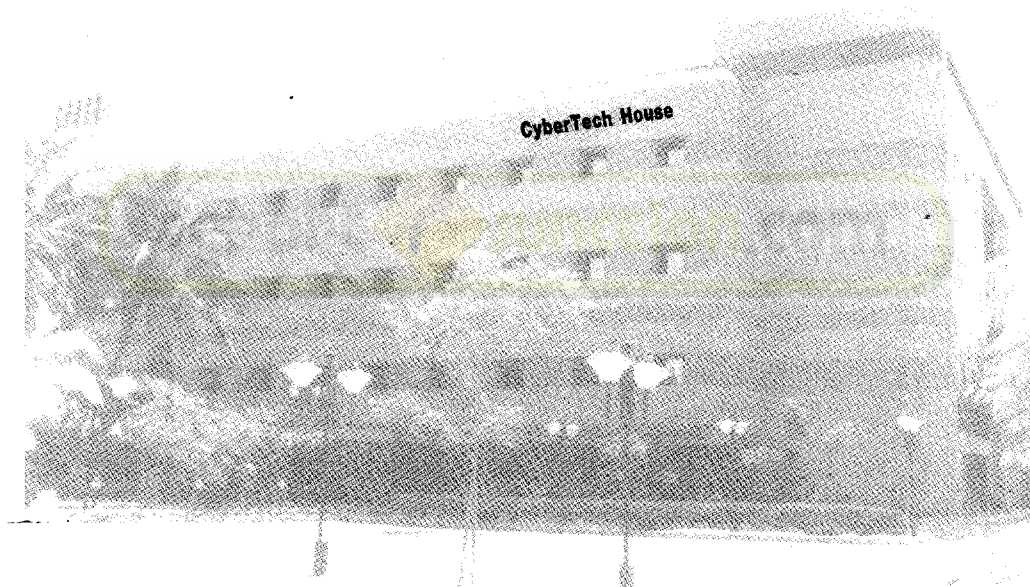




CyberTech

Systems and Software Limited



9th Annual Report 2003 - 2004

9th Annual Report 2003 - 2004

BOARD OF DIRECTORS

Mr. Viswanath Tadimety
Chairman

Mr. A. V. Rajwade
Director

Mr. A. R. Datar
Director

Mr. A. B. Shah
Director

Mr. Vijay Talele
Executive Director

COMPANY SECRETARY

Mr. S. P. Parab

AUDITORS

M/s. Lodha & Co.,
Chartered Accountants

SOLICITORS & ADVOCATES

M/s. Junnarkar & Associates.

BANKERS

State Bank of India

ICICI Bank Limited

**REGISTRAR & SHARE TRANSFER AGENT
(COMMON AGENCY)**

Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai- 400 078.

REGISTERED OFFICE

'CyberTech House'
Plot No.B - 63/64/65, Road No.21/34
J. B. Sawant Marg, MIDC,
Wagle Estate, Thane (West) - 400 604

CONTENTS

Board of Directors	1
Chairman's Communication	2
Notice	3
Directors' Report	9
Management Discussion and Analysis Report	14
Corporate Governance	15
Auditors' Report	20
Balance Sheet	22
Profit and Loss Account	23
Cashflow Statement	24
Schedules and Notes	26
Consolidated Accounts	39
Statement Pursuant to Section 212	51
Accounts of Subsidiary Companies	52
Information for Shareholders	83
Proxy Form	85



CyberTech Systems
and
Software Limited

FROM THE CHAIRMAN'S DESK

Dear Shareholders,

17th November, 2004

The year ended 30th June, 2004 marks a period of marked change for the company. We have combined CyberTech's US business operations with our Indian operations by means of an acquisition as of 1st October, 2003. This provides your company with more control over sales and a stronger, sales oriented front-end in the United States along with its delivery oriented service offerings from India. As a part of this reorganization, administrative and delivery functions were consolidated in India.

The combined company along with its US Subsidiary is focused heavily on winning offshore support engagements. These contracts tend to be longer in duration providing stability and better predictability to our business. They also generate more attractive gross margins providing good profitability.

We also remain committed to continuing to provide reliable implementation services as well as software development and support services for our customers in SAP, GIS and other technology areas. Your company received the "ESRI Partner In Excellence" award in February 2004. As an alliance partner of ESRI, we have been deploying cutting edge GIS (Geographic Information Systems) solutions utilizing their comprehensive product suite.

As a part of our reorganization, the practice, delivery and back office administrative functions of the combined company are now being managed from India. This has resulted in a substantial reduction of the costs for the company. Headcount in the US was reduced to focus primarily on sales efforts and delivery of on-site implementation services. At the same time we have increased our efforts in India to attract additional talent to our ranks.

At this point our organization is simple to understand. We sell our services primarily in the US and deliver whenever possible from India. However, we manage the business on a combined basis. Currently, a higher percentage of our revenue is generated by on-site delivery than revenue generated in India. However, during the year, we have increased our percentage of India revenue and expect continued improvement. Accordingly, for reporting purposes, we will generally produce more profitability in the US than in India until the percentage of India delivered business increases.

Following in this year's Annual Report to shareholders you will find highlights of the combined organization (consolidated) results as well as results for the stand alone Indian organization. Your company's consolidated results have improved throughout the year to the point that they are cash flow break even, a great improvement from the prior year's status. Consolidated revenue has increased 51% to Rs. 40.78 crores from Rs. 27.02 crores in the prior year, largely as a result of the combination of US and Indian operations. Net loss for the year improved from Rs. 12.88 crores to Rs. 2.95 crores. The Indian Company has a large non-cash fixed depreciation cost which negatively impacts results. We will continue to work to increase the offshore support business to more fully utilize our assets and bring profitability to the Indian operations.

Our fourth quarter results continued to show improvement at both the consolidated and Indian levels. Results from operations contributed positive cash flow during the quarter.

I would like to thank our dedicated board of directors for their leadership during this period, our management team led by Steven Jeske, Vijay Talele and Ravi Rengan for their great efforts in the last quarter and all customers and associates for their continued support of your Company.

On behalf of the entire organization, I would like to thank you for your continued support and co-operation.

With Best Regards,

Viswanath Tadimety

Chairman

9th Annual Report 2003 - 2004

N O T I C E

NOTICE is hereby given that the Ninth Annual General Meeting of the members of **CyberTech Systems and Software Limited** will be held on Wednesday the 22nd day of December, 2004, at the Registered Office of the Company at CyberTech House, Plot No. B - 63/64/65, Road No.21/34, J. B. Sawant Road, MIDC, Wagle Estate, Thane (West) - 400 604 at 4.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Company's audited Balance Sheet as at 30th June, 2004 and the Profit and Loss Account for the year ended as on that date along with Schedules and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A. V. Rajwade, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. Lodha & Co., Chartered Accountants, Mumbai, as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

4. To consider & if thought fit, to pass, with or without modification(s), the following resolution as **ORDINARY RESOLUTION**:

"RESOLVED THAT Mr. Vijay Talele, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 29th December, 2003 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, from a member proposing his candidature to the office of Directors, be and is hereby appointed as a Director of the Company not liable to retire by rotation."

5. To consider, & if thought fit, to pass, with or without modification(s), the following resolution as **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the said Act' including any statutory modification(s) or re-enactment(s) thereof for the time being in force) approval of the Company be and is hereby accorded for the appointment of Mr. Vijay Talele as an Executive Director in the whole-time employment of the Company, for a period of three years with effect from 1st, January, 2004 upon the terms and conditions, approved by the Board at its meeting held on 29th December, 2003."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to alter, vary and modify the said terms including salary, allowances and perquisites in such a manner as may be agreed to between the Board and Mr. Vijay Talele within and in accordance with and subject to the limits prescribed in Schedule XIII to the said Act, and, if necessary, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board and Mr. Vijay Talele."

"RESOLVED FURTHER THAT notwithstanding anything hereinabove stated, where in any financial year, during the currency of the term of Mr. Vijay Talele as Executive Director of the Company, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary and perquisites not exceeding the limits specified in Schedule XIII of the Companies Act."

"RESOLVED FURTHER THAT the directors of the Company are hereby authorised to do all such acts as are necessary to give effect to the above resolution."

6. To consider & if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT Mr. Arun B. Shah who was appointed as an Additional Director of the Company by the Board of Directors with effect from 23rd April, 2004 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, from a member proposing his candidature to the office of Directors, be and is hereby appointed as a Director of the Company liable to retire by rotation."

7. To consider, & if thought fit, to pass, with or without modification(s), the following resolution as **SPECIAL RESOLUTION**:

"RESOLVED THAT in partial modification of the earlier Resolution no 6 passed at the Seventh Annual General Meeting of the Company held on 27th December, 2002, and Resolution No.7 passed at the Eighth Annual General Meeting held on 29th December, 2003 and in accordance with the provisions of section 79A, 81 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof), and in accordance with the provisions of the Memorandum and Articles of Association of the Company and the regulations/



CyberTech Systems
and
Software Limited

guidelines prescribed by the Securities and Exchange Board of India (SEBI) or any other relevant authority, from time to time, to the extent applicable and subject to such approvals, consents, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to amend the existing ESOP 2000 to the extent as set out in the Explanatory Statement and to grant to such employees as are defined under clause 2(e) of the ESOP Plan 2000, as may be decided solely by the Board, an option as per the amended ESOP to subscribe to such number of equity shares of the Company of the face value of Rs.10/- each, and therefor to issue, allocate and allot such number of Equity Shares of the Company at such price, in such manner, during such period, in one or more tranches and on such other terms and conditions as the Board may decide prior to the issue and offer thereof, not exceeding the aggregate of 5 per cent of the outstanding Subscribed Equity Shares of the Company as on the date of granting of the option."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to issue, allocate and allot such number of Equity Shares as may be required in pursuance of the above issue, and that the Equity Shares so issued, allocated and allotted shall rank in all respect pari passu with the existing Equity Shares of the Company save and except that such Equity Shares shall carry the right to receive either the full dividend or a pro-rata dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the Equity Shares shall become effective."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form and terms of the issue, the issue price and all other terms and matters connected therewith, to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, and to make and accept any modifications changes, variations, alternations, or revisions in the Scheme from time to time as may be required by the authorities involved in such issues or suspend, withdraw or revive the Scheme from time to time and to settle any questions or difficulties that may arise in regard to the issue."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the power herein conferred to any Committee of Directors, or any one or more Whole Time Directors or officers of the Company to give effect to the above resolutions."

By Order of the Board of Directors

S. P. Parab
Company Secretary

Registered Office :

CyberTech House
Plot No.B - 63/64/65, Road No.21/34, J. B. Sawant Road,
MIDC, Wagle Estate, Thane (West) - 400 604

Date : 17th November, 2004.

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. Proxies, in order to be effective, must be lodged with the Company not less than 48 hours before the time of the meeting.
3. The Explanatory statement as required under section 173(2) of the Companies Act, 1956 in respect of Items No.4 to 7 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 17th December 2004 to 22nd December 2004 (both days inclusive).
5. Members are requested to :
 - (a) notify immediately, change of address, if any, to the Company's Registrar and Share Transfer Agent, Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound , L.B.S. Marg, Bhandup (W), Mumbai - 400 078., if they are holding shares in physical form and to update such details with their respective Depository Participants (DPs), if they are holding shares in electronic form.

9th Annual Report 2003 - 2004

- (b) write to the Company for any information about accounts at least 10 days in advance of the Annual General Meeting and
 - (c) bring the copy of the Annual Report along with them and to produce the Attendance Slip at the entrance of the Meeting Hall.
6. In terms of the amendments to Section 205A and Section 205C of the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years from the due date of payment is required to be transferred to the Investors Education and Protection Fund. Thus, the members who have yet not encashed their dividend warrant may approach the Company for revalidation/ issue of duplicate dividend warrant.
 7. Members/Beneficial Owners are requested to quote Folio No./DP and Client ID Nos. as the case may be, in all correspondence with the Company.
 8. Members are requested to give their valuable suggestions for improvement of investor services and are also advised to quote their e-mail IDs, telephone/facsimile number for prompt reply to their communications.
 9. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days, except Saturdays, Sundays and Holidays, between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting.
 10. The Company's Equity Shares are listed on The Stock Exchange, Mumbai and The National Stock Exchange of India Limited. The Company has paid the annual listing fees for the financial year 2004 - 2005 to the above referred Stock Exchanges.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 4 & 5: Appointment of Mr. Vijay Talele**

I The information as required under Schedule XIII Part II section II 1(B)(iv) is given below:

GENERAL INFORMATION:

1. Nature of Industry: Information Technology
2. Date or expected date of commencement of commercial production: Not Applicable
(The Company is an existing Company)
3. In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing the prospectus: Not Applicable
4. Financial performance based on given indicators:

Particular Period:	1st July 2003 to 30th June 2004.
Total Revenue:	Rs. 726.63 Lakhs
Profit/(Loss) after Tax:	Rs. (454.01) Lakhs
5. Export performance and net foreign exchange earnings, if any: Revenue (Export): Rs. 658.22 Lakhs
6. Foreign Investment or collaboration, if any: The Company has investment in the following overseas subsidiaries/ Joint Venture:
 1. CyberTech Systems and Software Inc.
 2. CyberTech Europe
 3. Corliant Inc. (Joint Venture Partner)

II Information about the Appointee:**1) Background Details:**

Mr. Vijay Talele, 42, is a M. Tech. (Mechanical Engineering) from IIT Mumbai. Having over 18 years of IT industry experience, he brings with him a unique blend of experience in managing offshore delivery for Software Consulting and IT Management services. Having proven technical & general management ability with deep knowledge of the industry, he has experience in building up technical organizations with offshore projects execution capability and in building long-term customer relationships.

Prior to joining CSSL, he was associated with renowned IT companies like Tata Consultancy Services Ltd., Silverline



CyberTech Systems and Software Limited

Technologies Ltd., and Quinnox Consultancy Services Ltd., wherein he held Senior Management Executive position. At Quinnox Consultancy Services Limited he served as Director – Solutions Delivery for about a year managing the global solutions delivery, including projects delivery, projects pre-sales support, and quality. He was employed with Silverline Technologies for more than 9 years where he had created an enduring delivery organization having complementary skills, expertise and experience. He began his career with Tata Consultancy Services and where he has served for 7 years in different capacities.

2) **Past remuneration: New Appointment**

Last Remuneration drawn: His last drawn remuneration with Quinnox was Rs.35 Lakhs per annum.

3) **Job profile and his suitability:**

From the total of 18 years of rich experience in industry, 13 years were in managing offshore projects at On-site and Offshore. Of this, 11 years were in managing many large offshore accounts (one customer in TCS, 3 major customers of Silverline, 4 major customers of Quinnox). This also includes 5 years of experience in managing delivery units/groups (300+ staff) and delivery centers in India. During this period he, had successfully managed the global resource management of a 2500+ staff organization for about a year. He was also responsible for providing pre-sales support for last 7 years and managed worldwide pre-sales support team out of India for one year. He played a pivotal role in managing the Mumbai Delivery Center (350 staff) and strategic accounts of US Delivery Center (100 Staff).

Vijay has, in the last 1 year as Chief Delivery Officer and later on as an Executive Director, has transitioned CyberTech into an offshore centric service provider. Today CyberTech's complete operations, except Sales, is managed out of India. Vijay manages CyberTech consultants worldwide, managing projects, solutions development, project delivery and customer satisfaction.

Considering rich and dynamic portfolio in the IT field and in view of the strong background in the IT and his experience, the management appointed Mr. Vijay Talele as Chief Delivery Officer of the Company, on 9th April, 2003.

Subsequent to this, considering the multifarious responsibilities shouldered by Mr. Vijay Talele, the Board at its meeting held on 29th December, 2003, appointed him as Additional Director. He was also appointed as Executive Director w.e.f. 1st January 2004 for a period of three years, subject to approval at the forthcoming Annual General Meeting. The Company has received a notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Vijay Talele for the office of Executive Director not liable to retire by rotation.

4) **Remuneration proposed:**

The details of salary component, perquisites and benefits as approved, were communicated to shareholders in the month of January, 2004, as required in terms of section 302 of the Companies Act, 1956, hence not specifically covered herein.

5) **Comparative remuneration profile with respect to industry, size of the company, profile of the position and person:**

The remuneration payable to the appointee has been benchmarked with the remuneration being drawn by similar positions in IT industry and such benchmark has been considered by the Compensation Committee/Board of Directors of the Company.

6) **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:**

The appointee has no pecuniary relationship directly or indirectly with the Company except of his shareholding in the Company.

III. OTHER INFORMATION:

1. **Reason for loss or inadequate profits:** Due to global downturn in software industry for last couple of years and higher operating cost, company had incurred losses so far.

2. **Steps taken or proposed to be taken for improvement:** The Company has combined CyberTech's US business operations with Indian operations by means of an acquisition as of 1st October, 2003. This has provided the company with more control over sales and a stronger, sales oriented front-end in the United States along with its delivery oriented service offerings from India. As a part of this reorganization, administrative and delivery functions were consolidated in India. This has resulted in a substantial reduction of the costs for the company.

The Directors recommend, that resolution be passed as reflected at Item No.4. & 5. None of the Directors except Mr. Vijay Talele is concerned or interested in the said resolution.

9th Annual Report 2003 - 2004

Item No. 6:

Mr. Arun B. Shah is a Chartered Accountant by qualification. He has a rich and varied experience in the field of International Banking, finance, and HR for more than 26 years.

He has served as the Managing Director of Champagne Indage Ltd.

To broaden the Board, the Board of Directors at their meeting held on 23rd April, 2004, appointed Mr. Arun B. Shah as an Additional Director of the Company and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Arun B. Shah for the office of Director liable to retire by rotation.

The Directors recommend, that resolution be passed as reflected at Item No.6. None of the Directors except Mr. Arun B. Shah is concerned or interested in the said resolution.

Item No. 7:

The Company had, on obtaining an approval from the Members at the Fifth Annual General Meeting held on 25th September, 2000, launched the Employees Stock Option Scheme. The shareholders at their meeting held on 27th December, 2002 modified the said ESOP and extended the benefit to all permanent employees of the Wholly Owned Subsidiaries (WOS). The Scheme was further amended by a Resolution passed at the Eighth Annual General Meeting to the extent that the limit of the new Equity Shares which shall be offered under this Plan in each financial year was enhanced to 5% of the outstanding fully paid-up Equity Shares of the Company.

The other terms and conditions of ESOP Scheme remain the same as incorporated in the resolutions passed by the Members in the fifth, seventh and Eighth Annual General Meetings respectively to the extent not inconsistent with the proposed resolution of extension and enhancement of limits of option to the employees / directors of subsidiaries.

The Board of Directors at its meeting held on 17th November 2004 accepted the recommendation of the Compensation Committee to amend the existing ESOP Scheme to incorporate the amendments to SEBI Guidelines.

The details of the variation to ESOP Plan 2000; the rationale therefor, and the details of the employees who are beneficiary of such variation are given below:

Variations:

- a) Clause No.10 (a) of the ESOP 2000 is being amended to provide that the option grant shall not be made below face (par) value of the Equity Shares being issued;
- b) Clause No. 4 is being amended to incorporate Clause No.11.2 (a) of the SEBI Guidelines, 1999 which provides as "No person other than the employee to whom the option is granted shall be entitled to exercise the option", as clause 4(b) of the existing ESOP;
- c) Clause No.2 (e) is being amended to include employees/directors working within or outside India in definition of "employee";
- d) Clause No.2(f) is being amended to incorporate the Clause 2(10) of the SEBI Guidelines about the definition of market price;
- e) Clause 10 is being amended to incorporate the clause No.7.5 of the SEBI Guidelines about the "Repricing" of the option by the Company;
- f) Some other clauses have been amended to make them more clarificatory in line with SEBI Guidelines;

Rationale:

These amendments to the existing ESOP Scheme 2000 are being made to bring in line the same with amended SEBI Guidelines and for more clarity.

The Company shall conform to the accounting policies specified by SEBI (Employees' Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 as amended, as may be applicable.

Section 81 of the Act provides, inter alia, that whenever it is proposed to increase the Subscribed Capital of a Company by a further allotment of shares, such shares shall be offered to the existing shareholders of the Company in the manner laid down in the said Section unless the Members in general meeting decide otherwise. To enable the Company to introduce the amendments to the ESOP (Scheme), the consent of the Members is required for issue of the shares in the manner set out in the Resolution at Item No.7.



**CyberTech Systems
and
Software Limited**

The ESOP was approved by the Members earlier which was amended twice as mentioned in the Resolution. It is now proposed to further amend the scheme to make it more explanatory and bring the same in line with the SEBI Guidelines issued in 1999 (as amended).

A copy of the existing ESOP Scheme with proposed amendments and the Memorandum and Articles of Association of the Company are available for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on any working days, except Saturdays, Sundays and Holidays up to the date of the ensuing Annual General Meeting.

The Directors who would be eligible to avail the benefits of the ESOP Scheme may be deemed to be concerned or interested in the said resolution to the extent of their eligibility. Save as aforesaid, none of the Directors of the Company is concerned or interested in the said Resolution. The Board commends the Resolution for acceptance.

Information pursuant to clause 49 VI (A) of the Listing Agreement-

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting as reflected under item no. 2 & 6 of the Notice.

Names of Directors	Mr. A. V. Rajwade	Mr. Arun B. Shah
Date of Birth	29.09.1936	13.12.1956
Date of Appointment	23.05.1995	23.04.2004
Qualification	B.Sc. (Hons.), CAIIB	B.Sc., F.C.A.
Experience in specific Functional Areas	Eminent Consultant in the areas of Foreign Exchange, Risk Management and Corporate Financial Services	Consultant in the areas of Financial and Income Tax matters.
Other Directorship	Sundaram Asset Management Co. Ltd. The Clearing Corporation of India Ltd. Royal Sundaram Alliance Insurance Ltd. Business Standard Ltd.	Champagne Indage Ltd. Champagne Vineyards Ltd. Sirius Capital Services Ltd. Prime Securities Limited Indage Hotels Ltd. Himachal Indage Ltd. Prime Broking Co. (I) Ltd.
Membership on Committees of other Companies	The Clearing Corporation of India Ltd. (Chairman, Risk Management Committee) Royal Sundaram Alliance Insurance Co. Ltd. (Member, Investment Committee) Sundaram Asset Management Co. Ltd. (Member, Audit Committee)	Prime Securities Ltd. (Chairman, Audit Committee & Member, Remuneration Committee) Champagne Indage Ltd., Champagne Vineyards Ltd. Champagne Vineyards Ltd. (Member, Share Transfer / Grievances Committee and Audit Committee)

By Order of the Board of Directors

Registered Office:

CyberTech House
Plot No.B - 63/64/65, Road No.21/34,
J. B. Sawant Road,MIDC, Wagle Estate,
Thane (West) - 400 604
Date : 17th November, 2004.

S. P. Parab
Company Secretary

9th Annual Report 2003 - 2004

DIRECTORS' REPORT

To
The Members,
CyberTech Systems and Software Limited

Your Directors have pleasure in presenting the Ninth Annual Report on the business and operations of your Company together with the Audited Accounts of the Company for the year ended 30th June, 2004. Included in this report are both separate company results for CyberTech Systems and Software Limited as well as consolidated results for the Company and its US subsidiary and its Joint Venture partner.

COMPANY FINANCIAL RESULTS:

(Rs. in Lakhs)

	2003-2004	2002-2003
Gross Revenue	726.63	986.43
Profit/(Loss) before Interest & Depreciation	(138.34)	(1,680.03)
Interest	-	-
Depreciation	277.55	340.70
Profit/(Loss) before tax	(415.89)	(2,020.73)
Provision for tax	-	-
Profit/(Loss) after tax	(415.89)	(2,020.73)
Free Reserves b/f from previous year	(2344.42)	(243.93)
Taxation of earlier years	38.12	79.76
Amount available for appropriations	(2798.42)	(2,344.42)
Appropriations	-	-
Balance to be carried forward	(2798.42)	(2,344.42)
Total Appropriations	(2798.42)	(2,344.42)

DIVIDEND:

In view of the continued losses incurred, the Board of Directors regrets its inability to recommend any dividend for the year under review.

REVIEW OF COMPANY'S OPERATIONS AND PERFORMANCE:

The company has seen an overall improvement in its operating results for the year with a reduction in loss after tax from Rs. 2021 Lakhs in the prior year to Rs. 416 Lakhs in the year under review. The company has continued its effort on reduction of cost and optimum utilisation of its available resources. The Employee cost of the company has been reduced by 12.77% and the Operating and Administrative expenses by 15% as compared to the previous year. Overall, overhead costs have been reduced by Rs.60.06 Lakhs. Your company has continued its effort to augment revenue generation. The company's investment in Corliant Inc. is continuing to support the Company's inter-networking practice and generates valuable revenue and experience on large customer projects for your Company's consultants.

The total revenue, during the year stood at Rs. 726.63 Lakhs as against Rs. 986.43 Lakhs in previous year, a reduction of around 26%. This is mainly due to restructuring of the business model during the year viz. changing the focus from onsite revenue billing and supplemental hardware sales to off-shore support revenue. There have been domestic sales of Rs. 11.47 Lakhs as compared to Rs 95.31 Lakhs in the previous year.

Also, as the company has decided to focus on its core area of operations viz. Offshore Software development and onsite services, there is only a negligible trading transaction of Rs.1.67 Lakh as compared to last year's Rs.111.86 Lakhs. Revenue from its joint venture partner has increased during the year to Rs. 250.46 Lakhs.

During the year, your Company has made a provision for doubtful debts of Rs. 44.75 Lakhs (previous year Rs. 146.21 Lakhs) on account of non-receipt of amounts due from an overseas customer. Though the customer is still committed to pay and has entered into a Memorandum of Understanding scheduling the payment of dues over a period of time, given the age of the debt and as a conservative measure, the Company opted to further provide for the amounts due from the said overseas debtor. There were no further one-time charges during the year.

After excluding the losses resulting out of provision for doubtful debts as stated above and the provision for depreciation amounting to Rs. 277.55 Lakhs, your Company's cash loss during the year, works out to Rs. 93.58 Lakhs.