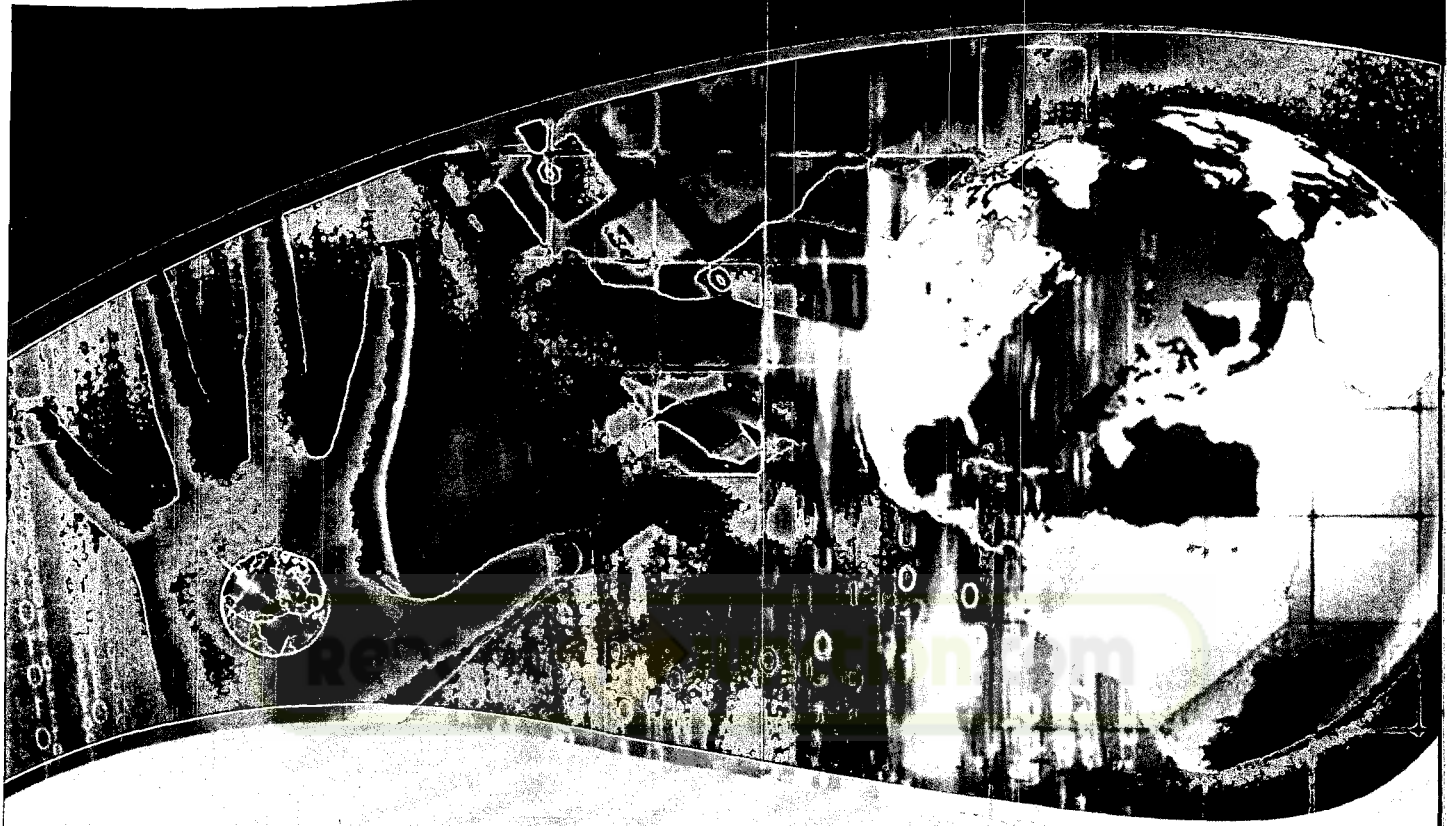


CAT Technologies Limited.



2006  
2007

12<sup>th</sup>

*Annual Report*

Cat Technologies Limited



**BOARD OF DIRECTORS**

Laxmi Pershad Jaiswal	- Chairman
Dhiraj Kumar Jaiswal	- Managing Director
V.Vijayasai Reddy	- Director
Chivukula Kesav Mallikarjun Prasad	- Whole Time Director
Namratha Muralidhar	- Whole Time Director
Dhaduvai Venkat Ram	- Director
Dinesh Kumar Jaiswal	- Director
Abdul Aziz Quraishi	- Director
Ashok Kulkarni	- Director

**AUDITORS**

- **B.SRINIVAS RAO**  
Chartered Accountant  
5-4-10, J.N.Road, Abids  
Hyderabad-500 001

**BANKERS**

- State Bank of Saurashtra  
Bank of India  
HDFC Bank  
Indian Overseas Bank

Share and Depository Transfer Agents :

**AARTHI CONSULTANT PRIVATE LIMITED**  
H.No.1-2-285, Domalguda, Hyderabad-500029

**REGISTERED OFFICE :**

1st Floor, Champa Mansion, Nampally Station Road  
Hyderabad-500 001  
Telephone : 040-23202769 / 23203943  
Fax : 040-23204092  
e-mail : info@attechnologies.com

Cat Technologies Limited

**NOTICE**

Notice is hereby given that the Twelfth Annual General Meeting of the Members of the Company will be held on FRIDAY, 28TH SEPTEMBER, 2007 at 11.00 A.M at the Registered Office of the Company at 1st Floor, Champa Mansion, Nampally Station Road Hyderabad – 500 001 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive consider and adopt the Audited Balance Sheet as at 31st March, 2007 and Profit and Loss Account for the year ended on that date along with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Vijayasai Reddy, who retires by rotation.
3. To appoint a Director in place of Shri Laxmi Pershad Jaiswal, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

BY ORDER OF THE BOARD  
For CAT TECHNOLOGIES LIMITED

Place: Hyderabad  
Date: 30.08.2007

Sd/-  
**DHIRAJ KUMAR JAISWAL**  
Managing Director

**NOTES:**

- A. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
- B. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the special business annexed hereto.
- C. Members/proxies are requested to bring their copies of Annual Report and the attendance slip duly filled in for attending the meeting. Copies of the Annual Reports will not be provided at the meeting.
- D. The Register of Members and Share Transfer Books of the Company will remain closed from TUESDAY, 25TH SEPTEMBER, 2006 TO FRIDAY, 28TH SEPTEMBER, 2006 (inclusive of both days).
- E. Members are requested to notify any change in their addresses to the Company's Share and Depository Transfer Agents.
- F. Members are requested to convert their holdings into Demat. The Company's ID with CDSL and NSDL is INE 170B01037. The Company's Share and Depository Transfer Agents are Aarthi Consultants Private Limited.

Cat Technologies Limited



## DIRECTORS' REPORT

To  
The Members

Your Directors have pleasure in presenting the Twelfth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2007.

### 1. FINANCIAL RESULTS:

During the period under review, the Company's performance has been as under:

(Rs. in Lakhs)

Particulars	2006-07	2005-06
Earnings from operations	405.61	276.26
Other earnings	0.14	1.41
Total earnings	405.75	277.67
Operating Expenses	178.44	121.85
Earning before depreciation & Tax	227.31	155.82
Extra Ordinary Items	-	368.28
Depreciation	49.88	61.34
Profit / (Loss) before tax	177.43	(273.80)
Tax	-	0.55
Profit / (Loss) after tax	177.43	(274.35)

### 2. REVIEW OF PERFORMANCE:

During the financial year 2006-07 your company recorded turnover of Rs. 405.75 Lakhs and earned a net profit of Rs. 177.43 Lakhs Compared to Turnover of Rs. 277.67 Lakhs and Net loss of Rs. 274.35 Lakhs during the previous financial year.

Your Board of Directors is hopeful and efforts are been continuously made for the improvement and performance of the company as a result, the company has came out from net loss to net profit during the Financial Year and further in coming financial years the performance of the Company will be increased by introducing new plans and ideas.

### 3. DIVIDEND:

Due to expansion plans of the company, your Directors do not recommend any dividend for the financial year 2006-07 as the profit are planned to be ploughed back into the operation.

### 4. PUBLIC DEPOSITS:

Your company has not accepted any deposits falling under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules 1975 during the year.

Cat Technologies Limited

**5. DIRECTORS:**

Shri Vijayasai Reddy, Directors of the Company retire by rotation at the ensuing Annual General Meeting and expressed his unwillingness for re-appointment as a Director due to his pre-occupation.

Shri Laxmi Pershad Jaiswal Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**6. PARTICULARS OF EMPLOYEES:**

There are no employees whose particulars are to be furnished U/s 217 (2A) of the Companies Act, 1956 read with Companies Act (Particulars of employees) Rules 1988, as the remuneration of none of the employees has crossed the limits specified therein.

**7. DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2AA) of the Companies Act, 1956 the directors of your company hereby confirm that:

- i. In the preparation of Annual Accounts for the year ended 31st March, 2007, the applicable accounting standards have been followed except for retirement benefits which is being accounted for on cash basis along with the proper explanation relating to material departures, if any, therefrom;
- ii. 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 at the end of the financial year ended 31st March 2007 and of the profit and loss of the company for that period;
- iii. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
- iv. The directors have prepared the annual accounts on a going concern basis.

**8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information in accordance with clause (e) of Sub-section (1) of Section 217 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and form part of the Directors Report for the period ended 31st March, 2007 is follows:

- A. Conservation of Energy – Your Company is engaged in Software Development and IT Enabled Services and hence the details in respect of the above are not applicable. However, measures are taken to reduce energy consumption wherever possible.

Cat Technologies Limited



B. Research & Development - Research and development of new services, designs, frameworks, processes and methodologies continue to be of importance at your company. This allows company to enhance quality and productivity and customer satisfaction through continuous innovation.

C. Technology Absorption - Not Applicable

D. Foreign Exchange Earnings & Outgo: (Rs. in Lakhs)

	2006-07	2005-06
Foreign Exchange earnings	229.67	186.14
Foreign Exchange outgo	9.14	8.21

#### 9. AUDITORS:

Audit committee of company recommended for reappointment of B Srinivas Rao, Chartered Accountant, Hyderabad as Statutory Auditors of the company. Further company is in receipt of confirmation from Sri B Srinivas Rao, Chartered Accountant expressing their willingness for reappointment as statutory auditor of the company and confirmed that in the event of his reappointment as statutory auditor at the ensuing Annual General Meeting, such appointment will be in accordance with the limits specified in Section 224 (1B) of the Companies Act, 1956.

#### 10. CORPORATE GOVERNANCE:

- a) Report on Corporate Governance: A separate report on Corporate Governance along with Auditor's Certificate on its compliance is enclosed as Annexure - II to this report.
- b) Management Discussion & Analysis Report: Aspects of Management Discussion and Analysis is enclosed as Annexure - I to this report.

#### 11. ACKNOWLEDGEMENTS:

Your Directors have pleasure in recording their appreciation for the assistance extended to the Company by various officials of the Central and State Governments and Commercial Banks.

Your Directors would also like to place on record their sincere appreciation and gratitude to the Shareholders for their support and co-operation. Your Directors express their heartfelt gratitude to the employees for their exceptional commitment and loyalty to the company.

BY ORDER OF THE BOARD  
For CAT TECHNOLOGIES LIMITED

Sd/-

LAKSHMI PARSAD JAISWAL  
CHAIRMAN

Place: Hyderabad  
Date: 30.08.2007





## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. INDUSTRY STRUCTURE AND DEVELOPMENTS

The rapid growth of ITES-BPO and the IT industry as a whole is having a deep impact on the socio-economic dynamics of the country. The Indian IT success has highlighted India's attractiveness as an investment destination. Some of the lesser observed impacts of the IT revolution include the evolution of e-governance, and the potential it holds for narrowing the digital divide between urban and rural India.

The rapid growth of IT-ITES in India has led to a surge in demand for real estate and construction. It is estimated that the IT-ITES industry currently accounts for approximately 6% to 7% of the incremental demand in this segment. Apart from the direct impact on national income and employment, the sector has also contributed to the growth of several ancillary industries, a rise in direct-tax collection and an increase in consumer spends due to the significantly higher disposable incomes.

Growth of outsourcing is expanding to include not only IT function, but critical business processes, as well as involving application areas like the enterprise resource planning and e-business initiatives. Successful companies are incorporating outsourcing as a key strategy for growth and differentiation.

India has emerged as the fastest growing IT hub in the world, its growth dominated by IT software and services such as Custom Application Development and Maintenance (CADM), System Integration, IT Consulting, Application Management, IS Outsourcing, Infrastructure Management Services, Software testing, Service-oriented architecture and Web services.

The Indian software industry has achieved international recognition for its quality in software development. India's software and services exports have been rising rapidly. The annual growth rate is 20% in IT services and 60% in IT-enabled services, such as call centers, Business Process Outsourcing (BPO) and other administrative support operations. Both the sectors are estimated to grow at 25% per annum till the year 2010.

The information technology industry has grown its revenues ten fold in past decade from from USD 4.8 billion in 1997-98 01 to USD 47.8 billion in 2006-07 as per the nasscomm report.

### OPPORTUNITIES, THREATS, RISK AND CONCERNS

Information and Communication Technology (ICT) today permeates almost every sphere of human endeavor. The objective before the country is to ensure sustained growth of software and IT enabled services (ITES) and increase India's share in the global market, to put in place the basic policy framework for making India a major force in the hardware manufacturing sector; to device appropriate policy for greater use of IT for promoting more efficient, transparent and responsive governance; to take necessary steps for taking IT to masses besides keeping high level R&D as the central force to drive the growth of IT industry.

*Cat Technologies Limited*



**Key trends in the global IT outsourcing market include:**

- Integration of more automated technologies, including web services, that support the shift towards using modular and more standardised components to provide business and application processes.
- The emergence of on demand / utility computing or the application service provider model as a substitute for traditional IT procurement and delivery, and for traditional outsourcing.
- Increased utilisation of offshore service delivery.

**The Emerging Landscape of Global Services**

- Widespread acceptance of the benefits of offshore outsourcing based on significantly favourable total transaction cost economics.
- Maturing industry structure, highlighted by vendor consolidation and greater standardisation of infrastructure elements.
- Increase in addressable market, re-definition of 'offshore-able' activities to include more complex, higher value-added services and increasing offshore penetration.
- Transition from one-off offshore outsourcing contracts to an integrated global delivery model.
- Distinction between domestic and offshore service providers beginning to fade, as each begins to adopt a mix of onshore-offshore delivery strategies.

**The India advantage**

Various country comparison studies have established the attractiveness of the Indian IT services and ITeS industry.

The key attributes that have enabled India to establish itself as a preferred sourcing base include:

1. Vast access to skill base- Large pool of resources for IT and ITeS operations - 14 million graduates, 1 million technical resources, one of the largest English speaking manpower in the world. Availability of quality delivery management talent from international banks and consulting firms. In the future, while the increasing demand for resources may put pressure on the resource base, initiatives are currently underway to enhance the supply of quality human capital in the country.
2. Strong Quality Orientation.
3. Availability Of High Quality Infrastructure



*Cat Technologies Limited*

4. **Cost Advantage** - The cost impact of sourcing from the Indian IT and ITeS industry can be significant due to the lower wages and lower cost of living. While the increasing demand for resources is gradually adding pressure on labour costs, companies within the industry are attempting to sustain cost competitiveness through appropriate location choices and revamped human resource management practices.
5. **Enabling Policy Environment** - The Government of India is taking proactive measures to encourage investments in this sector. Significant measures and incentives include a liberalised FDI regime, single-window clearance facility, income tax holiday and customs duty exemptions. State governments too are demonstrating a proactive approach towards attracting and facilitating investments and are providing support for the development of specialised infrastructure, focussing on development of a larger base of cities/towns to meet the needs of the industry and undertaking measures to continually enhance the supply and quality of manpower.

### **FUTURE OUT LOOK**

The Company is expanding its footprint and establishing operations in many countries. In order to enhance its ability to serve its customers better, the Company has been continuously expanding on its service and capabilities. The Company is building deep customer relationships and has a well diversified geographic spread. The Company's process capabilities and range of services provide a compelling value proposition for both existing and new customers.

Company has successfully completed its maiden GDR issue of 6 million dollar and company propose to acquired Cat Technology Inc, and plans to strengthen its infrastructure for better market access and delivery of services. Further company propose to set up a wholly owned subsidiary in the Dubai to capture the ever expanding opportunities in middle east countries.

### **3. INTERNAL CONTROL SYSTEMS AND ADEQUACY**

The Company has adequate internal control systems, procedures, checks designed to provide reasonable assurance on achievement of the objectives relating to efficiency and effectiveness of operations, reliability of financial reporting and compliance with applicable laws and regulations.

An Audit Calendar to cover major operational areas as suggested by the Board of Directors was evolved and the same has being adopted by the Management. The observations of the Auditors are reviewed at periodical intervals by the top management and the Audit Committee

### **4. HUMAN RESOURCES**

The Company has its own system to control all its branches and divisions to ensure proper and adequate control, facility, transparency and accuracy. The employer – employee relationship has been cordial. The company considers the quality of its human resources as its important asset and it endeavors to attract and recruit best possible talent and to retain and groom it to meet its needs.



## REPORT ON CORPORATE GOVERNANCE

## 1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

The Company's philosophy of Corporate Governance is aimed at assisting the top management of the company in the efficient conduct of the business and in meeting its obligation to stakeholders, and is guided by a strong emphasis on transparency, accountability and integrity. This improves public understanding of the structure, activities and policies of the organization. Consequently, the organization is able to enhance the trust and confidence of the stakeholders.

Given below is a brief report on the practice followed at CAT Technologies Limited towards achievement of good Corporate Governance.

## 2. BOARD OF DIRECTORS:

## A. Composition

The Board of the Company consists of 9 Directors, comprising 1 Non Executive Chairman & 3 Executive Directors, 2 non executive directors and 3 Non executive Independent Directors. The non-executive directors bring with them rich and varied experience in different facets of corporate functioning. They play active role in the meetings of the Board. The Board formulates policy decisions so as to lead and control the Company.

Name of the Director	Category	No. of Other Directorships	No of Meetings Held	No. of Meetings attended	Whether attended last AGM
Dhiraj Kumar Jaiswal	Promoter Executive Director	Nil	7	7	Yes
V Vijayasai Reddy	Independent Non-Executive Director	Nil	7	1	No
Laxmi Pershad Jaiswal	Promoter Non-Executive Director	Nil	7	7	Yes
C K M Prasad	Non-Independent Executive Director	Nil	7	6	Yes
Namratha Muralidhar	Non-Independent Executive Director	Nil	7	7	Yes
D Venkatram	Non Independent Non Executive Director	Nil	7	5	Yes
Ashok Kulkarni	Independent Non-Executive Director	Nil	7	5	No
Dinesh Kumar Jaiswal	Promoter Non-Executive Director	Nil	7	3	No
Abdul Aziz Quraishi	Independent Non-Executive Director	Nil	7	0	No