

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 K.SHANKAR	- Director
Sri K.PAWAN KUMAR	- Director
Dr.D.JAYARAMI REDDY	- Director

AUDITORS:

B.Rama Rao & Co
Chartered Accountants
Hyderabad

BANKERS:

IDBI Bank Ltd.
ICICI Bank Ltd.
Bank of Baroda
Punjab National Bank

**REGISTERED OFFICE &
SOFTWARE DEVELOPMENT CENTRE:**

#11, Sripuri Colony,
Kakaguda, Karkhana,
Secunderabad-50015
e-mail: info@cybermateinfotek.com
Url : www.cybermateinfotek.com

NOTICE

Notice is hereby given that the 16th Annual General Meeting of the shareholders of the company will be held on Friday the 24th September 2010 at 10.00 A.M. at Main Hall, 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 2010 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 Pawan Kasera, 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. K K Rao, 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 Annual General 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:

5. To consider and if thought fit to pass with or modifications (s) the following resolution as 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 or re-enactment thereof, for the time being in force), in super cession of any earlier resolution, the consent of the Company be and is hereby accorded for the increase in remuneration of Mr. K.S. Shiva Kumar, as Director (Operations) & Chief Operating Officer with effect from 1st April, 2010 till 31st March, 2012 (both days inclusive) as set out hereunder”.

1. Basic Rs.1,10,000/-per month (in the scale of 1,10,000-5000-1,30,000 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. Housing: 40% of the salary over and above 10% payable by the director himself. In case the company provides accommodation the company shall recover 10% of the salary from the Director.
 - ii. The expenditure incurred by the Company on gas, electricity, water and furnishing etc. shall be Valued as per the Income Tax rules, 1962. This shall however, be subject to a ceiling of 10% of his salary.
 - iii. Medical Reimbursement: Expenses incurred for the Director and family subject to a ceiling of one month's salary in year of 3months salary in a block of 3 years
 - iv. Leave Travel Concession: For the Director and his family consist of spouse, dependent children and parents once in year incurred in accordance with the rules specified by the Company.
 - v. Club fees: Fees of Clubs subject, to a maximum of two clubs. This will not include admission and life membership.
 - vi. Personal Accident Insurance: Premium not exceeding Rs. 2000/- per annum.
 - vii. Provident Fund, super annuation Fund/ Annuity Fund: As per Company's rules.
 - viii. Gratuity: As per company's rules
 - ix. Leave:
 - a. Casual leave: As per Company Rules.
 - b. Sick Leave: As per Company Rules.
 - c. Privilege Leave: As per Company Rules.
 - x. Leave Encashment: As per Company Rules.
 - xi. Residential Telephone: Residential telephone be provided at the expense of the company. The company will pay the Telephone bill including STD and Trunk calls for the official business.
 - xii. 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 expense of Rs. 4,500/- p.m.
 - xiii. The following shall not be include 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. K.S. Shiva Kumar will be paid the remuneration as above as minimum remuneration. Mr. K.S. Shiva Kumar will not be entitled to any sitting fee for attending meetings of the Board or any committee thereof.

SPECIAL BUSINESS:.

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 18th September 2010 to 24th September 2010 (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 Pawan Kasera, aged 54 years, is an independent director on the Board. He is a commerce graduate from Calcutta University. He has previously worked with Cabitel India Ltd. He was the chairman (Eastern Region) of Electronics and Computer Software Export Council (An Autonomous Organization under the Department of Information Technology, Ministry of communications and information technology, Govt of India).

ITEM NO. 3:

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

Sri K.Koteswara Rao, aged 64 years, is an independent director on the Board. He is an NRI. He is a Chartered Accountant by profession who has experience in large industries like Bharath Earth Movers Limited, Bangalore, A.P. Fisheries Corporation, Lasheo Grop of Companies before leaving for the Middle East.

Directors' Report:

To the Members,

Your Directors have pleasure in presenting their 16th Annual Report of the business and operations of your company for the year ended March 31st 2010.

Financial Results:

	(Rs. in lakhs)	
	2009-10	2008-09
Operational Income	1163.34	2092.82
Other Income	54.70	156.22
Total Revenues	1218.05	2249.04
Profit before Depreciation,		
Interest & Tax	360.44	577.98
Depreciation	240.89	240.40
Interest	36.80	40.81
Profit before Tax	82.74	296.77
Provision for Tax	8.52	19.50
Profit after Tax	74.22	277.27

Overview of Operations:

The year began with many challenges and many things changed. The financial sector suffered a meltdown, the stock markets collapsed. Liquidity became tight the world over. What started as a problem in the housing sector became a problem of the financial sector and very shortly, it hit the real world economy. Funds to the real world economy got choked and customers found their business shrinking, their supply chains and inventories mounting and their profitability

disappearing and the first quarter of the last year only deepened as the year progressed. We are not yet out of these problems. By the most favorable estimates, the world economy may hit the rock bottom in another 2/3 quarters, but the recovery will take long time.

The pressure of liquidity and profitability forced customers all over cut costs, to postpone his commitments and to ensure that they got value for their money.

In a sense last year we emerged toughened by the fire of the global economic challenges and I believe we came out as a distinctly better company at the end of the year as compared to what we were at the beginning of the year.

Global Depositary Receipts(GDR's)

Your Company has been in a constant endeavour to get to the next level in its services and offerings has been facing the pressure for liquidity. The company has commenced the follow on offering of its GDR. The company has obtained in-principal approvals from the Bombay stock exchange and also the Bangalore stock exchange where the equity share of the company is listed. The company is in the process of concluding the offering to secure funds for its long term working capital requirements.

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 Pawan Kasera and Sri K Koteswara Rao are to retire at the conclusion of this annual general meeting and being eligible offer themselves for reappointment. The Board of Directors recommends 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 comprises eight members (inclusive of three executive directors and four 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.Chandra Sekhar	Director-Finance
4) Mr. K. K. Rao	Non-Executive Director
5) Mr. Shankar Khasnis	Independent Director
6) Mr. Pawan Kumar Kasera	Independent Director
7) Dr.D.Jayarami Reddy	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 the Committee looks after the financial reporting process to ensure proper disclosure of financial statement, recommending appointment/ removal of external auditors and fixing remuneration.

Audit committee has been reconstituted as follows.

1) Mr. Pawan Kumar Kasera	Chairman
2) Mr. D J Reddy	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 31st March 2010 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Development:

The fiscal year 2009-10 can be described as a year of economic turbulence. The mortgage and fiscal crisis took on the global economy, followed by unemployment, declining GDP and weakened demand environment. IT industry was also affected adversely by this turmoil. The technology related spending was reduced drastically. There was insignificant uptick in the demand scenario and pricing pressures were felt across the industry. Some companies had to down size their operation while the others were delaying the payments and deals.

With the rapidly changing macro-economic scenario, customer demands and expectations have also changed. Customers are maintaining a cautious approach while spending money on their IT requirements. They are also looking for optimum utilization of that money by deriving maximum value in the products and solutions offered. This has emphasized the need for transformation in business models and service delivery, while bringing in more flexibility. The industry is looking to diversify beyond its key offerings and markets, defining new business and pricing and payment models, transforming the delivery process through technology innovation and thus ensuring cost efficiency.

Structural changes:

Changing Customer Demand Customer requirements are changing as they expect IT to play a key role in increasing their enterprise value. This doesn't focus on simple cost cutting

measures but transformation needs to be done in business processes, workforce practices, operation logistics, sales and marketing methodology and information use.

Emergence of new models Companies understand the significance of IT to the economic performance which extends beyond managing expenditures. Emergence of SaaS and cloud computing, shared services, and more selective outsourcing are some new priorities to address constrained IT budgets.

New markets The traditional markets of US and Europe have always been the core growth markets for the IT industry. In verticals, BFSI has been the dominant industry vertical for majority of the IT companies till now. The revival in the overall IT spend was driven by recovery in North America and BFSI, while the emerging markets like APAC and emerging verticals like retail/healthcare and Energy & Utilities have further contributed to the positive news.

Varied offerings Indian IT service offerings have grown from application development and maintenance, to end-to-end solutioning, with testing services, engineering and R & D services, infrastructure services, consulting and system integration. These are the new service areas for increased IT spending.

Innovation IT industry has been developing its capabilities to bring in transformation in the business processes through increased R & D spend. Now the IT companies are more focused

on IP creation, development of new technologies including process and business model innovation and increased domain expertise. There has been a 29 times increase in patents over FY2005-FY2008, and average R & D spend of 1 per cent of revenues. (Source: NASSCOM SR 2010)

Green growth There is an emerging green revolution where the industry looks forward to develop a business model that is not only competitive but sustainable with minimum ecological footprint. The industry is estimated to aggregate revenues of USD 73.1 Billion in FY2010, with the IT software and services industry accounting for USD 63.7 Billion of revenues. Export revenues are estimated to gross USD 50.1 Billion in FY2010, growing by 5.4 per cent over FY2009, and contributing 69 per cent of the total IT-BPO revenues. Software and services exports (including BPO) are expected to account for over 99 per cent of total exports, employing around 1.8 million employees.

The engineering design and products development segments that involve IP driven service capabilities command an exports revenue share of 20 per cent, generating revenues of USD 10 Billion in FY2010, growing by 4.2 per cent. The demand scenario has improved in the last two quarters of FY 2009-10 with improving deal flow, volume growth, stable pricing and faster decision making cycle. These improving economic conditions indicate towards return of customer confidence and growth revival.

IT services is expected to grow by 2.4 per cent in 2010, and 4.2 per cent in 2011 as companies coming out of recession are now looking at IT for achieving the competitive edge. (Source: NASSCOM SR 2010)

Company's Focus and Strategy:

Challenges:

The industries to which we offer our services and solutions have been badly hit by this downturn. Manufacturing industry has been the worst impacted with manufacturers reducing their capacity utilization, cutting down on the overall IT spends and halting the discretionary IT projects.

There is a new challenge as manufacturers need to save costs to protect their financial results, while they also need innovative products and solutions to retain the existing and acquire the new customers.

Opportunities:

The economic challenges have provided an impetus to create new growth opportunities. As companies have been fighting the economic turmoil, they never lost sight of their client demands. A "new normal" business environment has been established in the industry, where companies with customer focus, innovative offerings and with a competitive cost base will only survive.

Manufacturing companies are looking at IT to bring in flexible and cost effective manufacturing and thus increase the value for its customers.

There is a demand growth for more customer facing applications like SCM, CRM and BI applications. Cloud computing is another area which may drive the IT need of manufacturing industry during the year mainly due to its manageable IT infrastructure and cost effectiveness. The mid-market segment remains a major growth avenue for enterprise application software. Green IT is the new development in this industry with corporations focusing on saving power and energy and working on sustainable models which are environment friendly.

Although companies are looking at improving internal IT processes and reducing costs, they continue to invest in innovation. Some businesses still have the resources to invest in IT to retain customers and gain competitive advantage as they realized that a downturn can be a perfect time to undertake projects that impact future growth.

There is a widening growth gap between the emerging markets and traditional mature markets like US and Europe. We also believe that emerging markets would be at the forefront of the overall growth.

Our Focus

Due to the economic downturn, we faced a major pounding as we were principally focused on the manufacturing and services industries.

As now significant investments are happening in the areas of Health Care and Telecom domain we are using our Business IT and embedded software capabilities to build world class products

in the area of Healthcare and Mobile Applications.

Your company has about 39 products out of which the following 13 products are receiving higher traction.

- Hospital Management
- Asset Management
- Inventory Management
- Human Resource Mgmt
- Pharmacy Management
- Recruitment Management
- Corporate Information Mgmt
- Customer Relationship Mgmt
- Online Billing
- Contract Management
- Purchase Management
- Food Court Mgmt
- ERP for Small Business

Your Company is also a reseller and integrator of Microsoft and Oracle Products and Applications

Your company is also a partner and reseller of Symantec Antivirus.

Your company is also a registered Partner Member for IBM Products

Your company is also working on Mobile Application platforms and is building up teams and partnerships in this space.

Your company proposes to ramp up its presence in the Health Care Practice and is continuously enhancing the application through innovations, partnerships and enhancing its team size.

Further your company is also strengthening its presence in the consulting space in the domestic markets which is showing signs of improvement.

Safe Harbour Statement

Certain statements in this Annual Report concerning our company's growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements.

The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding fluctuations in earning, intense competition in IT services and general economic conditions affecting industry.

Financial /operational performance:

1. Revenues

Revenue for the year ended 31st March, 2010 is Rs. 1163.34 lacs as compared to 2092.82 lacs the same period last year.

2. Operating Expenses

The ratio of operating expenditure to total income has marginally increased by 1.09% over the same period last year.

3. EBIDT

The EBIDT was at 30.98% for the year ended 31st March, 2010 as compared to 28% for the same period last year.

4. Profit after Tax

Profit after Tax was at 5.07% for the year

ended 31st March, 2009 as compared to 12.32% for the same period last year.

5. Interest and Borrowings

During the year the Company has incurred interest cost of Rs 36.80 lakhs on its Term Loan, Lease Rent Discounting, Hire Purchase Loans and others

6. Capital Employed

The Return on Average Capital Employed (ROCE) for the year ended 31st March, 2010 was 0.72% as compared to 2.71% for the same period last year.

7. Net Worth

The Return on Average Net worth (RONW) for the year ended 31st March, 2010 was 0.72 % as compared to 2.84% for the same period last year.

8. Fixed Assets

The Company added to its fixed assets amounting to Rs 0.44 Lakhs. The additions were mainly attributable to replacement of Infrastructure, Computers, Peripherals and Networking Equipment. Other additions include product development and Software Product Costs.

8. Cash Generation

Cash generated from operations was Rs (521.27) for the year ended 31st March, 2010