



CyberTech

Systems and Software Limited



6TH ANNUAL REPORT 2000-2001

BOARD OF DIRECTORS

V. Prasad Rao
Chairman

Vishwanath Tadimety
Vice Chairman

A. V. Rajwade
Director

A. R. Datar
Director

M. P. Bharucha
Director

P. V. Maiya
Director

V. K. Pradhan
Director

V. K. Garg
Executive Director

Suhas Wadivkar
Director (Finance)

COMPANY SECRETARY

Hariraj S. Chouhan

AUDITORS

Price Waterhouse
Chartered Accountants

BANKERS

State Bank of India

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

SOLICITORS AND ADVOCATES

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

REGISTRAR & SHARE TRANSFER AGENT

Intime Spectrum Registry Pvt. Ltd.
260-A, Shanti Industrial Estate,
Sarojini Naidu Road,
Mulund (West),
Mumbai-400 080.

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NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the members of **CyberTech Systems and Software Limited** will be held on Thursday, the 13th day of December, 2001, at the Registered Office of the Company at 'CyberTech House', Plot No. B-63/64/65, 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 :

1. To receive, consider and adopt the audited Balance Sheet as at 30th June, 2001 and the Profit and Loss Account for 15 (fifteen) month period ended as on that date alongwith Schedules and the Reports of Directors and Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Vishwanath Tadimety, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. A. V. Rajwade, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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 Section 225 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Lodha & Co., Chartered Accountants, Mumbai, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company in place of M/s. Price Waterhouse, Chartered Accountants, the retiring Auditors of the Company, on such remuneration as may be fixed by the Board of Directors ["the Board"] of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things as may be necessary to implement this resolution."

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, approval of the Company be and is hereby accorded for the appointment of Mr. Suhas Wadivkar as Director (Finance) in the whole-time employment of the Company, for a period of three years with effect from 21st December, 2000, upon the terms and conditions, approved by the Board at its meeting held on 21st December, 2000, **AND THAT** for the reasons set out in the explanatory statement annexed hereto, further approval be and is hereby accorded to re-designation of Mr. Suhas Wadivkar as Executive Director, as approved by the Board at its meeting held on 25th October, 2001."

"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. Suhas Wadivkar 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. Suhas Wadivkar."

"RESOLVED FURTHER THAT notwithstanding anything hereinabove stated, where in any financial year, during the currency of the term of Mr. Suhas Wadivkar 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."

7. To pass with or without modification(s), the following resolution as an Ordinary Resolution :

"RESOLVED THAT Mr. P. V. Maiya who was appointed as an Additional Director of the Company by the Board of Directors with effect from 21st December, 2000 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 Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

By Order of the Board of Directors

H. S. CHOUHAN
Company Secretary

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

Date : 25th October, 2001

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 Item Nos. 5 to 7 is annexed hereto.
4. Dividend on Equity Shares, if approved at the Annual General Meeting, will be paid to those members whose names appear in the Register of Members of the Company/who hold the shares of the Company in Demat mode as on the date of Annual General Meeting i.e., 13th day of December, 2001.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 4th December, 2001 to 13th December, 2001 (both days inclusive).
6. Members are requested to :
 - (a) notify immediately, change of address, if any, to the Company's Registrar and Share Transfer Agent, Intime Spectrum Registry Private Limited, 260-A, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai-400 080, 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.
 - (c) bring the copy of the Annual Report alongwith them and to produce the Attendance Slip at the entrance of the Meeting Hall.
7. In terms of the amendment 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 Investor Education and Protection Fund.
8. 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 and Holidays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
9. The Shares of the Company are listed with the following Stock Exchanges :
- (a) The Stock Exchange, Mumbai, Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai-400 001.
 - (b) National Stock Exchange of India Limited, Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra (East), Mumbai-400 051.
 - (c) The Hyderabad Stock Exchange Limited, 3-6-275, Himayat Nagar, Hyderabad-500 029.
 - (d) The Stock Exchange, Ahmedabad, Kamdhenu Complex, Opp. Sahajanand College, Panjara Pole, Ahmedabad-380 015.
 - (e) Pune Stock Exchange Limited, Shivleela Chambers, 752, Sadashiv Peth, R. B. Kumthekar Marg, Pune-411030.

The Company has paid the annual listing fees for the financial year 2001-02 to the above Stock Exchanges.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 5 :**

The present Auditors of the Company, M/s. Price Waterhouse, Chartered Accountants, Mumbai, will retire at the ensuing Annual General Meeting. The Board of Directors has proposed the appointment of M/s. Lodha & Co., Chartered Accountants, Mumbai, as the Statutory Auditors to audit the accounts of the Company from the conclusion of Sixth Annual General Meeting until the conclusion of the next Annual General Meeting. M/s. Lodha & Co., have signified their consent to act as Auditors of the Company, if appointed. You are requested to consider their appointment.

None of the Directors is concerned or interested in the resolution at Item No. 5.

ITEM NO. 6 :

Mr. Suhas Wadivkar holds Bachelor's degree in Commerce (Hons.) and is Certified Associate of Indian Institute of Bankers (C.A.I.I.B.). He has a good and varied experience and was associated for over 33 years with State Bank of India in various capacities and was mainly looking after domestic and International Banking, finance and HR activities.

Before joining CyberTech, Mr. Suhas Wadivkar was working as an Executive Director of IndusInd Bank Limited (1994-99).

In view of the strong background of Mr. Suhas Wadivkar and considering his experience, the Board at its meeting held on 21st December, 2000, appointed him as Director (Finance) in the whole-time employment of the Company on the terms and conditions as detailed in the agreement. Subsequent to this, considering the multifarious responsibilities shouldered by Mr. Suhas Wadivkar and his abilities in managing all the affairs of the Company, the Board at its meeting held on 25th October, 2001, re-designated Mr. Suhas Wadivkar as Executive Director. The terms and conditions and the period of his employment remain the same as detailed in the original agreement of employment, which are as follows :

- (i) Period of Appointment : Three years with effect from 21st December, 2000.
- (ii) Remuneration :
 - (a) Salary : Rs. 1,00,000/- (Rupees One Lac only) per month.
 - (b) Housing facility : Provision of rent free accommodation, subject to the cost of maximum of 15% of salary.
 - (c) Medical re-imbursment : Rs. 25,000/- per annum.
 - (d) Leave Travel allowance (LTA) : Rs. 25,000/- per annum.
 - (e) Conveyance : Re-imbursment of expenses for petrol/maintenance of car/conveyance, subject to a maximum of Rs. 1,20,000/- per annum.
 - (f) Entertainment : Re-imbursment of entertainment expenses subject to a maximum of Rs. 60,000/- per annum.
 - (g) Miscellaneous : Re-imbursment of expenses for Books and periodicals/soft furnishing/telephone subject to a maximum of Rs. 50,000/- per annum.
 - (h) Gratuity : Gratuity at a rate of half month's salary for each completed year of service.
 - (i) Leave : Leave with full pay or encashment thereof as per the Rules of the Company. (Leave encashment is worked out on the salary at the time of encashment).
- (iii) Minimum Remuneration : During the currency of the tenure of Mr. Suhas Wadivkar, if the Company has no profits or its profits are inadequate in any financial year, the Company shall pay



remuneration by way of Salary including all perquisites not exceeding the limits specified under Schedule XIII of the Companies Act, 1956.

- (iv) The remuneration, terms and conditions of the said appointment of Mr. Suhas Wadivkar may be varied from time to time, subject to the conditions of Schedule XIII to the Companies Act, 1956, or any amendments made hereafter, as may be agreed to, between the Directors and Mr. Suhas Wadivkar.

The Board recommends passing of the resolution.

Except Mr. Suhas Wadivkar, no other Director is concerned or interested in passing of the resolution.

ITEM NO. 7 :

Mr. P. V. Maiya holds Master's degree in Economics and is also a Certified Associate of Indian Institute of Bankers (C.A.I.I.B). Mr. Maiya has had a career spanning 32 years with State Bank of India in various assignments in India and abroad including deputation as Executive Director of SCICI Limited, for nearly two and half years. In 1994, he became the first Chairman and Chief Executive Officer of ICICI Bank Limited for a period of about five years. Thereafter, he was Managing Director of Central Depository Services (India) Limited (CDSL) for more than a year.

To broadbase the Board and to avail of expertise of Mr. Maiya, the Board of Directors at its meeting held on 21st December, 2000 appointed Mr. Maiya as an Additional Director of the Company. The Company has received a Notice under Section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. P. V. Maiya for the office of Director liable to retire by rotation.

Mr. Maiya is on the Board of Indian Bank and is the Chairman of Audit Committee of the said Bank. He is also a Director of Neuland Laboratories Limited, Hyderabad and Brigade Enterprises Private Limited, Bangalore.

He is a member of the Executive and the Audit Committee of the Company.

The Directors recommend that resolution be passed as reflected at Item No. 7. None of the Directors except Mr. P. V. Maiya is concerned or interested in the said resolution.

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
Date : 25th October, 2001

By Order of the Board of Directors

H. S. CHOUHAN
Company Secretary

DIRECTORS' REPORT

To,
The Members,
CyberTech Systems and Software Limited

Your Directors have pleasure in presenting the Sixth Annual Report on the business and operations of your Company together with the Audited Statement of Accounts for the fifteen-month period ended 30th June, 2001.

FINANCIAL RESULTS :

	(Rs. in lacs)	
	(15 months)	(12 months)
	2000-2001	1999-2000
Gross Revenue	3,274.37	3,624.79
Profit before Interest and Depreciation	808.23	2,183.64
Interest	16.83	17.65
Depreciation	434.06	330.59
Profit before tax	357.34	1,835.40
Provision for tax	85.50	132.00
Profit after tax	271.84	1,703.40
Profit brought forward from previous year	2,481.99	1,611.16
Taxation of earlier years	1,159.00	-
Amount available for appropriations	1,594.83	3,314.56
Appropriations :		
Interim dividend Paid	-	309.20
Proposed dividend	185.46	257.67
Tax on dividend	18.92	90.70
Transferred to General Reserve	-	175.00
Balance to be carried forward	1,390.45	2,481.99
	1,594.83	3,314.56

DIVIDEND :

The Directors recommend payment of 8% dividend for the financial year ended 30th June 2001. The proposed dividend will absorb Rs. 185.46 lakhs on the enhanced capital base and tax on dividend will amount to Rs. 18.92 lakhs, taking the total payout to Rs. 204.38 lakhs.

REVIEW OF OPERATIONS AND PERFORMANCE :

During the year, your Company extended its financial year by three months and closed its Books of Accounts on 30th June, 2001, i.e. for a period of 15 months.

Further, during the year the process of amalgamation of your Company and its wholly owned subsidiary namely CyberTech Information and Systems (India) Limited (CISIL) was completed. Accordingly, the financial statements for this year are prepared for a period of 15 months after



consolidating the financial statements of the two companies. Hence, the overall results of this year are strictly not comparable with those of the previous financial year.

The global economic slowdown and the continued softness in the information technology market affected the operations of your Company adversely this year. This resulted in the fall in the revenues and profitability of the Company, which is largely dependent on the U.S. market. As a measure of economy the Company closed down its Australia and Bangalore operations and also adopted various other cost cutting measures.

A provision for tax liability of Rs. 1159 lakhs for Assessment Year (A.Y.) 1996-97 to A.Y. 2000-01, has been made in the accounts based on the Assessing Officer's Orders for A.Y. 1997-98 and A.Y. 1998-99. The Company has not accepted the Income Tax Department's charges and is contesting these at the appropriate level. The Company has already received partial relief during the re-assessment of A.Y. 1997-98 and hopes to receive further relief at the appellate levels in respect of all the years concerned. The Company has, however, made the above referred provision of Rs. 1159 lakhs as a conservative measure.

FUTURE PROSPECTS :

The slowdown of US economy seems to be impacting the IT industry rather adversely. The hope for revival has become more distant, following the terrorist attacks of 11th September 2001. Prolonged sales cycles and cancelled or deferred statements of work have become the order of the day. Given the current state of uncertainty, it is difficult to make any business forecast at this stage.

However, on the positive side CyberTech is gearing up on all fronts to make the best of the scenario when outlook improves. We have made significant progress on our alliances with technology leaders such as ESRI, Siebel, SAP and Cisco.

Having proven our expertise on application integration and product engineering, we are fast emerging as a frontline partner of ESRI. Our ability to create and demonstrate a compelling value proposition through our CRM solutions has enabled us to make substantial gains with Siebel alliance. CyberTech will be one of the key partners of Siebel as it strives to expand into automotive space.

ISSUE OF BONUS SHARES :

During this year your directors allotted 7906 bonus shares of Rs.10/- each by capitalizing a part of the free reserves pursuant to the establishments of beneficial ownership by National Securities Depositories Ltd. (NSDL). Allotment of bonus shares on 4,467 original equity shares is pending on account of non-establishment of beneficial ownership by NSDL.

AMALGAMATION :

The Scheme of Amalgamation, amalgamating CyberTech Information and Systems (India) Limited (CISIL), a wholly owned subsidiary of your Company, with the Company was approved by the Hon'ble High Court of Judicature at Bombay on 18th July, 2001 confirming the Scheme of Amalgamation with effect from 1st April, 2000, the appointed date. As a result of amalgamation, the accounts of CISIL were merged with those of your Company. As provided in the Scheme of Amalgamation, 23,600 shares of CISIL held by your Company were extinguished and no shares of your Company were allotted in exchange for these shares.

JOINT VENTURES :

Corliant, Inc. :

During the year under review, your Company entered into a Joint Venture Agreement with Corliant Inc., to tap the emerging global business in the field of Networking Solutions. An investment of

US \$ 2.0 million in the common stock of joint venture was made in May 2001, against which the Company has received 1,428,945 shares.

Corliant is an internetworking professional services company focused on the design, validation, security and management of complex IP network. Corliant's major focus is on early IP technologies from Cisco in the areas of Security, Convergence, Voice and Storage. Corliant is a Cisco Professional Services partner and has engagements in the US, Central and South America and Asia Pacific. As a strategic partner, Corliant has also received financial investment from Cisco Systems, San Jose CA. Corliant has a continued need for highly competent Internetworking talent. Your Company, over the last 2 years, has made substantial investments in building up Networking expertise on Cisco technology and is well equipped today with necessary infrastructure at its Advanced Technology Centres (ATC's) to provide high end technical expertise.

Your Company will enjoy the benefit of being a preferred service provider of Networking services to Corliant Customers in the Asia-Pacific region. Your Company will also participate in the development of customised solutions for Corliant customers in other parts of the world. Your Company has already set up a Core Support Center to supplement the efforts of Corliant in US and has gained experience in the Latin American market through association with Corliant.

Considering the future growth potential in the Internetworking business, high probability of engaging in prestigious projects and the capabilities of respective managements, the two Companies have synergised their operations. Your Company expects to earn substantial benefit from the Association, supported by an assured minimum revenue stream through the joint venture.

ISO 2000 CERTIFICATION:

Your Company achieved another milestone in its Quality System Improvement Program. The Standardisation Testing and Quality Certification Directorate, Ministry of Information Technology, Government of India, which is the Certification Body, has recommended ISO 9001-2000 certificate for the Company.

FIXED DEPOSITS:

The Company did not accept any fixed deposits during the year within the meaning of Section 58-A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS:

The Board of Directors at its meeting held on 21st December, 2000, subject to your approval, appointed Mr. Suhas Wadivkar as Director in the whole-time employment of the Company for a period of three years, which matter is being placed before the members at the ensuing Annual General Meeting.

The Board at the said meeting also appointed Mr. P. V. Maiya as an additional Director. Mr. Maiya will hold office as additional director upto the date of ensuing 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. Maiya for the office of Director, liable to retire by rotation, at the ensuing Annual General Meeting.

The Board of Directors accepted the resignation of Mr. V. K. Garg as a Whole-time Director of the Company with effect from 9th January, 2001. The Board of Directors also accepted the resignation of Mr. M. P. Bharucha, Director of the Company with effect from 28th September, 2001. The Board places on record its appreciation for the significant and valuable contributions made by these Directors during their tenure with the Company.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Vishwanath Tadimety and Mr. A. V. Rajwade, Directors of the Company retire by