



18th Annual Report

(2011-2012)

Cerebra Integrated Technologies Limited



BOARD OF DIRECTORS

V. Ranganathan	-	Managing Director
Gururaja K. Upadhya	-	Director Technical
Shridhar S. Hegde	-	Whole-time Director
P. Vishwamurthy	-	Whole-time 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 - 28370282/84
Fax: 91 - 80 - 28372609
Web: www.cerebracomputers.com
Email: info@cerebracomputers.com

CORPORATE OFFICE AND ITeS FACILITIES

26/4, 'A' Block, 2nd Floor
Industrial Suburb, Rajajinagar
Bangalore - 560 055

SUBSIDIARIES

1. **Cerebra Middle East FZCO**
Dubai, UAE
2. **Cerebra LPO India Ltd**
Bangalore
3. **Geeta Monitors Pvt Ltd**
Bangalore

STATUTORY AUDITORS

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

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 - 23420818 - 824

BANKERS

Bank of India

ENLISTMENTS

Bombay Stock Exchange Limited (BSE)

DEPOSITORIES

National Securities Depository Limited
Central Depository Services Limited

THE NEW CEREBRA !

Dear Stakeholder,

It is this time of the year when we at Cerebra grab the opportunity of interacting with all of you, the owners of Cerebra. I would welcome you all to the 18th Annual General Meeting of your Company.

Recessionary trends continued globally; exceptions were few. I am delighted to report that Cerebra is one among them. Isn't it really heartening to achieve a topline of Rs. 16525.09 Lakhs(97.20% rise) and a bottom line of Rs. 298.06 Lakhs (106.31% rise) recording year on year significant improvements for the past five years? You will recall that your Company has the following verticals in its pursuit of business objectives:

- i. Enterprise Solutions Division
- ii. EMS, Contract Manufacturing Division
- iii. Software-Enterprise Mobility Solutions
- iv. Subsidiaries-Cerebra LPO, Cerebra ME FZCO, Geeta Monitors

With immense pride, let me announce that all divisions of your Company have operated profitably during the past year with each division contributing to the growth and profitability. We have been able to manage the operations without recourse to any borrowings despite the quantum jump in revenue and your Company remained debt free for one more year. However, with the aggressive plans of growth in all its verticals and in the subsidiaries, at some point in time, we may avail banking facilities to optimise the funding needs. The division wise progress is covered in detail by your Directors in charge of their particular divisions respectively in the Directors' Report.

The subsidiaries continued to perform as per expectations. Although little belated, Cerebra Middle East has performed quite satisfactorily and I do have strong belief that with the tie ups that Cerebra ME entered into in the recent past with Fujitsu, Cannon, various potential enquiries will get translated in to commercials. Geeta Monitors continued to perform quite to the plans made in the beginning of the year.

Your Company has been looking at overseas acquisition very seriously and should conclude something very soon. We have identified acquisition as a strategy to grow and also to have global presence.

As reported last year, E-Waste and LPO continue to be our focus and very soon you should have a world class E-Waste plant in Bangalore. The land acquisition process is completed and registered thanks to the Government of Karnataka. We have started business in E-Waste collecting raw materials and have also done pilot projects in different sectors and the profit % is in line with what we had envisaged.

Whilst our aim is to have growth of over 50% for the coming year, we are fully conscious of the current rough business environment; despite this, we hope to achieve the same.

It is mainly thanks to devoted and passionate shareholders like yourselves that we have been able to achieve all these and we anticipate your support in the days to come as well .

We have made it a practice to send a quarterly news bulletin to all shareholders. In case you are not receiving them, please send us your email id to investors@cerebracomputers.com.

We take this opportunity to thank all shareholders, employees and the Governments for lending us their invaluable support.

Wishing all of you a very Happy and Prosperous New Year 2013!

Thanks once again

Yours Sincerely

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 Eighteenth Annual General Meeting of the Company will be held at 11.00 a.m. on Saturday, the 29th day of December, 2012 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, 2012 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. T.S. Suresh Kumar, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P. E Krishnan, 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 in continuation of the approval accorded under Section 81(1A) of the Companies Act, 1956 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 Limited 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 at the 17th Annual General Meeting held on 17th December 2011 under Item No. 8 of the Agenda for the said Meeting, to issue 288172 Warrants to Bennet, Coleman & Co. Ltd. convertible in to Equity Shares of Rs. 10/- each at a premium of Rs. 36.50 per Share, the powers accorded to the Board of Directors to dispose off the Warrants not exercised in any manner whatsoever, be and is hereby withdrawn".

By the order of the Board

Place: Bangalore
Date: 30th November, 2012

Shridhar S Hegde
Wholtime 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. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 5 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, whose address is furnished below.
8. Listing fee has been paid to the Bombay Stock Exchanges up to date and the Company has already made delisting applications to Kolkatta 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 29.12.2012 in connection with the Annual General Meeting.
11. Members are kindly requested to bring Annual Report 2011-12 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- 187

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.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 5:

Perhaps the Shareholders will recall the proposal approved at the last Annual General Meeting to issue 288172 Warrants to Bennet, Coleman & Co. Ltd. convertible in to Equity Shares of Rs10/- each at a premium of Rs. 36.50 per Share. Your Company had been communicated by Bombay Stock Exchange Limited that as per the prevailing guidelines, the Board can not have the powers to offer such Shares as are not subscribed to, by the Warrantholders to any other person(s) and that in cases such offer is declined by such person(s) or the Equity Shares are not subscribed to, within the stipulated period, such Shares shall lapse. To give effect to the said intent, the Resolution under this item is proposed for your approval.

The resolution set out in the Notice is recommended for the approval of the shareholders.

None of the Directors is interested / concerned in the resolution.

CEREBRA INTEGRATED TECHNOLOGIES LIMITED**DIRECTORS' REPORT**

Your Directors have immense pleasure to present their Eighteenth Annual Report together with the audited Balance Sheet and Profit and Loss Account for the year ended 30th September, 2012.

CONSOLIDATED FINANCIAL RESULTS:

Business Results are as under:

(Rs. in Lakhs)

Particular	Current Year (Rs.) 30.09.2012	Previous Year (Rs.) 30.09.2011
Total Income	16525.09	8379.81
Total Expenditure	15872.37	8136.46
Operating Profits (PBIDT)	652.72	243.35
Interest	96.05	14.57
Depreciation	78.07	23.44
Profit Before Extra Ordinary Income	478.60	234.52
Tax Expense	131.58	39.95
Profit after Current Tax	347.02	165.39
Minority Interest	48.96	20.90
Profit available for appropriations	298.06	144.47

BUSINESS AND REVIEW OF OPERATIONS & GROWTH OPPORTUNITIES:

Perhaps the Shareholders have widely observed global economic impact and rising of the Euro debt crisis leading to recessionary trends in the Corporate Sector. Given the circumstances, your Company was still able to overcome some of these hurdles and has achieved better performance. Your Company continued to focus on the hardware business and this segment turned out to be a major revenue earner this year too.

Your Company has registered and taken possession of 12 acres of industrial land near Bangalore, allotted by the Government of Karnataka.

Meanwhile, an important development which gives this project tremendous fillip is that the E-Waste Disposal Rule has been passed by the Ministry of Environment and Forests making it mandatory from May 1, 2012, for all to dispose of their E-Waste through authorised E-waste recycler only.

The team from E-Waste Recycling Division is being expanded. Necessary licenses were obtained from the Karnataka State Pollution Control Board (KSPCB), Bangalore wherein Cerebra has become one of the few Enterprises to have this approval in the organized sector. Collections of E-Waste from various Generators including from cities like Delhi are being made for processing. The availability of the Shredder imported from Singapore has been effectively communicated to the potential customers. Aggressive marketing efforts are being infused to grow this business.

Your Company has enhanced its head count in all its verticals. The Directors report that the Company continues to be debt free.

SUBSIDIARY COMPANIES

The Company has following subsidiaries:

1. Cerebra LPO India Limited.
2. Geeta Monitors Private Limited.
3. Cerebra Middle East FZCO, Dubai.

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The Ministry of Corporate Affairs, Government of India has issued Circular granting general exemption to Companies under Section 212(8) of the Companies Acts, 1956 ('the Act') from attaching the document referred to in Section 212(1) of the Act pertaining to its subsidiaries. However, certain information as required is furnished in Annexure.

More details on the subsidiaries are exhibited in the Management Discussion elsewhere in this Report.

IT/ITES DIVISION:

Cerebra LPO India Limited continued to consolidate its business spectrum and was able to achieve improvised results in Legal Process Outsourcing and Medical Transcription segments. USA continued to be the main target for LPO business whilst MT grew well with the support from a UK Client through their Indian arm and also a new client from USA was added. LPO business added a client each from Australia and UK in the business of Commercial and Residential Conveyancing.

Cerebra Software has recently concluded three contracts for software from one of USA's premier electronic equipment companies for building iOS applications i.e.. Apple OS based applications for their equipment which enhances the value of the product.

A U.S based company involved in consumer devices has signed up a long term partnership with Cerebra for product development and services support. This strategic and multi year contract is seeing a lot of traction with a slew of products being launched in the U.S.A and other markets around the world including India. Cerebra is playing a key role here.

ESD Division – The Company is expecting to bag some huge government projects and this should help tremendously in the IT solutions space.

Cerebra ME FZCO - Cerebra Middle East subsidiary has signed up with IT giants like Fujitsu, Canontech and are expecting some good results from there. Further it has signed up with the Marvida Group to represent the activities in Bahrain and KSA. Marvida group is one of the leading Corporates in the Middle East and has a huge presence in Kingdom of Saudi Arabia and Bahrain. With this tie-up Cerebra ME now has access to the Saudi and Bahrain markets.

DIVIDEND:

Your Directors regret to inform you that no dividend is recommended for the year ended 30th September 2012 considering the aggressive expansion programs in different verticals and the need of capital needs – both capex and opex.

DIRECTORS:

Mr. T. S. Suresh Kumar and Mr. P. E Krishnan, retire by rotation. In accordance with the Companies Act, 1956 and Articles of Association of the Company and being eligible, they offer themselves for re-appointment.

FIXED DEPOSITS:

Your Company has neither accepted nor renewed any Fixed Deposits during the year ended 30th September, 2012.

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 Ishwar & Gopal, Chartered Accountants, the existing Auditors, have expressed their willingness to get reappointed at the ensuing Annual General Meeting.

The Board of Directors recommends their appointment.

AUDITORS' REPORT:

Regarding comments of the Auditors in their report dated 30th November 2012 the explanations of the Directors is as follows:

The Management is hopeful of recovering the amount from debtors and hence no provision was made.

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.

DEPOSITORY SYSTEMS:

Your Company continues with an arrangement with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of your Company's securities in accordance with the provisions of the Depositories Act 1995, which are fully operational and members may avail of such facilities. With this, the members have an option / discretion to hold their demat shares in the Company through National Securities Depositories Limited and/or Central Depository Services (India) Limited.

COMPLIANCE OF STOCK EXCHANGE FORMALITIES:

Your Company has fully complied with the Listing formalities of all the 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, 2012.

CORPORATE GOVERNANCE:

The Company has complied with all the recommendations of Corporate Governance Code as provided in Clause 49 of the Listing Agreement. A detailed report on Corporate Governance has been included separately in the Annual Report.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

Your Company is committed to transparency, good Internal Controls and risk Management. It has established Adequate System of Internal Control commensurate with size of the business.

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. 1238.96 Lakhs

Foreign Exchange Outgo: Rs. 73.81 Lakhs

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, 2012 and of the "Profit/(Loss)" of the Company for that year;
- The accounts for the year-ended 30.09.2012 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 Ishwar & Gopal, Chartered Accountants, Bangalore, being the Statutory Auditors of the Company.

UNUSUAL ITEMS AFTER THE YEAR END DATE:

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and for the financial year in which this report is made.

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 extended uniformly during the year.

For and on behalf of the Board

Place: Bangalore
Date: 30th November, 2012

V Ranganathan
Managing Director

Shridhar Hegde
Wholetime Director