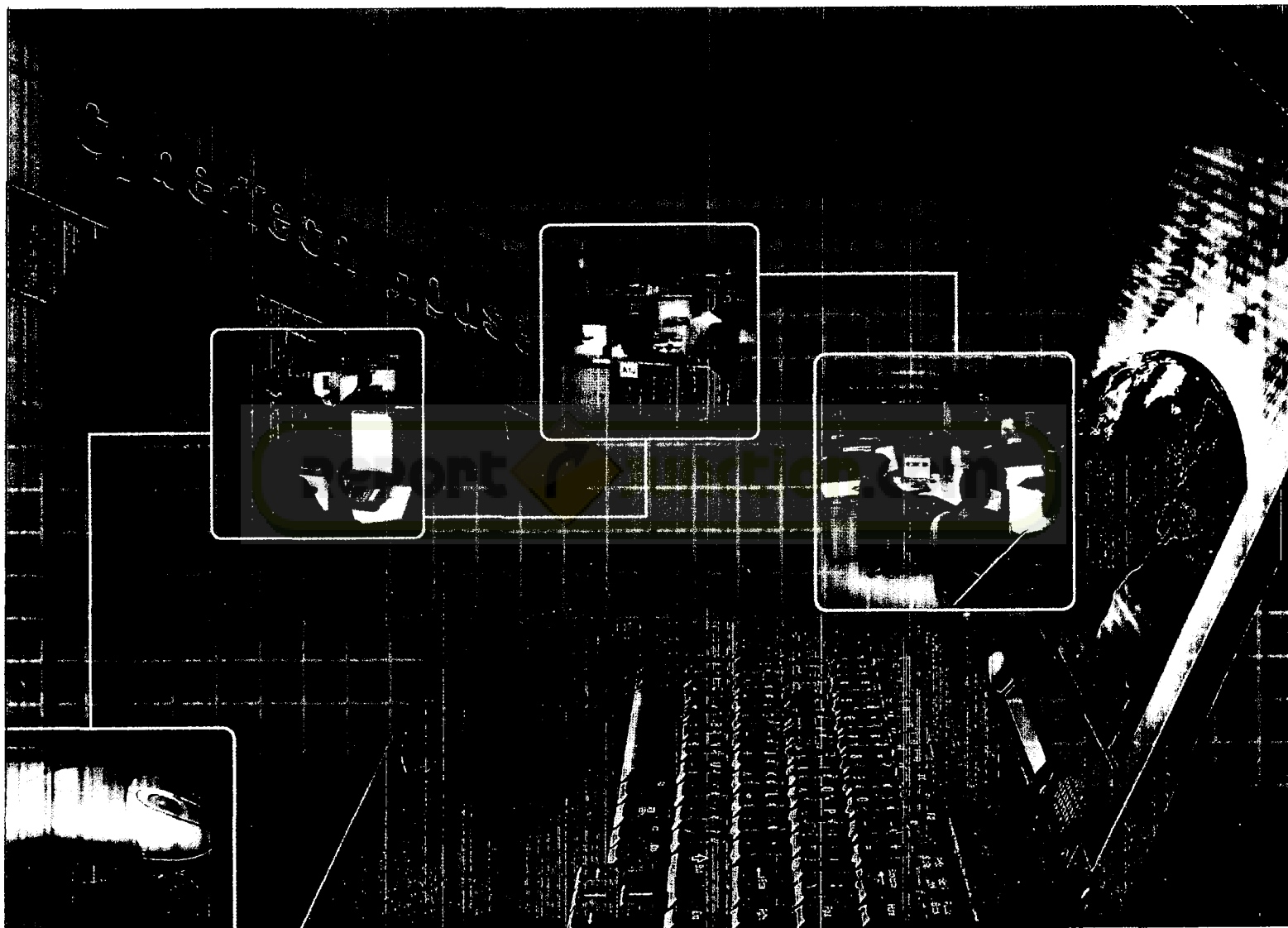


13th Annual Report 2007-2008



CyberTech
Systems and Software Ltd.

Contents

Sr.No.	Particulars	Page No.
1	Company Information	2
2	Financial Highlights.....	3
3	Chairman's Letter to Shareholders	4
4	Notice of Annual General Meeting	8
5	Directors' Report	13
6	Management Discussion & Analysis	21
7	Auditors' Certificate on Corporate Governance	28
8	Report on Corporate Governance	29
9	Auditors' Report	35
10	Balance Sheet	38
11	Profit and Loss Account	39
12	Cash Flow Statement	40
13	Schedules and Notes forming part of Balance Sheet and Profit and Loss Account	42
14	Auditors' Report on Consolidated Financial Statements	59
15	Consolidated Balance Sheet	60
16	Consolidated Profit and Loss Account	61
17	Consolidated Cash Flow Statement	62
18	Schedules and Notes forming part of Consolidated Balance Sheet and Profit and Loss Account	64
19	Statement pursuant to Section 212	77
20	Accounts of Subsidiary Companies	78



COMPANY INFORMATION

BOARD OF DIRECTORS

Viswanath Tadimety

Chairman

Anant Rajwade

Director

Ashok Datar

Director

Upto 24.8.2007

Arun Shah

Director

Prakash Kenjale

Director

Steven Jeske

Director

from 22.12.2007

C. N. Rao

Executive Director

COMPANY SECRETARY

Sateesh Wadagbalkar

AUDITORS

Lodha & Co.,

Chartered Accountants, Mumbai

SOLICITORS & ADVOCATES

Bharucha & Partners, Mumbai

BANKERS

Axis Bank Limited

ICICI Bank Limited

REGISTRAR & SHARE TRANSFER AGENT

(COMMON AGENCY)

Intime Spectrum Registry Limited

*C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai 400078.*

REGISTERED OFFICE

'CyberTech House,'

Plot No. B 63-65, Road No. 21/34

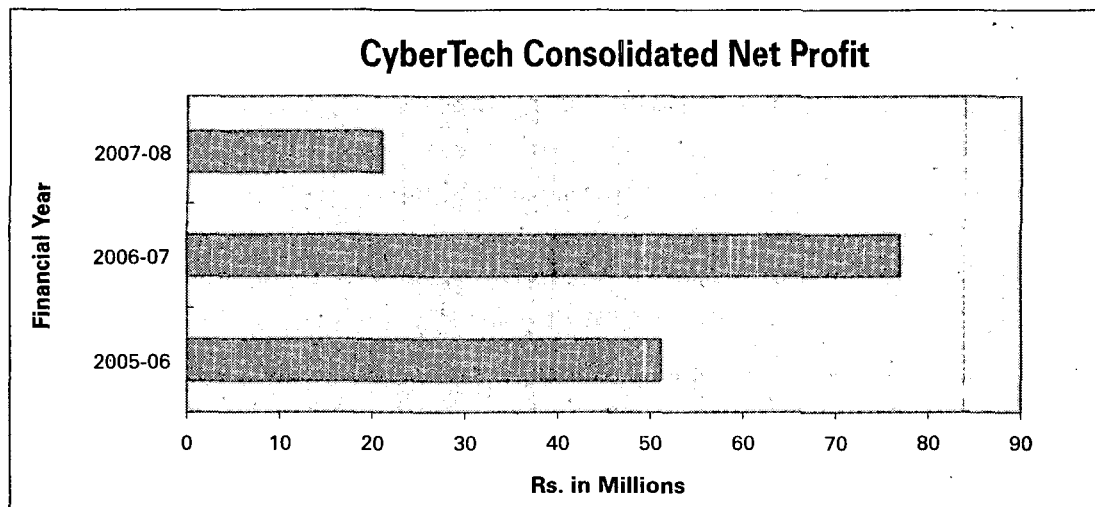
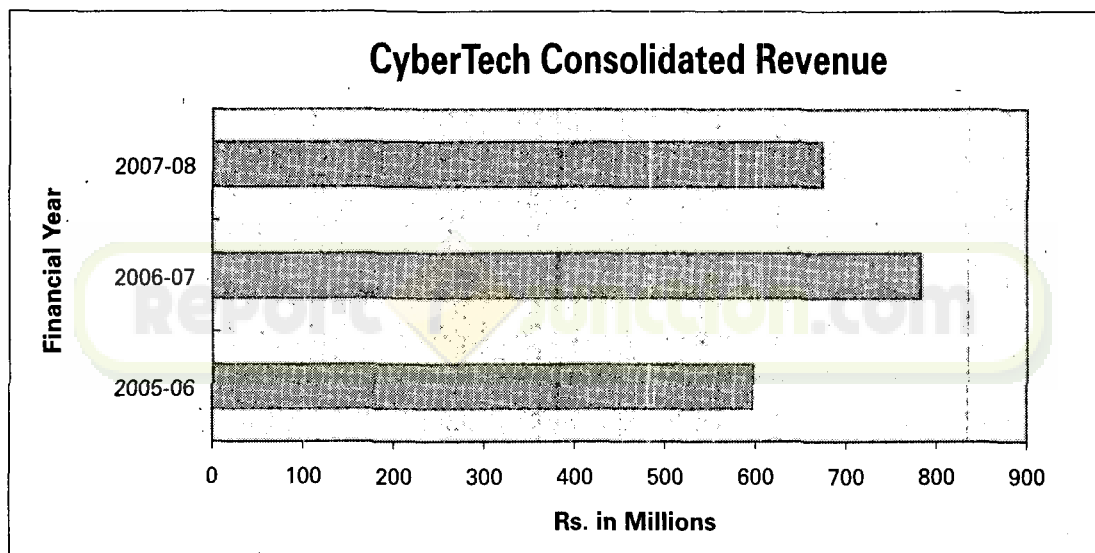
J. B. Sawant Marg, MIDC,

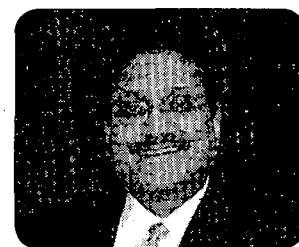
Wagle Estate, Thane (West) - 400604

FINANCIAL HIGHLIGHTS

(Rs. in Millions)

	Consolidated			Standalone		
	2007-08	2006-07	2005-06	2007-08	2006-07	2005-06
Total Revenue	672.54	782.26	596.88	219.70	217.14	100.49
Net Profit	20.96	76.95	51.13	29.03	70.51	44.10
Net Worth	469.47	464.88	405.47	469.03	447.56	386.96
Earnings per Share (Rs.)	0.79	3.10	2.20	1.10	2.84	1.90





Vish Tadmety

LETTER TO FELLOW SHAREHOLDERS

Dear Fellow Shareholders,

It gives me great pleasure to provide you with detailed information on the performance of our company for the financial year April 2007- March 2008. We achieved revenue of Rs. 673 Million for the year ending March 31st 2008 and a net profit of Rs. 20.96 Million. This compares negatively to our last fiscal year's (March 2007) performance of revenue of Rs. 782 Million and a profit of Rs. 76.95 Million. On a standalone basis, revenue has been more or less flat, at Rs. 220 Million versus Rs. 217 Million (March 2007) with a lesser earned income of Rs. 29.03 Million (versus Rs. 70.51 Million).

In this letter I will provide you a high level overview of the underlying reasons and also provide you a business update and my thoughts for the Company moving forward. Our underperformance for this year was due to one major reason; namely the rapid and unmanageable appreciation of the Indian Rupee, especially during the period April 2007 to December 2007. The Indian Rupee rapidly gained against the US \$, gaining approximately 15-18%. We follow a well planned foreign exchange hedging strategy, but during the period May 07-September 07 it was very difficult to almost impossible to buy short term hedges. We ended up taking it in stride and managed this volatile currency situation to the best extent. I will discuss further in this letter the exact rupee appreciation impact and provide you with the key metrics I look at on a regular basis.

In Q1 our performance was on par and comparable to the same quarter of preceding year, earning Rs. 10.8 Million. However, in Q2 we had a difficult client engagement that led to project related losses which reduced earnings to Rs. 2.3 Million. In Q3 we sold our interest in Corliant, Inc., our Joint Venture Company, and received US \$2, 025,000 against our investment. This Joint Venture has been highly successful as we have performed several million dollars of profitable work over the term of the JV, and have now earned our investment back plus a profitable return. However, while we made money in US \$ terms from this investment, because of the rupee appreciation, we had to record a small loss of Rs 4.5L in the third quarter. In Q4 our performance was back to normal, earning Rs 16.2 Million. Our revenue for the year has increased in US \$ terms in spite of termination of the JV (with resultant reduction in revenue after October 2007), but, the appreciation of the Rupee against the USD has resulted in reduced revenue. I would like to note that we recorded a net loss of approximately Rs. 5.1 Million in foreign exchange appreciation excluding the JV investment (adjusted loss versus gain).

Our financial position has never been stronger and we enjoy a strong cash position. We continue to have no leverage and are completely debt free. We have seen a considerable improvement in the Company's financial strength and performance over the last 3 to 4 years. Our real estate assets in Thane and Mumbai have appreciated substantially and generate good income for the Company. As one of the largest shareholders in our Company, my utmost goal remains protecting and enhancing our shareholder value.

As I have stated in my past letters, our Company objectives continue to remain the same:

- a. Streamline and focus our Company to be more and more India oriented, win more offshore engagements,
- b. Utilize the Company's Real Estate capacity to its fullest extent,
- c. Resolve our complex tax challenges,
- d. Keep the Company debt free, unless financing productive assets, and
- e. Grow our business.

I am happy to report that we continue to make progress in each of these priority areas.

- The Company has completely transformed into an offshore model which is more cost effective and profitable. Except for the Public Sector business, all work continues to be offshore oriented.
- While our properties at Andheri and the excess capacity at Thane continue to generate revenue, our own use of the Thane property is also optimal.
- The Company continues to be debt free.
- The Directors have recommended a dividend of Re.1 per share (10% on the face value), for a 2nd year in a row.

We continue to enjoy the confidence of our customers resulting in opportunities of significant size. The continued support of our customers is an indication of their confidence in our cost effective delivery capabilities. The focus on quality of services has ensured continuous customer loyalty, success ratio of renewal of contracts from existing customers being higher than 90%. We have created a strong base for sustainable growth with deeper customer relationships and focus on offshore services.

Business Outlook

During the year 2007-2008, the Company's US Subsidiary recorded a modest increase in revenue in US \$ terms. However, we saw a significant reduction in revenue in Indian Rupee terms. CyberTech Systems and Software, Inc. continues to have success in our SAP and Geographic Information Systems (GIS) Practices. In the last few years we have done considerable work in the areas of SAP, GIS and the integration of both these complex systems. We see the work we have done over the years as highly replicable and we have started a major initiative to develop our Intellectual Property in this area. It is our intention to take these scalable solutions to market with a major focus. I expect an improved performance in the US if we can productize our Intellectual Property.

The US market condition continues to soften leading to great uncertainty in the IT markets. 100% of our revenue as of date is US generated. The Board of Directors discussed this problem and advised me to start planning and taking necessary steps for diversification. I am pleased to announce that as a part of this strategy, we have now formed CyberTech Middle East W.L.L., a Joint Venture Company in The Kingdom of Bahrain. Our JV partner is a well established Entrepreneur with deep relationships and client access. From the CyberTech perspective I have taken personal charge for this JV and plan to drive revenues with focus. Our capital commitment to this JV is minimal and I am glad to report that the pipeline is developing well.

We have also taken a decision to further develop India as a market. I am in the process of bringing onboard a sales team that will drive business in India and South East Asia. In both the Middle East and Asian Markets our focus will be to sell services where we have good

**CyberTech Systems and Software Limited**

depth of expertise (i.e. SAP Solutions, GeoSolutions and Custom Business Applications). Our initial focus would be to leverage our Public Sector expertise and take to market solutions and products we have sold in the US. Growth of Company's revenue and profits will be my top priority for the foreseeable future. While we are focused on organic growth to increase top line, we will be looking for synergistic business combinations that are offshore oriented.

The Management team of the Company is able and focused. I am grateful to our ED, the Sales, Delivery and Financial Leaders of the Company for their unstinted support to our efforts to enhance shareholder value. We have always considered our employees to be our biggest asset and I wish to record my sincere appreciation to their dedicated efforts.

I thank Bansi S. Mehta & Co, Chartered Accountants and Mr. Farook Irani Esq. for their valuable help. I thank Mr. M.P. Bharucha of Bharucha & Partners for his help and counsel. I thank Mr. B.V. Goud, Special Advisor to the Chairman for his substantial help in many matters. I would like to thank my dedicated Board of Directors and our US investor representatives for their involvement, counsel and support. I also would like to thank 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 regards and wishing you the very best,

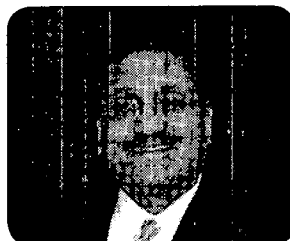
Vish Tadimety

Trevose, PA

August 1, 2008

Report  Junction.com

MANAGEMENT TEAM



Viswanath Tadimety
Chairman & CEO



Steven Jeske
Director & Chief Financial
Officer (Group)



C.N. Rao
Executive Director



Ravi Rengan
President (Global Sales)



NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of **CyberTech Systems and Software Limited** will be held on Tuesday, the 30th day of September 2008, at the Registered Office of the Company at CyberTech House, Plot No. B – 63 – 65, Road No.21/34, J. B. Sawant Marg, 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, 2008 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 declare a dividend.
3. To appoint a Director in place of Mr. Anant Rajwade, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Arun Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Lodha & Co., Chartered Accountants, Mumbai, as Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following Resolution as an **ORDINARY RESOLUTION:**

"Resolved That Mr. Steven Lloyd Jeske, who was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on December 22, 2007 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member of the Company proposing his candidature to the office of a director, be and is hereby appointed as a Director to retire by rotation".

7. To consider and 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, approval be and is hereby granted for the increase of 10% effective from October 1, 2007, in the remuneration payable to Mr. C.N.Rao as the Executive Director, which was approved by the shareholders at the Twelfth Annual General Meeting of the Company, held on August 24, 2007.

Resolved further that approval be and is hereby granted for the payment of an additional incentive of 10% of the total compensation to Mr. C. N. Rao, Executive Director, during the period 1st July, 2008 to 30th June, 2009 as may be decided by the Board of Directors (which includes any Committee thereof), based on the performance."

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

"Resolved that pursuant to Section 314 (1) of the Companies Act, 1956 and other applicable provisions, if any, consent of the Company be and is hereby granted to Mr. Steven Lloyd Jeske holding the office of Director, of CyberTech Systems and Software Inc. U.S.A., the wholly owned subsidiary of the Company, on a remuneration as may be approved by the Board of Directors of CyberTech Systems and Software Inc. from time to time, such remuneration not to exceed \$200000 per annum, for a period of three years ending March 2011."

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

"Resolved that pursuant to Section 314 (1) of the Companies Act, 1956 and other applicable provisions, if any, consent of the Company be and is hereby granted to Mrs. Sukhada Tadimety, wife of Mr. Viswanath Tadimety, a director of the Company, holding the office of Director of CyberTech Systems and Software Inc. U.S.A., the wholly owned subsidiary of the Company, on a remuneration as may be approved by the Board of Directors of CyberTech Systems and Software Inc. from time to time, such remuneration not to exceed \$75000 per annum, for a period of three years ending March 2011."

13th Annual Report 2007-2008

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

"Resolved that pursuant to Section 314 (1) of the Companies Act, 1956 and other applicable provisions, if any, consent of the Company be and is hereby granted to Mr. Viswanath Tadimety, a director of the Company, holding the office of Director of CyberTech Systems and Software Inc. U.S.A., the wholly owned subsidiary of the Company, on a remuneration as may be approved by the Board of Directors of CyberTech Systems and Software Inc. from time to time, such remuneration not to exceed \$300,000 per annum, for a period of three years ending March 2011."

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

"Resolved that in partial modification of the special resolution passed in the 12th Annual General Meeting held on 24th August 2007 for the issue of Equity Shares to eligible Employees/Directors of the Company/ Subsidiary Companies under the Employees Stock Option Plan(ESOP) 2007, the Remuneration/Compensation Committee of the Board of Directors of the Company be and is hereby authorized to issue upto 92,64,970 Equity Shares of the Company of the face value of Rs.10 each in the aggregate during the validity of the ESOP 2007."

By **Order of the Board of Directors**

Sateesh Wadagbalkar
Company Secretary

Registered Office:

CyberTech House
Plot No.B - 63-65, Road No.21/34, J. B. Sawant Marg,
MIDC, Wagle Estate, Thane (West) - 400 604
Dated: July 23, 2008

Report Junction.com