



19th Annual Report 2012-13



We win, when you win!

An ISO 9001:2008 Company



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 KASERA	- Director
Dr.D.JAYARAMI REDDY	- Director

AUDITORS:

P.MURALI & CO
Chartered Accountants ,
Somajiguda.
Hyderabad

BANKERS:

State Bank of Travancore.
ICICI Bank Ltd
Axis Bank Ltd

REGISTERED OFFICE &

SOFTWARE DEVELOPMENT CENTRE:

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

INDEX

Contents	Page No
Notice.....	3
Director's Report.....	6
Report on Corporate Governance.....	15
Auditor's Report.....	22
Balance Sheet.....	26
Statement of Profit and Loss.....	27
Cash Flow Statement.....	28
Notes.....	32

NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the shareholders of the company will be held on Monday the 30th September 2013 at 10.00. A.M. at HOTEL TAJ TRISTAR, AT "SAFFRON", 1-1-40, SEVEN HILLS, SAROJINI DEVI ROAD. 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 2013 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 Sri 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 on such remuneration as may be fixed in this behalf by the Board of Directors of the Company."

By the Order of the Board
For Cybermate Infotek Limited

Place: Secunderabad
Date 29-08-2013

P.C.Pantulu
Managing Director.

NOTES:

1. 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 28th September 2013 to 30th September 2013 (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.
6. 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

ADDITIONAL INFORMATION
(as per Clause 49 of the listing agreement):

(As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below:)

BRIEF PROFILE OF THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AT THE AGM:

Name of Director	Mr. Shankar Khasnis
Expertise in specific functional area	Management Consultant
Date of Birth	25-06-1966
List of other Companies in which Directorship is held as on 31st March, 2013	NIL
Chairman/member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2013	2

Name of Director	Dr.Devarapalli Jayarami Reddy
Expertise in specific functional area	Medicine
Date of Birth	01-07-1945
List of other Companies in which Directorship is held as on 31st March, 2013	NIL
Chairman/member of the Committees of the Board of other Companies in which he is a Director as on 31st March, 2013	2

Directors' Report

To the Members,

Your Directors have pleasure in presenting their 19th Annual Report of the business and operations of your company for the year ended March 31st 2013.

Financial Results:

	INR-LAKHS	
	2012-13	2011-12
Operational Income	1237.62	1218.31
Other Income	75.00	56.41
Total Revenues	1312.62	1274.72
Incr/(Decr) in Stock	--	-349.72
Profit before Depreciation,		
Interest & Tax	336.96	296.28
Depreciation	255.67	252.69
Interest	75.51	29.69
Profit before tax	5.78	13.90
Extra-ordinary Items/Prior Period Adjustment Income		
(a) Grant from Govt. of Nagaland	--	10.00
(b) Security Deposits	--	59.43
Expenditure		
(a) Deferred tax - Past Years	--	(223.87)
Profit Before Tax	5.78	(140.53)
Provision for tax	60.77	--
Deferred Tax-Current Year	-60.89	--
Profit after Tax	5.90	(140.53)

Overview of Operations:

During the previous year the company continued its efforts to market its products and services in the domestic and overseas markets. The lack of

working capital support from any bank or financial institution has continued to cripple the operations of the company.

The turnover of the company has increased marginally by 2.97 % over the previous year. During the year under review the company registered a marginal profit as against a loss in the previous year

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 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 seven members (inclusive of three executive directors and four Independent directors). The 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 constituted as follows.

- | | |
|---------------------------|----------|
| 1) Mr. Pawan Kumar Kasera | Chairman |
| 2) Mr. Dr. J Reddy | Member |
| 3) Mr. K K Rao | Member |

Directors' Responsibility Statement

(As per 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 2013 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.

Subsidiary Companies

The statement pursuant to Section 212(1) (e) of the companies Act 1956 in respect of the subsidiaries is attached.

The Company has two Wholly Owned Subsidiaries viz

1. Cybermate Infotek Limited Inc at U.S.A
2. Cybermate Infotek Ltd F.Z.E at Hamriyah Free Zone, Sharjah, U.A.E.

The operations of the US Subsidiary remained dormant since the year 2002.

Further, the subsidiary company at U.A.E was incorporated in January 2008 and advances have been paid for acquisition of products for marketing in the Middle East regions.

Subsequently, due to the slowdown in economy the company has postponed its plans for commencement of its operations. The company is confident of marketing its offerings once the economy improves and will be in a position to present its financial statements.

Demerger

The Board of Directors has approved a scheme of Demerger of some of the activities of the company into separate companies. The scheme is being finalized and will be informed to the shareholders at the appropriate time.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Development:

HMIS is an essential part of any hospital in India that has more than 50 beds. It is widely accepted

that it is not possible to manage large hospitals without an effective HMIS system in place. As regards status of the HMIS market in India, we seem to be at an earlier stage of the adoption curve and only the thought leaders and quality focused hospitals have made a serious attempt at making the HMIS the central system around which the hospital functions. With much of the care documentation being paper based, the shift to HMIS has been slow. However there are a couple of recent trends that we have seen which can help increase HMIS adoption in the market.

The first is that competition among hospitals is increasing as the number of hospitals increases. Some hospitals have recognised that the HMIS is a quality differentiator and something that enhances branding and can therefore pull in patients. Surprisingly this trend is more evident in the rural areas where hospitals with an HMIS in place perceive immediate branding benefits, leading to higher occupancy levels in the medium term. The second trend and perhaps a critical factor is that hospitals are slowly becoming aware of the requirements for an EMR as mandated in the Indian Government's Clinical Establishments act of 2012. The realisation that this will become inevitable and an HMIS is required to meet this need, will result in a rapid increase in HMIS adoption.

The expected growth of hospital beds, the Healthcare IT market is expected to grow @ about USD 160M per year. Whereas in reality India has been able to add only 10k-15k beds every year for past 5 years.

The Healthcare IT market is currently growing @ about USD 30M per year.

Therefore Total Healthcare-IT market size \$ 534M. Currently growing every year @ 5-6%. If

the new hospital infrastructure picks up speed, then we can expect the market to grow @ 31% every year.

Company's Focus and Strategy:

The complex healthcare regulatory environment in India gives such impression that the healthcare professionals need to use most of their time in complying with the healthcare regulations than to their work. The biggest challenge which would limit the acceptance levels of the Indian healthcare fraternity is the dumping of west-focussed solutions on Indian systems. There are several firms who have developed products and solutions while working with Payers and Providers in US, Europe or Singapore and then try to implement the same 'out of box' solution in India without any significant alignment to local requirements. What this ends up doing is increase the skepticism of healthcare professionals, especially clinics/Nursing Homes.

We have focused on customizing the application to small and medium hospitals with a module based approach.

Apart from the health care domain the company has been providing IT Services to Energy, Engineering and Telecom domains.

Further the company is evaluating the possibility of entering into new service area(s) in the IT Services space pertaining to telecom domain.

Challenges:

IT is a great enabler, however it is not itself a solution. IT can help use information better; IT can be just the tool and should not be used as replacement”.

The market is extremely price sensitive, it is looking for solutions on the public cloud with an opex model. Almost all healthcare organisations don't want to own any capex. However, they are most concerned about the data security because India lacks any data security act.

The funny thing is that most hospitals budget for IT as a support function and not as a core business enabler. Therefore, it gets a very low priority. Also, they invest in IT because it's the thing, not because they need to solve a business problem. No one can call any IT implementation a success because the success criteria were never established. The large hospital chains have now started investing into large deals way beyond their budget because they have burnt their fingers with fly-by-night operators; but it is still not clear to them as to what they want out of it!

There are three milestones on the journey to connected health:

1. Healthcare IT adoption: The planning, construction and use of a digital infrastructure.
2. Health information exchange: The exchange of captured health information between Clinics/ Nursing Homes, across administrative groups and with patients.
3. Insight driven healthcare: The use of advanced analysis of data to better inform clinical decision making, population health management and the creation of new care delivery models.

As the functionality and adoption of connected health increases across the health system, so does the potential for increased benefits and the creation of greater levels of value.

Opportunities:

The market is divided into large Governmental projects, large hospital chain implementations, mid size hospitals and finally the smaller hospitals. While a few large institutional deals take the total market size into the hundreds of crores, a majority of the deals are smaller value deals struck between the mid and small sized hospitals and the smaller Indian healthcare IT companies like ours.

New hospitals are coming up in large numbers in urban as well as rural areas with single and multispecialty facilities. We also are seeing increased traction in existing hospitals who are upgrading their infrastructure to catch up with competition.

Apart from the Hospital Management Software, we are coming across opportunities in the services model on building up network infrastructure, data centres etc.

Our Focus

Indian healthcare systems have unique requirements in terms of billing and patient management. There are subtle but critical differences in the workflows followed by our hospitals in these areas and systems that are to service them need to address the realities of Indian hospitals. With multiple rate cards, multiple payers, complex 'package' treatments, and long collection cycles, the HMIS's abilities to handle the hospital's finances is critical for a successful implementation.

Our solutions offer a very comprehensive financial module that addresses the intricate requirements of the Indian market.