

CyberTech Systems & Software Ltd.



Beyond Tangibles

4th Annual Report 1998-99

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CyberTech Mission

CyberTech is passionate about satisfying its employees, customers, partners and shareholders and committed to making the relationship mutually delighting

CyberTech Objectives

Be a high growth software services company known to specialize in emerging technologies, ahead of others;

Known to excel in business ethics and employee friendliness;

Create highly motivated, highly competent and prosperous team of professionals, who are the real assets of the Company;

Create a strong and profitable Company that serves generations of employees, customers and shareholders.

CyberTech Values

Business ethics, openness, respect for individuals and team work highlights our values in our quest for excellence.

CyberTech Customer Proposition

CyberTech is your expert global enterprise solutions provider offering integrated solutions in packaged applications, networks and infrastructure and e-Solutions

Foundation based on excellence



Today, national economies are undergoing rapid and substantial transformation and the economic growth of a nation has started getting closely linked with the growth of its IT industry. With increasing global and domestic market opportunities, the IT companies offering Product Support and Maintenance, ERP Solutions, Networking Solutions, Off-Shore Development, Internet Technologies and GIS are experiencing astronomically high growth rates. CyberTech Systems and Software Limited (CSSL), in just four financial years, is riding on this wave. The credit goes to the high integrity and transparency of our operations at CSSL. Not to forget the dedicated and structured approach of our CyberTechies. In this annual report, we focus on the achievements of the major revenue earning Strategic Business Units of CSSL. We give you an insight of your Company's Marketing Strategies, how we turn the wheels of opportunity in our favour to forge ahead.



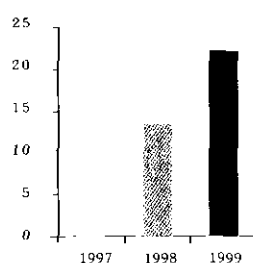
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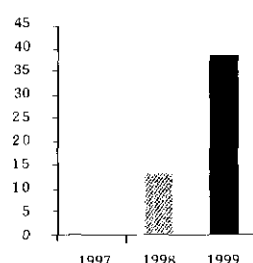
CyberTech at a glance



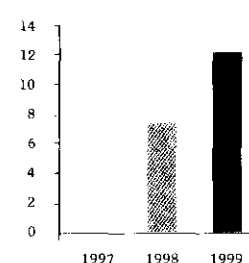
	Rs. in crores		
	1997	1998	1999
Total revenue	7.78	13.02	22.21
Exports	7.46	12.08	18.97
Gross profit	5.72	8.36	14.54
Net profit	5.18	7.45	12.01
Gross profit as a per cent of total revenue (%)	73.52	64.21	65.46
Net profit as a per cent of total revenue (%)	66.58	57.21	54.07
Equity	5.05	5.05	10.31
Reserves	5.67	12.01	72.03
Net worth	10.72	17.06	82.34
Earnings per share (Rs.)	10.26	14.75	11.65
Dividend (%)	15	20	45
Dividend pay out (%)	14.61	13.55	38.63
Book value (Rs.)	21.23	33.78	79.86



Total Revenue
(in crores)



Dividend Payout
(in %)



Net Profit
(in crores)

'Each Business is driven by the knowledge capital that it creates'

The
Difference
Is Depth

BOARD OF DIRECTORS



V. Prasad Rao
Chairman of CSSL & Chief Executive Officer of CSI

V. K. Garg
Executive Director

Vishwanath Tadimety
Director

A. V. Rajwade
Director

Atul Agrawal
Director

A. R. Datar
Director

M. P. Bharucha
Director

P. M. Rao
Director

Report Junction

Solicitors and Advocates :

M/s. Amarchand & Mangaldas & Suresh A. Shroff & Co.

Auditors :

M/s. Lovelock & Lewes, Chartered Accountants

Banker :

State Bank of India

Registered Office :

313, Midas, Sahar Plaza, J. B. Nagar
Andheri - Kurla Road, Andheri (East)
Mumbai - 400 059

Registrar & Share Transfer Agent :
Intime Spectrum Registry Pvt. Ltd.
260-A, Shanti Industrial Estate
Sarojini Naidu Road, Mulund (West)
Mumbai - 400 080

The
Difference
Is Depth

'Intellectual capital is intellectual material - knowledge, information, intellectual property, experience - that can be put to use to create wealth'

Chairman's Statement



V. Prasad Rao
Chairman of CSSL &
Chief Executive Officer of CSI

Dear CyberTech Family Members

I am delighted to report to all of you on where we've been as a Company and where we are going. What are our growth strategies, plans and what technology competence we have achieved? And of course, what financial goals your Company has and what value it wishes to deliver.

The Global IT Industry Scenario Is Changing Rapidly : CyberTech Systems and Software Limited (CSSL) is a very important part of the CyberTech group strategy globally. Though a different entity, CSSL imbibes the technology practice and business model of CyberTech group. I wish to enlighten you about the CyberTech group and its ability to meet the challenges in the new millennium making it a truly Global Enterprise Solutions Company.

It is clear that the new millennium will fundamentally redefine the markets, the market players and the criteria for commercial success, on a level unprecedented since the Industrial Revolution and the dawn of Information age. The emphasis on speed, agility and globalization was never more. At these fast moving and often unpredictable times of market transformation, Information Technology is the premier positioning differentiator- a key component in any company's competitive arsenal. Any company, no matter how big its current size, will not survive if it chooses to ignore these trends; not IBM, not AT&T, not SAP, not even Microsoft. We already see them quickly aligning their core strategies to attune to these trends. IBM's foresight has fast made them the leader in e-solutions arena. We at CyberTech are equally sensitive to these trends. All our future strategies and priorities will be driven by these trends.

CyberTech has distinguished itself as a successful player in the Enterprises Packaged Applications market since its start in 1995. We have leap-frogged the competition and propelled to the top of the industry ratings by the strength of our key strategies.

CyberTech's proactive moves...

Time period	Actions
Early 1996	Followed industry leader in Enterprise Packaged Solutions and established a leadership position in this market around SAP.
1998	Established an Enterprising Networking Solutions practice that is very successful and highly promising.
1999	<ul style="list-style-type: none"> ◆ focussed on growing our existing Enterprise e-solutions practice as a major initiative and has seen explosive change. ◆ Successfully incubated Public Sector as a domain-based vertical. ◆ Develop engineers and integrate our home grown best-in-class consultant employees for all our practices. ◆ Forged strong and beneficial consulting alliances with customers and BIG market players.

'Intellectual capital is collective brain power. It is hard to identify and harder to deploy effectively. But once you find it and exploit it, You win'

The
Difference
Is Depth

ERP : CyberTech Group has a significant presence in the ERP market and hence changes influencing the same are quite important, impacting the group business. The first half of this year has been characterized by a slowdown in Enterprise Packaged Solutions, particularly the Enterprise Resource Planning (ERP) market. This has been largely attributed to Y2K investment commitments. However, we have conducted sufficient research to understand that there are emerging trends about which we need to be sensitive. In keeping with our strategy, we created a team of consultants to re-examine our Packaged Applications portfolio. This group conducted exploratory secondary research, studying market trends, emerging technologies and leading vendors.

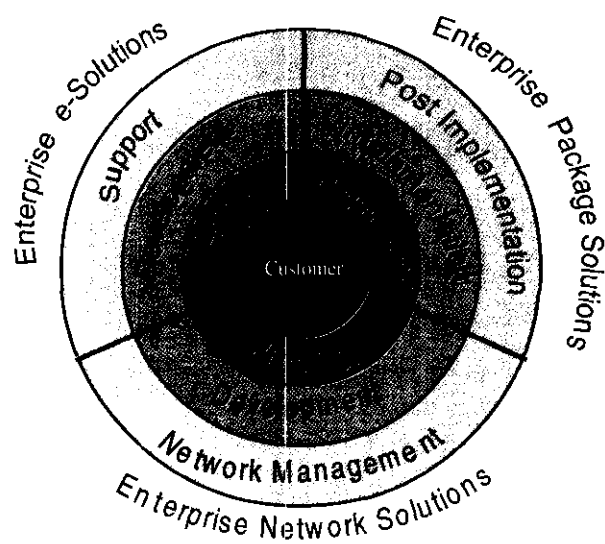
- What would propel ERP market in Future : It is now time the information is leveraged to impact decisions. Hence, the need for Decision Support Systems or ERP Extensions such as Supply Chain Management (SCM) and Customer Relationship Management (CRM).
 - Market Potential : SCM & CRM markets will dominate the Enterprise Applications Industry along with ERP itself, accounting for over \$25 billion potential vs. \$52 billion for ERP by year 2002. Current, SCM & CRM potential is \$5 billion vs. \$20 billion of ERP. Hence, SCM & CRM (>50% CAGR) will grow much faster than ERP (30% CAGR).
 - Market Leaders : i2 and Siebel are the leaders in SCM and CRM markets respectively with double-digit market shares. They are currently at least a year ahead of SAP in technology and functionality.
- e-Commerce: Internet will be the foremost media for all business transactions. Internet commerce will surpass \$300 billion by Year 2002. With the internet proliferation it is the Web enabled ERP that is expected to drive ERP growth.
- ERP Global Expansion : ERP has potential for expansion geographically. Since 85% of the implementations are currently in US and Europe, the next expansion markets will be in Asia-Pacific and Latin America.
- Vertical Solutions : ERP vendors have been fairly successful at providing generic solutions. Now they are developing industry-specific solutions to meet specialized customer needs. SAP's Retail, Oil & Gas and Public Sector will be the ones to watch.
- Outsourcing : Small and Mid-size companies remain big potential markets for Enterprises Applications. Hence, the pressure to provide a viable solution to these sectors is churning new ideas such as – outsourcing and its new delivery model in ASP offerings.
- Enterprise Internetworking : There is an explosion of growth in the areas of enterprise internetworking with the proliferation of the internet. This has further developed into a robust market which demands security, management and internet delivered mission critical applications. This is further fuelled by the convergence of voice, data, video, telephony and related technologies.

ERP solutions by themselves will not meet all the business needs. This can be achieved only by a well integrated Enterprise Solutions company that can provide best of the breed packaged solutions, custom applications and enterprise networking and integration services.

CyberTech Positioning

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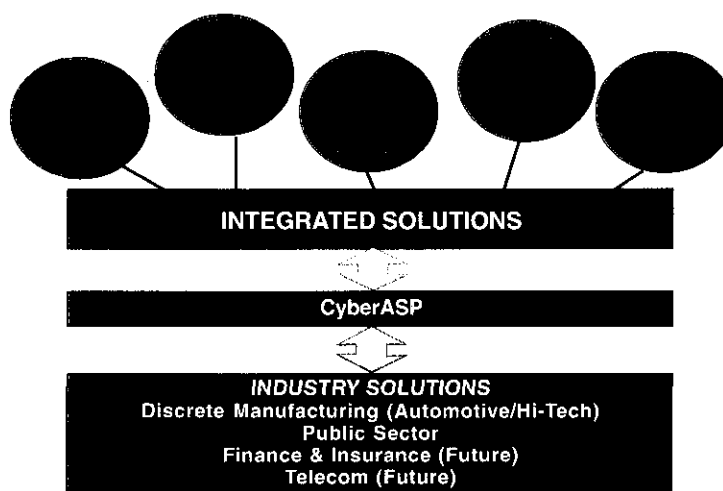
CyberTech Integrated Practice Model



Some of the immediate actions for taking CyberTech into the Next Millennium

- Fully integrated initiatives in the areas of Enterprise Packaged Solutions, Enterprise Network Solutions and Enterprise e-Solutions.
- Increased focus on Decision Support Applications such as SCM, CRM, etc., to add to our arsenal of Packaged applications.
- Increased management focus on e-Solutions in the areas of web commerce, web extensions, ERP integration and delivered applications.
- Development of Network planning, Security and Management Service offerings including a Network Operations Center (NOC) by fourth quarter of financial year 1999.
- Development of industry solutions around our technology practices.
- Continuous monitoring of our positioning, differentiation and alignment with market demands.
- Announcement of CyberASP, CyberTech's enterprise ASP (Application Service Provider) offering positioning us as an important player in the web-delivered applications market place.

Integrated Business Unit Model



Our strengths lie in the unique blend of focused and high quality multi-disciplinary skills of our consultants. Time and again we have proved our capability to excel under exceptionally complex and often difficult circumstances. Our recent successes with the Fortune 1000 companies are only a few indicators of our potential. With the above key interventions to our direction and an integrated strategy we are surely on the right path to take a forward leap into the next millennium. We as CyberTech Group are positioned to become a billion dollar Global Enterprise Solutions Company by 2006.

The
Difference
Is Depth