

Board Of Directors

V. Ranganathan
Chairman & Managing Director

Mythili Kannan
Director US Operations

Gururaja K. Upadhy
Director Technical

Shridhar S. Hegde
Director Marketing

V. Krishnan
Director Finance

P. Vishwamurthy
Director Software

T. S. Suresh Kumar
Director

P.E. Krishnan
Director

S. Gopalakrishnan
Director

Medha Hegde
Director

Priya Gururaja
Director

Company Secretary
K. Y. Nagaraj

Auditors

Messrs. M S Reddy & Associates
Chartered Accountants
No. 726, II Floor, 3rd Main
3rd Cross, "D" Block, II Stage
Rajajinagar, Bangalore - 560 010.

Bankers

Canara Bank
Citi Bank NA
Corporation Bank

Enlistments

Bangalore Stock Exchange Limited
The Stock Exchange of Ahmedabad
Calcutta Stock Exchange Association Limited

Depositories

National Securities Depositories Limited

Registrars & Share Transfer Agents

Karvy Consultants Limited
TKN Complex, 51/2, Opp. National College
Vanivilas Road, Basavanagudi
Bangalore - 560 004
Phone : 080-6621184, 6621192, 6621193 Fax : 080-6621169

Registered Office

24, 12th Main, I Block
Rajajinagar, Bangalore - 560 010.
Ph : 080-3320990/3322490/3323054/3328171. Fax : 080-3327313
Email : cerebra@blr.vsnl.net.in Visit us at : www.Cerebracomputers.com



From Chairmans' Desk

Dear Shareholders,

It gives me immense pleasure to place before you all the Sixth Annual Report (the first after Cerebra went Public) highlighting the activities for the year ended March 31, 2000.

Our times are indeed very exciting. I feel personally very happy to be in the age of revolution wherein change is taking place at a rapid pace. India's software industry continues to have a healthy growth which is destined to continue for many more years to come. We will agree that Information Technology is the most challenging of all the fields.

Your Company transitioned from closely held Company to that whose ownership is spread among the investing public. The year has been very eventful as your Company successfully came out with an IPO on April 06, 2000 which got concluded on April 10, 2000. The IPO was oversubscribed over 5 times even in a sluggish capital market scenario. I thank you very much for having been a great source of strength in making our IPO a grand success.

Cerebra has entered into a strategic alliance with AnyTech Inc., based in Maryland, USA. During the current year, your Company has bagged few orders for software developments on platform of B2B and B2C. The growing Internet era is dynamic with a large scope for change, adaptability and competition in the thrust sector. The ability to transform and participate in e-business has given a better edge, since Information Technology has revolutionised with the I net and the World wide Web happening at a faster pace.

With this, Cerebra has established itself as an innovator and a leading provider of Technology based solutions. It is now expanding its presence in the global market in the core areas like e-commerce, e-business, Network Systems Management and Enterprise Application Integration. With the dedicated support of my Software professionals, who are working for successful implementation of e-com solutions using latest technologies, our clients are being benefited to a greater extent by improving their satisfaction levels.

Cerebra during the current year has ventured successfully into manufacturing of Motherboards, Monitors, Memory Modules, Networking Products and other add on cards required for the computer industry. Cerebra will be the first Company in the country to design and manufacture motherboards with a full fledged Automatic SMT Production Line which will be the key provider in the Indian Manufacturing Scenario.

The Revenue generated for the year ended March 31, 2000 was satisfactory. There is a growth of about 68% compared to last year. The total Income from operations for the previous year ended was Rs. 3004.30 lakhs as against Rs. 1782.72 lakhs in the previous year. The Profit after tax stood at Rs. 145.11 lakhs. For the year ended March 31, 2000, Cerebra has paid an Interim Dividend @ 10% pro-rata.

The current year's business to date is encouraging. For the quarter ended June 2000, the turnover was Rs. 744.85 lakhs. The Profit after Tax was Rs. 79.47 lakhs showing an all round improvement.


The boom in the Information Technology sector is appealing. As software division is focussing more on e-commerce we see great opportunities in these areas. The division has great potential and our software professionals are in place to explore opportunities more in areas like e-commerce, embedded java and the like.

Year 2K will be a year of expanding and developing the existing infrastructure. With this your Company will derive the benefits for the outputs made. I am confident that the Company will realize from its plans the desired results during the year which should turn out to be more profitable both for the Company and for the Company's shareholders.

Cerebra has got its spread in ten locations and dealer network of about 400 for the hardware business. New products have been introduced to add to the existing range of Computers, Servers, Note books and other allied products. The recently started SMT division of your Company will generate a revenue which will be far beyond our projected income for the year ending March 31, 2001.

I thank all the shareholders, channel partners, Customers, Banks, Financial institutions, and the employees of CEREBRA who have been a great source of strength at all times.

Thank you,



V. Ranganathan

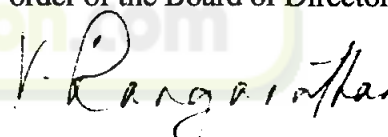
Notice

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of CEREBRA INTEGRATED TECHNOLOGIES LIMITED will be held on Friday, September 08, 2000 at 10.00 a.m at Krishna Hall, Woodlands Hotel Private Limited, No.5 Raja Ram Mohan Roy Road, Bangalore - 560 025 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2000 and the Profit and Loss Account for year ended on that date alongwith the Reports of Directors and Auditors thereon.
2. To declare dividend.
3. To appoint a Director in place of Mr. S. Gopalakrishnan who retires by rotation, and being eligible, offer himself for re-appointment.
4. To appoint a Director in place of Mr. P. E. Krishnan who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Messrs. M. S. Reddy & Associates, Chartered Accountants, Bangalore and to authorize the Board of Directors to fix their remuneration.

By order of the Board of Directors



V. Ranganathan

Chairman & Managing Director

Notes :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote instead of himself / herself and the proxy appointed need not be a member. The duly filled in proxy form must be deposited with the Registered Office of the Company not later than 48 hours for the time fixed for the meeting.
2. The Register of Members and the Share Transfer Books of the Company will remain closed on Friday, September 08, 2000.
3. Members are requested to notify their change in address, if any, to the Registrars and transfer Transfer Agents by quoting their relevant registered folio number.
4. Members are requested to carry the Annual Report to the meeting place. As a measure of economy no copies of the Annual Report will be made available to the Members at the Meeting place.

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Sixth Annual Report of the Company together with the Audited Statement of Accounts for the year ended March 31, 2000.

1. FINANCIAL HIGHLIGHTS

Financial Results for the year ending March 31, 2000

(Rs. in lacs)

	March 31, 2000	March 31, 1999
Profit Before Depreciation & Tax	210.55	60.18
Depreciation	8.83	8.00
Profit before tax	201.72	52.18
Provision for tax	56.62	13.00
Profit after tax	145.11	39.18
Taxation for earlier years	0.51	1.98
Profit available for appropriation	144.60	37.20

Appropriated as follows :

Dividend for the year	15.89	2.09
Tax on distributed profits	1.75	0.21
Balance transferred to Balance Sheet	126.96	34.90

2. REVIEW OF OPERATIONS

Continuing its growth rate, your Company's revenue from operation increased to Rs. 3004.30 lakhs for 1999-2000 from Rs. 1782.72 lakhs for 1998-99 registering a growth of 68%. Current year's figures include revenues from software which accounted for Rs. 60.71 lakhs. Your Company has exceeded the Projected turnover of Rs. 2950 lakhs for the year ended March 31, 2000.

Profit after tax rose by over 270% to Rs. 145.10 lakhs in 1999-2000 from Rs. 39.18 lakhs in the previous year.

3. AN OVERVIEW OF SOFTWARE DIVISION

Your Company though known in the market for its strength in the hardware sector is by no means a small time player in Software. Your Company has already developed in house software packages for some special applications. The Company has embarked upon a major expansion programme and this has been reinforced with the strategic alliance with the US based Software company Any Tech Inc. Your Company has established its ground in the US and has appointed Marketing agents for getting projects.

The rejuvenated Software division which was established in February, 2000 has already booked significant orders in addition to the US\$ 0.50 Million order from AnyTech Inc.

With the movement to the new office and professionally skilled people in position, your Company's Software Division is ready to aggressively pursue the best goals.

Your Company at present has bagged orders from an Australian Company End to End Software Solutions which will be executed during the current financial year. Your Company is also working towards finalising the tie-up with Partners in Singapore, Taipei, Middle-East and New Zealand. These associations, will help your Company to establish in Asia Pacific Region.

The general market scenario world over for software is extremely good and your Company with its brand name, professional skill and technical support is bound to be a major player in the global market. The strategic partner based at Maryland in the US, AnyTech Inc., are aggressively marketing the products and services. The Company envisages no problem in achieving projected turnover of Rs. 900 Lakhs from this division for the year ending March 31, 2001.

4. FOCUS ON HARDWARE

Your Company has increased its national presence by establishing offices in 10 locations across the country namely Ahmedabad, Chennai, Cochin, Coimbatore, Calcutta, Delhi, Goa, Hyderabad, Mumbai and Pune. With this, your Company's national coverage is complete both for Market reach as well as for Customer Support. A significant portion of the market demand covered in these regions will be within your Company's reach. Your Company has increased channel partners substantially from 140 during the year ended March 31, 1999 to 400 during the year.

The channel partners would support your Company in marketing the entire range of Company's products in areas specifically allotted to them. Your Company has also drawn success with an appointment of overseas channel partners in Africa and Australia. Business deliberations are under way and the partners should be actively operative by end of September, 2000.

Your Company has successfully introduced a couple of high value /high demand products viz., Note Books and Uninterrupted Power Supply units (UPS). The demand for note books is opening up rapidly and currently there is a tailor made market ideally suited for Cerebra because of the reach. In the case of UPS, customer pressure on Cerebra is on the increase to support and market this product. Both Note Books and UPS would be launched under CEREBRA brand by August 2000.

With a strong dealer network of 400 in number for the hardware business, the new products add up to the existing range of the products. With this, your Company has strengthened its presence in the Home PC market and are hoping to have a fairly decent market share by the year end. Whilst on the subject, Cerebra has gained a name for itself as a provider of the new quality servers to compete with MNC brand. The recent start of the SMT Division and the new products will generate a revenue which will be far ahead of projected income for the year ending March 31, 2001.

Your Company has already started Hardware Exports to Africa and Australia and has already established ground by appointing channel partners in these countries. With this, the Hardware Exports will be a major boost.

5. INCREASE IN SHARE CAPITAL

Your Company's equity share capital rose to Rs. 443.73 lakhs from Rs. 47.10 lakhs during the previous year.

Your Company came out with an IPO on 6th April, 2000 which was concluded on 10th April, 2000 for 1479300 equity shares of Rs. 10 each at a premium of Rs. 50 each. The IPO was oversubscribed by 5.36 times. The Company received an overwhelming response despite sluggishness in the capital market segment. There are more than 10,000 shareholders spread across the country pursuant to the IPO. The trading of your Company's shares commenced on June 14, 2000 with Bangalore Stock Exchange Limited, on June 16, 2000 the Stock Exchange of Ahmedabad and June 19, 2000 with Calcutta Stock Exchange Association Limited.

Your Company intends to seek listing on The Stock Exchange, Mumbai, (BSE) upon fulfillment of all the required formalities of the said Exchange.

The shares are tradable only in Electronic form and the Company has entered into agreements with the National Securities Depositories Limited (NSDL) for holding and trading of equity Shares in electronic form pursuant to SEBI guidelines.

Trading in electronic form will benefit the Investors as it would result in speeding up transfer of shares, quick disbursement of bonus and dividend, lesser transfer fee (as there is no stamp duty payable on transfer of shares in electronic form) eliminate fear of loss of physical share certificate and minimize the paper work.

6. DIVIDEND

Your Directors declared and paid an Interim Dividend @ 10% (Pro-rata) for the year ended March 31, 2000 for the shareholders whose names appeared on the Register of Members as at March 31, 2000 on an increased share capital of Rs. 443.73 lakhs. The total outflow of dividend was Rs. 15.88 lakhs as against Rs. 2.09 lakhs for the previous year ended March 31, 1999. Your Directors recommend the payment of interim dividend as the Final dividend for the year ended March 31, 2000. This is just a beginning of the rewards for the Investors.

7. DEPOSITS

Your Company has neither accepted nor renewed any Fixed Deposits during the previous year ended March 31, 2000

8. COMPLIANCE OF STOCK EXCHANGE FORMALITIES

Your Company has fully complied with the Listing formalities of all Stock Exchanges where listing was sought. Your Directors have taken necessary action in connection with the Guide lines/Regulations issued by Securities and Exchange Board of India (SEBI) on Insider Trading.

9. ACCOUNTING STANDARDS

The Company has followed the mandatory Accounting Standards for preparation of Financial Statements for the year ended March 31, 2000.

10. CORPORATE GOVERNANCE

With many Corporates going global, your Company's Board of Directors has recognized the need for the good Corporate Governance. Every effort will be made to have in place the policies recommended by Confederation of Indian Industry (CII) for desirable Corporate Governance.

The Directors are taking steps towards setting up of the Audit committee wherein the key financial information like budgets, operating plans, capital budgets are to be placed before the Board at regular intervals.

11. FUTURE PLANS

Your Company is a major recognised player and what is not known is its strength in developing Software. By end of Financial year 2000-01, Cerebra will be known as a very strong player in providing total solutions both in Hardware as well as in Software.

Your Company's proposed overseas branches in Taipei and in the USA will stabilise its operations by end of March 2001 with set plans to enter into market and will support in areas like WAP and embedded systems software which is going to be the future. In this connection, the Company expects support from Intel both in terms of technical help and quality participation in the Software division.

In the Hardware sector, your Directors aim at establishing your Company among the top five hardware vendors in the country known for providing quality and reliable systems with prompt after sales services. Your Directors also working towards manufacturing new products for the major players in SOHO market which is one of the largest growing markets in the world today.

Your Company's Directors are working with lot more innovative products like set top boxes, cable modems in the coming years, with the strong background and national presence in the market, the Company will be in a position to sell these products in volumes.

12. QUALITY INITIATIVES

Your Company has obtained the ISO 9002 certification from quality Registrars KEMA, Netherlands two years back. Your Company's Board of Directors are consciously taking every effort for getting certified to ISO 9001 certification by September, 2000 and are aiming at achieving the coveted SEI CMM Level 5 Certification by June, 2001. Whilst on the subject, the current level of CMM certification is between 2-3.

13. EMPLOYEE STOCK OPTION PLAN (ESOP)

In order to retain the best talent in the Company and considering the Industry trend towards issuing the ESOP, an independent ESOP committee called as Compensation Committee has been set up on February 07, 2000 comprising of independent non-executive Directors for recommending and setting up and administering the ESOP. Your Company's Board of Directors believe in not just in human talent, but in an arrangement where each of the associates is a partner in the growth and development of the Company. The eligibility criteria for the employees will be determined by the Compensation Committee based on past and present performance, technical knowledge, professionalism, period of service, designation, responsibility and such other traits as may deem fit. A total of 100153 equity shares have been gifted by the promoter Directors / their relatives to the ESOP trust.

14. ORGANISATION STRUCTURE

The Organisational structure has enabled your Company to maintain growth rate year by year. The structure has moulded to cater to the ever changing scenario. The success of the growth rate being communication channels are always open to allow the exchange of ideas related to the domain knowledge, corporate philosophy, business practices and soon.

15. SUBSIDIARIES OVERSEAS

As a part of the expansion program, your Company has set up an office for marketing and providing on-site support for the software division. This will go a long way in bagging major orders in the US.

Efforts are under way for setting up an office at Taipei for handling exports of Computer hard ware in order to bag major World Bank orders. Majority of these World Bank orders are considered as deemed exports. The Company's products will be competitive if the same are manufactured and sold from Taipei.