the company has made huge investments, upon review auditors have recommended for recognition of diminution in value of the investments totally in the current period. However the management has decided to charge off the said investments on a linear basis at the rate 15 % per annum.

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 | |
|---|--------------------------|--------------------|
| | 31.03.11 | 31.03.10 |
| Receipts | 76,42,285 | 1, 62,39,424 |
| Total | 76,42,285 | 1,62,39,424 |
| ii. Amounts paid/payable to Auditors | 31.03.11 | 31.03.10 |
| 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 |
| | 1,00,000 | 1,00,000 |
| iii. Managerial Remuneration | 31.03.11 | 31.03.10 |
| Salaries | 45,60,000 | 51,36,000 |
| | 45,60,000 | 51,36,000 |

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

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

| | Year ended | Period ended |
|--|--------------------|---------------------|
| | 31.03.11 | 31.03.10 |
| 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.
- vii. Previous year's figures have been regrouped wherever necessary.
- viii. Figures are rounded off to nearest rupee.
- ix. The accounts for the year are prepared for the period of 12 months from 1st April 2010 to 31st March 2011.

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 : 31.05.2011
Place : Secunderabad

Balance Sheet Abstract and Company's General Business Profile

i. Registration Details:

Registration No.

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

 State code:

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

Balance Sheet Date:

| | |
|---|---|
| 3 | 1 |
|---|---|

| | |
|---|---|
| 0 | 3 |
|---|---|

| | | | |
|---|---|---|---|
| 2 | 0 | 1 | 1 |
|---|---|---|---|

ii. 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

| | | | | | |
|--|--|--|--|---|---|
| | | | | 0 | 0 |
|--|--|--|--|---|---|

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

Total Liabilities

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 0 | 8 | 1 | 9 | 7 | 1 |
|---|---|---|---|---|---|---|

Total Assets

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | 0 | 8 | 1 | 9 | 7 | 1 |
|---|---|---|---|---|---|---|

Sources of Funds:

Paid up Capital

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

Reserves & Surplus

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

Secured Loans

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

Unsecured Loans

| | | | |
|---|---|---|---|
| 6 | 9 | 4 | 3 |
|---|---|---|---|

Application of Funds

Net Fixed Assets

| | | | | | |
|---|---|---|---|---|---|
| 2 | 1 | 1 | 9 | 9 | 3 |
|---|---|---|---|---|---|

Investments

| | | | | | |
|---|---|---|---|---|---|
| 3 | 0 | 3 | 4 | 8 | 3 |
|---|---|---|---|---|---|

Net Current Assets

| | | | | | |
|---|---|---|---|---|---|
| 2 | 6 | 6 | 6 | 4 | 7 |
|---|---|---|---|---|---|

Misc. Expenditure

| | | | | |
|---|---|---|---|---|
| 3 | 1 | 4 | 2 | 1 |
|---|---|---|---|---|

Accumulated Losses

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

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

Turnover including

Other Income

| | | | | | |
|---|---|---|---|---|---|
| 1 | 3 | 4 | 4 | 9 | 5 |
|---|---|---|---|---|---|

Total Expenditure

| | | | | | |
|---|---|---|---|---|---|
| 1 | 2 | 1 | 3 | 1 | 1 |
|---|---|---|---|---|---|

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

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

| | | | |
|---|---|---|---|
| 8 | 7 | 4 | 9 |
|---|---|---|---|

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

Cash Flow Statement for the year ended 31st March,2011

| | Year ended 31st March, 2011 (Rs.) | Year ended 31st March, 2010 (Rs.) |
|--|---|---|
| Cash Flow from Operating Activities: | | |
| Net Profit before Tax | 13183589 | 8274429 |
| Depreciation | 24206311 | 24089588 |
| Change in Miscellaneous Expenses | 8068778 | 10032592 |
| Operating Profit before working capital | 45458679 | 42396609 |
| Changes in Working Capital | | |
| Increase / (Decrease) in Inventories | (4502353) | (24677829) |
| Increase / (Decrease) in Sundry Debtors | (9878778) | 46398516 |
| Increase / (Decrease) in Loans & Advances | (11466770) | 1823967 |
| Increase / (Decrease) in Current Liabilities | 45438358 | 28582734 |
| Change in Miscellaneous Expenses | 0 | 0 |
| cash generated from Opearions | 19590457 | 52127388 |
| Net Cash from Operating Activities | 65049135 | 94523997 |
| Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets | (14748233) | (43900) |
| Change in Capital work-in-Progress | 0 | 0 |
| Increase / (Decrease) in Investments | (62903046) | (85077031) |
| Net Cash from Investing Activities | (77651279) | (85120931) |
| Cash Flow from Financing Activities | | |
| Increase in share capital | 0 | 0 |
| Increase / (Decrease) in Secured Loans | 11479887 | (8184543) |
| Increase in Unsecured Loans | 0 | 0 |
| Net Cash used in Financing Activities | 11479887 | (8184543) |
| Net Change in Cash and Cash Equivalents | (1122256) | 1218523 |
| Cash & Cash Equivalents at the Beginning of the Year | 1439920 | 221396 |
| Cash & Cash Equivalents at the End of the Period | 317663 | 1439919 |

For and on behalf of the board of Directors

| | | | |
|---------------------|-------------------|---------------------|------------------|
| | Sd/- | Sd/- | Sd/- |
| Date: 31.05.2011 | P.C.Pantulu | K.S.Shiva Kumar | 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 2011. 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 2011 to the members of the Company.

For B. Rama Rao & Co.
Chartered Accountants

Date : 31.05.2011
Place : Hyderabad

Sd/-
G.V.Ranga Babu
Partner
M.No 28204



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 17th Annual General Meeting of the Company to be held at **Belsons Taj Mahal Hotel, IV Floor, 82, Main Guard Road, Behind MCH Swimming Pool, Secunderabad - 500003, A.P, India, on Friday the 30th September 2011 at 10.00 A.M. and at any adjournment thereof.**

Signed this day of 2011

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 17th Annual General Meeting of the company at **Belsons Taj Mahal Hotel, IV Floor, 82, Main Guard Road, Behind MCH Swimming Pool, Secunderabad - 500003, A.P, India, on Friday the 30th September 2011 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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INFOTEK LIMITED**
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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>