



16th

**ANNUAL REPORT
(2009-2010)**

Cerebra Integrated Technologies Limited

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Regd Off.: # S-5, off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

Ph.: 91-80-2837 0282/84 Fax : 2837

Email: info@cerebracomputers.com, investors@cerebracomputers.com

Annual Report 2009-2010

BOARD OF DIRECTORS

V. Ranganathan	- <i>Managing Director</i>
Gururaj K. Upadhya	- <i>Director Technical</i>
Shridhar S. Hegde	- <i>Wholetime Director</i>
P. Vishwamurthy	- <i>Wholetime Director</i>
T. S. Suresh Kumar	- <i>Director</i>
P. E. Krishnan	- <i>Director</i>
S. Gopalakrishnan	- <i>Director</i>

REGISTERED OFFICE, FACTORY AND WORKSTATION

S-5, off 3rd Cross, I Stage,
Peenya Industrial Area,
Bangalore - 560 058
Tel: 91 - 80 – 28370281/2/3/4 - 28370282 / 84
Fax: 91 - 80 - 28372609 Web: www.cerebracomputers.com
Email: info@cerebracomputers.com

ITES FACILITIES

26/4, 'A' Block, 2nd Floor
Industrial Suburb, Rajajinagar
Bangalore- 560 010
Tel: 91-80-22046969 to 79
Fax: 91-80-22046980

STATUTORY AUDITORS

M.S. Reddy & Associates
Chartered Accountants
#726, II Floor, 3rd Main, 3rd Cross,
"D" Block, II Stage, Rajajinagar,
Bangalore - 560 010.
Tel. 91 - 80 - 23422430

BANKERS

Bank of India

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Pvt Limited,
17-24, Vittal Rao Nagar,
Madhapur
Hyderabad - 500081
Ph: 040-23420818-824
Fax: 040-23420814
Email: sanjayrao@karvy.com

ENLISTMENTS

Bombay Stock Exchange Limited (BSE)

DEPOSITORIES

National Securities Depository Limited
Central Depository Services Limited

From the desk of the Managing Director

Dear Stakeholder,

It gives me great pleasure to welcome all of you to the 16th AGM of your Company and we have been looking forward to meeting you all again though we had the occasion to meet some of you earlier during this year.

I am reasonably satisfied to report that your Company did perform better than expectations despite not so favourable business circumstances. It is with ample relief that I have to state that we have as of this date completely put all our troubles behind us. The future has got to be much brighter and be filled with immense activities.

The Directors' Report attached hereto, will exhibit the financials. Humangous amount of efforts have been infused towards the revival, expansion with synergic diversification programs. Derisking business model with optimised mix of growth and profits has been kept seriously in mind by your Directors. Accordingly, all the divisions namely the hardware, contract manufacturing, ITES including MT and LPO have contributed to the profit kitty.

With your approval, we have issued around 1.15 crores Warrants to group of investors who have committed to invest Rs. 32 crores in the Company for the E waste business and also for the ITES subsidiary.

Our hardware division is performing well though the margins are lower as in that business, but is still contributing. We plan to increase our business in profitable areas like networking to improve our bottom line. We will soon be recruiting some experienced people to improve our business and margins in this division.

Our contract manufacturing division is performing well and we will be shifting focus to EMS from labour contracts so as to increase our topline and bottom line. We have good customers who are all growing thereby helping us to grow as well.

Our ITES subsidiary is growing, especially the LPO division. We have added some customers in the LPO division and hope to add more during this year. Our focus will be to grow this division such that it contributes significantly to our business.

As you are all aware we are setting up one of India's largest E waste recycling plants which will be managed by Cimelia from Singapore who is a world leader in this space. We have got 10 acres of land allotted by the Government of Karnataka near Bangalore and will soon begin construction there. A 100000sqft of world class facility is being worked out and initiatives have been made towards this direction already. Very soon, you all be proud owners of a world class E waste recycling facility.

Our grateful thanks to investors, share holders who have believed in this dream and have helped us achieve the same. We wish to thank the Government of Karnataka, all those who have contributed towards rebuilding up Cerebra and also for all your continued support. Team Cerebra will relentlessly strive hard to cautiously grow with higher profits and enhance the value of the Enterprise and reward the investors in every possible way.

With best wishes for an excellent 2011!

Warm Regards

V. RANGANATHAN

Managing Director

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Regd Off.: # S-5, off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Company will be held at 11.00 a.m. on Thursday, the 30th December, 2010 at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at September 30, 2010 and the Profit and Loss Account for the year ended on that date along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.Gururaj K. Upadhya, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr.S. Gopalakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs Ishwar & Gopal, Chartered Accountants, Bangalore as Auditors in place of Messrs. M.S. Reddy & Associates, Chartered Accountants, Bangalore who have indicated not to seek appointment, to hold the Office of Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

By Order of the Board

Place: Bangalore

Date: 29.11.2010

V. RANGANATHAN

MANAGING DIRECTOR



Lighting of Lamp by Mr. Paul Folmsbee, Consul General, American Consulate, Mumbai



Mr.V.Ranganathan, Managing Director, Addressing the Press, Hotel Trident, Mumbai

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 at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
2. For the convenience of the Members and for proper conduct of the meeting, entry to the place of the meeting will be regulated by an Attendance Slip, which is forwarded as detachable part of Annual Report. Members are requested to affix their signature at the place provided in the Attendance Slip and hand it over at the entrance.
3. Members, who hold shares in dematerialized form, are requested to bring in their Client ID and DP ID nos. for easier identification of attendance at the meeting and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
4. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least 7 days prior to the meeting, so that, the required information can be made available at the meeting.
5. Members holding shares in physical form are requested to notify immediately any change in their address to the Company's Registrar and Transfer Agent, Karvy Computershare Private Limited. Members holding shares in electronic form may intimate any such changes to their respective Depository participants (DPs).
6. Members holding more than one share certificate in different folios are requested to kindly apply for consolidation of the folios and send the relative share certificates to the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited, (Unit: Cerebra Integrated Technologies Limited), Plot No 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.
7. Listing fee has been paid to the Stock Exchanges up to date.
8. The Company's Shares are traded in electronic form with ISIN No. INE345B01019.
9. The Register of Members and the Share Transfer Books will remain closed on 30.12.2010 in connection with the Annual General Meeting.
10. Members are kindly requested to bring Annual Report 2009-10 along with them to the Annual General Meeting, since extra copies will not be supplied at the meeting.
11. Pursuant to Section 205A (5) of the Companies Act, 1956, as amended, any money transferred to Unpaid Dividend Account and remaining unclaimed for a period of 7 (seven) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, and thereafter, the Shareholders shall not be able to claim any Unpaid Dividend from the said fund or from the Company. This information is included for the benefit of the Shareholders for future purposes.

12. The Shares of the Company are compulsorily traded in electronic form. The Members are requested to forward all applications for transfer and all other shares related correspondence, including intimation for change of address, if any, to the Registrars and Transfer Agent of the Company at the following address:

Karvy Computershare Pvt. Ltd.

Plot No 17 to 24 Vittal Rao Nagar,

Madhapur, Hyderabad - 500 081

Fax - 040-23420814

Phone: 040 - 23420818 - 824

13. Pursuant to SEBI notification no. MED/ DOP/ Circular/05/2009 dated May 20, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTA to enable/effect transfer of Shares in physical form.

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION
AT THE ANNUAL GENERAL MEETING:**

1. Mr. Gururaja K. Upadhya:

Date of Birth: 15.06.1964

Qualification: B E

Expertise: Electronic Manufacturing Services

No. of Board Meetings attended during the year: 8

2. Mr. S. Gopalakrishnan:

Date of Birth: 08.09.1967

Qualification: B Com

Expertise: Finance and Accounts

No. of Board Meetings attended during the year: 8

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

DIRECTORS' REPORT

Your Directors have great pleasure to present their Sixteenth Annual Report together with the audited Balance Sheet and Profit and Loss Account for the year ended 30th September, 2010.

FINANCIAL RESULTS :

REVIEW OF OPERATIONS & GROWTH OPPORTUNITIES:

(Rs. in lakhs)

Particulars	2009-10	2008-09
Total Income	5972.67	5046.91
Total Expenditure	5818.14	4876.23
Operating Profits (PBIDT)	154.53	170.68
Interest	2.49	3.82
Depreciation	15.89	20.55
Profit Before Extra Ordinary Income	136.15	146.31
Provision for Tax – MAT	25.24	0
Profit after Current Tax but before Deferred Tax	110.91	146.31
Deferred Tax	-	-
Profit available for appropriations/(Loss)	110.91	146.31

Despite the recessionary trends which continued globally, your Company was able to achieve better results. Although the Company had a slow start, momentum was picked up progressively. Signs of the domestic economy turning to optimistic position were visible on the horizon.

Your Company continued to focus on the hardware business which has been major revenue earner.

Efforts infused on ITeS have started yielding enthusiastic results. With your approval, the Company hived off ITeS business in to its subsidiary Company namely Cerebra LPO India Limited.

The Shareholders may recall that your Board had covered in the last Annual Report the proposal to set up Electronic Recycling Plant to address E-Waste Management. Immense efforts have been infused post last Annual General Meeting towards this direction and following are the key milestones:

- The Company has signed up with Foreign Technical Consultants, Cimelia Resource Recovery Pte Ltd., Singapore
- Approvals of Shareholders were obtained for all the related requirements including preferential issues of Shares/Warrants to Foreign Technical Consultants and Plant and Machinery Vendors, Strategic Investors and Promoters.
- Requisite approvals are being sought from the Foreign Investment Promotion Board (FIPB) of the Government of India, Stock Exchanges and other Regulatory Authorities to enable implementation of the aforesaid Project.
- At the Global Investors Meet (GIM) sponsored by the Government of Karnataka, 10 acres of Industrial land to house E-Waste Recycling Project and 2 acres at the IT tech Park near the International Airport to establish ITeS business were allotted to your Company.

- e. Fund raising to meet the CAPEX and OPEX programs is in the process of being tied up. Partial funds have already been raised.
- f. Requisite Training Program on the E-Waste business has been initiated in Singapore for the Company's Personnel.
- g. One mobile shredder and one fixed shredder are expected to arrive from Singapore to commercially commence the E-Waste related business prior to the actual implementation of the Project.
- h. Formally, in the presence of esteemed members of the Press, Directors and Senior Executives of Technical Consultant from Singapore, many Investors, Wholetime Directors of your Company and certain other dignitaries, Mr.Paul Folmsbee, Consul General, American Consulate General, Mumbai, launched the E-Waste Recycling Project at Mumbai.

Your Company has enhanced its head count . With the approval of Shareholders through Postal Ballot, the ITes division was vested in Cerebra LPO India Limited.

Your Directors report that the Company continues to be debt free.

SUBSIDIARY COMPANY- ITES DIVISION:

Cerebra LPO India Limited has achieved better results in Legal Process Outsourcing and Medical Transcription segments. The Company has added sustainable and profitable clients chiefly from the USA and the UK. Several marketing initiatives were implemented with strategic alliances with both the aforesaid countries. Growth on both the segments is expected to be robust and the Company has no hesitation in exploring inorganic growth opportunities. Statement pursuant to Section 212 of the Companies Act 1956, relating to company's interest in Subsidiary Company of Cerebra LPO India Ltd is given in Annexure I forming part of the Director's Report.

DIVIDEND:

Your Directors regret to inform you that no dividend is declared for the year-ended 30.9.2010 as the Company require its profits to be ploughed back in view of the expansion program and to meet working capital needs.

DIRECTORS:

Mr. Gururaja K. Upadhyaya and Mr. S. Gopalakrishnan, Directors, retire by rotation, in accordance with the Companies Act, 1956 and the Articles of Association of the Company and being eligible, offer themselves for re-appointment.

FIXED DEPOSITS:

Your Company has neither accepted nor renewed any Fixed Deposits during the year ended 30th September, 2010.

AUDIT COMMITTEE :

Audit Committee constituted by the Board of Directors with requisite composition to fall in line with the prevailing laws continued to discharge its functions during the year under report.

AUDITORS:

Messrs M S Reddy & Associates, Chartered Accountants, Bangalore, Auditors of the Company retire at the end of forthcoming Annual General Meeting and have decided not to seek appointment. Based on the recommendation of the Audit Committee and in line with the provisions of the Companies Act, 1956, the Board recommends the appointment of Messrs Ishwar & Gopal, Chartered Accountants, Bangalore as Auditors to hold office up to the date of the next Annual General Meeting.