



CyberTech House

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14th Annual Report
2008-2009

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CyberTech Systems and Software Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

Viswanath Tadimety

Chairman

Anant Rajwade

Director

Arun Shah

Director

Prakash Kenjale

Director

Steven Jeske

Director

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)

Link Intime India Private Limited

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

LETTER TO FELLOW SHAREHOLDERS

Dear Fellow Shareholders,

I am pleased to provide you with detailed information on the performance of our company for the financial year April 2008-March 2009. For the year ending March 31st 2009, we achieved consolidated revenue of Rs. 744 Million and a net profit of Rs. 39.32 Million. The top-line revenue compares negatively to our last fiscal year's (ending March 2008) revenue of Rs. 673 Million, but positively to profit of Rs. 20.96 Million (March 2008). On a standalone basis, revenue is down to Rs. 217 Million from Rs. 220 Million (March 2008). But we earned a higher Profit after tax of Rs. 68.62 Million (versus Rs. 29.03 Million last year).

Market Conditions:

As you all know and having been hearing the Indian and International press, US markets entered a major recession in the year 2008. As I am writing this letter to you in August 2009, this severe downturn has not yet ebbed. While there are talks about 'green shoots' in the US and Indian markets, we do not yet see a market pickup and change in direction to the positive cycle.

I have been managing businesses and been investing since early 1990s, and this downturn has been the most difficult and serious we have seen till date. In the 2001-2003 recession, while the US Technology markets got affected, the financial and public services industry was robust. With a diversified client base, we were able to take hits in one sector, while other sectors stayed robust. However, this market downturn and recession is different-(in my perspective) for several reasons:

1. Since the Great Depression of the 1930s, this is the 1st time that all industries have been affected across the board.
2. US markets and international markets (emerging economies like India, China, Middle East, etc.) were not correlated. This recession has led to a realization that markets and economies have become very intertwined over the last decade and there is no place to hide. All sectors and economies are affected.

When we are exposed to a one-of-a-kind hundred year economic flood, the best we can do is take refuge in safety and wait for the flood to ebb. We have managed our company frugally and in an ultra conservative fashion, so that this downturn has not put an undue pressure on our fiscal health. As I stated multiple times, I manage CyberTech resources just the way we handle our own personal financial resources. We will ride through this and come out stronger than most of the competition.

Our Fiscal Condition:

We continue to be cash rich with no debt and substantial assets. We have seen a considerable improvement in the Company's financial strength over the last 3 years. Our real estate assets in Thane and Mumbai have appreciated 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.

Business Operations:

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

- a. Streamline and focus our Company to be India oriented, with focus on 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 these priority areas.

- The Company has transformed into an India based off shore model which is cost effective and profitable. Except for the Public Sector business in the U.S., all work continues to be offshore oriented.



CyberTech Systems and Software Limited

- Our properties in Andheri and the excess capacity in 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 3rd 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 continued customer loyalty. We have created a strong base for sustainable growth with deeper focus on offshore services.

Business Outlook

During the year FY 2008-2009, the company's US Subsidiary recorded a decrease in revenue in US \$ terms. As I write this letter, US business conditions in the current 2nd Quarter continue to deteriorate. I expect FY 09-10 revenues to be lower than our current year. In FY08-09, we had a difficult fiscal 2nd and 3rd quarters with unpredictable top line revenue and fixed overhead expenses. We have made substantial corrections to bring costs in line. But this is a moving target till the US market conditions stabilize.

We used this lean time to substantially upgrade our Sales and Presales talent in the company. We hired a top Sales Manager to head up US and India Sales. We have also strengthened the US Presales and Delivery Leadership. We have also added Sales leadership in India and in the Middle East. We continue to strengthen our SAP and ESRI alliances which will lead to very positive impact on our company once the market conditions improve and growth cycle begins.

Our Joint Venture in Bahrain continues to focus on large GIS oriented opportunities. As I stated in the last letter, we have also taken a decision to further develop India as a market. We have brought onboard a sales team that will drive business in India and South East Asia. In both the Middle East and Asian Markets our focus is to sell services where we have depth of expertise (i.e. SAP Solutions, GeoSolutions and Custom Business Applications). Our initial focus is 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.

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. I am especially thankful to Steven Jeske, my partner and CFO of our company for working with me in one of the toughest conditions. His tireless efforts helped your company resolve several issues and strengthen our client relationships. Our employees are our biggest asset and I wish to record my sincere appreciation to their dedicated efforts.

I thank Bansil 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 have special thanks and gratitude to Mr. B.V. Goud, Special Advisor to the Chairman for his substantial help in many matters and for his tireless efforts to help our company. I would like to thank my dedicated Board of Directors and our US investor representatives for their involvement, counsel and support. I 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,

Vish Tadimety

Mumbai

August 10, 2009

N O T I C E

NOTICE is hereby given that the Fourteenth Annual General Meeting of the members of **CyberTech Systems and Software Limited** will be held on Wednesday the 30th day of September 2009, 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 3 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, 2009 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. Viswanath Tadimety, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Prakash Kenjale, 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, with or without modification(s), the following resolution as an **ORDINARY 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) and Article 173 of the Articles of Association of the Company, approval of the Company be and is hereby accorded for the reappointment of Mr. C.N. Rao as an Executive Director in the whole-time employment of the Company, for a period of one year with effect from October 1, 2009 upon the terms and conditions approved by the Board at its meeting held on July 31, 2009."

"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. C.N. Rao within and in accordance with and subject to the limits prescribed in Schedule XIII of the Companies Act, 1956 and if necessary, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board and Mr. C.N. Rao."

"RESOLVED FURTHER THAT notwithstanding anything hereinabove stated, wherein any financial year, during the currency of the term of Mr. C.N. Rao 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, 1956."

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

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
Date: August 10, 2009



CyberTech Systems and Software Limited

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 Register of Members and Share Transfer Books of the Company will remain closed from September 23, 2009 to September 30, 2009 (both days inclusive).
4. Members are requested to:
 - a. Notify immediately, change of address, if any, to the Company's Registrar and Share Transfer Agent, Link Intime India Private 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.
5. Members who have yet not encashed their dividend warrants for previous two years 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.
6. 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.
7. Members are requested to give their valuable suggestions for improvement of investor services and are also advised to quote their e-mail ID, telephone/facsimile number for prompt reply to their communications.
8. The Company's Equity Shares are listed on The Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The Company has paid the annual listing fees for the financial year 2009-2010 to these Stock Exchanges.

Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956.

Item No. 6 - Reappointment and Remuneration of Mr. C.N. Rao as Executive Director

Mr. C.N. Rao was appointed as an Executive Director for a period of three years, with effect from October 9, 2006. His tenure as Executive Director ends on October 8, 2009 unless he is reappointed. The Board after considering his performance has decided to reappoint him as Executive Director for a period of one year effective October 1, 2009 subject to the approval of members. Considering the present business scenario and the market conditions and as in the case of other Senior Executives, Mr. C. N. Rao has agreed to a reduced compensation as given below. The Board has considered the recommendations of the Remuneration Committee while determining the remuneration to be payable to him after he is reappointed as Executive Director.

Except Mr. C. N. Rao, no other director may be deemed to be concerned or interested in this resolution.

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 in the prospectus: Not Applicable

4. Financial performance based on given indicators:

Particular Period	: April 1, 2008-March 31, 2009
Total Revenue	: Rs. 216.97 Million (Standalone)
Profit (Loss) after Tax	: Rs. 68.62 Million (Standalone)

5. Export performance and net foreign exchange collaboration, if any:

Revenue (Export): Rs. 127.32 Million (Standalone)

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. CybeTech Middle East, W.L.L.

II Information about the Appointee:

1) Background Details:

Mr. C. N. Rao, 64, is B.Com Hons. and LLB from the University of Kolkata and Associate Member of all the three professional bodies viz., ACAI, ICWAI and ICSI.

Prior to joining CSSL, he has a total of over thirty four years experience including twenty four years experience of as head of Finance and I.T in a large public sector undertaking. The remuneration paid to him has been recommended by the Remuneration Committee and is subject to the approval of the shareholders by way of special resolution.

2) Past remuneration : Rs. 12 Lakhs per annum when he was appointed as Executive Director in the Company

Last Remuneration drawn : Last drawn remuneration with was Rs.16 Lakhs per annum.

3) Job profile and his suitability:

Since Mr. C.N.Rao has total of 37 years of rich experience in industry and having headed finance and I.T. Department of a large public sector undertaking, the Board considers him to be the most suitable person.

The Company has received a Notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. C.N.Rao for the office of Executive Director not liable to retire by rotation.

4) Remuneration proposed:

a) Salary : Rs. 87,500/- per month.

b) Conveyance facilities : The company shall reimburse all repairs, maintenance and running expenses including driver's salary for his car, the total amount not exceeding Rs.1,50,000/- per annum.

c) Telephone facilities : The company shall reimburse the expenses for one fixed land line and two mobile phones at his residence.

d) Gratuity : Gratuity at the rate of half month's salary for each completed year of service.

e) Leave : Entitled for leave with full pay or encashment thereof as per the rules of the company.

f) Notice : Three months on either side.

This may be treated as abstract of the terms & conditions for re-appointment of Mr. C.N. Rao, Executive Director of the Company.

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 Remuneration Committee/Board of Directors of the Company.



CyberTech Systems and Software Limited

- 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.

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. 3 & 4 of the Notice.

Names of Directors	Mr. Viswanath Tadimety	Mr. Prakash Kenjale
Date of Birth	October 5, 1962	January 15, 1950
Date of Appointment	May 23, 1995	September 28, 2006
Qualifications	M.Tech from Indian Institute of Technology, Chennai	M.Tech. from IIT, Kanpur
Experience in specific Functional Areas	Rich experience of over 22 years in Information Technology, specializing in network systems and integrations.	Rich experience of 28 years in the IT industry within the country and abroad at senior level including as CEO
Directorship in other Companies	CyberTech Systems and Software Inc. USA CyberTech Middle East W.L.L.	Danlaw Technologies India Limited, Hyderabad
Membership on Committees of other Companies	Nil	Member of Audit committee of Danlaw Technologies India Limited, Hyderabad

By Order of the Board of Directors

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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
Date: August 10, 2009

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DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Annual Report together with the Audited Statements of Accounts for the year ended March 31, 2009. This report includes both stand-alone results for the Company (CyberTech Systems and Software Ltd.) as well as consolidated results for the Company and its subsidiaries in the US and Bahrain.

FINANCIAL RESULTS

(Rs. in million)

	Standalone		Consolidated	
	2008-09	2007-08	2008-09	2007-08
Gross Revenue	216.97	219.70	744.14	672.54
Profit before Interest & Depreciation	96.01	50.14	71.99	46.33
Interest	0.15	0.16	0.28	0.16
Depreciation	17.40	15.97	29.35	18.69
Profit/(Loss) before tax	78.46	34.01	42.36	27.48
Provision for tax (includes fringe benefits)	(9.84)	(4.98)	(9.84)	(5.52)
Income Tax adjustments for earlier year's -credit	-	-	(4.01)	1.01
Profit/(Loss) after tax	68.62	29.03	36.53	20.95
Less Minority interest (Loss)	-	-	2.79	-
Accumulated profit b/f from previous year	39.66	41.61	56.54	66.57
Provision for Dividend (includes dividend tax of Rs. 4.50 million)	(30.97)	(30.98)	(30.97)	(30.98)
Balance to be carried forward	77.31	39.66	64.89	56.54

DIVIDEND

Your Directors have the pleasure of recommending a dividend of Rupee 1 per share for the year under review.

REVIEW OF THE COMPANY'S STAND ALONE PERFORMANCE

The Company's primary focus continues to be delivering offshore development and support services in the Company's core technology areas. Additionally, the Company received substantial income from certain real estates and interest income.

The Company's performance for the year being reported on is as follows:

- Total revenue during the year 2008-09 amounted to Rs. 216.97 million as compared to Rs. 219.70 million during the previous year. Total revenue is comprised of revenue from operations and other income, as follows:
 - Revenue from operations for the year ended March 31, 2009 amounted to Rs. 127.49 million vs. Rs. 163.19 million for the previous year. Operating revenue includes both software support and development activities and revenue earned according to the terms of the Bahrain JVC. Revenue was lower as a result of the sale of the Company's investment in its joint venture with Corliant Inc. in the previous year.
 - Other Income amounted to Rs. 89.48 million as against Rs. 56.51 million. Other income is higher on account of greater income from properties and interest receipts on deposits.
- Profit before interest, depreciation and tax amounted to Rs. 96.01 million against Rs. 50.14 million in the previous year.

REVIEW OF CONSOLIDATED PERFORMANCE

On a Consolidated Basis, the Company reported total revenue of Rs. 744.14 million during the year as compared to Rs 672.54 million during the previous year.

Profit after tax for the year ended March 31, 2009 amounted to Rs. 36.53 million compared to Rs. 20.95 million in the previous year.