

BOARD OF DIRECTORS

P.C.PANTULU	-	Managing Director
K.S.SHIVA KUMAR	-	Director & Chief Operating Officer
IJJU SHIV ANAD	-	Director
P.S.MURTHY	-	Director
K.K.RAO	-	Director

Auditors

B.Rama Rao & Co
Chartered Accountants
Hyderabad

Bankers

State Bank of India

Registered Office & Software Development Centre

#11, Sripuri Colony,

Kakaguda, Karkhna,

Secunderabad-50015

e-mail: info@cybermateinfotek.com

Url : www.cybermateinfotek.com

NOTICE

Notice is hereby given that the 11th Annual General Meeting of the shareholders of the company will be held on Thursday, the 29th September 2005 at 10.00 A.M. at Sundarayya Vignan Kendra, # 1-8-1/B/25/A, Baghlingampally, Hyderabad – 500 044 A.P India 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 2005 and the Profit and Loss Account of the Company for the year ended on that date and the report of the Directors and Auditors be and are hereby considered and adopted.”
- 2 To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.
“RESOLVED THAT Mr. K .S. Shiva Kumar, who retires by rotation and being eligible for re-appointment, offers himself 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.”

By order of the Board
For Cybermate Infotek Limited

-sd-

P. C. Pantulu
Managing Director

Place: Secunderabad
Date: 5th September, 2005

NOTES:

1. 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.
2. The share transfer books and Register of Members of the Company will remain closed from 26th September 2005 to 29th September 2005 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report 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.
4. Members are requested to notify immediately any change in their address to the Company in case their shares held in dematerialized form; this information should be passed so that the information required can be made readily available at the meeting.
5. Members holding shares in physical form are requested to de-materialize the shares in electronic form to facilitate faster transfer and avoid rejections for bad deliveries. The Share Certificates may be sent to the Secretarial Department, at Plot No.11, Sripuri Colony, Karkhana, Secunderabad – 500 015. A.P

ITEM NO. 2:

Information on Director's seeking appointment / re-appointment as required under clause 49 of the listing agreement with stock exchanges.

Mr. K. S. Shiva Kumar, aged 38 years is a graduate in science. He is Director (Operations) of the company. He has more than a decade of experience in software development, training and MIS departments. He has worked for Pertech Computers Ltd, Asian Wore Ropes Ltd, Suchitra Group of companies and SOL Pharmaceuticals Ltd. He has been instrumental in launching numerous corporate training programs. In 1994 he joined Sri P C Pantulu and promoted Cybermate Infotek Ltd.

Directors' Report

To the Members,

Your Directors have pleasure in presenting their Eleventh Annual Report of the business and operations of your company for the year ended March 31st 2005.

Financial Results

	31 st March, 2005 (9 Months)	(Rs. In Lacs) 30 th June, 2004 (15 Months)
Sales	221.84	745.83
Other Income	28.65	41.89
Total Revenues	250.49	787.72
Total Expenditure	85.80	437.50
PBDIT	164.69	350.22
Profit before Tax	4.46	3.11
Less: Prov. for Tax	1.34	1.09
PAT	3.12	2.02
Add: Surplus B/f	681.83	680.12
Profit available for		
Appropriation	684.95	682.14
Transfer to General		
Reserve	0.44	0.31
Surplus Carried to		
Balance sheet	684.50	681.83

Overview of Operations:

The software industry, which was affected badly due to the recession in USA during the recent years, has started showing significant improvement in large companies operations. However, in the case of smaller companies like yours the pace of recovery is slow mainly due to the constraints in the areas of working capital availability and retention of manpower. Your company has taken the crisis as an opportunity and is in the process of consolidating its operations.

Subsidiary Company Accounts

Due to certain administrative difficulties the accounts of the overseas subsidiary could not be finalized and hence the consolidation of accounts could not be completed. We have informed the auditors about the difficulty and the auditors have qualified their report. We shall ensure to get the accounts of the subsidiary updated and include the same in our next report.

Fixed Deposits

Your company has not accepted any deposits and, as such no amount of principal or interest was outstanding on the date of Balance Sheet.

Directors

Sri K. S. Shiva Kumar retire at the conclusion of this annual general meeting and being eligible he offer him self for reappointment.

Sri Rajiv Goyal, Director (IBD) has resigned and his resignation has been accepted by the Board of Directors w. e. f from 5th September, 2005. The Board of Directors wish to place on record the services rendered by Sri Rajiv Goyal during his tenure as Director on the Board.

In accordance with the requirements of Clause 49 of the Listing Agreement executed with the stock exchanges as also in pursuance of section 292A of the Companies Act'1956, following steps have been taken by the Board of Directors:

a) The Board of Directors has been reconstituted and comprises five members (inclusive of two Executive Directors and three Non-Executive directors). The reconstituted Board comprises the following:

1) Mr. P. C. Pantulu	Managing Director
2) Mr. K. S. Shiva Kumar	Director & COO
3) Mr. P. S. Murty	Non-Executive Director
4) Mr. Ijju Shiv Anand	Non-Executive Director
5) Mr. K. K. Rao	Non-Executive Director

Audit Committee

The Audit committee provides direction to the audit and risk management function in the company and monitors the quality of internal audit and management audit Committee include overseeing the financial reporting process to ensure proper disclosure of financial statement, recommending appointment/removal of external auditors and fixing remuneration.

The present audit committee comprises the following directors:

1) Mr. K.K.Rao	Director
2) Mr. K.S.Shivakumar	Director & COO
3) Mr. P.C.Pantulu	Managing Director

Directors' Responsibility Statement (As the provisions of Section 217(2AA) of the Companies Act' 1956), the Directors confirm that:

a) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation related to material departures.

b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at the end of 31st March 2005 and the profits for the year ended on that date.

c) the directors have taken proper and sufficient care for the 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 and other irregularities.

d) the directors have prepared the annual accounts on a going concern basis.

Corporate Governance

A report on corporate governance and management discussion and analysis as required under clause 49 of the listing agreement are enclosed.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and developments.

IT industry is becoming increasingly focused and domain knowledge is becoming a crucial differentiator. Traditionally Indian IT sector has been service focused, however this structure as gradually changing and the companies are moving up the value chain by providing high end solutions including products and consulting services, increased domain knowledge and focus to narrow yet specialized sector is seen as a definite way to improve both the top and bottom lines of the business. Lower Visa quotas, greater security concern, and above this is the increased pressure on the bottom line for US & European companies have pushed the BPO (Business Process Outsourcing) in a big way. More companies from these countries are looking for reliable partners who have the domain knowledge for their IT needs.

Generally IT industry has been growing at an average of around 30% growth. At the same time certain domain specialization companies have been growing at a higher pace.

It is clear that Indian companies will play a dominant role in the development of IT. Global post- war political changes are likely to propel growth for all industries in general and it is likely to have significant impact on the growth of the IT industry also.

Opportunities and threats

The company intends to leverage the advantage of customized solutions offered to various clients to turn them into software products for the use of general clients/companies on a larger scale to improve the revenues of the company. However there are threats in marketing such software products due to thin margins and increased competition in domestic as well as overseas markets.

Segment or product-wise performance

Segment-wise or product-wise performance has already been furnished elsewhere in this Report.

Outlook:

This has been already furnished elsewhere in this report.

Risks and concerns:

There is pressure on profitability due to the lack of export orders to execute offshore projects.

Internal control systems and their adequacy

Your Company placed considerable emphasis on internal control system so as to minimize the costs and improve the efficiencies and existing systems are adequate given the size of the company.

Financial /operational performance:

This has been already discussed elsewhere in this Report.

Human Resources/ Industrial Relations:

Due to lack of sufficient export orders, several employees left the company for better prospects and career growth. However all out effort was made to retain the talent and improve the productivity.

Auditors

The auditors, M/s. B.Rama Rao & Co., Chartered Accountants, Hyderabad retire at this Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment.

Auditors Observations

The observations of the auditors in their report to the members are self-explanatory and are not called for any explanation from the Board. The observations of auditors as referred to in the annexure to the Auditors Report are suitably explained in the notes to the accounts in paragraphs No. 8 & 9.

Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo

The particulars as prescribed under sub-section (1)(e) of section 217(2A) of the Companies Act'1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, are given in Annexure B.

Employee Particulars

As required under the provisions of Section 217(2A) of the Companies read with the Companies (Particulars of employees) Rules' 1975 as amended form part of this report. However, in pursuance of section 219(1)(b)(iv) of the companies Act' 1956 this report is being sent to all shareholders of the company excluding the aforesaid information and the said particulars are made available at the registered office of the company.

Acknowledgement

Your Directors acknowledge with a deep sense of gratitude the continued support extended by investors, customers, business associates, bankers and government departments.

For and on behalf of the Board

Place: Secunderabad
Date: 05 September, 2005

Sd/-
P. C. Pantulu
Managing Director

sd/-
K.S.Shiva Kumar
Director & COO

Annexure to the Directors' Report

a) Particulars pursuant to Companies (disclosure of particulars in the report of the Board of Directors) Rules, 1988

1.Conservation of Energy

The operations of your company are not energy-intensive by using energy efficient computer terminals and equipment and electrical fittings. Energy saving conditioners are being purchased that reduces heat absorption. Your company is always in the look out for newer and efficient energy conservation technologies and introduces them appropriately.

2.Research and Development (R & D)

Research and Development of new products and services that allows software designs across different projects that continue to increase quality and productivity. Your company is continuously strengthening its research exposure in application and system development areas. Your company has set up practice units for web-related technologies and object and component technologies. Your company helps its customers creating a world standard virtual workplace connecting across offices, geographies, on a real time with multimedia linkups.

3.Technology absorption, adaptation and Innovation

Your company has taken steps to improvise on quality and desktops, that reduces working time on desktops. Various communication facilities include Video-conferencing, and Middleware technologies. Your company has

4.Foreign Exchange earnings and outgo

Activities relating to exports, development of new markets, for products and services and export plans. Your company has over the past period, set up communication facilities and marketing offices situated in North America, Europe and Middle East. Your company has plans to set up marketing and development centers at San Jose, California catering to the client needs.

Foreign Exchange earned and used for the year ended

	(Rs. in Lacs)	
	2005	2004
Foreign Exchange Earnings	---	8.10
Foreign Exchange Outgo	----	9.68

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy on Corporate Governance:

Corporate Governance is more a way of Business life than a mere legal compulsion. Your Company believes that, though its primary focus is on the core objective of earning profits, the same should be aligned with the expectations of stakeholders. In this direction, the Board of Directors of your Company is committed to adopt good corporate governance practice as a part of the corporate culture, a way of its Corporate life and a kind of self-disciplinary code designed to serve the ultimate goal of making the Company a value driven Organization.

2. Board of Directors (Board)

The Board consists of 6 members comprising:

- 3 Independent Non-executive Directors:
- 3 Executive Directors:

Attendance Record – 2004-2005

S.No	Name of the Director	Category	Meetings Attended	Attendance at last AGM on 31.03.2005	Remarks
1	P.C. Pantulu	Executive	05	Yes	-
2	K.S. Shiva Kumar	Executive	05	Yes	-
3	Rajiv Goyal	Executive	00	NO	In Aboard
4	P.S. Murthy	Non-Executive	00	No	In Aboard
5	Iju Shiv Anand	Non-Executive	00	No	In Aboard
6	K.K. Rao	Non-Executive	04	No	-

Number of other Directorships, Committee Membership(s) & Chairmanship(s):

Sl.No	Name of the Director	Other Directorship	Committee Membership	Committee Chairmanship
1	P.C. Pantulu	1	3	2
2	K.S. Shiva Kumar	None	3	Nil
3	Iju Shiv Anand	1	Nil	Nil
4	P.S. Murthy	None	Nil	Nil
5	Rajiv Goyal	1	Nil	Nil
6	K.K. Rao	None	3	Nil

Number of Board Meetings held and the date on which held:

Ten Board Meetings were held during the year as against the minimum requirement of three meetings. The gap between two Board meetings was not more than 3 months at any time.

The dates of Board meeting held during the year under review are:

S.No	Date	Time
1	31.07.04	05.00 P.M
2	30.10.04	04.00 P.M
3	30.11.04	10.00 A.M
4	29.01.05	04.00 P.M
5	05.03.05	05.00 P.M

3. Audit Committee:

The Board of Directors of the Company Constituted Audit Committee consisting of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements. During the year, in all, 4 meetings of the Committee took place and the Audit Committee comprises of the following Directors.

1. Mr. K.K. Rao

2. Mr. P.C. Pantulu
3. Mr. K.S. Shiva Kumar

4. Remuneration of Directors & Remuneration Committee:

Other than whole-time Directors, no other Director receives any remuneration from the Company excepting Sitting Fees for attending the Board Meetings. The details of remuneration paid to the whole-time Directors is mentioned in Schedule 12 read with notes on accounts 14 (iv) to the Balance Sheet of the Company.

The Board of Directors of the Company constituted Remuneration Committee consisting of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements.

a) Composition, Name of the Chairman and Members:

- | | | | |
|------|--------------------|---|----------|
| i. | Mr. P.C. Pantulu | - | Chairman |
| ii. | Mr. K.K. Rao | - | Member |
| iii. | Mr. K. Shiva Kumar | - | Member |

b) Attendance during the year

The remuneration Committee had met once during the year and the members of the Committee were present at the meeting.

4. Shareholders' Grievance Committee:

The Shareholders' Grievance Committee constituted by the Board of Directors and comprising of Mr. P.C. Pantulu (Chairman) Mr. K. Shiva Kumar and Mr. K.K. Rao , inter-alia oversees the transfer of shares and redressal of shareholders/ Investors grievances and complaints.

All the complaints received are replied to the satisfaction of shareholders during the year under review and there are no outstanding complaints as on 31st March 2005.

5. General Body Meetings:

a) Location and time for the last 3 Annual General Meetings were:

Year	Location	Date	Time
2002	1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44	16.12.2002	3.00 P.M.
2003	1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44	30.09.2003	3.00 P.M
2004	1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44	31.03.2005	10.00 A.M

6. Disclosures:

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large -

None of the transactions with any of the related parties were in conflict with the interest of the Company.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or The Securities and Exchange Board of India of (SEBI) or any other statutory authority on any matter related to the Capital Markets during the last 4 years