

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Report  Junction.com

13th

A N N U A L R E P O R T

2006 – 2007

CEREBRA INTEGRATED TECHNOLOGIES LTD.

BOARD OF DIRECTORS

V. Ranganathan - *Managing Director*
Gururaj K. Upadhyay - *Director Technical*
Shridhar S. Hegde - *Director*
P. Vishwamurthy - *Director*
T. S. Suresh Kumar - *Director*
P. E. Krishnan - *Director*
S. Gopalakrishnan - *Director*

REGISTERED OFFICE

FACTORY AND WORKSTATION

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

BANKERS

Canara Bank
State Bank of India

ENLISTMENTS

Bangalore Stock Exchange Limited
The Stock Exchange of Mumbai (BSE)
The Stock Exchange of Ahmedabad
Calcutta Stock Exchange Association Limited

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

DEPOSITORIES

National Securities Depository Limited
Central Depository Services Limited

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Pvt Limited,
T K N Complex, #51/2, Vanivilas Road,
Opp. National College, Basavanagudi,
Bangalore - 560 004
Tel.91 - 80 - 26621184 / 26621192/93
Fax.91 - 80 - 26621169

Dear Stakeholder,

It is again that time of the year when we all have the pleasure of meeting each other and believe me, it is really a pleasure again to see you all. It is our privilege in welcoming quite a lot of new shareholders into our family and it will not at all be an exaggeration to say that our new investors have infused fresh life into the Company and made it possible for us to stand here and talk to you all.

The tough times have passed and we have all realized that nothing is permanent though it took a while for us to see the light at the end of the tunnel. A tunnel which was very long and very dark but all of a sudden with the grace of the almighty we are almost at the end of the tunnel and the future is looking bright and sunny.

We have increased our capital and have managed to attract some investments into the company. We will soon be clearing all our debts to our bankers, vendors and all other dues of the company statutory, salaries etc., and very soon your company will be a debt free Company. We will soon be out of BIFR as well.

We are planning to close this financial year in six months time i.e. we will revert back to our old accounting year of April to March from the next year i.e. from April 08.

On the business front, we have bagged a couple of fairly large and good orders, which will sustain the EMS business and also grow it during the next 18 months. We will also have a BPO/KPO division which with all your support should grow and come to some level wherein we can all proudly say that Cerebra is now a recognized player in the BPO industry.

Your Company's hardware business will also be revived and we hope to reach our earlier levels very soon and also come out with innovative products as earlier.

You all will very soon see a changed Company with lot of life, enthusiasm and a very tough Company since the difficult days have made us a tougher and wiser lot.

Over the years it has always been a pleasure to have you all here and I wish to thank you all on behalf of the management and also wish to extend my grateful thanks to all those you have played a role in supporting the Company during its times of need.

Place : Bangalore
Date : 30.11.2007

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 Thirteenth Annual General Meeting of the Company will be held at 10.00 a.m. on Thursday, the 27th day of December 2007 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, 2007 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. S. Gopalakrishnan, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Gururaj K. Upadhyaya, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs. M.S. Reddy & Associates, Chartered Accountants, Bangalore who retire at the end of the ensuing Annual General Meeting and being eligible, offer themselves for appointment and to authorise the Board of Directors of the Company to fix their remuneration

Report  Junction.com

By Order of the Board

Place : Bangalore
Date : 30th November 2007

V. RANGANATHAN
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 at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
2. Members/proxies should bring in the duly filled in attendance slips sent herewith for attending the meeting.
3. The Register of Members and the share transfer books of the Company will remain closed on 27.12.2007
4. Members are requested to notify their change in address to the Registrars and Transfer Agents by quoting their relevant registered Folio Number.
5. Members are requested to carry the Annual Report circulated to them. As a measure of economy, no copies of the Annual Report will be made available to the Members at the Meeting.

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

1. Mr. S. Gopalakrishnan:

Date of Birth: 08.09.1967

Qualification: B.Com

Expertise: Finance and Accounts

No. of Board Meetings attended during the year - 5

2. Mr. Gururaj K. Upadhyay:

Date of Birth: 15.6.1964

Qualification: Bachelor of Engineering

Expertise: Electronic Manufacturing Services

No. of Board Meetings attended during the year - 6



CEREBRA INTEGRATED TECHNOLOGIES LIMITED

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

DIRECTORS' REPORT

Your Directors present their Thirteenth Annual Report together with the audited Balance Sheet and Profit and Loss Account for the year ended September 30, 2007.

FINANCIAL RESULTS:

(Rs. in lakhs)

Particulars	2006-07	2005-06
Total Income	369.05	16.57
Total Expenditure	277.14	47.49
Operating Profits (PBITD)	91.92	-30.92
Interest	26.58	96.57
Depreciation	15.61	19.80
Profit / (-)Loss Before Tax (PBT)	49.73	-147.28
Provision for Tax – Current	0.20	0.21
Profit after Current Tax but before Deferred Tax	49.53	-147.49
Profit available for appropriations/(Loss)	49.53	-147.49

REVIEW OF OPERATIONS:

After a period of 3 years, your Board is pleased to report that the efforts infused in all directions to revive the Company have initiated to yield results. The Company during the year executed a few orders in the hardware i.e., trading of computer systems and is concentrating on restarting its manufacturing activity in the coming year. The Company has entered into contracts with some companies on EMS & job work for its EMS Division. Your Company is exploring the opportunities to start a BPO unit in the coming months for its IT/ITeS division. The Company has earned some profits through sale of software products. The Company continues to remain under BIFR and your Board is working on being out of this by March 2008.

With lot of efforts, few investors who were convinced of the revival of the Company came forward to support and supplement the efforts of the Management. The One Time Settlement with the Banks will be settled shortly once the BIFR approves the scheme.

DIVIDEND:

Your Directors regret to inform you that no dividend is declared for the year-ended 30.9.2007 in view of the company requiring its profits for working capital and revival of all its units to its full capacity.

DIRECTORS:

Mr. S. Gopalakrishnan and Mr. Gururaj K. Upadhyaya, Directors, retire by rotation. In accordance with the Companies Act, 1956 and 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 September 30, 2007

AUDITORS:

Messrs M S Reddy & Associates, Chartered Accountants, Bangalore, Auditors of the Company retire at the end of forthcoming Annual General Meeting and are eligible for appointment.

Auditors observations: Regarding comments of the Auditor in their report dated 30.11.2007 the explanations of the directors are as follows:

- The management is not provided for the interest on bank loans since OTS with the banks is in force and the Company is hopeful of the settling the same with the banks.
- The Management is hopeful of recovering the amount from debtors and hence to provision was made.

c & d. The directors draw attention to Notes to Accounts No. 8 and the management is in the process of obtaining confirmations.

PARTICULARS OF EMPLOYEES:

There was no employee drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975.

COMPLIANCE OF STOCK EXCHANGE FORMALITIES:

Your Company has fully complied with the Listing formalities of all Stock Exchanges where the Company's shares are listed. Your Directors have taken necessary action in connection with the Guidelines/Regulations issued by Securities and Exchange Board of India (SEBI) on Insider Trading.

ACCOUNTING STANDARDS:

The Company has followed the mandatory Accounting Standards for preparation of Financial Statements for the year ended September 30, 2007.

CORPORATE GOVERNANCE:

A detailed report on Corporate Governance has been included separately in the Annual Report.

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

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is Nil.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings: Rs. NIL

Foreign Exchange Outgo: Rs. NIL

DIRECTORS' RESPONSIBILITY STATEMENT:

As per Section 217(2AA) of the Companies (Amendment) Act, 2000 your Directors hereby confirm that

- In the preparation of these annual accounts, the applicable accounting policies and standards are followed, as issued by the Institute of Chartered Accountants of India (ICAI) and the requirements of the Companies Act, 1956, to the extent applicable. No material departures are noticed from the prescribed accounting standards;
- The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company as at the end of the year ended September 30, 2007 and of the "Profit/(Loss)" of the Company for that year;
- The accounts for the year-ended 30.9.2007 have been prepared on a system of historical cost, on a going concern and on accrual basis;
- Proper and sufficient care has been taken for 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, errors and other irregularities;
- Financial Statements have been audited by Messrs. M S Reddy & Associates, Chartered Accountants, Bangalore being the Statutory Auditors of the Company.

ACKNOWLEDGEMENTS:

Your Directors thank the Shareholders/Investors for their response and confidence, Customers, Vendors, Bankers, Channel Partners, Software Technology Park of India, the various Central Government Departments and State Government Departments for their invaluable co-operation and support for your Company's survival.

For and on behalf of the Board

Place: Bangalore
Date: 30.11.2007

V Ranganathan
Managing Director

Gururaj K Upadhy
Director Technical

REPORT ON CORPORATE GOVERNANCE (In terms of recommendations by SEBI)

As reported in the last Annual Report, your Company has implemented and complied with the Corporate Governance Code recommended by the Securities and Exchange Board of India (SEBI). Your Company shall always be managed with the principles of Good Corporate Governance with a view to enhance overall shareholder value and to run the business effectively to achieve its corporate objectives.

I. BOARD OF DIRECTORS

- A. The Board of Directors of the Company has 2 Executive and 5 non-executive Directors out of which 3 are Non-Executive Independent Directors.

After due circulation of agenda and notes thereon, the Board of Directors have met at reasonable periods of intervals to transact business on various Board's functions, responsibilities and accountabilities. Compliances of various Laws and Regulations along with the Corporate Philosophy, goal, plans and strategies have been dwelt atlength by the Board at its various proceedings.

The details of the Directors' attendance at the meetings of the Board of your Company during the year ended 30.9.2007 are given below:

Sl. No.	Name	Designation	No. of Board Meeting held	No. of Board Meetings attended
Executive Directors				
1.	V Ranganathan	Managing Director	6	6
2.	Gururaj K Upadhy	Director - Technical	6	6
Non-Executive				
3.	Shridhar S Hegde	Director	6	6
4.	P Vishwamurthy	Director	6	6
Non-Executive and Independent Directors				
5.	Suresh Kumar T S	Director	6	4
6.	P E Krishnan	Director	6	1
7.	S Gopalakrishnan	Director	6	5

The Board Meeting dates being 30.11.2006, 31.01.2007, 13.02.2007, 30.04.2007, 28.05.2007 and 31.07.2007 All other Directors attended the Twelfth Annual General Meeting. One Extraordinary General Meeting on 03.03.2007 was held during the year under report.

II. AUDIT COMMITTEE

The functions of Audit Committee are as follows:

- To oversee the Company's financial reporting process and disclosure of its financial information;
- To recommend the appointment of statutory auditors and fixation of the audit fee;
- To review and discuss with the auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of the internal audit function, major accounting policies, practices and entries;
- Compliance with accounting standards;
- Compliance with the Stock Exchange and legal requirements concerning financial statement and related party transactions, if any;
- To review the company's financial and risk management policies;
- Discuss with the internal auditors any significant findings for follow-up thereon;
- To review the quarterly, half yearly and annual financial statement before submission to the Board of Directors.

The committee also meets the management team and reviews the operations, new initiatives and performance of the business units. The minutes of the Audit Committee are circulated to the Board, discussed and taken note of.

The Audit Committee is comprised of the following Directors:

1. Mr. S. Gopalakrishnan – Chairman
2. Mr. TS Suresh Kumar – Member
3. Mr. P.E. Krishnan – Member

The details of attendance of the meetings of the Audit Committee for the year ended 30.9.2007 are as follows :

SI No.	Name	No. of meeting held during the year	No. of meetings attended during the year
1.	S Gopalakrishnan	4	4
2.	T S Suresh Kumar	4	4
3.	P E Krishnan	4	4

The Audit Committee reviewed the financial results, accounting and financial controls as well as policies and practices as also internal control and internal audit systems.

III. REMUNERATION COMMITTEE

The functions of Remuneration Committee are as follows:

- To review, assess and recommend the appointment of executive and non-executive Director from time to time;
- Periodically review the remuneration package of the executive Directors and recommend suitable revision to the Board;
- To recommend compensation to the non-executive Directors in accordance with the provisions of the Companies Act, 1956;
- To consider and recommend Employee Stock Option Schemes from time to time and to administer and supervise the same.

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

The Remuneration Committee consists of the following Directors:

1. Mr. S. Gopalakrishnan – Chairman
2. Mr. TS Suresh Kumar – Member
3. Mr. P.E. Krishnan – Member

There was no occasion for the Committee to meet during the year since there was no review of the remuneration payable to the Directors.

Details of Remuneration of all Directors:

(Amount in Rs.)

SI. No.	Name	Designation	Salary	Sitting fee*
	Executive Directors			
1.	V Ranganathan	Managing Director	NIL	NIL
2.	Gururaj K Upadhya	Director – Technical	NIL	NIL
	Non-Executive			
3.	Shridhar S Hegde	Director	NIL	NIL
4.	P Vishwamurthy	Director	NIL	NIL
Non-Executive and Independent Directors				
5.	Suresh Kumar T S	Director	NIL	NIL
6.	P E Krishnan	Director	NIL	NIL
7.	S Gopalakrishnan	Director	NIL	NIL

Note: In view of the poor performance, no sitting fee was paid to the Directors.

IV. INVESTORS' GRIEVANCES COMMITTEE:

The functions of Investors Grievances Committee are as follows:

- To look into the shareholders complaints, if any and to redress the same expeditiously.
- To approve the request for issue of duplicate share certificates and issue of certificates after split/consolidation.

The Investors Grievance Committee consists of the following:

1. Mr. S. Gopalakrishnan – Chairman
2. Mr. TS Suresh Kumar – Member
3. Mr. P.E. Krishnan – Member

The Sub-Committee duly appointed by the aforesaid Committee met continuously to address the various issues relating to the investors, including non-receipt of Annual Reports, Dividend related issues, Change of addresses, transfers of shares, dematerialization and other related aspects. The Company has also continuously requisitioned the services of an independent Practicing Company Secretary to review the procedures followed by the RTA. No major grievance of any investor was pending as on 30th September 2006.

None of the Directors of the Company were members in more than 10 committees nor acted as Chairman of more than five committees across all companies in which they were Directors. During 2005-2006, no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company.

V. MANAGEMENT

Clause 49 of the Listing Agreement with the Stock Exchanges states the following as regards the Management.

The Company agrees that as part of the Directors' Report or as an addition there to, a Management Discussion and Analysis report should form part of the annual report to the Shareholders. This Management Discussion & Analysis should include discussion on the following matters within the limits set by the Company's competitive position:

- i. Industry structure and developments
- ii. Opportunities and Threats
- iii. Segment wise or Product-wise performance
- iv. Outlook
- v. Risks and concerns
- vi. Internal control systems and their adequacy
- vii. Discussion on financial performance with respect to operational performance
- viii. Material developments on the Human Resources/ Industrial Relations front, including number of people employed

A 'Management Discussion and Analysis of Results of Operations and Financial Condition' report is included hereunder.

The report contains all the information specified above.

The Company has a policy under which all the Directors of the Company are required to disclose all material financial and commercial transactions where they have a personal interest to the Board. All the related party transactions are disclosed as Note 13 under Notes to Accounts.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2007:

The Management of Cerebra Integrated Technologies Limited presents the Analysis of Division wise performance of the Company for the year ended 30th September 07 and its outlook for the future. The outlook is based on assessment of the current business environment and may vary due to future economic and other developments both in India and abroad. The management would like to inform that we have increased our capital and all the problems have been solved. We have got in investments from strategic investors and the money is already deposited. The Banks OTS will be settled as we are writing this.