

## **BOARD OF DIRECTORS**

P.C.PANTULU	-	Managing Director
K.S.SHIVA KUMAR	-	Director & Chief Operating Officer
IJJU SHIV ANAD	-	Director
P.S.MURTHY	-	Director
K.K.RAO	-	Director

### **Auditors**

**B.Rama Rao & Co**  
Chartered Accountants  
Hyderabad

### **Bankers**

State Bank of India

### **Registered Office & Software Development Centre**

#11, Sripuri Colony,  
Kakaguda, Karkhna,  
Secunderabad-50015  
e-mail: [info@cybermateinfotek.com](mailto:info@cybermateinfotek.com)  
Url : [www.cybermateinfotek.com](http://www.cybermateinfotek.com)

## NOTICE

Notice is hereby given that the 11<sup>th</sup> Annual General Meeting of the shareholders of the company will be held on Thursday, the 29<sup>th</sup> September 2005 at 10.00 A.M. at Sundarayya Vignan Kendra, # 1-8-1/B/25/A, Baghlingampally, Hyderabad – 500 044 A.P India to transact the following business:

### AS ORDINARY BUSINESS

- 1 To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.  
“RESOLVED THAT the Audited Balance Sheet as at 31<sup>st</sup> March 2005 and the Profit and Loss Account of the Company for the year ended on that date and the report of the Directors and Auditors be and are hereby considered and adopted.”
- 2 To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.  
“RESOLVED THAT Mr. K .S. Shiva Kumar, who retires by rotation and being eligible for re-appointment, offers himself for re-appointment be and is hereby re-appointed, as a Director of the Company.”
- 3 To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.  
“RESOLVED THAT the retiring auditors M/s. B. RAMA RAO & Co., Chartered Accountants, Hyderabad, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the Company, on such remuneration as may be fixed in this behalf by the Board of Directors of the Company.”

By order of the Board  
For Cybermate Infotek Limited

-sd-

P. C. Pantulu  
Managing Director

Place: Secunderabad  
Date: 5<sup>th</sup> September, 2005

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself and the proxy need not be a member. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not later than 48 hours before the meeting.
2. The share transfer books and Register of Members of the Company will remain closed from 26<sup>th</sup> September 2005 to 29<sup>th</sup> September 2005 (both days inclusive).
3. Members are requested to bring their copies of the Annual Report to the meeting. Please bring the Attendance slip with you duly filled in and handover the same at the entrance of the Meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
4. Members are requested to notify immediately any change in their address to the Company in case their shares held in dematerialized form; this information should be passed so that the information required can be made readily available at the meeting.
5. Members holding shares in physical form are requested to de-materialize the shares in electronic form to facilitate faster transfer and avoid rejections for bad deliveries. The Share Certificates may be sent to the Secretarial Department, at Plot No.11, Sripuri Colony, Karkhana, Secunderabad – 500 015. A.P

### ITEM NO. 2:

#### **Information on Director's seeking appointment / re-appointment as required under clause 49 of the listing agreement with stock exchanges.**

Mr. K. S. Shiva Kumar, aged 38 years is a graduate in science. He is Director (Operations) of the company. He has more than a decade of experience in software development, training and MIS departments. He has worked for Pertech Computers Ltd, Asian Wore Ropes Ltd, Suchitra Group of companies and SOL Pharmaceuticals Ltd. He has been instrumental in launching numerous corporate training programs. In 1994 he joined Sri P C Pantulu and promoted Cybermate Infotek Ltd.

## Directors' Report

To the Members,

Your Directors have pleasure in presenting their Eleventh Annual Report of the business and operations of your company for the year ended March 31<sup>st</sup> 2005.

### Financial Results

	31 <sup>st</sup> March, 2005 (9 Months)	(Rs. In Lacs) 30 <sup>th</sup> June, 2004 (15 Months)
Sales	221.84	745.83
Other Income	28.65	41.89
Total Revenues	250.49	787.72
Total Expenditure	85.80	437.50
PBDIT	164.69	350.22
Profit before Tax	4.46	3.11
Less: Prov. for Tax	1.34	1.09
PAT	3.12	2.02
Add: Surplus B/f	681.83	680.12
Profit available for		
Appropriation	684.95	682.14
Transfer to General		
Reserve	0.44	0.31
Surplus Carried to		
Balance sheet	684.50	681.83

### Overview of Operations:

The software industry, which was affected badly due to the recession in USA during the recent years, has started showing significant improvement in large companies operations. However, in the case of smaller companies like yours the pace of recovery is slow mainly due to the constraints in the areas of working capital availability and retention of manpower. Your company has taken the crisis as an opportunity and is in the process of consolidating its operations.

### Subsidiary Company Accounts

Due to certain administrative difficulties the accounts of the overseas subsidiary could not be finalized and hence the consolidation of accounts could not be completed. We have informed the auditors about the difficulty and the auditors have qualified their report. We shall ensure to get the accounts of the subsidiary updated and include the same in our next report.

### Fixed Deposits

Your company has not accepted any deposits and, as such no amount of principal or interest was outstanding on the date of Balance Sheet.

### Directors

Sri K. S. Shiva Kumar retire at the conclusion of this annual general meeting and being eligible he offer him self for reappointment.

Sri Rajiv Goyal, Director (IBD) has resigned and his resignation has been accepted by the Board of Directors w. e. f from 5<sup>th</sup> September, 2005. The Board of Directors wish to place on record the services rendered by Sri Rajiv Goyal during his tenure as Director on the Board.

In accordance with the requirements of Clause 49 of the Listing Agreement executed with the stock exchanges as also in pursuance of section 292A of the Companies Act'1956, following steps have been taken by the Board of Directors:

a) The Board of Directors has been reconstituted and comprises five members (inclusive of two Executive Directors and three Non-Executive directors). The reconstituted Board comprises the following:

- |                          |                        |
|--------------------------|------------------------|
| 1) Mr. P. C. Pantulu     | Managing Director      |
| 2) Mr. K. S. Shiva Kumar | Director & COO         |
| 3) Mr. P. S. Murty       | Non-Executive Director |
| 4) Mr. Ijju Shiv Anand   | Non-Executive Director |
| 5) Mr. K. K. Rao         | Non-Executive Director |

### **Audit Committee**

The Audit committee provides direction to the audit and risk management function in the company and monitors the quality of internal audit and management audit Committee include overseeing the financial reporting process to ensure proper disclosure of financial statement, recommending appointment/removal of external auditors and fixing remuneration.

The present audit committee comprises the following directors:

- |                       |                   |
|-----------------------|-------------------|
| 1) Mr. K.K.Rao        | Director          |
| 2) Mr. K.S.Shivakumar | Director & COO    |
| 3) Mr. P.C.Pantulu    | Managing Director |

**Directors' Responsibility Statement** (As the provisions of Section 217(2AA) of the Companies Act' 1956), the Directors confirm that:

a) in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation related to material departures.

b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company as at the end of 31<sup>st</sup> March 2005 and the profits for the year ended on that date.

c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

d) the directors have prepared the annual accounts on a going concern basis.

### **Corporate Governance**

A report on corporate governance and management discussion and analysis as required under clause 49 of the listing agreement are enclosed.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Industry Structure and developments.**

IT industry is becoming increasingly focused and domain knowledge is becoming a crucial differentiator. Traditionally Indian IT sector has been service focused, however this structure is gradually changing and the companies are moving up the value chain by providing high end solutions including products and consulting services, increased domain knowledge and focus to narrow yet specialized sector is seen as a definite way to improve both the top and bottom lines of the business. Lower Visa quotas, greater security concern, and above this is the increased pressure on the bottom line for US & European companies have pushed the BPO (Business Process Outsourcing) in a big way. More companies from these countries are looking for reliable partners who have the domain knowledge for their IT needs.

Generally IT industry has been growing at an average of around 30% growth. At the same time certain domain specialization companies have been growing at a higher pace.

It is clear that Indian companies will play a dominant role in the development of IT. Global post-war political changes are likely to propel growth for all industries in general and it is likely to have significant impact on the growth of the IT industry also.

### **Opportunities and threats**

The company intends to leverage the advantage of customized solutions offered to various clients to turn them into software products for the use of general clients/companies on a larger scale to improve the revenues of the company. However there are threats in marketing such software products due to thin margins and increased competition in domestic as well as overseas markets.

### **Segment or product-wise performance**

Segment-wise or product-wise performance has already been furnished elsewhere in this Report.

### **Outlook:**

This has been already furnished elsewhere in this report.

### **Risks and concerns:**

There is pressure on profitability due to the lack of export orders to execute offshore projects.

### **Internal control systems and their adequacy**

Your Company placed considerable emphasis on internal control system so as to minimize the costs and improve the efficiencies and existing systems are adequate given the size of the company.

### **Financial /operational performance:**

This has been already discussed elsewhere in this Report.

### **Human Resources/ Industrial Relations:**

Due to lack of sufficient export orders, several employees left the company for better prospects and career growth. However all out effort was made to retain the talent and improve the productivity.

### **Auditors**

The auditors, M/s. B.Rama Rao & Co., Chartered Accountants, Hyderabad retire at this Annual General Meeting and are eligible for re-appointment. The Board recommends their re-appointment.

### **Auditors Observations**

The observations of the auditors in their report to the members are self-explanatory and are not called for any explanation from the Board. The observations of auditors as referred to in the annexure to the Auditors Report are suitably explained in the notes to the accounts in paragraphs No. 8 & 9.

### **Conservation of Energy, Technology absorption and Foreign Exchange Earnings and Outgo**

The particulars as prescribed under sub-section (1)(e) of section 217(2A) of the Companies Act'1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, are given in Annexure B.

### **Employee Particulars**

As required under the provisions of Section 217(2A) of the Companies read with the Companies (Particulars of employees) Rules' 1975 as amended form part of this report. However, in pursuance of section 219(1)(b)(iv) of the companies Act' 1956 this report is being sent to all shareholders of the company excluding the aforesaid information and the said particulars are made available at the registered office of the company.

### **Acknowledgement**

Your Directors acknowledge with a deep sense of gratitude the continued support extended by investors, customers, business associates, bankers and government departments.

For and on behalf of the Board

Place: Secunderabad  
Date: 05 September, 2005

Sd/-  
P. C. Pantulu  
Managing Director

sd/-  
K.S.Shiva Kumar  
Director & COO

## **Annexure to the Directors' Report**

a) Particulars pursuant to Companies (disclosure of particulars in the report of the Board of Directors) Rules, 1988

### **1.Conservation of Energy**

The operations of your company are not energy-intensive by using energy efficient computer terminals and equipment and electrical fittings. Energy saving conditioners are being purchased that reduces heat absorption. Your company is always in the look out for newer and efficient energy conservation technologies and introduces them appropriately.

### **2.Research and Development (R & D)**

Research and Development of new products and services that allows software designs across different projects that continue to increase quality and productivity. Your company is continuously strengthening its research exposure in application and system development areas. Your company has set up practice units for web-related technologies and object and component technologies. Your company helps its customers creating a world standard virtual workplace connecting across offices, geographies, on a real time with multimedia linkups.

### **3.Technology absorption, adaptation and Innovation**

Your company has taken steps to improvise on quality and desktops, that reduces working time on desktops. Various communication facilities include Video-conferencing, and Middleware technologies. Your company has

### **4.Foreign Exchange earnings and outgo**

Activities relating to exports, development of new markets, for products and services and export plans. Your company has over the past period, set up communication facilities and marketing offices situated in North America, Europe and Middle East. Your company has plans to set up marketing and development centers at San Jose, California catering to the client needs.

#### **Foreign Exchange earned and used for the year ended**

	(Rs. in Lacs)	
	2005	2004
Foreign Exchange Earnings	---	8.10
Foreign Exchange Outgo	----	9.68

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Corporate Governance:

Corporate Governance is more a way of Business life than a mere legal compulsion. Your Company believes that, though its primary focus is on the core objective of earning profits, the same should be aligned with the expectations of stakeholders. In this direction, the Board of Directors of your Company is committed to adopt good corporate governance practice as a part of the corporate culture, a way of its Corporate life and a kind of self-disciplinary code designed to serve the ultimate goal of making the Company a value driven Organization.

### 2. Board of Directors (Board)

The Board consists of 6 members comprising:

- 3 Independent Non-executive Directors:
- 3 Executive Directors:

#### Attendance Record – 2004-2005

S.No	Name of the Director	Category	Meetings Attended	Attendance at last AGM on 31.03.2005	Remarks
1	P.C. Pantulu	Executive	05	Yes	-
2	K.S. Shiva Kumar	Executive	05	Yes	-
3	Rajiv Goyal	Executive	00	NO	In Aboard
4	P.S. Murthy	Non-Executive	00	No	In Aboard
5	Iju Shiv Anand	Non-Executive	00	No	In Aboard
6	K.K. Rao	Non-Executive	04	No	-

#### Number of other Directorships, Committee Membership(s) & Chairmanship(s):

Sl.No	Name of the Director	Other Directorship	Committee Membership	Committee Chairmanship
1	P.C. Pantulu	1	3	2
2	K.S. Shiva Kumar	None	3	Nil
3	Iju Shiv Anand	1	Nil	Nil
4	P.S. Murthy	None	Nil	Nil
5	Rajiv Goyal	1	Nil	Nil
6	K.K. Rao	None	3	Nil

#### Number of Board Meetings held and the date on which held:

Ten Board Meetings were held during the year as against the minimum requirement of three meetings. The gap between two Board meetings was not more than 3 months at any time.

The dates of Board meeting held during the year under review are:

S.No	Date	Time
1	31.07.04	05.00 P.M
2	30.10.04	04.00 P.M
3	30.11.04	10.00 A.M
4	29.01.05	04.00 P.M
5	05.03.05	05.00 P.M

### 3. Audit Committee:

The Board of Directors of the Company Constituted Audit Committee consisting of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements. During the year, in all, 4 meetings of the Committee took place and the Audit Committee comprises of the following Directors.

1. Mr. K.K. Rao

2. Mr. P.C. Pantulu
3. Mr. K.S. Shiva Kumar

#### 4. Remuneration of Directors & Remuneration Committee:

Other than whole-time Directors, no other Director receives any remuneration from the Company excepting Sitting Fees for attending the Board Meetings. The details of remuneration paid to the whole-time Directors is mentioned in Schedule 12 read with notes on accounts 14 (iv) to the Balance Sheet of the Company.

The Board of Directors of the Company constituted Remuneration Committee consisting of the following Directors, with the role and responsibilities duly defined and in accordance with the applicable statutory and other requirements.

a) Composition, Name of the Chairman and Members:

- i. Mr. P.C. Pantulu - Chairman
- ii. Mr. K.K. Rao - Member
- iii. Mr. K. Shiva Kumar- Member

b) Attendance during the year

The remuneration Committee had met once during the year and the members of the Committee were present at the meeting.

#### 4. Shareholders' Grievance Committee:

The Shareholders' Grievance Committee constituted by the Board of Directors and comprising of Mr. P.C. Pantulu (Chairman) Mr. K. Shiva Kumar and Mr. K.K. Rao , inter-alia oversees the transfer of shares and redressal of shareholders/ Investors grievances and complaints.

All the complaints received are replied to the satisfaction of shareholders during the year under review and there are no outstanding complaints as on 31<sup>st</sup> March 2005.

#### 5. General Body Meetings:

a) Location and time for the last 3 Annual General Meetings were:

Year	Location	Date	Time
2002	1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44	16.12.2002	3.00 P.M.
2003	1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44	30.09.2003	3.00 P.M
2004	1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44	31.03.2005	10.00 A.M

#### 6. Disclosures:

Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature with the promoters, the Directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the Company at large -

None of the transactions with any of the related parties were in conflict with the interest of the Company.

Details of non-compliance by the Company, penalties, strictures imposed on the Company by the Stock Exchanges or The Securities and Exchange Board of India of (SEBI) or any other statutory authority on any matter related to the Capital Markets during the last 4 years

None.

## 7. Means of Communication:

Un-audited Quarterly results have been approved by the Board and has intimated to the Stock Exchanges and are published in Business Standard and Andhra Bhoomi. Management Discussion and Analysis Report forms part of Annual Report.

## 8. General Shareholders Information:

Annual General Meeting	:	Date : 29.09.2005 Time: 10.00 A.M. Venue: 1-8-1/B/25/A, Sundaraya Vignan, Kendra, Baghlingampally, Hyderabad-44
Financial Calendar	:	01.07.2004 to 31.03.2005 ( 9 Months)
Date of Book Closure	:	26.09.2005 TO 29.09.2005
Listing on Stock Exchanges	:	1. The Hyderabad Stock Exchanges Limited 2. The Stock Exchange , Mumbai 3. The Bangalore Stock Exchange Limited
Stock Code	:	532271 on BSE
Market Price Date	:	

Month	High (Rs)	Low (Rs)
July, 04	3.00	2.50
August, 04	2.45	2.18
September, 04	3.38	2.20
October, 04	4.54	3.99
November, 04	8.00	3.55
December, 04	7.71	5.20
January, 05	7.15	4.80
February, 05	8.88	5.00
March, 05	7.00	6.90

### Share Transfer System:

Shares are received at the Registered office of the Company as well as directly at Registrar's Office. All are registered within 15 days from the date of receipt, if the documents submitted are found in order in all respects. A Committee of Directors authorized for approval of share transfers meets at regular intervals as required and the certificates duly endorsed for transfer are returned to shareholders within stipulated time of 30 days. Since the R&T agent M/s Sindhu Corporate Services (p) Ltd certificate of registration is suspended by SEBI, steps are being taken to appoint new registrar and transfer agent

### DISTRIBUTION OF SHAREHOLDING:

The distribution of shareholding as on 31<sup>st</sup> March 2005, was as follows:

Category	No. Of Shares	Percentage
Promoters	30,29,715.00	20.83
Financial Institutions & Banks	6000.00	0.04
FII's	11,400.00	0.08
Bodies Corporate	11,86,653.00	8.16
NRIs / OCBs	5,73,787.00	3.95
Resident Individuals	97,34,407.00	66.94
Total	1,45,41,962.00	100.00

## Dematerialization of shares

Particulars	Number of Shares	% Of Share Capital
NSDL	94,78,721	65.18
CDSL	28,16,342	19.37
Physical	22,46,899	15.45
<b>Total</b>	<b>1,45,41,962</b>	<b>100.00</b>

### Address for Correspondence:

Shareholders can correspond at the Registered Office of the Company at Secunderabad, addressed to the Company Secretary/Compliance Officer

Particulars of Directors seeking re-appointment at the forthcoming Annual General Meeting pursuant to Clause 49 of the Listing Agreement:

Name of Director	K.S.Shiva Kumar
Expertise in specific functional area	Marketing Operations & Business Development
Date of Birth	02.04.1967
List of other Companies in which Directorship is held as on 31 <sup>st</sup> March, 2005	Nil
Chairman/member of the Committees of the Board of other Companies in which he is a Director as on 31 <sup>st</sup> March, 2005	Nil

### AUDITORS' CERTIFICATE REGARDING CORPORATE GOVERNANCE

To the Members of M/s. Cybermate Infotek Limited, Secunderabad

We have examined the compliance of conditions of corporate governance by Cybermate Infotek Limited for the year of 9 months ended on 31.03.2005, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.

We state that generally no Investor Grievances are pending for a year exceeding one month against the company as per the records maintained by the shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Hyderabad

Date: 05.09.2005

For B.Rama Rao & Co.  
Chartered Accountants  
sd/-

G.V.Ranga Babu  
Partner

## AUDITORS' REPORT

To  
The Members,  
Cybermate Infotek Limited.

We have audited the attached Balance Sheet of M/s. CYBERMATE INFOTEK LIMITED as at 31<sup>st</sup> March 2005 and also the Profit and Loss Account and the cash flow statement for the year ended on that date (9 months) annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the companies (Auditor's Report) Order, 2003 issued by the central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order:

Further to our comments in the Annexure referred to above, we report that:

- a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit:
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books.
- c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account:
- d) In our opinion, the Balance Sheet and Profit and Loss Account and cash flow statement dealt with by this report are in compliance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act with an exception to AS 21 i.e Consolidated Financial Statements. The reason given by the management is due to certain unavoidable reasons subsidiary accounts were not made available
- e) On the basis of written representation received from the directors, as on 31.03.2005, and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31<sup>st</sup> March 2005 from being appointed as director in terms of Clause (g) of section 274 (1) of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, subject to our comments in paragraphs No.21 & 22 of annexure attached to Auditors Report .
  - I. In the case of the Balance Sheet, of the State of Affairs of the company as at 31<sup>st</sup> March 2005
  - II. In the case of the Profit and Loss Account, of the Profit for the year ended on that date and
  - III. In the case of cash flow statement, of the cash flows for the year ended on that date

for B.Rama Rao & Co.  
Chartered Accountants  
Sd/-

Place : Hyderabad  
Date: 05<sup>th</sup> September 2005

G.V.Ranga Babu  
Partner

## **ANNEXURE TO THE AUDITOR'S REPORT**

1.a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.

b) As per the information and explanation given to us, the management at reasonable intervals carried out the physical verification of the fixed assets. No material discrepancies were noticed on such verification.

c) There was no substantial disposal of fixed assets during the year under audit.

2 Due to the nature of its business, clause (ii) of the order, relating to physical verification of inventory is not applicable to the company.

3. As informed, the Company has neither granted or taken any loans, secured or unsecured to /from companies, firms or other parties covered in the register maintained under section 301 of the companies Act.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with size of the company and the nature of its business, for the purchase of fixed assets and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls in respect of this area.

5 According to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Act.

6.The Company has not accepted any deposits from public to which the provisions of Section 58A of the act, and the rules made there under apply.

7.In our opinion, the company has an internal audit system, which is commensurate with the size and the nature of its business

8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records prescribed under section 209(1)(d) of the act.

9.(a) According to the information and explanation given to us and the records examined by us, the Company is not regular in deposition with appropriate authorities undisputed statutory dues, Including provident fund and other statutory dues. Outstanding as at 31<sup>st</sup> March 2005 for a year of more than six months from the date they became payable are: Provident fund Rs. 4, 57,300, TDS payable Rs21, 07,021.

(b) According to the information and explanations given to us, there are no dues of sales tax, income tax, provident fund and Tax deducted at source, which have not been deposited on account of any dispute.

10.The company has been registered for a period of more than five years and has no accumulated losses at the end of the year under audit.

11.The company is not regular in payments to banks during the year and the amount of arrears to banks is Rs. 2,68,21,491/-.

12. Based on our examination of the records and the information and explanation given to us, the company has not granted any loan and or advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The company is not a chit fund, nidhi, mutual benefit fund or a society.

14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(XIV) of the order are not applicable to the company.

15. According to the information and explanations given to us the company has not given any guarantee for loans taken by others from bank or financial institutions except loans to employees given by banks.

16. According to the information and explanations given to us no term loans were raised by the company.

17. According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that the company has not raised any funds on short- term basis (excluding permanent working capital)

18. The company has not made any preferential allotment of shares during the year.

19. During the year covered by our audit report the company has not issued any secured debentures.

20. As per the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

21. Inventories: The company has shown an amount of Rs.3, 62,90,842/- as Work-in-Progress at the year-end of 31.03.2005 and also at the end of previous year i.e. 30.06.2004. Keeping the vulnerability of W-I-P into products/software, the auditors have proposed to write off at least 50% of the inventories as obsolete/not fit to convert into products. If inventories are written off by 50%, the Net Profit shown in the Profit and Loss Accounts is reduced by an amount of Rs.181 lakhs

22. Sundry Debtors: Sundry Debtors include the total exports value relating to the years ending on 31.03.2003, 30.06.2004 and 31.03.2005 as outstanding. The company has not obtained extension for the receipt of export proceeds in foreign exchange from RBI. Last year the auditors recommended a provision of 25%, which was not provided by the company. Hence the current year the auditors strongly recommend to provide provision for Bad Debts @ 40% of total Sundry Debtors. If provided, the profit shown in the Profit and Loss Account for the year ending on 31<sup>st</sup> March 2005 is reduced by an amount of Rs. 529 lakhs.

For B.RAMA RAO & CO  
Chartered Accountants

Sd/-  
G.V. Ranga Babu  
Partner

Hyderabad.  
05.09.2005



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2005

PARTICULARS	Schedule No.	31.03.2005 Rs.	30.06.2004 Rs.
<b>Income</b>			
Revenue	10	22183711	74583256
Other Income	-	2864874	4189075
	<b>TOTAL</b>	<b>25048585</b>	<b>78772331</b>
<b>Expenditure</b>			
Operating Expenses	12	8580115	43749628
Financial Charges	13	234668	5670394
Depreciation		15788067	29041614
	<b>TOTAL</b>	<b>24602850</b>	<b>78461636</b>
Profit for the year		<b>445735</b>	<b>310695</b>
Provision for Tax		133720	108743
Profit after Tax		<b>312014</b>	<b>201952</b>
Balance brought forward from the previous year		<b>68182528</b>	<b>68011646</b>
Profit available for appropriation		<b>68494542</b>	<b>68213598</b>
Appropriations:			
Provisions for Dividends		--	--
Transfer to General Reserve		<b>44573</b>	<b>31070</b>
Balance carried to Balance Sheet		<b>68449969</b>	<b>68182528</b>
Statement of significant Accounting Policies & Notes forming part of Accounts	14		

As per our report of even date

**For B.Rama Rao & Co.**

Chartered Accountants

Sd/-

**G.V.Ranga Babu**

Partner

For and on behalf of the Board of Directors

Sd/-

**P.C.Pantulu**

Managing Director

Sd/-

**K.S.Shiva Kumar**

Director

Date: 05.09.2005

Place: Secunderabad

<b>SCHEDULE – I</b>	<b>31.03.2005</b>	<b>30.06.2004</b>
<b>SHARE CAPITAL</b>	<b>Rs.</b>	<b>Rs.</b>
<b>Authorised</b>		
(150,00,000 Equity Shares of Rs. 10/- each fully paid up)	<b>150000000</b>	<b>150000000</b>
<b>Subscribed &amp; Paid Up</b>		
(1,45,41,962 Equity Shares of Rs. 10/- each fully paid up)	145419620	145419620
(97,41,300 Equity Shares of Rs.10 each fully paid up)		
Less: Calls-in-arrears	4965	4965
<b>TOTAL</b>	<b>145414655</b>	<b>145414655</b>
<b>SCHEDULE - 2</b>		
<b>Reserves &amp; Surplus</b>		
General Reserve	8711676	8667103
Profit and Loss Account	68591907	68182528
Share Premium	85710000	85710000
<b>TOTAL</b>	<b>163013583</b>	<b>162559631</b>
<b>SCHEDULE – 3</b>		
<b>Secured Loans</b>		
Hire Purchase	633407	633407
State Bank of India Term Loan	6000000	6000000
Working Capital Loan	20821491	20481996
Union Rent From UBI	-0	2341938
<b>TOTAL</b>	<b>27454898</b>	<b>29457341</b>
<b>SCHEDULE – 4</b>		
<b>UnSecured Loans</b>		
Security Deposits	7739000	7739000
<b>TOTAL</b>	<b>7739000</b>	<b>7739000</b>

**SCHEDULE – 5**  
**Fixed Assets**

Name of Asset	Gross Block on 01.07.04 Rs.	Additions /Deletions Rs.	Gross Block As on 31.03.05 Rs.	Depreciation Up to the year Rs.	During the year Rs.	Total Rs.	Net Block As on 30.06.04 Rs.	Net Block As on 31.03.05 Rs.
1) Motor Vehicles	1054448	0	1054448	1000068	54380	1054448	54380	0
2) Computers & Peripherals	39520426	0	39520426	39520426	0	39520426	0	0
3) Office Equipment	1173419	0	1173419	448083	55708	503791	725336	669628
4) Furniture	6731886	0	6731886	1755139	319596	2074735	4976747	4657151
5) Electrical Equipment	3273353	0	3273353	810328	129625	939953	2463025	2333400
6) Buildings	26331497	2200000	24131497	3042551	295008	3337559	23288946	20793938
7) Web Development Expenses	63007779	0	63007779	25324179	11813959	37138138	37683600	25869641
8) Software Products	41597222	6288375	47885597	0	3119792	3119792	41597222	44765805
<b>TOTAL</b>	<b>Rs. 182690030</b>	<b>4088375</b>	<b>186778405</b>	<b>71900774</b>	<b>15788067</b>	<b>87688841</b>	<b>110789256</b>	<b>99089564</b>

	<b>31.03.2005</b>	<b>30.06.2004</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE-6</b>		
<b>Investments</b>		
<b>Investments Non Trade Unquoted</b>		
Cybermate Infotek Limited USA	57433450	57433450
Twin Cities Investments and Finances Ltd	100000	100000
Advance for Purchase of Portal	7800000	7800000
	<b>65333450</b>	<b>65333450</b>
<b>SCHEDULE-7</b>		
<b>Current Assets Loans &amp; Advances</b>		
<b>Current Assets</b>		
a) Inventories		
Work In Progress	36290842	36290842
	<b>TOTAL</b>	<b>36290842</b>
b) Sundry Debtors		
(Unsecured, Considered Good)		
More than six months old	132453221	116557885
	<b>TOTAL</b>	<b>132453221</b>
c) Cash & Bank Balances		
i. Cash on hand	31643	190
ii. Balance with Scheduled Banks	25206	208036
	<b>TOTAL</b>	<b>56849</b>
<b>Loans and Advances</b>		
Advances Recoverable in cash or kind or for value to be received	2338461	6988802
Loans to others	710000	710000
Inter Corporate Deposits	27840378	22551265
Deposits with Others	650522	1372086
Advance Tax Paid	1186023	1186023
TDS	499000	728726
	<b>TOTAL</b>	<b>33224384</b>
		<b>33536902</b>

	<b>31.03.2005</b>	<b>30.06.2004</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE-8</b>		
<b>Current Liabilities &amp; Provisions</b>		
<b>(a) Current Liabilities</b>		
Sundry Creditors	1874209	2433582
Other Current Liabilities	27956310	23722649
Loan from Others	3990435	2374167
<b>TOTAL</b>	<b>33820954</b>	<b>28530398</b>
<b>(b) Provisions</b>		
Provision for Tax	1687377	2365175
<b>TOTAL</b>	<b>1687377</b>	<b>2365175</b>
<b>SCHEDULE-9</b>		
<b>Miscellaneous Expenses</b>		
To the extent not written off		
Public Issue Expenses	1126902	1186213
Product Development Expenses	10445359	10995115
Software Products	1109896	1168312
Rights Issue Expenses		
<b>TOTAL</b>	<b>12682157</b>	<b>13349640</b>
<b>SCHEDULE-10</b>		
<b>Revenue</b>		
(a) Domestic	0	844000
(b) Exports	22183711	73739256
<b>TOTAL</b>	<b>22183711</b>	<b>46357288</b>
<b>SCHEDULE-11</b>		
<b>Increase/Decrease in Stock</b>		
Opening Stock		
Software ( Products)	0	844000
In Process	<u>36290842</u>	<u>73739256</u>
	<u>36290842</u>	<u>74583256</u>
Less:		
Closing Stock		
Software ( Products)	0	0
In Process	<u>36290842</u>	<u>36290842</u>
	<u>36290842</u>	<u>36290842</u>
<b>Decrease in Stock</b>	<b>0</b>	<b>-41597222</b>
(Transferred to Fixed Assets)		

**SCHEDULE - 12**

	<b>31.03.2005</b>	<b>30.06.2004</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Operating and Other Expenditure</b>		
Salaries	3258148	17906591
Directors Remuneration	3006000	4244000
Software Purchases	202596	8393170
Administration Expenses	428014	4853448
Consultancy and Professional Expenses	107895	550196
Rent, Rates and Taxes	369000	761312
Business Promotion Expenses	93636	458333
Audit Fee	100000	100000
Insurance	0	691
Bank Charges	8903	30803
A.G.M.Expenses	30000	41150
Security Charges	59508	84000
Overseas Marketing Expenses	248933	1583348
Loss on Chits	0	435510
Miscellaneous Expenses written off	667482	502221
Rights Issue Expenses	0	3804855
<b>TOTAL</b>	<b>8580115</b>	<b>43749628</b>

**31.03.2005****Rs.****30.06.2004****Rs.****SCHEDULE – 13****Financial Charges**

Interest on packing credit facilities	0	2325000
Interest – others	234668	45394
Interest on Term Loan	0	3300000
<b>TOTAL</b>	<b>234668</b>	<b>5670394</b>

## SCHEDULE 14

# Significant Accounting Policies & Notes on Accounts

## A. Significant Accounting Policies

**i. Accounting Convention**

Financial statements are prepared under the historical cost convention on the basis of a going concern with revenues and expenses recognized on accrual basis with the exception of insurance claims, export incentives, interest on calls in arrears and interest on over due receivables which are accounted for on cash basis.

**ii. Revenue Recognition.**

Revenue from software development on time and material contracts is recognized based on software developed and billed in accordance with the terms of specific contracts. Revenue from a fixed price contract is recognized on the basis of milestones achieved in the performance of the contracts on a percentage completion basis.

**iii. Fixed Assets and Depreciation**

Fixed Assets are stated at cost less depreciation. Cost includes freight, installation costs, duties and taxes and other incidental expenses incurred during the construction / installation.

Depreciation on Fixed Assets has been provided on the Straight Line Method and at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956 on a single-shift working basis. Depreciation is charged on a prorata basis.

**iv. Expenditure**

The cost of software user licenses purchased for software development and the rendering of IT services is charged to revenue in the year the software is acquired at the time of acquisition. Provisions are made for all known losses and liabilities, future unforeseeable circumstances that may affect the profit on fixed-price software development contracts and also towards likely expenses for providing post-sales client support.

**v. Investments**

Long Term Investments are stated at cost.

**vi. Inventories.**

Software Products/ Projects in process are stated at cost. Development Costs of products are amortised over a period of five years or earlier on the basis of Management's evaluation.

**vii. Retirement benefits.**

Accrued liability towards gratuity has been provided on the basis of annual actuarial valuation made by an independent actuary and administered by the LIC through a fund.

**viii. Foreign currency transactions**

Foreign Exchange transactions are recorded at the spot rate prevailing at the beginning of the concerned month. Year-end balances of foreign currency assets and liabilities are restated at the closing rate/forward contract rate as applicable. Gains/Losses arising out of fluctuations in the exchange rates are recognized in Profit & Loss A/c.

**ix. Deferred Tax liability**

The Company is a 100% EOU engaged in export of computer software and is claiming exemption of its business income under Section 10B. Hence, Accounting Standard on Deferred Tax liability is not applicable in so far as it relates to the business income of the company. However, with respect to other income, there is no timing or permanent deference and hence provision for tax is recognized in the year in which it arises.

**x. Miscellaneous Expenditure**

Expenses in connection with public issue of shares and preliminary expenses are being written off over a period of 10 years.

**B. Notes on Accounts**

(All figures are reported in rupees, except data relating to shares or unless stated Otherwise)

1. Cost of Acquisition of Software

Cost of Acquisition of Licensed versions of Software is charged off in the year of purchase.

2. Secured Loans

a) Rupee Term Loan

Rupee Term Loan from State Bank of India is secured by a first charge on the unencumbered fixed assets of the company, second charge on the property of the company and by way of pledge of 15,00,000 equity shares of the company held by the promoters of the company.

b) Working Capital Loan

Working Capital Loan from State Bank of India is secured by hypothecation of book debts/Stock/Receivables, collateral security by way of a first charge on the property of the company.

Assets acquired under hire purchase finance are hypothecated to the hire vendors as security for the amounts advanced.

In view of the liquidity crunch faced by the company during the recession, the company could not meet its obligations to the State bank of India who have invoked the provisions of SRESTI Act, during April 2003, however the company has approached the High Court of Andhra Pradesh and obtained a suitable stay in this regard during last year is in force.

3. Employee Stock Option Scheme. (ESOP)

The compensation committee of the board evaluates the performance and other criteria of employees and approves the grant of options. These options vest with employees over a specified period subject to fulfillment of certain conditions. Upon vesting, employees are eligible to apply and secure allotment of Company's shares at a price determined on the date of grant of options.

Amount received from employees on exercise of stock option, pending allotment of shares is shown as share application money pending allotment.

4. Related Party Transactions

The company has entered into related party transactions during the 9 months ended 31<sup>st</sup> March , 2005 with its subsidiary Cybermate Infotek Ltd. Inc. comprise sales of Rs. 2,21,83,711/- during the year from 1<sup>st</sup> July 2004 until March 2005. The outstanding dues from the subsidiary as at June 2004 were Rs. 11,65,57,885/- and the total amount was Rs.13,24,53,221/-

4. Key Management personnel are non-director officers of the company, who have the authority and Responsibility for planning, directing and controlling the activities of the Company. The loans and advances receivable from non-director officers as at 31<sup>st</sup> March, 2005 are at Rs. NIL.

5. Segment reporting: The entire operations of the company relate only to one segment i.e., Computer Software. Assets taken on lease comprise motor vehicles, which are accounted as per the tenor of the hire purchase agreement. There are dues against certain assets on HP basis. These could not be settled as the HP Company has suspended its operations.
5. Dues to S.S.I.: There are no dues to S.S.I. units in respect of Sundry Creditors as required to be disclosed in accordance with Section 211 read with part 1 of Schedule VI of the Companies Act, 1956.
6. Gratuity Liability: Gratuity liability towards existing eligible employees will be met by the contribution made to the fund administered by LIC, since, the company has settled the employees dues from its resources who left the services of the company. Hence, during the year no contributions were made.
7. Miscellaneous expenses: Miscellaneous expenses not written off include expenditure in connection with development of software products. The company proposed to charge off the same to revenue over a period of three years commencing from 2003-2004. However the company did not write off the same during the year.
8. Inventories: The inventories include substantial amount related to the PKI project, which was contracted for execution in Gujarat. As the project was deferred by the customer midway, the amount spent on the project was treated as work-in-progress (Inventory). Efforts are being made to arrive at a compromise with customer for reviving the project or for recovering amounts as per the contract. Hence the board feels that the matter can be settled amicably in favour of the company.
9. Sundry Debtors: The company was in the offshore and onsite development of software and it had executed the contracts both independently and through associates in the USA after the down trend in the US some of the stage payments already billed could not be recovered due to the deferment of the projects under execution in view of the difficulties of the customers who could not raise the resources earlier committed by their venture funds and other investors. While most of the customers who had entrusted the contracts to us for the product development are keen on their projects the sudden dislocation in the financial investments committed by the venture capital has hampered the realization of the amounts due to on the invoice portion of the contracts. The company had also experienced difficulties in pursuing with the customers due to the paucity of working capital as the customers were based overseas. The board feels in view of the revival in the activities, and taking into account the efforts for improving the availability of working capital steps can be taken for recovery of the amounts due. This has been brought to the notice of Reserve Bank of India regularly. Hence the amount will be dealt with in the accounts at the appropriate time.
10. Investments by the company are in the category of non-trade and unquoted shares. The book values have been taken for the valuation of company's investments.
11. Inter corporate Deposits: The recovery of interest on these deposits is very irregular and outstanding for a long period. The auditors requested the company to make a suitable provision in the books of accounts. However the company has obtained judgment in favour of the company on a suit filed on Armour pharmaceuticals Ltd for the recovery of inter corporate deposit.
12. Additional Information Pursuant to the provisions of the Schedule VI to the Companies Act, 1956.

**Figures in Rupees**

i. Earnings in Foreign currency  
(Receipt Basis)

**Figures in Rupees**

	<b>31.03.05</b>	<b>30.06.04</b>
Sales	--	8,10,455
Total	----- -	----- 8,10,455
	=====	=====
ii. Amounts paid/payable to Auditors	<b>31.03.05</b>	<b>30.06.04</b>

Audit Fees	60,000	60,000
Tax Audit Fee	5,000	5,000
Certification Fee	10,000	10,000
Tax Representation fee	10,000	10,000
Management Consultancy fee	10,000	10,000
Out of Pocket Expenses	5,000	5,000
	-----	-----
	1,00,000	1,00,000
	=====	=====
iii. Managerial Remuneration		
	<b>31.03.05</b>	<b>30.06.04</b>
Salaries	30,06,000	42,44,000
	-----	-----
	30,06,000	42,44,000
	=====	=====
iv. Contingent Liabilities not provided for		
a) Bank Guarantee		Rs.Nil (Rs. Nil)
b) LC's		Rs.Nil (Rs. Nil)
c) Foreign Bills Discount		Rs.NIL (Rs. Nil)
d) Disputed Income Tax Liability in respect of pending appeal before Appellate Tribunal for Assessment year 1998-99.	5,72,000	5,72,000

vi. Reconciliation of basic and diluted shares used in computing earnings per share

	<b>Year ended 31.03.05</b>	<b>Period ended 30.06.04</b>
Number of shares considered as basic	145,41,962	145,41,962
Weighted average shares outstanding (12 months)		
Add: Effect of dilutive issues of shares / Stock options	----	----
Number of shares considered as weighted Average shares and potential shares outstanding	145,41,962	145,41,962
Earnings per share	0.02	0.01

vii. Debtors, Creditors, Loans and Advances are subject to confirmation and reconciliation.

viii. Previous year's figures have been regrouped wherever necessary.

ix. Figures are rounded off to nearest rupee.

x. The accounts for the year are prepared for the period of 9 months from 1<sup>st</sup> July 2004 to 31<sup>st</sup> March 2005 as the accounting year was extended to 15 months during the year upto 30.06.2004 during the accounting year 2003-04.

For **B.Rama Rao & Co**  
**Chartered Accountants**

For and on behalf of the Board

Sd/-  
**G.V.Ranga Babu**  
Partner

Sd/-  
**P.C. Pantulu**  
Managing Director

Sd/-  
**K.S.Shiva Kumar**  
Director

Date : 05.09.2005  
Place : Secunderabad

## Balance Sheet Abstract and Company's General Business Profile

i. Registration Details:

Registration N o.

1	7	4	8	5
---	---	---	---	---

State code:

0	1
---	---

Balance Sheet Date:

3	1	0	3	2	0	0	5
---	---	---	---	---	---	---	---

ii. Capital raised during the year (Amt. In Rs. thousands)

Public Issue :

N	I	L
---	---	---

Rights Issue:

N	I	L
---	---	---

Bonus Issue:

N	I	L
---	---	---

Private Placement:

N	I	L
---	---	---

iii. Position of Mobilization and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

3	4	3	6	2	2
---	---	---	---	---	---

Total Assets

3	4	3	6	2	2
---	---	---	---	---	---

**Sources of Funds:**

Paid up Capital

1	4	5	4	1	4
---	---	---	---	---	---

Reserves & Surplus

1	6	3	0	1	3
---	---	---	---	---	---

Secured Loans

2	7	4	5	4
---	---	---	---	---

Unsecured Loans

7	7	3	9
---	---	---	---

**Application of Funds**

Net Fixed Assets

9	9	0	8	9
---	---	---	---	---

Investments

6	5	3	3	3
---	---	---	---	---

Net Current Assets

1	6	6	5	1	6
---	---	---	---	---	---

Misc. Expenditure

1	2	6	8	2
---	---	---	---	---

Accumulated Losses

N	I	L
---	---	---

iv. Performance of the Company (Amount in Rs. Thousands)

Turnover including

Other Income

2	8	6	4
---	---	---	---

Total Expenditure

2	4	6	0	2
---	---	---	---	---

+/- Profit/Loss before Tax

4	4	5
---	---	---

+/- Profit after Tax

3	1	2
---	---	---

Earning per share

0	.	0	0	2
---	---	---	---	---

Dividend Rate

-
---

- v. Generic Names of three principal products/services of the company.

Item Code No.  
(ITC Code)

8	5	-	0	4
---	---	---	---	---

Product Description

C	O	M	P	U	T	E	R	S	O	F	T	W	A	R	E
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2005

	Year ended 31 <sup>st</sup> March, 2005	Period ended 30 <sup>th</sup> June, 2005
<b>Rupees</b>		
<b>Cash Flow from Operating Activities:</b>		
Net Profit before Tax	445735	3,10,695
Depreciation	15788067	2,90,41,613
Miscellaneous Expenses written off	667481	(2,66,091)
<b>Operating Profit before working capital</b>	<b>16901283</b>	<b>2,90,86,217</b>
<b>Changes in Working Capital</b>		
Increase / (Decrease) in Sundry Debtors	(15895336)	(6,90,33,610)
Increase / (Decrease) in Inventories	0	4,15,97,222
Increase / (Decrease) in Loans & Advances	312518	10,18,862
Increase / (Decrease) in Current Liabilities	4479038	(63,88,714)
Cash Generated from Operations	(11103780)	(3,28,06,240)
<b>Net Cash from Operating Activities</b>	<b>5797504</b>	<b>(37,20,023)</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(4088375)	(4,29,97,222)
Increase / (Decrease) in Investments	0	(9,66,630)
<b>Net Cash from Investing Activities</b>	<b>(4088375)</b>	<b>(4,39,63,852)</b>
<b>Cash Flow from Financing Activities</b>		
Increase in Share Capital	0	4,80,01,655
Change in profit and loss account	141938	0
Increase / (Decrease) in Secured Loans	(2002443)	0
Decrease in Unsecured Loans	0.00	(3,75,000)
<b>Net Cash used in Financing Activities</b>	<b>(1860505)</b>	<b>4,76,26,655</b>
<b>Net change in Cash and Cash Equivalents</b>	<b>(151376)</b>	<b>(57,220)</b>
Cash & Cash Equivalents at the Beginning of the year	208226	2,65,446
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	<b>56849</b>	<b>2,08,226</b>

For and on Behalf of the Board

Date: 5<sup>th</sup> September, 2005  
Place: Secunderabad

P.C.Pantulu  
Managing Director

K.S.Shiva Kumar  
Director

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### AUDITOR'S CERTIFICATE

To, The Board of Directors  
Cybermate Infotek Limited, Secunderabad

We have examined the attached Cash Flow Statement of M/s. Cybermate Infotek Limited, for the year ended 31<sup>st</sup> March 2005. The statement has been prepared by the company in accordance with the requirements of Clause 32 of listing agreement with Hyderabad, Mumbai and Bangalore Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss A/c. Balance Sheet of the Company covered by our report of 05.09.2005 to the members of the Company.

For B. Rama Rao & Co.  
Chartered Accountants  
Sd/-

Date : 05<sup>th</sup> September, 2005  
Place: Hyderabad

G.V.Ranga Babu  
Partner

## PROXY FORM

Folio No.: \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_ being a Member/Members of the above named Company, hereby appoint Mr/Mrs/Kum \_\_\_\_\_ in the District of \_\_\_\_\_ as my/our proxy to attend and vote for me/us on my/our behalf at the Ninth General Meeting of the Company to be held at Sundaraya Vignan Kendra, # 1-8-1/B/25/A, Baghlingampally, Hyderabad – 500 044 A.P India, on Thursday the 29<sup>th</sup> September t 10.00 A.M. and at any adjournment thereof.

Signed \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_ 2005

Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Signature \_\_\_\_\_

Note: The proxy form duly completed must be deposited at the Registered Office of the Company addressed to SECRETARIAL DEPARTMENT Cybermate Infotek Ltd. at Plot 11, Sripuri Colony, Karkhana, Secunderabad- 500015. A.P. Not less than 48 Hrs. before the time for holding the meeting. A proxy need not be Member.

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## ATTENDANCE SLIP

I hereby record my presence at the Eleventh Annual General Meeting of the company at Sundaraya Vignan Kendra, # 1-8-1/B/25/A, Baghlingampally, Hyderabad – 500 044 A.P India, on Thursday the 29<sup>th</sup> September, 2005 at 10.00.A.M.

Full Name of the Shareholder (in block letters) \_\_\_\_\_

Signature \_\_\_\_\_

Folio No. \_\_\_\_\_ No. of Shares Held \_\_\_\_\_

Full Name of the Proxy (in block letters) \_\_\_\_\_

(to be filled if the proxy attends instead of the Member)

Signature \_\_\_\_\_

Note: Shareholders attending the meeting in person or by proxy are requested to complete the attendance slip and hand over at the entrance of the meeting hall.

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