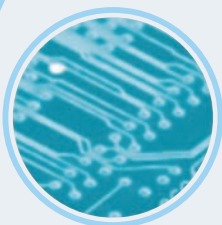


# 17<sup>th</sup>

# Annual Report

(2010-2011)



## **CEREBRA**

Total I.T. Solutions

An ISO 9001:2008 Company

[www.cerebracomputers.com](http://www.cerebracomputers.com)

## Cerebra Intergrated Technologies Limited

# **Annual Report 2010-2011**

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## **BOARD OF DIRECTORS**

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

## **REGISTERED OFFICE, FACTORY AND WORKSTATION**

# S-5, Off 3rd Cross, I Stage,  
Peenya Industrial Area,  
Bangalore - 560 058  
Tel: 91 - 80 - 28370282 / 84  
Fax: 91 - 80 - 28372609  
Web: [www.cerebracomputers.com](http://www.cerebracomputers.com)  
Email: [info@cerebracomputers.com](mailto:info@cerebracomputers.com)

## **CORPORATE OFFICE AND ITES FACILITIES**

26/4, 'A' Block, 2<sup>nd</sup> Floor  
Industrial Suburb, Rajajinagar  
Bangalore- 560 010

## **STATUTORY AUDITORS**

Messrs Ishwar & Gopal  
Chartered Accountants  
Sri Vinayaka Motor Service Building  
No, 21/3. T.S.P. Road Kalasipalyam,  
Bangalore – 560 002

## **BANKERS**

Bank of India  
Syndicate Bank

## **ENLISTMENTS**

Bombay Stock Exchange Limited (BSE)  
Bangalore Stock Exchange

## **DEPOSITORIES**

National Securities Depository Limited  
Central Depository Services Limited

## **REGISTRARS & SHARE TRANSFER AGENTS**

Karvy Computershare Pvt. Ltd.  
Plot No 17 to 24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081  
Fax - 040-23420814  
Phone : 040 - 44655185

## **THE NEW CEREBRA**

Dear Stakeholder,

It is that time of the year again when we have the wonderful opportunity to meet up with many of you and update you on the developments in your Company. This time it is with lot of anticipation and excitement that I seek to do this since your Company has significantly changed. We are now a truly global and a true IT company with operations in Hardware, Software, KPO and BPO and of course, E waste. As you read through this report, you will understand that a new Cerebra is now growing stronger and profitable. We will soon be able to declare dividends since we hope to wipe out all our accumulated losses this year.

We are proud to announce that your Company achieved a top line of Rs. 8379.81 lakhs and a bottom line of Rs.194.57 lakhs. This was possible mainly due to the confidence reposed in the management by all of you.

We have an experienced team at the helm of each division and who are all fully committed and self driven to take Cerebra to greater and dizzy heights.

We have identified inorganic growth as a strategy to grow provided it is in synergy with our existing operations. Confirming to that, we have acquired majority stake in Geeta Electronics an IT distributor who as been in business for the last 35 years. Headed by the dynamic and experienced Mr.Ashok Chhabria this will work in tandem with our existing operations and also with our new subsidiary in Dubai.

We have now started a subsidiary in Dubai called Cerebra Middle East FZCo headed by Mr.Asit Ahuja who was associated with Cerebra earlier as the head of Mumbai region. He has been in Dubai for the last 5 years and has contributed a topline of 40 M USD in his previous employment. He is now the head of Cerebra ME and has a good team. We can look forward to some encouraging results from Dubai in the years to come.

Our own domestic ESD division is headed by Mr. Phalguna and he has a good, dynamic and experienced team to handle the domestic market. He will also work well with Cerebra ME and Geeta Monitors in which we acquired majority stake, to maximise our profits and revenues.

Our E-waste business has started. It is an exciting, eco friendly business and in the current environment it is something that the country and the world require badly. The main factory is coming up in Narsapura (a place near Kolar) on a 12 acre plot and should be ready by the middle of the year. This plant will be supposedly the largest in the country and with the support of Cimelia, Singapore with whom we have very strong ties it should soon be processing around 90k tons of E waste.

On the ITES front we have now setup an office in New York to handle our LPO business headed by Mr.David Kinnear a highly respected and experienced professional. Our software division is working on Mobile Applications is headed by Mr. Sudhakar S V along with Mr. Pavan Panchamukhi has a good strong revenue projections. This will soon become a strong pillar on which Cerebra will rest comfortably and grow to new heights since the foundation is very strong.

Your Company's Directors are fully committed to take Cerebra to the next level in the coming years and very soon you will see your Company being very visible, robust and dynamic in the IT space with more acquisitions, solid organic growth and become truly a global company.

I take this opportunity to thank all the shareholders, vendors, partners, bankers and the Govt of Karnataka for their support and encouragement without which it would have become impossible to achieve and grow.

Thanking you,

Yours Sincerely,  
**V. Ranganathan**  
Managing Director



Delegates at the E-Waste Recycling Conference in Bengaluru

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**CEREBRA INTEGRATED TECHNOLOGIES LIMITED**

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

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**NOTICE**

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Company will be held at 11.00 a.m. on Saturday, the 17<sup>th</sup> December, 2011 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, 2011 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. Shridhar S. Hegde, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P. Vishwamurthy, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs Ishwar & Gopal, Chartered Accountants, to hold the Office of Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

**SPECIAL BUSINESS:**

5. To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from the existing Rs 50,00,00,000/- (Rupees Fifty Crores only) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs.10/- each to Rs. 50,20,00,000/- (Rupees Fifty Crores Twenty Lakhs) divided into 5,02,00,000 (Five Crores Two Lakhs) Equity Shares of Rs.10/- each by creation of additional 2,00,000 (Two Lakhs) Equity Shares of Rs.10/- each ranking *pari passu* with the existing Equity Shares."
6. To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 16 and other applicable provisions, if any, of the Companies Act 1956, the Memorandum of Association be and is hereby altered in the following manner:  
By deleting the existing Clause V and by substituting the following new Clause V as under:  
V. The Authorised Share Capital of the Company is Rs. 50,20,00,000/- (Rupees Fifty Crores Twenty Lakhs) divided into 5,02,00,000 (Five Crores Two Lakhs) Equity Shares of Rs.10/- each."
7. To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act 1956, the Articles of Association be and are hereby altered in the following manner:  
By deleting the existing Article 3 and by substituting the following new Article 3 as under:  
3. The Authorised Share Capital of the company is Rs. 50,20,00,000/- (Rupees Fifty Crores Twenty Lakhs) divided into 5,02,00,000 (Five Crores Two Lakhs) Equity Shares of Rs.10/- each."

8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (“the Act”, including any statutory modification or re-enactment thereof for the time being in force), and in accordance with the applicable provisions of Foreign Exchange Management Act, 1999 (the “FEMA”), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (the “FEMA Regulations”) the guidelines and clarifications issued by the Government of India (“GOI”), Securities and Exchange Board of India (the “SEBI”) including Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the “SEBI ICDR Regulations”) and enabling provisions of the Articles of Association of the Company, the Listing Agreements entered into between the Company and the Bombay Stock Exchange and the other Exchanges (collectively the “Stock Exchanges”), and subject to all such approvals, permissions, consents and sanctions of any authorities, as may be necessary, including the approval of the Foreign Investment Promotion Board (the “FIPB”), Reserve Bank of India (the “RBI”), SEBI or any other relevant authority, from time to time, or approval from banks, financial institutions or other lenders of the Company, and subject to such conditions and modifications as may be prescribed or imposed by any one or more of them while granting any such approvals, consents, permissions or sanctions and as agreed to, by the Board of Directors of the Company (the “Board”, which term shall be deemed to include any committee which the Board may have constituted or may hereinafter constitute to exercise its powers including powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot up to 288172 Warrants on a preferential basis to certain strategic investors (hereinafter referred to as the “Warrants”) with each Warrant convertible into one Equity Share of the Company of nominal value of Rs.10/- each at a premium of Rs.36.50/- per Share so that the total number of Equity Shares to be issued by the Company upon conversion of the Warrants does not exceed 288172 Equity Shares, on such terms and conditions as may be decided and deemed appropriate by the Board of Directors of the Company (hereinafter referred to as the “Board” which shall be deemed to include any duly authorized Committee thereof) at the time of issue or allotment:

SI No	Names of the proposed allottee	No. of Warrants
1	Bennett, Coleman & Co. Ltd	288172
	Total	288172

RESOLVED FURTHER THAT the “Relevant Date” in relation to the issue of Warrants in accordance with the Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 would be 17.11.2011 being the date 30 days prior to the date of passing of this resolution.

RESOLVED FURTHER THAT the aforementioned issue of Warrants shall be subject to the following terms and conditions:

1. The Warrants shall be convertible (at the sole option of the Warrant holders) at any time within a period of 18 months from the date of allotment of Warrants.
2. Each Warrant shall be convertible into one Equity Share of nominal value of Rs.10/- each of the Company.
3. The Warrant holder(s) shall, on the date of allotment of Warrants, pay an amount equivalent to 25% of the total consideration per Warrant viz., Rs 11.63 per Warrant, each Warrant priced at Rs 46.50.

4. The Warrant holder(s) shall, before the date of conversion of the Warrants into Equity Shares, pay the balance 75% viz., Rs.34.87 per Warrant, of the balance consideration towards the subscription to each Equity Shares.
5. The amount referred to in (3) above shall be forfeited, if the option to convert in to the Shares is not exercised subject however to the enabling powers being vested in the Board herein.
6. The number of Warrants and the price per Warrant shall be appropriately adjusted, subject to the Companies Act, 1956 and SEBI Guidelines, for corporate actions such as bonus issue, right issue, stock split, merger, de-merger, transfer of undertaking, sale of division or any such Capital or corporate restructuring.
7. The Equity Shares shall be under lock in for a period of one year and the lock in date commences from the date of conversion of Warrants into Equity Shares.
8. In the event of the Warrant holder not subscribing to all or any of the Equity Shares relatable to the Warrants within the stipulated period viz., 18 months from the date of allotment of the Warrants, the Board shall, in its absolute discretion, offer such Shares to any other person(s) subject to the prevailing guidelines and in case such offer is declined by such person(s) or the Equity Shares are not subscribed to, within the stipulated period, such Shares shall lapse.

RESOLVED FURTHER THAT the Board of Directors be authorised to deal with any issue arising out of the proposed issue including powers to dispose off the Warrants not exercised in any manner whatsoever if the same be in the best interest of the Company”.

9. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT in continuation of the approval accorded at the Extra Ordinary General Meeting held on 04.06.2010 for further issue of Equity Shares on preferential basis, approval be and is hereby accorded for the following:

- a. To treat Scenic Overseas (S) PTE. Ltd, Singapore under Non-Promoter category.
- b. To treat Leytron Technology Pte. Ltd., Singapore under Non-Promoter category.
- c. To treat Cimelia Resource Recovery Pte Ltd., Singapore under Non-Promoter category.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to do any act or deed, file any document or application or memorandum before any authority to give effect to the above decision.”

10. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, as amended and subject to such permissions, consents and approvals, if any, from Central Government and subject to such conditions, if any, that may be imposed by the Central Government while granting their consents, permissions and approvals and which the Board of Directors is hereby authorized to accept, the Company hereby accords approval to the appointment of Mr. V Ranganathan, as Managing Director of the Company from 1<sup>st</sup> January, 2012 on the terms and conditions as to remuneration by way of salary and perquisites as set out in the explanatory statement.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to increase the remuneration and/or perquisites of Mr. V Ranganathan, in its absolute discretion within such guidelines or ceilings of Schedule XIII or other applicable provisions of the Companies Act, 1956.

FURTHER RESOLVED THAT in the event where in any financial year during the currency of his appointment, the Company has no profit or its profits are inadequate, it may pay remuneration to Managing Director the total of which shall not exceed the ceiling limits as provided in Schedule XIII of the Act, or such other amount as may be specified by the Government from time to time by any amendment to the Act.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, as amended and subject to such permissions, consents and approvals, if any, from Central Government and subject to such conditions, if any, that may be imposed by the Central Government while granting their consents, permissions and approvals and which the Board of Directors is hereby authorized to accept, the Company hereby accords approval to the appointment of Mr. Gururaja K Upadhya as Director-Technical of the Company from 1<sup>st</sup> January, 2012 on the terms and conditions as to remuneration by way of salary and perquisites as set out in the explanatory statement.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to increase the remuneration and/or perquisites of Mr. Gururaja K Upadhya, in its absolute discretion within such guidelines or ceilings of Schedule XIII or other applicable provisions of the Companies Act, 1956.

FURTHER RESOLVED THAT in the event where in any financial year during the currency of his appointment, the Company has no profit or its profits are inadequate, it may pay remuneration to Director-Technical the total of which shall not exceed the ceiling limits as provided in Schedule XIII of the Act, or such other amount as may be specified by the Government from time to time by any amendment to the Act.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

12. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, as amended and subject to such permissions, consents and approvals, if any, from Central Government and subject to such conditions, if any, that may be imposed by the Central Government while granting their consents, permissions and approvals and which the Board of Directors is hereby authorized to accept, the Company hereby accords approval to the appointment of Mr. P. Vishwamurthy as Whole-time Director in charge of ITES Business of the Company from 1<sup>st</sup> January, 2012 on the terms and conditions as to remuneration by way of salary and perquisites as set out in the explanatory statement.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to increase the remuneration and/or perquisites of Mr. P. Vishwamurthy, in its absolute discretion within such guidelines or ceilings of Schedule XIII or other applicable provisions of the Companies Act, 1956.

FURTHER RESOLVED THAT in the event where in any financial year during the currency of his appointment, the Company has no profit or its profits are inadequate, it may pay remuneration to Whole-time Director the total of



which shall not exceed the ceiling limits as provided in Schedule XIII of the Act, or such other amount as may be specified by the Government from time to time by any amendment to the Act.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

13. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (the Act) read with Schedule XIII of the Act, as amended and subject to such permissions, consents and approvals, if any, from Central Government and subject to such conditions, if any, that may be imposed by the Central Government while granting their consents, permissions and approvals and which the Board of Directors is hereby authorized to accept, the Company hereby accords approval to the appointment of Mr. Shridhar S. Hegde as Whole-time Director in charge of Finance & Administration works of the Company from 1<sup>st</sup> January, 2012 on the terms and conditions as to remuneration by way of salary and perquisites as set out in the explanatory statement.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to increase the remuneration and/or perquisites of Mr. Shridhar S. Hegde, in its absolute discretion within such guidelines or ceilings of Schedule XIII or other applicable provisions of the Companies Act, 1956.

FURTHER RESOLVED THAT in the event where in any financial year during the currency of his appointment, the Company has no profit or its profits are inadequate, it may pay remuneration to Whole-time Director the total of which shall not exceed the ceiling limits as provided in Schedule XIII of the Act, or such other amount as may be specified by the Government from time to time by any amendment to the Act.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

By Order of the Board

Place: Bangalore  
Date: 17.11.2011

**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. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item nos 5 to 13 is annexed herewith.
3. For the convenience of the Members and for proper conduct of the meeting, entry to the place of 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.
4. 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.
5. 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.
6. 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).
7. 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.
8. Listing fee has been paid to the Bombay Stock Exchanges up to date and the Company has already made delisting application to Kolkutta Stock Exchange and Ahmedabad Stock Exchange.
9. The Company's Shares are traded in electronic form with ISIN No. INE345B01019.
10. The Register of Members and the Share Transfer Books will remain closed on 17.12.2011 in connection with the Annual General Meeting.
11. Members are kindly requested to bring Annual Report 2010-11 along with them to the Annual General Meeting, since extra copies will not be supplied at the meeting.
12. 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.
13. 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 - 44655185
14. 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.