



Seventh Annual Report 2000 - 2001



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BOARD OF DIRECTORS

P.C. PANTULU	-	Managing Director
K.S. SHIVA KUMAR	-	Director & Chief Operations Officer
IJJU SHIV ANAND	-	Director & Chief Technical Officer
P.S. MURTY	-	Director (Technical)
M.R. VIKRAM	-	Director
RAJIV GOYAL	-	Director
Dr. J.V. RAO	-	Director
K.K. RAO	-	Director
B.K. SARMA	-	Alternate Director to Dr. J.V. Rao

Auditors

B.RAMA RAO & Co.
Chartered Accountants
Hyderabad.

Bankers

State Bank of India (IFB)

**Registered Office & Software
Development Centre**

#11, Sripuri Colony,
Kakaguda, Karkhana,
Secunderabad - 500 015.
e-mail: info@cybermateinfotek.com
URL: www.cybermateinfotek.com

Overseas Offices

USA & Abu Dhabi

Registrar/Share Transfer Agent

Sindhu Corporate Services (P) Ltd.
18A (492), East Marredpally
Secunderabad - 500 026.
e-mail: sindhu@hd2.dot.net.in



Cybermate Infotek Limited

NOTICE

Notice is hereby given that the 7th Annual General Meeting of the shareholders of the company will be held at 10.00 a.m on Friday, the 28th September 2001 at "JULOORI VAJRAMMA KALYAN MANDAPAM", Karkana, Kakaguda, Secunderabad, to transact the following business:

AS ORDINARY BUSINESS

1. To consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution.
"RESOLVED THAT the Audited Balance Sheet as at 31st March 2001 and the Profit and Loss Account of the Company for the year ended as on that date and the report of the Directors' and Auditors' be and are hereby received, considered and adopted."
2. To consider and if thought fit, to pass with or without modification(s), the following resolutions as an Ordinary Resolutions.
"RESOLVED THAT Mr. K.K.Rao Director, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed, as a Director of the Company."
"RESOLVED THAT Dr. J. V. Rao Director, who retires by rotation and being eligible for re-appointment, be and is hereby re-appointed, as a Director of the Company."
3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.
"RESOLVED THAT the retiring auditors M/s. B. RAMA RAO & Co., Chartered Accountants, Hyderabad, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed in this behalf by the Board of Directors of the Company.

AS 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. M.R. Vikram, who was appointed by the Board as Additional Director pursuant to Section 260 of the Companies

Act 1956, and who holds office upto the date of this Annual General Meeting of the company, be and is eligible for re-appointment and in respect of whom the Company has received a notice in writing from a member under the provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of a 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 a Special Resolution

"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors for the appointment and the payment of remuneration of **Mr. Rajiv Goyal, as Director (International Business Development)** for a period of Five years with effect from **1st April, 2001 till 31st March, 2006** (both days inclusive) as set out hereunder:

1. **Salary: Rs.50,000 per month** (In the scale of 50,000-10,000-90,000 P.M.).
2. **Commission:** 1% of the net profits of the Company as per the provisions of Section 198 and 309 of the Companies Act, 1956.
3. **Perquisites:** (Subject to the maximum of annual salary)
 - i. (a) **Housing:** 30% of the salary over and above 10% payable by the Director himself. In case the accommodation is provided by the company 10% of the salary of the Director shall be recovered by the Company.
 - (b) The expenditure incurred by the Company on gas, electricity, water and furnishing etc. shall be valued as per the Income Tax Act, 1961. This shall however, be subject to a ceiling of 10% of his salary.

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- ii. **Medical Reimbursement:** Expenses incurred for the Director and family subject to a ceiling of one month's salary in a year or 3 months salary in a block of 3 years.
 - iii. **Leave Travel Concession:** For the Director and his family consists of spouse, dependent children and parents once in a year incurred in accordance with the rules specified by the company.
 - iv. **Club Fees:** Fees of Clubs subject, to a maximum of two clubs. This will not include admission and life Membership.
 - v. **Personal Accident Insurance:** Premium not exceeding Rs.2000/- per annum.
 - vi. **Provident Fund, Super Annuation Fund/Annuity Fund:** As per Company's rules.
 - vii. **Gratuity:** As per company's rules
 - viii. **Leaves:**
Casual Leave, Sick leave & Privilege Leave: as per Company Rules
 - ix. **Leave Encashment:** As per Company Rules.
 - x. **Residential Telephone:** Residential telephone be provided at the expense of the company. The Telephone bill including STD. and Trunk calls for the official business will be paid by the Company.
 - XI **Car:** Entitled to use office car with driver for official purpose. Alternatively if he owns a car with driver he shall be entitled for reimbursement of expenses of Rs.4500/- p.m.
- The following shall not be included in the computation of the ceiling on perquisites:
- a. Contribution to provident fund, super annuation Fund/Annuity Fund to the extent either singly or put together are not taxable under income tax Act, 1961.
 - b. Gratuity payable at the rate not exceeding half month's salary for each completed year of service.
4. **Minimum Remuneration:** In the event of loss or inadequacy of profits in any year during the period of his appointment, Mr. Rajiv Goyal will be paid the remuneration as above as minimum remuneration. Mr. Rajiv Goyal will not be entitled to any sitting fee for attending meetings of the Board or any committee thereof."
 6. To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution:
"RESOLVED THAT pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, and in modification(s) of the ordinary resolution passed by the members at the Extra-Ordinary General Meeting of the Company held on 10th March 1999, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time such sum(s) of money(s) and the sum(s) to be borrowed together with the money(s) already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) from time to time with or without security and upon such terms and conditions as they may think fit, shall exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount together with the money(s) already borrowed by the Board of Directors shall not exceed the sum of Rs. 4000 Lacs over and above the paid-up capital and free reserves, at any one time."
 7. To consider, and if thought fit to pass with or without modification(s), the following resolution as a Ordinary Resolution:
"RESOLVED THAT subject to the applicable provisions of the Companies Act, 1956, the Authorised Share Capital of the company be and is hereby increased from Rs. 12,00,00,000/- (Rupees Twelve Crores only) to Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,50,00,000 Equity

shares of Rs. 10/- each, ranking pari-passu with the existing Equity shares issued by the Company and that the Clause V of the Memorandum of Association of the company be and is hereby altered and substituted by the following:

"The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores only) divided into 1,50,00,000 (One Crore Fifty Lacs) equity shares of Rs. 10/- each with a power to consolidate, convert, sub-divide, 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."

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

"RESOLVED FURTHER that the Articles of Association of the Company be altered by substituting the following new article, in place of the present article 3 thereof.

"The authorized Share Capital of the company is Rs.15,00,00,000 (Fifteen Crores Only) divided into 1,50,00,000 (One Crore Fifty Lacs) equity shares of Rs.10 each (Rupees Ten Only)."

9. 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 the Companies Act'1956 and of the listing Agreement the sanction/ approval of the Company be and is hereby accorded to the Board of Directors for the issue of Secured/ Un-secured Redeemable Non-Convertible Debentures upto an amount of Rs. 500 Lacs and that such debentures may be offered, issued and allotted to any person or persons, including NRI's/ FI's or OCB's companies, financial institutions or banks whether or not those allottees are existing shareholders of the Company."

"RESOLVED FURTHER THAT consent/ approval of the Company be and is hereby accorded to the Board of Directors to finalise the terms and conditions of issue of the Secured/Un-secured Redeemable Non-Convertible debentures and the security to be created and to agree to the terms and

conditions of the subscription agreement, Trustee agreement and Trust Deed to be entered into by the company and execute necessary agreements and documents and to do all such acts and things as may be necessary to give effect to the above resolution."

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

"RESOLVED THAT in accordance with the provisions of Section 293(1)(a) and other applicable provisions, if any, of the companies act, 1956, the board of Directors be and are hereby authorized and shall be deemed to have always been so authorized to create such mortgages/ charges/ hypothecations/ and other encumbrances, in addition to the existing mortgages, charges, hypothecations and other encumbrances, if any, created by the company on all or part of the immovable and/or movable properties, current and/ or fixed assets, tangible or intangible assets, uncalled share capital and/or calls made but not paid, book debts and/ or claims of the Company in favour of Indian or Foreign financial institutions, banks and other lending institutions, Creditors, Debenture Holders, Debenture Trustee(s), Depositors and /or to such other persons, if any, from whom the company has/ or proposed /proposes to borrow money(s)/ sums of money(s) by way of Term Loans, Cash Credits, Overdrafts, discounting of bills, inter corporate deposits, secured/ un-secured Non-Convertible Redeemable debentures or commercial papers or such other financial instruments permitted to be used by the appropriate authorities from time to time, together with interest, cost, charges and other incidental expenses in terms of agreement(s) entered/ to be entered into by the Board of Directors of the Company, and such charge(s) to rank either pari passu with or second, subsequent, subservient and subordinate to all the mortgages/ charges created/ or to be created by the company for all existing and future borrowings and facilities whatsoever, within the overall borrowing limit of Rs. 4000 Lacs over and above the paid up capital and free reserves, being the limits fixed pursuant to section 293(1)(d) of the Companies Act'1956."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to finalise the documents for creating the aforesaid mortgages/ charges/ hypothecation and such other form of security and to do all such acts and things as may be necessary for giving effect to the above resolution."

11. 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 the provisions contained in the Articles of Association and Section 79A, 81, and all other applicable provisions of the Companies Act 1956 ("The Act") and the provisions contained in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") (including any statutory modification(s) or re-enactment of the Act or the guidelines, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modification(s), as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee including Employees Stock Options Scheme / Employees Stock Purchase Scheme, Compensation Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution); consent of the company be and is accorded to the Board to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in employment of the Company, including Directors of the Company, whether working in India or Abroad, whether such employees are existing shareholders of the company or not, or any other employees trust to be created under a scheme/plan titled "Employees Stock Options Scheme / Employees Stock Purchase Scheme" (hereinafter referred to as the "ESOS" or "ESPS" or "Scheme" or "Plan") such number of Equity shares and / or equity linked instruments (including Options), equity shares issued through Convertible Warrants,

Fully Convertible Debentures and/or any instruments or securities (hereinafter collectively referred as "securities") of the Company which could give rise to the issue of Equity Shares upto a maximum of 10% of the issued Equity Share Capital, subject to the ceiling of 5% of the issued Equity capital in any particular financial year of the Company, at such price, in one or more tranches and on such terms and conditions as may be fixed or determined by the Board in accordance with the Guidelines or other provisions of the law as may be prevailing at that time."

"RESOLVED FURTHER THAT the said securities may be allotted directly to such employees/ directors or in accordance with a scheme framed in that behalf through a trust which may be existing or to be setup for this purpose in any permissible manner and that the scheme may also envisage for providing any financial assistance to the trust to enable the employee/trust to acquire, purchase or subscribe to the securities of the company;

"RESOLVED FURTHER THAT the new equity shares to be issued and allotted by the Company in the manner aforesaid shall rank pari passu in all respects with the then existing equity shares of the Company, except that they shall be entitled to dividend on pro-rata basis from the date of allotment till the end of the relevant financial year in which the new equity shares are allotted;

"RESOLVED FURTHER THAT the board is authorized to withdraw, recall, accept, surrender or cancel options already issued/to be issued pursuant to this resolution or any other earlier resolutions passed by the Members, and to re-issue the options/warrants withdrawn, re-called, surrendered or cancelled, to issue fresh options in lieu thereof and Board has thereby authorised to cancel the existing Employees Stock Options Scheme created through the "Employees Trust" and to adopt/ create a new Employees Stock Options Scheme / Employees Stock Purchase Scheme through the trust to be setup, for the purpose of implementing the "Plan/Scheme" to benefit the employees at such price, in such manner, during such period, in one or more tranches and on such other terms and conditions as



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the Board may deem fit in the best interest of the company and its employees.

"RESOLVED FURTHER THAT for the purpose of giving effect to any offer or grant of options/shares, issue or allotment of equity shares pursuant to the options/shares granted/allotted, or securities or instruments representing the same, as described above, under any Employees Stock Option Scheme / Employees Stock Purchase Scheme and that the board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose and with power on behalf of the Company to settle all questions, difficulties or doubts that may arise in this regard to such issue(s) or allotment(s) (including power to amend, vary, or modify any of the terms and conditions of the scheme, the grant of options, issue or allotment of equity shares pursuant to the options granted), without being required to seek any further consent or approval of the members, in its sole discretion as it may deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to take necessary steps for listing of these securities/shares allotted under the "Scheme/Plan" on Stock Exchanges where the company's shares are listed, as per the Rules and Regulations of the stock exchanges Listing Agreement.

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any powers herein conferred to any committee of Directors, including the compensation committee/Remuneration Committee.

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

"RESOLVED FURTHER THAT the Employees Stock option Plan and the Scheme(s) thereunder, as formulated in terms of the Resolution at Item No.11 of this notice and Explanatory Statement thereto, be also applicable and extended to the eligible Employees / Directors of subsidiary Companies working in India /abroad whether such employees are existing shareholders of the company or not, as permissible by law and on such terms and conditions as may be decided by the

Board/ Compensation Committee / Remuneration Committee;"

13. To consider and if thought fit, to pass with 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) the Listing Agreement entered by the Company with the Stock Exchanges and any other appropriate authorities, Institutions or Bodies, if any and subject to such conditions and modification(s) as may be prescribed by any of them in granting such approvals, permissions and/or sanctions, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any committee of the Board exercising the powers conferred by the Board) be and is hereby authorized on behalf of the company to issue, offer and allot Equity shares and / or Fully convertible Debentures and / or partly convertible Debentures and / or Non-Convertible Debentures and / or Optionally Convertible Debentures and / or Foreign Currency Convertible Bonds(FCCB) or Securities with or without detachable warrants/ any securities convertible into Equity Shares /Convertible Notes or Secured Premium Notes (SPN), (hereinafter collectively referred to as "Securities") for an aggregate value of Rs. 1000 Lacs either on cash or stock swap for acquisition of software business or companies engaged in software business or a combination thereof, at such time or times, in one or more tranches through Public Issue, Right issue, Preferential Offer and/or Private Placement to the Investors (Whether Individuals, Financial Institutions, Banks, Bodies corporate, Non-Resident Indians, Overseas Corporate Bodies(OCBs), Foreign Institutional Investors(FIIs), Mutual Funds or any combination thereof or any other category) and whether or not such Investors are the

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existing members, promoters, directors, their relatives or their associates of the Company, on such terms and conditions and at such price/prices, at a premium or discount to market price/prices in such manner and on such terms and conditions including security, rate of interest etc., as may be decided and deemed appropriate by the Board of directors at the time of such issue, allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the Lead Managers and Underwriters, as per the Guidelines, rules and regulations of SEBI/Companies Act, 1956, and other legislations in this regard."

"RESOLVED FURTHER THAT the Board is entitled to enter into and execute all such arrangement/agreements with any Lead Managers/Underwriters/Consultants and all such agents as may be involved or concerned in such offering of securities and to remunerate all such agents by way of payment of commission, brokerage, fees, expenses incurred in relation to the issue of securities." "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."

NOTES:

1. The Explanatory statement pursuant to Section 173(2) of the Companies Act 1956 in respect of the Special business under Item no(s). 4 to 13 is annexed hereto.
2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself and the proxy need not be a member. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the

Registered Office of the Company, not later than 48 hours before the meeting.

3. The share transfer books and Register of Members of the Company will remain closed from 26th Sept'2001 to 28th Sept'2001(both days inclusive).
4. The company's shares are listed on Mumbai, Hyderabad and Bangalore Stock Exchanges, and paid the listing fees.
5. Members are requested to bring their copies of the Report and Accounts to the meeting. Please bring the Attendance slip with you duly filled in and handover the same at the entrance of the Meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
6. Members are requested to notify immediately any change in their address to the Company or its Share Transfer Agents and in case their shares held in dematerialised form, this information should be passed to their depositories so that the information required can be made readily available at the meeting.
7. Members can avail of the nomination facility by filling Form No. 2B with the Company. Blank forms will be supplied on request.
8. Members holding shares in physical form are requested to dematerialise the shares in electronic form to facilitate faster transfer and avoid rejections for bad deliveries. The Share Certificates may be sent directly to our share transfer agent: M/s Sindhu Corporate Services Pvt. Ltd. Plot No.189 (49A), East Marredpally, Secunderabad - 500 026.

By order of the Board

Place : Secunderabad
Date : 25th Aug'2001

P. C. Pantulu
Managing Director

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

ITEM NO. 4

Mr. M. R. Vikram, was appointed as Additional Director of the Company with effect from 31st July'2001, pursuant to section 260, of the Companies Act'1956.

Mr. M.R. Vikram, is a Chartered Accountant with experience in the field of auditing, project financing and liasioning of projects with financial institutions and banks. He is on the Board of several other companies engaged in manufacturing, software



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development and other areas of industry and commerce. The Company will immensely benefit from the association of Shri M. R. Vikram. Hence he was inducted into the Board.

The board commends this resolution for approval of the members.

Except Mr. M.R.Vikram, none of the directors are interested in this resolution.

ITEM NO. 5

Mr. Rajiv Goyal, is a director on the Board since October'1998. He is a B.E (Comp. Sc.) from Indore University, India and a Masters Degree from Utah, USA. He has working experience of 10 years in various positions providing technical leadership to GTE, Security First Technologies, Philadelphia Stock Exchange etc., His experience and exposure in Overseas Markets in Financial & Telecom Industries will be valuable to the company. Hence the Board thought fit to appoint him as a whole-time Director.

The Board commend this resolution for approval of the members.

The text of resolution appointing Shri Rajiv Goyal, as Director (International Business Development) shall be deemed to be service of extract of terms of appointment pursuant to section 302 of the companies act'1956 and shall be open for inspection at the Registered Office of the company, on all working days.

No Director of the company except Mr. Rajiv Goyal is interested or concerned in this resolution.

ITEM NO. 6

Under section 293(1)(d) of the Companies Act, 1956 the Board of Directors shall not, except with the consent of the Company in general meeting, borrow monies (apart from temporary loans obtained from the company's bankers in the ordinary course of business) in excess if the aggregate paid-up capital and free reserves of the Company.

According to explanation (1) of the section, every resolution passed in the General Meeting of the Company in relation to the exercise of the above power shall specify the total amount upto which monies may be borrowed by the Board of Directors over and above the paid-up capital and free reserves.

At the Extra-ordinary General Meeting held on 10th

March'1999, the members have authorized the Board of directors to borrow monies not exceeding Rs. 2000 Lacs over and above the paid-up capital and free reserves of the Company. Taking into account the requirements for additional working capital finance, expansion, diversification and acquisitions proposed to be undertaken by the Company, on an ongoing basis, it is thought fit to obtain consent of the members to increase the borrowing limits to Rs. 4000 Lacs over and above the paid-up capital and free reserves. Hence the resolution is proposed.

The Board commends the resolution for your approval.

None of the Directors of the Company are interested in the Resolution.

ITEM NO. 7 & 8

The present authorized capital of the Company is Rs. 12 Crores and the paid-up capital is Rs. 9.39 Crores. It is proposed to increase the Authorised Capital to Rs. 15 Crores (Rupees Fifteen Crores only). The increase in the volume of business over the years has given rise to the need for additional capital/ to augment its capital needs it would be necessary to raise additional capital by issue of securities in the manner proposed in the Resolution at Item no. 13. It is, therefore, proposed to increase the authorized capital and make the necessary alterations in the Memorandum and Articles of Association of the Company.

The Board commend the resolutions for your approval.

None of the Directors of the Company are interested in the Resolutions.

ITEM NO. 9

As the Company plans to go for expansion in both the domestic and overseas markets, by setting up new facilities/acquiring of software business and/or companies engaged in software, it is felt that the company to go for issue of Secured/Un-secured Redeemable Non-convertible Debentures, on private placement basis. As per the Listing Agreement, all future issues of Securities should be issued to existing shareholders on pro rata basis, unless resolution is passed otherwise in the General Meeting. Hence the special resolutions are placed before the Shareholders for their approval as per Item No.9.

None of the Directors is concerned or interested in the said resolution.