

CyberTech

Systems and Software Limited



10th Annual Report 2004 - 2005

10th Annual Report 2004 - 2005

BOARD OF DIRECTORS

Mr. Viswanath Tadimety
Chairman

Mr. Anant Rajwade
Director

Mr. Ashok Datar
Director

Mr. Arun Shah
Director

Mr. Vijay Talele
Executive Director

COMPANY SECRETARY

Mr. Suresh Thakur Desai

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

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**CyberTech Systems
and
Software Limited**

FROM THE CHAIRMAN'S DESK

Dear Fellow Shareholders,

June 22, 2005

I am pleased to report the successful results of your Company for the nine months period ended March 31, 2005⁽¹⁾ in the enclosed Annual Report. Since I took over the active management as Chairman of the Company, we embarked on several important structural and corporate changes. My focus has been upon the realignment of the company's operations, reduction of overhead, optimal use of resources and creation of business focus. I am glad to report that we have now successfully streamlined our Company into an India-based model and aligned all our resources and management to create value in CyberTech Systems and Software Limited. This focused approach also keeps us committed to providing superior implementation, software development and support services for our customers in SAP, GIS and other technology areas.

At this point our organization's operations are simple. We sell our services primarily in the US and deliver services whenever possible from India. However, I manage the business on a combined and consolidated basis. The company has further continued its attempts to enhance the utilization and benefits of its world-class facilities at Thane by sourcing increased assignments from its US offices. The combined company, including its US Subsidiary, remains focused on winning more offshore support engagements. Our Support contracts tend to be longer in duration and provide stability and better predictability to our business.

Our US Business has grown 15.39% over last year's revenue⁽²⁾, a decent growth in a tough US market. We currently remain focused on SAP, both in New Implementations and Post Implementation Services, Public Sector and GIS Services. With an objective to increase revenues further, we are offering additional services to our existing client base in the area of Business Application Services. We have recently added several sales account managers and practice directors to further increase our sales focus in the US. Our customer list includes long-standing clients who continue to trust your Company to help them with their Information Technology requirements.

While we have worked hard to reduce the cost structure of the Indian operations, I am not satisfied with the internal growth of our India business. We will be reviewing areas to further increase our revenue growth in India.

The Management team of the company is able and focused on growing the Company. Steven Jeske, our CFO, Ravi Rengan, our Sr. Vice President of Sales and Vijay Talele, our Executive Director have been in IT business for a number of years. They have a complete handle on the issues, challenges and growth objectives of the Company. Outstanding Company talent is the only way to succeed and grow the business. Both Ravi and Vijay are recruiting new talent in their teams to enhance our capabilities.

The Company's financial operations are also now fully integrated with the operations of the US Subsidiary. The financial accounts of the individual entities are submitted for information and we have included graphical display. Your Company's consolidated results have improved throughout the nine months and are generating positive cash flow, a continued improvement from the prior year's status. Consolidated revenue has increased from Rs 4,078.17 Lakhs in the previous year to Rs 4,111.28 Lakhs in the current year⁽²⁾, largely as a result of growth in the US market. Net loss for the year was contained from (Rs 294.77) Lakhs in the previous year to (Rs 32.08) Lakhs.

It should be noted that our October 2003 acquisition of the business operations of CyberTech Systems, Inc. (US) has paid off well for our shareholders in terms of both profit contribution and return on investment. This has given our company a US based sales and practice management front end. The acquisition is also accretive as you can see from the financial information.

Our entire management team and I continue to be optimistic about our business opportunities and our execution capabilities. Now that we have reduced the number of complex moving parts and simplified and streamlined our business, we need to stay course, and increase revenues and profits.

I thank my dedicated Board of Directors for their involvement, superior counsel and support. I would like to thank our associates and management team for their great efforts in the last year and all our clients for their continued support of your Company.

On behalf of the entire organization I thank you, my fellow shareholders, for your continued support.

With Best Regards,

Vish Tadimety
Chairman

Notes:

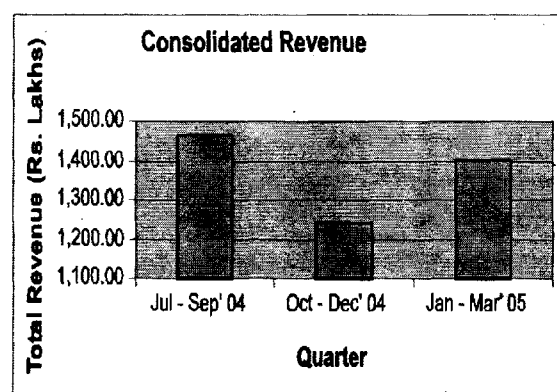
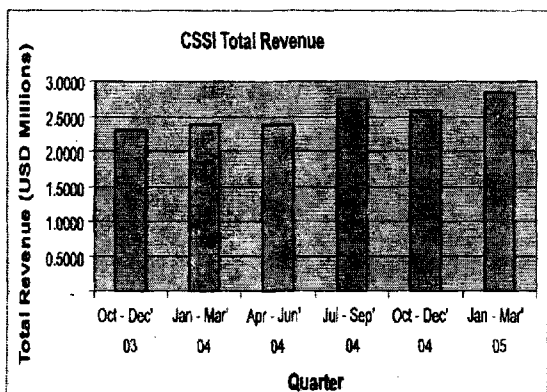
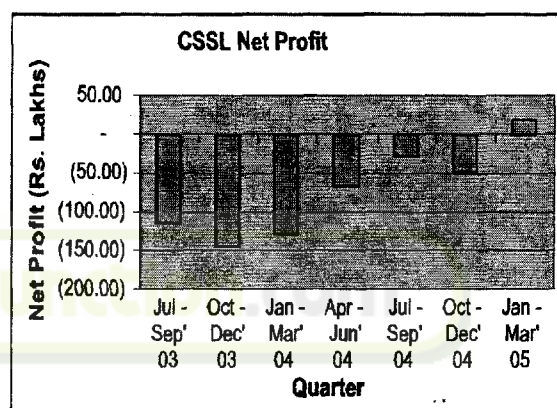
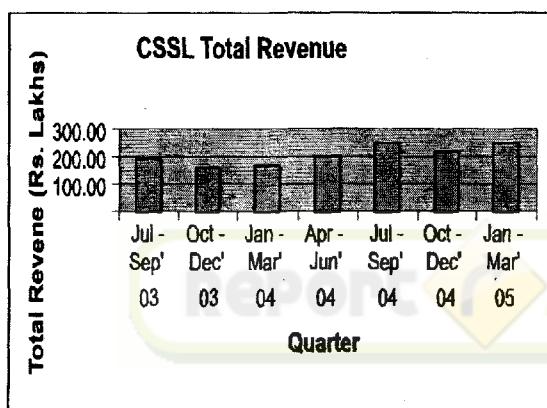
- (1) It should be noted that the Company has changed its fiscal year end from June 30 to March 31 in order to conform to general industry standards and to create efficiencies through aligning our tax and reporting year-ends.
- (2) Fiscal 2005 includes 9 months due to the change noted above, while fiscal 2004 included 12 months. It should be noted that the US business was acquired effective October 2003.

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FINANCIAL HIGHLIGHTS

(Rs. In Lakhs)

	CSSL			Consolidated	
	2002 - 2003 (12 Months)	2003 - 2004 (12 Months)	2004 - 2005 (9 Months)	2003 - 2004 (12 Months)	2004 - 2005 (9 Months)
Total Revenue	986.43	726.52	709.43	4078.17	4111.28
Net profit	(2100.49)	(454.01)	(59.53)	(294.77)	(32.08)
Net Worth	3941.33	3487.32	3427.80	3554.14	3542.64
Net Fixed Assets	2428.99	2057.80	1923.55	2473.24	2295.80
Earnings Per Share (Rs.)	(9.06)	(1.96)	(0.26)	(1.27)	(0.14)





CyberTech Systems
and
Software Limited

CYBERTECH'S BUSINESS OVERVIEW

CyberTech is a global information technology firm providing professional consulting services, in the areas of SAP implementation services and post implementation support, GIS (Geographic Information Systems), Custom Application Development and Networking.

CyberTech Systems and Software Ltd. (CSSL-India), acts as the Offshore Development Center and hosts Advanced Technology Center's for SAP, Microsoft, Java, GIS using ESRI technologies, and Networking using Cisco technologies.

CyberTech Systems and Software, Inc. (CSSI-USA), is fully owned subsidiary of CSSL. CSSI focuses on customer facing activities and business development including pre-sales, marketing, sales and project / program management and the delivery of implementation and development services and support. CSSI also does the prospecting and developing for all offshore business as well.

CyberTech's services are divided across four practice areas as given below:

- ❖ **SAP Practice**
- ❖ **Geographical Information Systems (GIS) Practice**
- ❖ **Custom Business Applications Practice**
- ❖ **Networking Practice**

SAP Practice:

CyberTech's SAP Practice is focused on the customization and implementation of SAP applications and Post Implementation support services. These Post implementation services include SAP Server Administration, SAP Functional Help Desk, Version Upgrade services, ABAP Development and SAP-GIS Integration services. Currently CyberTech provides these services for our US customers.

CyberTech differentiate itself with its proprietary state-of-the-art Advanced Technology Centers (ATCs) where we maintain the latest SAP software environment and use the ATC's to develop end-to-end solutions and proprietary tools. Our consultants use these solutions and tools to offer the services we excel in.

During the period under review, our SAP practice has shown considerable improvement in winning and delivering offshore support engagements. CyberTech has added five new long-term support engagements for customers and most of the other ongoing support engagements have been renewed for at least an additional year. CyberTech also successfully completed a major SAP implementation in USA and continued to support this implementation from offshore.

Considering the tremendous potential in our SAP practice and the services that CyberTech is offering, we have strengthened our Sales and Practice teams to focus on winning more and more deals in this practice. We are positive that our SAP practice will be one of our major revenue generation practices going forward.

Geographic Information Systems (GIS) Practice:

Our GIS practice is centered on ESRI Technology tools and applications and focuses on leveraging GIS technology which includes using visual representation of data by geographical location to assist users in their tasks. This practice offers

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services such as GIS Assessment Services, GIS Application Development Services, GIS Integration Services and Geodatabase Migration Services.

GIS Applications enable customers to view their business data in a spatial manner. Visual representation of data assists users in performing their jobs and take decisions more effectively. With the availability of digitized smart maps, the customers can co-relate existing information with geographic information to make better decisions. It can help in a variety of areas from better logistics planning to more-effective utilization of their enterprise-wide systems. Integrating GIS with existing systems will provide users with an easy to use map-centric approach for working with existing data.

CyberTech has also been working with ESRI as our partner to providing development, and testing services in the ongoing support of their products. During the period under review, the partnership with ESRI is further strengthened and ESRI has already awarded additional offshore projects to CyberTech. We have also completed one phase of a large GIS application development for one of our Public Sector customers in US.

CyberTech has also formed a group called ESUG (ESRI SAP Users Group). This is a group consisting of representatives from SAP, ESRI and customers where CyberTech has provided the SAP and ESRI integration services. SAP and ESRI integration is one more major growth potential business for CyberTech.

Custom Business Applications Practice:

Custom Business Applications Practice offers solutions in the areas of Software Application Development, Maintenance, Support, Modernization and Migration using Microsoft, Java, and Oracle technologies. This practice also offers help to the other practices in integrating the back end solutions provided by SAP and bring compiled/consolidated data to the customer using technologies provided by BEA, IBM, Microsoft, and Oracle.

CyberTech has a major Public Sector customer for whom we are providing these services in US. CyberTech also is providing application development, and infrastructure management services from offshore for few customers. With an objective to increase revenues further, we are focused on providing additional services to our existing client base in the areas of Custom Applications Development services. A majority of these activities can be delivered from our offshore delivery center.

Networking Practice:

CyberTech's Networking Practice is focused on providing networking resources to our Joint Venture Company, Corliant, Inc., which is a Cisco Systems Strategic Partner. This practice offers solutions and services in the areas of IP Infrastructure, IP convergence, IT Security, IP Telephony, Wireless and Remote Managed Services.

During the period under review, there has been a steady revenue generation. We are providing our networking services in the USA, Japan and India. We have also started a remote IPT (IP Telephony) monitoring support service for customers. These are long-term projects for CyberTech. There is large potential in this service offering and we are focused on winning more of such contracts in future.



**CyberTech Systems
and
Software Limited**

NOTICE

NOTICE is hereby given that the Tenth Annual General Meeting of the members of **CyberTech Systems and Software Limited** will be held on Tuesday, August 23, 2005, at the Registered Office of the Company at CyberTech House, Plot No. B-63-65, 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 March 31, 2005 and the Profit and Loss Account for the period 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. Viswanath Tadimety, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Ashok Datar, who retires by rotation and being eligible, offers himself for re-appointment
4. To appoint M/s. Lodha & Co., Chartered Accountants, Mumbai, as Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS:

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

“Resolved that pursuant to the provisions of Sections 268, 309, 310, 311 and other applicable provisions, if any of the Companies Act, 1956, the terms of remuneration contained in the Agreement entered into by the Company with Mr. Vijay Talele, in respect of his appointment as the Executive Director of the Company for a period of three years with effect from 1st January 2004 as approved by the shareholders at the Ninth Annual General Meeting of the Company, held on December 22, 2004, be and are hereby modified as follows with effect from April 1, 2005 onwards :

In clause 3

Amount in Rs.

Sl. No.	Description	Existing (per annum)	Proposed change (per annum)
1	Salary	1,920,000	2,184,000
2	LTA	60,000	65,000
3	Meal coupons	13,200	15,600
4	Notice period	1 month	3 months

6. 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 Resolution No. 6 passed at the Seventh Annual General Meeting of the Company held on 27th December, 2002, Resolution No.7 passed at the Eighth Annual General Meeting held on 29th December, 2003 and Resolution No. 7 passed at the Ninth Annual General Meeting held on 22nd December, 2004 and in accordance with the provisions of Section 79A, 81 and other applicable provisions of the Companies Act, 1956, and in accordance with guidelines prescribed by the Securities and Exchange Board of India (SEBI) or any other authority from time to time and as required by the clause 49 of the Listing Agreement, the Board of Directors of the Company be and are hereby authorized to grant Employees Stock Options to the non-executive Directors including independent directors not exceeding 250,000 options in any financial year”

By Order of the Board of Directors

Suresh Thakur Desai
Company Secretary

Registered Office :

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

Date : June 22, 2005

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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 fixed for the commencement of the meeting.
3. The Explanatory statement as required under section 173(2) of the Companies Act, 1956 in respect of Items No.5 and 6 is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from August 18, 2005 to August 23, 2005 (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.
 - (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. Members who have yet not encashed their dividend warrants may approach the Company for revalidation/ issue of duplicate dividend warrant since 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 and no amount could be claimed thereafter.
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 2005- 2006 to these Stock Exchanges.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 5: Increase in the remuneration of Mr. Vijay Talele**

- 1.) Mr. Vijay Talele was appointed by the Board of Directors as an Executive Director of the Company for a period of three years, with effect from January 1, 2004 upon the remuneration set out in the Agreement, dated January 1, 2004. The shareholders of the Company approved the remuneration and the terms of appointment at the Ninth Annual General Meeting held on December 22, 2004.
- 2.) The Board of Directors are authorized by the shareholders to change the remuneration payable to Mr. Vijay Talele, within the limits prescribed in Schedule XIII and minimum remuneration payable there under. The Board of Directors of the Company have unanimously approved the proposed changes at their meeting held on June 22, 2005.
- 3.) The proposed increase in the remuneration is within the limits prescribed in the said schedule XIII. The Board of Directors commends this resolution to the members for their approval.
- 4.) Mr. Vijay Talele is interested in the resolution to the extent of increase in the remuneration payable to him. No other Director is concerned or interested in this resolution.
- 5.) The above statement may be regarded as an Abstract of the terms and the memorandum of interest under Section 302 of the Act.



**CyberTech Systems
and
Software Limited**

Item No.6: ESOP Explanatory statement

The Revised clause 49 of the Listing Agreement which becomes effective from January 1, 2006 requires that the shareholders shall specify the maximum number of stock options that can be granted to non-executive directors, including independent directors in any financial year and in the aggregate. The ESOP Scheme of the Company has prescribed the maximum limit of 1% of the paid up capital of the Company to all categories including the directors as per SEBI Guidelines. The proposed resolution fixes up the ceiling for the maximum number of options that could be granted to non- executive Directors including independent directors at 250,000.

The Directors who will be eligible to get the benefit of the ESOP Scheme shall be deemed to be concerned or interested to that extent in the said resolution. The Board commends this 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 & 3 of the Notice.

Names of Directors	Mr. Viswanath Tadimety	Mr. Ashok Datar
Date of Birth	October 05, 1962	November 22, 1940
Date of Appointment	May 23, 1995	August 08, 1995
Qualification	M.Tech from Indian Institute of Technology, Chennai	Master's Degree in Economics from Stanford University USA
Experience in specific Functional Areas	Rich experience of over 18 years in Information Technology action, specializing in Network Systems and integrations.	Rich experience of over 38 years. A well known finance professional in the corporate sector
Directorship in other Companies	1) Corliant, Inc. USA 2) CyberTech Systems and Software Inc. USA 3) CyberTech Systems Inc. U.S.A	1) Focus Holdings Private Limited 2) Sunshield Chemicals Limited
Membership on Committees of other Companies	Nil	Nil

Registered Office :

CyberTech House,
Plot No. B-63-65, Road No. 21/34,
J. B. Sawant Road, MIDC, Wagle Estate,
Thane (West)-400 604.
Date : June 22, 2005

By Order of the Board of Directors

Suresh Thakur Desai
Company Secretary

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DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Report on the business and operations of your Company along with the Audited Accounts for the accounting year ended March 31, 2005. The report includes both separate results for the Company (CyberTech Systems and Software Ltd) as well as consolidated results for the Company, its USA subsidiary and its Joint Venture Partner. The figures for the accounting year under review are for nine months period (July 1, 2004 to March 31, 2005) and are not comparable with previous year's figures, which were for the twelve months period (July 1, 2003- June 30, 2004). In order to conform our year-end with most of the reporting companies and to gain efficiencies from reporting on the same year-end for both tax and financial reporting purposes, your Directors have decided to follow the accounting year ending on March 31, henceforth.

FINANCIAL RESULTS:

(Rs. Lakhs)

	CyberTech Systems & Software Limited		Consolidated	
	2004-2005 (July 1, 04 to March 31, 05)	2003-2004 (July 1, 03 to June 30, 04)	2004-2005 (July 1, 04 to March 31, 05)	2003-2004 (July 1, 03 to June 30, 04)
Gross Revenue	709.43	726.63	4111.28	4078.17
Profit/(Loss) before Interest & Depreciation	45.24	(138.34)	185.69	145.80
Interest	-	-	0.08	0.52
Depreciation	104.77	277.55	161.52	336.54
Profit/(Loss) before tax	(59.53)	(415.89)	24.09	(191.26)
Provision for tax (including interest on earlier years)	-	38.12	56.17	103.51
Profit/(Loss) after tax	(59.53)	(454.01)	(32.08)	(294.77)
Accumulated losses b/f from previous year	(2798.43)	(2344.42)	(2720.98)	(2436.84)
Balance to be carried forward	(2857.96)	(2798.43)	(2753.06)	(2731.61)

DIVIDEND:

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 continued to register overall improvement in the operating results. The Company achieved this mainly by increasing the revenue from the operating activities and reducing its cost structure. The Company's joint venture with Corliant Inc. is continuing to support company's networking practice and generates Company revenue. Total revenue during the year stood at Rs 709.43 Lakhs (for the nine month period) as compared to Rs 726.63 Lakhs during the previous year. On an annualized basis this marks an increase of 30%. This was achieved by increasing sales and recruiting talent both in Sales and Delivery, while holding to a nominal increase of 8% in the employee cost of the company. Your Company continued to concentrate on increasing the share of offshore support revenue. The portion of offshore revenue has increased from 13% in the previous year to 17% during the period under review.

The Company continued its focus on cost reduction and optimum utilization of available resources. The Company arrested its cash loss.

The Company continues to concentrate on its core strength area viz. software development services and support. Its subsidiary company continues to focus on delivering software application implementation services in the US.

There was a marginal profit before interest and depreciation of Rs 45.24 Lakhs as against the loss before interest and depreciation of Rs 138.34 Lakhs in the previous year. The Company has provided Rs 104.77 Lakhs for depreciation after which the loss during year comes to Rs 59.53 Lakhs as compared to a loss of Rs 415.89 Lakhs in the previous year.