



**CYBERMATE
INFOTEK LIMITED**

We win, when you win!

An ISO 9001:2008 Company



17th ANNUAL REPORT 2010-11

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 KHASNIS	- 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.
State Bank of Travancore.

**REGISTERED OFFICE &
SOFTWARE DEVELOPMENT CENTRE:**

#11, Sripuri Colony,
Kakaguda, Karkhana,
Secunderabad-500015
e-mail: info@cybermateinfotek.com
url : www.cybermateinfotek.com

NOTICE

Notice is hereby given that the 17th Annual General Meeting of the shareholders of the company will be held on Friday the 30th September 2011 at 10.00 A.M. at Belsons Taj Mahal Hotel, IV Floor, 82, Main Guard Road, Behind MCH Swimming Pool, Secunderabad - 500003, 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 2011 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 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.”

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

“RESOLVED THAT Dr.D.Jayarami Reddy, 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 M/s P.MURALI & CO, Chartered Accountants, Hyderabad be and are hereby appointed as 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 in place of the retiring auditors M/s. B. RAMA RAO & Co., Chartered Accountants, Hyderabad, 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 terms of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), Memorandum and Articles of Association of the Company, Listing Agreements entered into by the Company with the Bombay Stock Exchange where the Company's shares are listed, and in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as may be applicable to the preferential issue of Equity Shares and other applicable regulations/guidelines of SEBI, if any, and subject to such conditions and modifications as may be

considered appropriate by the Board of Directors of the Company (hereinafter referred to as “the Board” which expression shall include any committees thereof for the time being to which all or any of the powers hereby conferred on the Board by this resolution, have been delegated) and subject to such consents and approvals of SEBI, Stock Exchanges, Government of India or such other bodies or authorities as may be required by law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals, and which may be agreed to by or any other authority as may be necessary for that purpose, the consent of the members of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more tranches up to 99,00,000 Equity Shares to the promoters and promoters group as detailed below, upon conversion of unsecured loans/ dues payable to the said persons (the dues payable is detailed at explanatory statement), at an issue price of Rs.10/- per Equity Share as determined in accordance with the preferential issue regulations given in chapter VII of SEBI (ICDR) Regulations 2009 and subsequent amendments thereto:

Sl. No.	Name of the proposed Allottee	No. of Equity Shares proposed to be allotted
1.	P. C. Pantulu	85,50,000
2.	K. S. Shiva Kumar	10,50,000
3.	P. Chandra Sekhar	3,00,000
	TOTAL	99,00,000

“RESOLVED FURTHER THAT the pricing of the equity shares to be allotted shall be

calculated in accordance with the SEBI's Preferential Issue Regulations with reference to the 'Relevant Date’”

The “relevant date” for the purpose of pricing of the resultant share is 31.08.2011 i.e. thirty days prior to the date on which this General Meeting is held in terms of Section 81(1A) of the Companies Act, 1956 (AGM to be held on- 30.09.2011).

“RESOLVED FURTHER THAT the Equity Shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for which the book closure or the Record Date falls subsequent to the allotment of Equity Shares.”

“RESOLVED FURTHER THAT the aforesaid equity shares shall be subject to lock-in requirements as per the provisions of Chapter VII of SEBI (ICDR) Regulations 2009”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to modify and decide the price, terms and conditions of the Issue of the equity shares, if necessary, keeping in view the provisions of various Acts and Regulations in force from time to time, subject to that the issue price shall in no case be less than the price determined as per the Preferential Issue Regulations as provided in Chapter VII of SEBI (ICDR) Regulations 2009.”

“RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to agree and accept all such

condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in this regard for implementation of this Resolution, issue and allotment of equity shares and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

"RESOLVED FURTHER THAT the Company do apply for listing of the new equity shares"

"RESOLVED FURTHER THAT the Company do make an application to the Depositories for admission of the new equity shares"

"RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or any other officer or officers of the Company to give effect to the said resolution."

By the order of the Board

For Cybermate Infotek Limited

Place : Secunderabad
Date : 30th August 2011

P.C. Pantulu
Managing Director

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 2011 to 30th September 2011 (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

ANNEXURE TO THE NOTICE

ITEM NO.2:

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

Sri Shankar Khasnis is 45 years old. He is a B.E. He has over fifteen years (15) of experience in areas of IT and ITES. Presently he is the CEO of M/s Feedback Business Consulting Services Private Limited. He is an independent director on Board of CIL. He joined the board of CIL on December 28, 2005.

ITEM NO. 3:

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

Dr.D.Jaya Ramireddy is 63 years old. He is an MBBS from Karnataka University, Dharwad. He is a medical practitioner and has worked in many hospitals managed by various industries in India and abroad. He is an independent director on the board of CIL. He joined the board of CIL on 31st January 2008

EXPLANATORY NOTES PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956 FOR SPECIAL BUSINESS

FOR ITEM NO. 5

The following disclosure for the preferential issue of Equity Shares is made in accordance with the provisions of Chapter VII of SEBI (ICDR) Regulations 2009 ("the Regulations").

(i) OBJECTS OF THE ISSUE:

In order to settle the promoter and promoter group unsecured loans and dues amounting to Rs.990 Lakhs in the books of accounts as on 31.03.2011 and at the same time to reduce the debt of the Company, it is proposed to issue equity shares on a preferential allotment basis upon conversion of cited unsecured loan payable to promoters and promoter group.

The proposed preferential allotment of Equity Shares will strengthen the Capital Base position of the Company.

(ii) INTENTION OF THE PROMOTERS / DIRECTORS / KEY MANAGEMENT PERSONS TO SUBSCRIBE TO THE OFFER:

The present promoters of the Company, Mr. P C Panthulu, Mr. K.S. Shiva Kumar and Mr. P Chandra Sekhar will subscribe to this preferential allotment of Equity Shares. Other than the within mentioned, None of the Directors / Key Management Personnel intends to subscribe to this offer.

(iii) CHANGE IN CONTROL:

There is no change in the management of the Company pursuant to the issue of Equity Shares on Preferential Allotment Basis.

(iv) SHAREHOLDING PATTERN OF THE COMPANY BEFORE AND AFTER THE PROPOSED ISSUE OF EQUITY SHARES:

Category of the Shareholder	Before the Issue		After the Issue	
	No. of Shares	As a %	No. of Shares	As a %
Promoter and Promoter Group	825355	01.32	10725355	14.81
Public	61716607	98.68	61716607	85.19
Total	62541962	100.00	72441962	100.00

(v) LOCK IN PERIOD:

The Equity Shares to be allotted to Mr. P C Panthulu, Mr. K.S. Shiva Kumar and Mr. P Chandra Sekhar under the proposed offering shall be subject to lock-in for a period of 3 years from the date of allotment of Equity Shares as prescribed under the Regulations.

(vi) PROPOSED TIME WITHIN WHICH ALLOTMENT WILL BE COMPLETED

The Company will complete the allotment of shares within a period of 15 days from the date of passing of the special resolution by the shareholders or where the allotment on preferential basis requires any approval by any regulatory authority or Central Government, the allotment of shares will be completed within 15 days from the date of such approval.

(vii) SEBI TAKE OVER CODE:

The promoter and Promoter Group of the company are allowed to acquire upto 15% in terms of Regulation 10 of SEBI Takeover Code. In the present case the allotment of Equity Shares to the promoters will not attract the SEBI Takeover code and therefore they are not under Compulsion to give open offer to the public.

(viii) HOLDING OF SHARES IN THE DE-MAT ACCOUNT, NON-DISPOSAL OF SHARES BY THE PROPOSED ALLOTTEES AND LOCK-IN PERIOD OF SHARES.

- The entire shareholding of the proposed allottees in the company, if any, is held by them in dematerialized form.
- The entire pre preferential allotment shareholding of such allottees shall be under lockin from the relevant date up to a period of six months from the date of preferential allotment.
- The shareholders who have sold their shares during the six months period prior to the relevant date shall not be eligible for allotment of shares on preferential basis.

(ix) CERTIFICATE FROM AUDITORS:

M/s. B Ramarao & Co., Chartered Accountants, Statutory Auditors of the Company, have certified that the proposed preferential issue is being made in accordance with the requirements contained in the Regulations.

A copy of the said certificate is available for inspection by the shareholders at the Registered Office of the Company on all working days except Public Holidays, Saturdays and Sundays between 3.00 p.m. and 5.00 p.m. prior to the date of the Seventeenth Annual General Meeting and will also be available for inspection at the Meeting.

(x) DETAILS OF PROPOSED ALLOTTEES AND PERCENTAGE OF PRE AND POST ISSUE CAPITAL HELD BY THEM:

Name of the Proposed Allottees	Pre- Issue		Post Issue	
	No. of Shares	As a %	No. of Shares	As a %
P. C. Panthulu	763070	1.22	9313170	12.86
K. S. Shiva Kumar	11010	0.02	1061010	01.46
P. Chandra Sekhar	2850	0.00	302850	00.42

(xi) PRICING OF PREFERENTIAL ISSUE:

The above Equity Shares will be issued and allotted at a price not less than the higher of the following in terms of the Regulations:-

- a. The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date; or
- b. The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date;

The price per share calculated in accordance with the Regulations works out to less than the face value of Rs.10/- of the Share, Hence the allotment will be made at face value i.e.Rs.10/- per share.

Explanation:

- [i] Relevant date for the purpose of this clause means the date thirty days prior to the date on which the meeting of general body of shareholders is held in terms of Section 81 [1A] of the Companies Act, 1956 (including any amendment to or re-enactment thereof) to consider the proposed issue, which relevant date, in the present case, is August 31, 2011.
- [ii] Stock Exchange for the purpose of this clause means any of the recognized stock exchanges in which the shares are listed and in which the highest trading volume in respect of shares of the company has been recorded during the preceding six months prior to the relevant date, in the present case being the Bombay Stock Exchange Limited

Section 81 of the Companies Act, 1956 provides, inter alia, that whenever it is proposed to issue further shares, such shares shall be offered to the existing shareholders of the Company in the manner laid down in the said Section, unless shareholders decide otherwise in

the general meeting by way of a Special Resolution. The Regulations require that when a listed company proposes to make a preferential allotment of equity shares, the notice of the meeting, including the explanatory statement, must make the disclosures mentioned above.

Accordingly, the consent of the shareholders is being sought pursuant to the provisions of Section 81 (1A) and other applicable provisions of the Companies Act, 1956, Chapter VII of SEBI (ICDR) Regulations 2009, and in terms of the provisions of the Listing Agreement to issue and allot Equity Shares as stated in the Special Resolution.

Your Directors recommend the approval of the above said resolutions

Except as Shareholders, none of the directors of the company are in any way concerned or interested in the above resolutions.

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members are requested to register their e-mail addresses in respect of electronic holdings with the depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send their e-mail address to the following :

- 1. secretarial@cybermateinfotek.com**
- 2. info@aarthiconsultants.com**

By the order of the Board
For Cybermate Infotek Limited

Place : Secunderabad
Date : 30th August 2011

P.C.Pantulu
Managing Director

Directors' Report:

To the Members,

Your Directors have pleasure in presenting their 17th Annual Report of the business and operations of your company for the year ended the March 31st 2011.

Financial Results:

	(Rs. in lakhs)	
	2010-11	2009-10
Operational Income	1267.39	1163.34
Other Income	32.53	54.70
Incr/(Decr) in Stock	45.02	246.77
Total Revenues	1344.95	1464.82
Profit before Depreciation,		
Interest & Tax	421.10	360.44
Depreciation	242.06	240.89
Interest	47.21	36.80
Profit before Tax	131.83	82.74
Provision for Tax	44.37	8.52
Profit after Tax	87.45	74.22

Overview of Operations:

The Year 2010-11 can be seen as a year of mild recovery with a cautious approach. To be part of the recovery path we took some strategic decisions on the industry focus, positioning the products and services of the company. As a part of these decisions we identified segments/revenue streams the company intends to focus on.

While the company was able to get the attention of a good number of mid-sized customers the challenge always remained on working capital

needs to sustain the sales and delivery cycles for custom built software applications.

The products of the company are finding reasonable acceptance in the domestic markets in Telecom, Engineering and Retail Verticals. However those products need continuous up gradation to keep up with the trends in the industry.

The company is also working with larger IT Companies to provide skilled manpower. The company continues to resell third party product and the segment looks promising.

In order to scale up its operations the company is waiting for an opportune time to proceed with its fund raising plans.

These plans are backed by recommendations on emerging market ideas in IT Services.

Global Depositary Receipts (GDR's)

Your Company has been in a constant endeavor 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 Shankar Khasnis and Dr.D.Jayarami Reddy, Independent Directors are to retire at the conclusion of this annual general meeting and being eligible offer themselves 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 comprises seven 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 2011 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.