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**Fifth
Annual Report
1998-99**

Board of Directors

Dr. J.V. Rao	- Director
Rajiv Goyal	- Director
K. Koteswara Rao	- Director
B.K. Sharma	- Alternate Director to Mr. Rajiv Goyal
Ch. Laxmi Narayana	- Alternate Director to Dr. J.V. Rao
P.S. Murthy	- Director (Technical)
K.S. Shiva Kumar	- Director (Operations)
P.C. Pantulu	- Managing Director

Auditors

B. Rama Rao & Co.
Chartered Accountants
Hyderabad.

Bankers

Punjab National Bank
Canara Bank

Registered Office & Software Development Centre

#11, Sripuri Colony,
Kakaguda, Karkhana,
Secunderabad - 500 015.
URL : www.cil-it.com

E-mail : info@cil-it.com
Tel : +91-40-774 6447/8
Fax : +91-40-774 5395

Registrar & Share Transfer Agent

Sindhu Corporate Service (P) Ltd.
#18A (492), East Marredpally,
Secunderabad - 500 026

E-mail : sindhu@hd2.dot.net.in
Tel : +91-40-773-3478/485
Fax : +91-40-773 3479

Overseas Offices :

U.S.A.
Cybermate Infotek Limited
#25, Greystone Maner,
Lewes, DE - 19958-9776

Middle East
Vision Technologies LLC
#504, Marzan Plaza,
ABU DHABI - UAE

Equity Shares Listed at

Hyderabad Stock Exchange Ltd.
Bangalore Stock Exchange Ltd.

Fifth Annual Report 1998-99

NOTICE

Notice is hereby given that the Fifth Annual General Meeting of the Company will be held at Juloori Vajramma Kalyana Mandapam, Kakaguda, Karkhana, Secunderabad - 500 015, on 30th September, 1999 at 10.00 A.M to transact the following business :

Ordinary Business :

1. To receive, consider and adopt the Balance Sheet as at 31st March, 1999 and the Profit and Loss Account for the year ended 31st March, 1999 and the Auditors' Report and Directors' Report thereon.
2. To appoint a Director in the Place of Mr. K.K. Rao, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

M/s B.Rama Rao & Co., Chartered Accountants, the Statutory Auditors retire at the end of this Meeting and are eligible for re-appointment.

Special Business :

4. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary resolution :

"RESOLVED THAT Mr. Rajiv Goyal, who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

5. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary resolution :

"RESOLVED THAT Dr. J.V.Rao, who was appointed as Additional Director of the Company by the Board of Directors and who ceases to hold office under section 260 of the Companies Act, 1956, and in respect of whom the Company has received a notice in writing proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT in accordance with Section 94 and other applicable provisions, if any, of the Companies Act 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the Authorised Share Capital of the Company be and is hereby increased from Rs. 9 crores (Rupees Nine Crores Only) divided into 90,00,000 (Ninety Lakhs Only) shares of Rs. 10/- (Rupees Ten Only) each to Rs. 12 crores (Rupees Twelve Crores Only), divided into 1,20,00,000 (One Crore Twenty Lakhs Only) shares of Rs. 10/- (Rupees Ten Only) each by creation of 30,00,000 (Thirty Lakhs Only) Equity Shares of 10/- (Rupees Ten Only) each and that clause V of the Articles of Association of the Company be altered accordingly."

"RESOLVED FURTHER THAT the existing clause V of the Memorandum of Association of the Company as to the share capital be and is hereby deleted and in its place the following clause V be substituted :

The Authorised Share Capital of the Company is Rs. 12,00,00,000/- (Rupees Twelve crores only) divided into 1,20,00,000 (One crore Twenty lakhs) Equity Shares of

Rs.10/- (Rupees Ten only) each with power for the Company to consolidate, convert, subdivide, reduce or increase the capital and to issue any new shares with any preferential, or special rights and conditions attached thereto subject to the provisions of the Companies Act, 1956."

"RESOLVED FURTHER THAT the existing clause 3 of the Articles of Association of the Company be and is hereby deleted and in its place the following Article 3 be substituted :

3. The Authorised Share Capital of the Company is Rs. 12,00,00,000/- (Rupees Twelve Crores Only) divided into 1,20,00,000 (One Crore Twenty Lacs) Equity Shares of Rs.10/- (Rupees Ten Only)."

7. To consider and if thought fit, to pass with or without modification(s) the following Resolution as an Ordinary resolution :

"RESOLVED that pursuant to Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and in accordance with the provisions of the Articles of Association of the Company and subject to the necessary approvals, permissions and/or sanctions as may be necessary and imposed by the Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and any other appropriate authorities, Institutions or Bodies, if any and subject to such conditions and modifications as may be prescribed by any of them in granting such approvals, permissions and/or sanctions, the Board of Directors be and is hereby authorised to issue, offer and allot Equity shares not exceeding 12,00,000 Shares (Twelve Lakhs Shares Only) of Rs. 10/- each fully paid up for cash in one or more tranches through Preferential Offer and/or Private Placement to the Investors (Whether Individuals, Institutions, Banks, Bodies Corporate, Non-Resident Indians, Overseas Corporate Bodies, Foreign Institutional Investors, Mutual Funds or any combination

thereof or any other category) and whether or not such Investors are the existing holders of Equity Shares of the Company, on such terms and conditions and at a premium as may be decided by the Board of Directors in accordance with the guidelines, rules and regulations of SEBI/Companies Act, 1956, and other legislations in this regard."

"RESOLVED FURTHER THAT for the purposes of giving effect to the resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters, things and execute all such deem necessary or desirable."

"RESOLVED FURTHER THAT THE Board of Directors of the Company be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Managing Director or Director or any other Officers of the Company to give effect to the aforesaid resolution."

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

"RESOLVED THAT, pursuant to section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and subject to such other approval, permissions and sanctions, as may be necessary by the Board of Directors in the interest of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), the consent of the Company be and is hereby accorded to the Board to issue such number of new Equity Shares of the Company of the face value of Rs. 10/- each fully Paid-Up for cash or any other instrumental in one more tranches not exceeding 5% of the Paid-Up Share Capital of the Company either directly to the employees of the Company either directly to the employees of the Company whether, such employees are existing shareholders of

Fifth Annual Report 1998-99

the Company or not, or any other "Employees Trust" to be created for the purpose on such terms and conditions and at such prices as may be fixed and determined by the Board in accordance with the applicable guidelines and provisions of law in force from time to time and such shares/securities to issued shall rank pari passu with the existing share/securities of the Company."

"RESOLVED FURTHER that for the purpose of giving effect to be above, the Board be and is hereby authorised to determine the terms and conditions of the issue, the issue price and all other terms and matters connected therewith and to settle any questions or difficulties that may arise in regard to the issue."

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

"RESOLVED THAT subject to the statutory approvals that may be required, approval of the Company be and is hereby accorded to the investments in the Equity Share Capital of the Company by Non-Resident Indians/ Overseas Corporate Bodies/ Foreign Institutional Investors) upto an overall maximum limit of 30% of the Paid up Equity Share Capital of the Company or such higher limit as may, from time to time, be prescribed by the Reserve Bank of India or the Central Government or any other Statutory Authority provided, however, that the Board of Directors of the Company is hereby authorised to reduce the maximum limit from 30% or the higher permissible limit to a level which the board may determine so long as such lower limits are notified by the Company to the Stock Exchanges, where the Shares of the Company are listed and all other relevant authorities."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby

authorised to do all acts, deeds and things as may be necessary or expedient in this regard."

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

"RESOLVED THAT in accordance with Section 372 and other applicable provisions if any of the Companies Act, 1956, or of any law for the time being in force, and subject to the approval of the Central Government, where necessary, the Board of Directors of the Company be and is hereby authorised to make Investments in excess of he limits prescribed under section 372, in the shares of other Bodies Corporate as they may, in their absolute discretion deem beneficial and in the interest of the Company up to an aggregate amount of Rs. 7 Crores."

"FURTHER RESOLVED THAT the Board of Directors be and is hereby authorised to do all such acts, deeds and things as may be deemed expedient and necessary to give effect to this resolution."

11. To pass with or modification(s) the following resolution as a special resolution :

"RESOLVED THAT the consent of the Members be and is hereby accorded u/s 314 of the Companies Act, 1956 for the appointment of Shri P. Chandrasekhar as Executive (F&A) w.e.f. from 01.06.1999 at a remuneration of Rs. 12,500/- p.m. inclusive of all benefits as per the service rules of the Company."

By Order of the Board
For CYBERMATE INFOTEK LIMITED

Place: Secunderabad
Date : 6th Sept., 1999

P.C.PANTULU
Managing Director

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy and such Proxy need not be a member of the Company. *Proxies in order to be effective must be received by the Company, not less than 48 hours before the commencement of the meeting.*
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 28th September, 1999 to 30th September, 1999 **(both days inclusive)** in order to ascertain the eligibility of the shareholders for the purpose of AGM,
4. Members are requested to inform the Company of any change in their addresses immediately.
5. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificates to enable the Company to consolidate their holdings in one folio.

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*Fifth Annual Report 1998-99***EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 4 :**

Mr. Rajiv Goyal was co-opted as Additional Director on the Board at its meeting held on 15.11.1998. He is a B.E. (Comp. Sc.) from Indore University, India and a M.S. (Comp. Sc.) from Utah, USA. He has a work experience of over 10 years, providing technical leadership to GTE, Security First Technologies, Philadelphia Stock Exchange, Space Dynamics, CMC, etc., His experience and exposure in Overseas Markets in different sectors (Financial : - Internet Banking, Brokerage, Telecom, Defence, Law Enforcement and Shipping, etc.,) will be valuable to the Company. A Notice was received by the Company in writing from a Member pursuant to Section 257 of the Companies Act, 1956 proposing Mr. Rajiv Goyal's candidature as director liable to retire by rotation.

Excepting Mr. Rajiv Goyal, none of the other Directors are interested in the above said resolution.

Item No. 5 :

Dr. J.V.Rao was co-opted as Additional Director on the Board at its meeting held on 10.03.1999. He has a Ph.D in Physics (Faculty of Engg.) from Regional Engineering College, Warangal and Post Doctoral Fellow at University of Nottingham, UK. He has an outstanding work experience of 19 years in the fields of Information Technology and Telecommunication Networks. His strength lies in providing Management Consultancy and Strategic Business Planning, which will be valuable to the Company. A Notice was received by the Company in writing from a Member pursuant to Section 257 of the Companies Act, 1956 proposing Dr. J.V.Rao's candidature as director liable to retire by rotation.

Excepting Dr. J.V.Rao, none of the other Directors are interested in the above said resolution.

Item No. 6 :

Increase in Authorised Capital and consequential amendments to the Memorandum and Articles of Association.

The present Authorised Share Capital of the company is Rs. 9,00,00,000 divided into 90,00,000 Equity shares of Rs. 10/- each. Consequent to the Issue / Offer and Allotment Equity Shares by Preferential/Private Placement envisaged under Item No. 6, the Authorised Share Capital of the Company needs to be increased from the existing Rs. 9 Crores to Rs. 12 Crores and consequently alteration of the Memorandum and Articles of Association of the Company is required which needs the approval of the Members in the General Meeting of the Company.

The Directors recommend the resolution set out at Item No. 6 of the Notice for approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 7 :

The Company contemplates issue of Shares on Preferential Basis to a select group of investors for its proposed Investments in New Jersey, California, establishments of USA for developing projects in new lines of business like E-Services, & E-commerce, specifically as a E-Services Infrastructure Development Partner for a Fortune 500 Company for USA and also providing infrastructure for setting up a Certification Authority in collaboration with GTE CyberTrust Corporation of USA and further an office in Malaysia, subject to the necessary approvals from the appropriate authorities, in Malaysia and India and a Joint Venture in UAE for development and Marketing of Computer Software and seeks

the consent of Shareholders for the proposed Allotment of shares, not exceeding 12,00,000 Shares (Twelve Lakhs Shares Only) of Rs. 10/- each fully paid up for cash in one or more tranches, on such terms and conditions and at a premium as may be decided by the Board of Directors in accordance with the guidelines, rules and regulations of SEBI/Companies Act, 1956. and other legislations in this regard."

The Directors recommend the resolution set out at Item No. 7 of the Notice for approval of the members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 8 :

Employees contribute to the growth of the Company substantially. In order to motivate and retain experienced, talented and competent personnel, your company is proposing to introduce Employees Stock Option Scheme (ESOP), a scheme that encourage the employees to have participation in the Company.

The issue and allotment of shares will be made in accordance with the guidelines issued by SEBI for ESOP.

The consent of the shareholders is therefore sought to authorise the Board of Directors to issue the shares under ESOP in accordance with the guidelines issued by SEBI and the provisions of law in the manner as set out in the resolution.

The Directors recommend the resolution set out at Item No. 8 of the notice for approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item No. 9 :

As per the existing guidelines for Portfolio Investment Scheme prescribed by Reserve Bank of India (RBI), Non-Resident Individuals(NRI's)/ Overseas Corporate Bodies(OCB's)/Foreign Institutional Investors(FII's), could invest up to 10% of the paid Up Capital of the Company, which was the maximum limit prescribed under this category without any express approvals in this regard. The said guidelines have been now amended to allow such investments up to an overall limit of 30% of the Paid Up Capital of the Company. The resolution seeks shareholder's approval for authorising Board of Directors of the Company to determine this limit of investment for NRI's/OCB's/FII's within the overall limit of 30% of the Paid Up Capital of the Company or such higher limit(s) that may be allowed by RBI in future from time to time and intimate such determined limits to all concerned authorities.

For increasing the limit from 10% to 30% as aforesaid, special resolution of the Members is required.

The Directors recommend the resolution set out at Item No. 9 of the notice for approval of the Members.

None of the Directors of the company is, in any way, concerned or interested in the said resolution.

Item No. 10 :

As per section 372 of the Companies Act, 1956, and any other applicable provisions, the Board of Directors of the Investing Company shall be entitled to invest in shares of any other Bodies Corporate up to 60% of the Subscribed Equity Share Capital or the aggregate of the Paid Up Equity and Preference Share Capital of such other Bodies Corporate, whichever is less, provided that the aggregate of the investments so made by the Board in all other Bodies Corporate put together