

**BOARD OF DIRECTORS:**

Sri P.C.PANTULU	-	Managing Director & CEO
Sri K.S.SHIVA KUMAR	-	Director & COO
Sri P. CHANDRA SEKHAR	-	Director-Finance
Sri K. K. RAO	-	Director
Sri S SURENDRANATH	-	Director
Sri K.SHANKAR		Director
Sri K.PAWAN KUMAR	-	Director

**AUDITORS:**

B.Rama Rao & Co  
Chartered Accountants  
Hyderabad

**BANKERS:**

ICICI Bank Ltd.  
UTI Bank Ltd.

**REGISTERED OFFICE &  
SOFTWARE DEVELOPMENT CENTRE:**

#11, Sripuri Colony,  
Kakaguda, Karkhana,  
Secunderabad-50015  
e-mail: [info@cybermateinfotek.com](mailto:info@cybermateinfotek.com)  
Url : [www.cybermateinfotek.com](http://www.cybermateinfotek.com)



## NOTICE

Notice is hereby given that the 13<sup>th</sup> Annual General Meeting of the shareholders of the company will be held on Saturday the 29<sup>th</sup> September 2007 at 10.00 A.M. at Mini Hall, Sundarayya Vignana 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 31<sup>st</sup> March 2007 and the Profit and Loss Account of the Company for the year ended on that date and the report of the Directors and Auditors thereon 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 S Surendranath, 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 Mr.Shankar Khasnis, 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.”
4. 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: 31<sup>st</sup> July, 2007

### 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 26<sup>th</sup> September 2007 to 29<sup>th</sup> September, 2007 (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 Aarthi Consultants (p) Ltd, 1-2-285, Domalguda, Hyderabad-500029

**ITEM NO. 2:**

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

**Sri S. Surendranath**, aged 56 years, is an independent director on the Board. He is a commerce & law graduate. He has 15 years experience in International Banking, Foreign Exchange Dealings. He is also a visiting faculty for international Finance, Treasury Operations and Risk Management in various management institutions/ Colleges and published various articles on International Business, Foreign exchange and economic issues- In ECONOMIC TIMES, BUSINESS STANDARD, and STOCK EXCHANGE JOURNAL.

**ITEM NO. 3:**

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

**Sri Shankar Khasnis**, aged 41 years is an independent director on the board. He is a Bachelor of Engineering with a varied experience in industry. He has over 15 years of experience in areas of IT and ITES. Presently, he is a senior associate with Feedback Business Consulting Services Private Limited

By order of the Board  
For Cybermate Infotek Limited

-sd-

P. C. Pantulu  
Managing Director

Place: Secunderabad  
Date: 31<sup>st</sup> July, 2007

## Directors' Report:

To the Members,

Your Directors have pleasure in presenting their 13<sup>th</sup> Annual Report of the business and operations of your company for the year ended March 31<sup>st</sup> 2007.

### Financial Results:

(Rs. in lakhs)

	2006-07	2005-06
Operational Income	1634.57	1577.34
Other Income	61.37	94.77
Total Revenues	1695.94	1672.11
Earnings before Depreciation, Interest & Tax	517.48	532.22
Depreciation	160.23	216.52
Interest	34.27	15.50
Profit before Tax	322.98	300.21
Provision for Tax	21.41	23.49
Profit after Tax	301.57	276.72

### Overview of Operations:

Your company has overcome the hurdles faced in the past by any other small and medium IT-ITES companies and has consolidated the operations with an utmost focus on building the technical strengths both at senior management as well as middle management levels. Your company is also exploring the possibilities and opportunities of penetrating into newer geographic and vertical markets.

### 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 S Surendranath and Sri Shankar Khasnis are retire at the conclusion of this annual general meeting and being eligible offer them selves for reappointment. The Board of Directors recommend their appointment.

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 seven members (inclusive of three executive directors, one non-executive director and three independent 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.Chandra Sekhar   | Director-Finance       |
| 4) Mr. K. K. Rao          | Non-Executive Director |
| 5) Mr. S. Surendranath    | Independent Director   |
| 6) Mr. Shankar Khasnis    | Independent Director   |
| 7) Mr. Pawan Kumar Kasera | Independent 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. S Surendranath     | Chairman |
| 2) Mr. Pawan Kumar Kasera | Member   |
| 3) Mr. K K Rao            | Member   |

**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 31<sup>st</sup> March 2007 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.**

The Industry (IT& ITES) has been experiencing excellent growth your company which had its share of problems in the recent slow down, has since taken adequate steps and is poised to witness a turn around. The Company has been able to infuse additional funds through the Banking system and is in a position to achieve better growth in its operations during the year

**Opportunities and threats**

Your company intends to benefit from this steady growth in the outsourcing opportunities and has taken the necessary initiatives in this direction. Recruitment cum training drive has been initiated and the required up gradation in the existing infrastructure and is also being taken up. Your company plans a modest beginning subsequently moving up the value chain thereby increasing the margins.

**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:**

The company has since augmented its manpower, by creating positions for President, to look after the Business Development and assisted by a General Manager for training and Technology, Both the positions are manned by highly experienced professionals. The Company has also increased the head count of the software professional who are adequately trained.

**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.

**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: 31<sup>st</sup> July, 2007

Sd/-  
P. C. Pantulu  
Managing Director

Sd/-  
K.S.Shiva Kumar  
Director-Operations

Sd/-  
P Chandra Sekhar  
Director-Finance.

## **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. 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)	
	2007	2006
Foreign Exchange Earnings	---	-----
Foreign Exchange Outgo	----	-----

## 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 7 members comprising:

- 3 Executive Directors:
- 4 Independent & Non-Executive Directors:

#### Attendance Record –2006-2007

S.No	Name of the Director	Category	Meetings Attended	Attendance at last AGM on 07.08.2006	Remarks
1	Sri P.C. Pantulu	Executive	06	Yes	-
2	Sri K.S. Shiva Kumar	Executive	06	Yes	-
3	Sri K.K. Rao	Non-Executive	02	NO	Residing Aboard
4	Sri S. Surendranath	Independent	02	Yes	-
5	Sri Shankar Khasnis	Independent	02	No	-
6	Sri Pawan Kumar Kasera	Independent	02	No	-
7	Sri P Chandra Sekhar	Executive	03	Yes	-



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

Sl.No	Name of the Director	Other Directorship	Committee Membership	Committee Chairmanship
1	Sri P.C. Pantulu	1	1	Nil
2	Sri K.S. Shiva Kumar	None	1	Nil
3	Sri K.K. Rao	None	2	Nil
4	Sri S. Surendranath	None	Nil	1
5	Sri Shankar Khasnis	None	Nil	1
6	Sri Pawan Kumar Kasera	7	2	1
7	Sri P Chandra Sekhar	2	Nil	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 four meetings. The gap between two Board meetings was not more than 4 months at any time.

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

S.No	Date	Time
1	02.05.06	11.30 A.M
2	30.06.06	03.30 P.M
3	13.07.06	10.00 A.M
4	31.07.07	03.00 P.M
5	31.10.07	10.00 A.M
6	01.02.07	04.00 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, 3 meetings of the Committee took place and the Audit Committee comprises of the following Directors.

- |                          |          |
|--------------------------|----------|
| 1) Mr. S Surendranath    | Chairman |
| 2) Mr.Pawan Kumar Kasera | Member   |
| 3) Mr.K K Rao            | Member   |

The present audit committee comprises the following directors:

- |                           |          |
|---------------------------|----------|
| 1) Mr. S Surendranath     | Chairman |
| 2) Mr. Pawan Kumar Kasera | Member   |
| 3) Mr. .K K Rao           | Member   |

**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 (12) (iii) 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.