

**BOARD OF DIRECTORS:**

Sri P.C.PANTULU	-	Managing Director & CEO
Sri K.S.SHIVA KUMAR	-	Director & COO
Sri P. CHANDRA SEKHAR	-	Director-Finance
Sri K. K. RAO	-	Director
Sri S SURENDRANATH	-	Director
Sri K.SHANKAR	-	Director
Sri K.PAWAN KUMAR	-	Director

**AUDITORS:**

B.Rama Rao & Co  
Chartered Accountants  
Hyderabad

**BANKERS:**

ICICI Bank Ltd.  
UTI Bank Ltd.

**REGISTERED OFFICE &  
SOFTWARE DEVELOPMENT CENTRE:**

#11, Sripuri Colony,  
Kakaguda, Karkhana,  
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 13<sup>th</sup> Annual General Meeting of the shareholders of the company will be held on Saturday the 29<sup>th</sup> September 2007 at 10.00 A.M.at Mini Hall, 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 2007 and the Profit and Loss Account of the Company for the year ended on that date and the report of the Directors and Auditors thereon 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 S Surendranath, 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 Mr.Shankar Khasnis, 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.”
4. 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: 31<sup>st</sup> July, 2007

### 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 2007 to 29<sup>th</sup> September, 2007 (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 Aarthi Consultants (p) Ltd,1-2-285,Domalguda, Hyderabad-500029

**ITEM NO. 2:**

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

**Sri S. Surendranath**, aged 56 years, is an independent director on the Board. He is a commerce & law graduate. He has 15 years experience in International Banking, Foreign Exchange Dealings. He is also a visiting faculty for international Finance, Treasury Operations and Risk Management in various management institutions/ Colleges and published various articles on International Business, Foreign exchange and economic issues- In ECONOMIC TIMES, BUSINESS STANDARD, and STOCK EXCHANGE JOURNAL.

**ITEM NO. 3:**

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

**Sri Shankar Khasnis**, aged 41 years is an independent director on the board. He is a Bachelor of Engineering with a varied experience in industry. He has over 15 years of experience in areas of IT and ITES. Presently, he is a senior associate with Feedback Business Consulting Services Private Limited

Place: Secunderabad  
Date: 31<sup>st</sup> July,2007

By order of the Board  
For Cybermate Infotek Limited  
-sd-  
P. C. Pantulu  
Managing Director

## Directors' Report:

To the Members,

Your Directors have pleasure in presenting their 13<sup>th</sup> Annual Report of the business and operations of your company for the year ended March 31<sup>st</sup> 2007.

### Financial Results:

(Rs. in lakhs)

	2006-07	2005-06
Operational Income	1634.57	1577.34
Other Income	61.37	94.77
Total Revenues	1695.94	1672.11
Earnings before Depreciation, Interest & Tax	517.48	532.22
Depreciation	160.23	216.52
Interest	34.27	15.50
Profit before Tax	322.98	300.21
Provision for Tax	21.41	23.49
Profit after Tax	301.57	276.72

### Overview of Operations:

Your company has overcome the hurdles faced in the past by any other small and medium IT-ITES companies and has consolidated the operations with an utmost focus on building the technical strengths both at senior management as well as middle management levels. Your company is also exploring the possibilities and opportunities of penetrating into newer geographic and vertical markets.

### 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 S Surendranath and Sri Shankar Khasnis are retire at the conclusion of this annual general meeting and being eligible offer them selves for reappointment. The Board of Directors recommend their appointment.

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 seven members (inclusive of three executive directors, one non-executive director and three independent 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.Chandra Sekhar   | Director-Finance       |
| 4) Mr. K. K. Rao          | Non-Executive Director |
| 5) Mr. S. Surendranath    | Independent Director   |
| 6) Mr. Shankar Khasnis    | Independent Director   |
| 7) Mr. Pawan Kumar Kasera | Independent 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. S Surendranath     | Chairman |
| 2) Mr. Pawan Kumar Kasera | Member   |
| 3) Mr. K K Rao            | Member   |

**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 2007 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.**

The Industry (IT& ITES) has been experiencing excellent growth your company which had its share of problems in the recent slow down, has since taken adequate steps and is poised to witness a turn around. The Company has been able to infuse additional funds through the Banking system and is in a position to achieve better growth in its operations during the year

**Opportunities and threats**

Your company intends to benefit from this steady growth in the outsourcing opportunities and has taken the necessary initiatives in this direction. Recruitment cum training drive has been initiated and the required up gradation in the existing infrastructure and is also being taken up. Your company plans a modest beginning subsequently moving up the value chain thereby increasing the margins.

**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:**

The company has since augmented its manpower, by creating positions for President, to look after the Business Development and assisted by a General Manager for training and Technology, Both the positions are manned by highly experienced professionals. The Company has also increased the head count of the software professional who are adequately trained.

**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.

**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: 31<sup>st</sup> July, 2007

Sd/-  
P. C. Pantulu  
Managing Director

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

Sd/-  
P Chandra Sekhar  
Director-Finance.

## **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. 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)	
	2007	2006
Foreign Exchange Earnings	---	-----
Foreign Exchange Outgo	----	-----

## 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 7 members comprising:

- 3 Executive Directors:
- 4 Independent & Non-Executive Directors:

#### Attendance Record –2006-2007

S.No	Name of the Director	Category	Meetings Attended	Attendance at last AGM on 07.08.2006	Remarks
1	Sri P.C. Pantulu	Executive	06	Yes	-
2	Sri K.S. Shiva Kumar	Executive	06	Yes	-
3	Sri K.K. Rao	Non-Executive	02	NO	Residing Aboard
4	Sri S. Surendranath	Independent	02	Yes	-
5	Sri Shankar Khasnis	Independent	02	No	-
6	Sri Pawan Kumar Kasera	Independent	02	No	-
7	Sri P Chandra Sekhar	Executive	03	Yes	-

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

Sl.No	Name of the Director	Other Directorship	Committee Membership	Committee Chairmanship
1	Sri P.C. Pantulu	1	1	Nil
2	Sri K.S. Shiva Kumar	None	1	Nil
3	Sri K.K. Rao	None	2	Nil
4	Sri S. Surendranath	None	Nil	1
5	Sri Shankar Khasnis	None	Nil	1
6	Sri Pawan Kumar Kasera	7	2	1
7	Sri P Chandra Sekhar	2	Nil	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 four meetings. The gap between two Board meetings was not more than 4 months at any time.

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

S.No	Date	Time
1	02.05.06	11.30 A.M
2	30.06.06	03.30 P.M
3	13.07.06	10.00 A.M
4	31.07.07	03.00 P.M
5	31.10.07	10.00 A.M
6	01.02.07	04.00 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, 3 meetings of the Committee took place and the Audit Committee comprises of the following Directors.

- |                          |          |
|--------------------------|----------|
| 1) Mr. S Surendranath    | Chairman |
| 2) Mr.Pawan Kumar Kasera | Member   |
| 3) Mr.K K Rao            | Member   |

The present audit committee comprises the following directors:

- |                           |          |
|---------------------------|----------|
| 1) Mr. S Surendranath     | Chairman |
| 2) Mr. Pawan Kumar Kasera | Member   |
| 3) Mr. .K K Rao           | Member   |

**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 (12) (iii) 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:

- 1) Mr. Shankar Khasnis - Chairman
- 2) Mr. Pawan Kumar Kaseria - Member
- 3) Mr. K K Rao - Member

b) Attendance during the year

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

**5.Shareholders' Grievance Committee:**

The Shareholders' Grievance Committee constituted by the Board of Directors and comprising of Mr. Pawan Kumar Kaseria (Chairman) Mr. P.C.Pantulu and Mr.K.S.Shiva Kumar, 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 2007.

**6.General Body Meetings:**

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

Year	Location	Date	Time
2004	1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44	31.03.2005	10.00A.M.
2005	1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44	29.09.2005	10.00 A.M.
2006	1-8-1/B/25/A Sundaraya Vignan Kendra, Baghlingampally, Hyderabad-44	07.08.2006	10.00 A.M

**7.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.

## 8.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 Prabha. Management Discussion and Analysis Report forms part of Annual Report.

### General Shareholders Information:

Annual General Meeting	:	Date :29.09.2007 Time: 10.00 A.M. Venue: 1-8-1/B/25/A, Mini Hall, SundarayaVignanKendra,Baghlingampally,H yderabad.
Financial Calendar	:	01.04.2006 to 31.03.2007
Date of Book Closure	:	26.09.2007 TO 29.09.2007 (Both days inclusive)
Listing on Stock Exchanges	:	1. The Hyderabad Stock Exchange Limited 2. The Bombay Stock Exchange Limited 3. The Bangalore Stock Exchange Limited
Stock Code	:	532271 on BSE

### Market Price Date:

Month	High (Rs)	Low (Rs)
April, 06	6.10	4.80
May, 06	6.75	4.13
June, 06	4.75	2.81
July, 06	4.15	3.10
August, 06	5.43	3.25
September, 06	4.39	3.11
October, 06	3.89	3.11
November, 06	4.64	3.05
December, 06	4.88	2.90
January, 07	9.78	4.03
February, 07	9.90	5.51
March, 07	6.59	4.47

### Registrar/ Share Transfer Agents:

Aarathi Consultants (p) Ltd  
1-2-285,Domalguda,  
Hyderabad-500029.  
Ph:040-27634445/8111/27642217  
Fax No.040-27632184  
Email:Info@aarthiconsultants.com  
[Url:www.aarthiconsultants.com](http://www.aarthiconsultants.com).

### 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.

**DISTRIBUTION OF SHAREHOLDING:**

The distribution of shareholding as on 31<sup>st</sup> March 2007, was as follows:

Category	No. Of Shares	Percentage(%)
Promoters	12,60,380	8.67
Financial Institutions & Banks	200	0.01
FII/FCBs	20600	0.14
Bodies Corporate	19,18,468	13.19
NRIs/ OCBs	2,25,102	1.55
Trust	9,100	0.06
Clearing Members	46405	0.32
Resident Individuals	110,61,707	76.06
<b>Total</b>	<b>1,45,41,962</b>	<b>100.00</b>

**Dematerialization of shares:**

Particulars	Number of Shares	% Of Share Capital
NSDL	1,04,76,224	72.05
CDSL	34,00,624	23.38
Physical	6,65,114	4.57
<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 or to the Registrars & Share Transfer Agents, whose address has been mentioned elsewhere in this Report.

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

Name of Director	S Surendranath
Expertise in specific functional area	Foreign Exchange
Date of Birth	28.02.1952
List of other Companies in which Directorship is held as on 31 <sup>st</sup> March, 2007	None
Chairman/member of the Committees of the Board of other Companies in which he is a Director as on 31 <sup>st</sup> March, 2007	None

Name of Director	Shankar Khasnis
Expertise in specific functional area	IT and ITES
Date of Birth	25.06.1966
List of other Companies in which Directorship is held as on 31 <sup>st</sup> March, 2007	None
Chairman/member of the Committees of the Board of other Companies in which he is a Director as on 31 <sup>st</sup> March, 2007	None

## **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 ended on 31.03.2007, 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: 31.07.2007.

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 2007 and also the Profit and Loss Account and the cash flow statement for the year ended on that date 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 31.03.2007, 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 2007 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.

- I. In the case of the Balance Sheet, of the State of Affairs of the company as at 31<sup>st</sup> March 2007
- 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 : 31.07-2007

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, certain delays were observed in payments of TDS. Further an amount of Rs. 1,11,930 is Outstanding.
- (b) According to the information and explanations given to us, there are no dues of sales tax, provident fund and Tax deducted at source, which have not been deposited on account of any dispute. However there is a disputed sales- tax liability of Rs.20, 94,131/- relating to the Assessment Year 2001-2002.The case is in Appellate Tribunal
- 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. 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.
12. The company is not a chit fund, nidhi, mutual benefit fund or a society.
- 13.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.
14. 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.

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

16. 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)

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

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

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

20. Sundry Debtors. Sundry Debtors includes total export value relating to the period ended 31<sup>st</sup> March 2006. The company has not obtained extension for the receipt of export proceeds in convertible foreign exchange, from the Reserve Bank of India.

For B.RAMA RAO & CO  
Chartered Accountants

Sd/-  
G.V. Ranga Babu  
Partner

Hyderabad.  
31.07.2007

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2007**

	Schedule No.	31.03.2007 Rs.	31.03.2006 Rs.
<b>SOURCES OF FUNDS</b>			
1. Share Holders' Funds			
(a) Capital	1	145419620	145419620
(b) Reserves and Surplus	2	221885106	191727515
2. Loan Funds			
(a) Secured Loans	3	23741358	24293084
(b) Unsecured Loans	4	8739000	8739000
	<b>TOTAL</b>	<b>399785084</b>	<b>370179219</b>
<b>APPLICATION OF FUNDS</b>			
1. Fixed Assets	5		
Gross Block		187139110	187089560
Less: Depreciation		125363666	109340619
Net Block		<b>61775444</b>	<b>77748941</b>
2. Investments	6	159535535	195471218
3. Current Assets, Loans & Advances	7		
(a) Inventories		11427690	36290842
(c) Sundry Debtors		295100360	159979631
(d) Cash and Bank balances		117517	92206
(e) Loans and Advances		12945588	18461467
	<b>TOTAL</b>	<b>319591154</b>	<b>214824146</b>
Less : Current Liabilities & Provisions			
i. Current Liabilities	8 (a)	148702719	127530113
ii. Provisions	8 (b)	2026069	2349647
Net Current Assets	<b>TOTAL</b>	<b>168862366</b>	<b>84944386</b>
3. Miscellaneous Expenditure	9	9611739	12014674
	<b>TOTAL</b>	<b>399785084</b>	<b>370179219</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**

For and on behalf of the Board of Directors

**Sd/-**  
**G.V.Ranga Babu**  
Partner**Sd/-**  
**P.C.Pantulu**  
Managing Director**Sd/-**  
**K.S.Shiva Kumar**  
Director-Operations**Sd/-**  
**P Chandra Sekhar**  
Director-Finance

Date : 31.07.2007

Place : Secunderabad

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2007**

PARTICULARS	Schedule No.	31.03.2007 Rs.	31.03.2006 Rs.
<b>Income</b>			
Revenue	10	163457476	157734720
Other Income	-	6137054	9477225
<b>TOTAL</b>		<b>169594530</b>	<b>167211945</b>
<b>Expenditure</b>			
Operating Expenses	12	92983004	113988543
Financial Charges	13	3427005	1550199
Depreciation	5	16023047	21651777
Increase (Decrease in Stock)		24863152	0.00
<b>TOTAL</b>		<b>137296208</b>	<b>137190519</b>
Profit for the year		<b>32298322</b>	<b>30021426</b>
Provision for Tax		2065732	<b>2349647</b>
Provision for fringe benefit tax		75000	<b>0.00</b>
Profit after Tax		<b>30157590</b>	<b>27671779</b>
Excess provision written back		<b>0.00</b>	<b>1042153</b>
Balance brought forward from the previous year		<b>94303697</b>	<b>68591907</b>
Profit available for appropriation		<b>124461287</b>	<b>97305839</b>
Appropriations:			
Provisions for Dividends		-	-
Transfer to General Reserve		<b>3229832</b>	<b>3002143</b>
Balance carried to Balance Sheet		<b>121231455</b>	<b>94303696</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

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

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

**Sd/-**  
**P Chandra Sekhar**  
Director-Finance

For and on behalf of the Board of Directors

Date : 31.07.2007

Place : Secunderabad

<b>SCHEDULE – I</b>	<b>31.03.2007</b>	<b>31.03.2006</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
<b>TOTAL</b>	<b>145419620</b>	<b>145419620</b>
<b>SCHEDULE - 2</b>		
<b>Reserves &amp; Surplus</b>		
General Reserve	14943651	11713819
Profit and Loss Account	121231455	94303697
Share Premium	85710000	85710000
<b>TOTAL</b>	<b>221885106</b>	<b>191727516</b>
<b>SCHEDULE – 3</b>		
<b>Secured Loans</b>		
Hire Purchase	638394	662088
Dewan Housing Finance-Loan Against Rent	23102964	23630996
<b>TOTAL</b>	<b>23741358</b>	<b>24293084</b>
<b>SCHEDULE – 4</b>		
<b>UnSecured Loans</b>		
Security Deposits	7739000	7739000
Loan from Govt. of Nagaland	1000000	1000000
<b>TOTAL</b>	<b>8739000</b>	<b>8739000</b>

**SCHEDULE – 5**  
**Fixed Assets**

Name of Asset	Gross Block on 01.04.06 Rs.	Additions /Deletions Rs.	Gross Block As 31.03.07 Rs.	Block on Up to year Rs.	Depreciation to the During year Rs.	the Total Rs.	Net Block As 31.03.06 Rs.	Net Block on As 31.03.07 Rs.	on
1) Motor Vehicles	1104603	0	1104603	1056830	4765	1061595	47773	43008	
2) Computers & Peripherals	39781426	0	39781426	39562734	42308	39605042	218692	176384	
3) Office Equipment	1173419	0	1173419	578068	74277	652345	595351	521074	
4) Furniture	6731886	49550	6781436	2500863	429265	2930128	4231023	3851308	
5) Electrical Equipment	3273353	0	3273353	1112786	172833	1285619	2160567	1987734	
6) Buildings	24131497	0	24131497	3730903	393343	4124246	20400594	20007251	
7) Web Development Expenses	63007779	0	63007779	52890083	10117696	63007779	10117696	0	
8) Software Products	47885597	0	47885597	7908352	4788560	12696912	39977245	35188685	
<b>TOTAL</b>	<b>Rs. 187089560</b>	<b>49550</b>	<b>187139110</b>	<b>109340619</b>	<b>16023047</b>	<b>125363666</b>	<b>77748941</b>	<b>61775444</b>	

	<b>31.03.2007</b>	<b>31.03.2006</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE-6</b>		
<b>Investments</b>		
<b>Investments Non Trade Unquoted</b>		
Cybermate Infotek Limited USA	159435535	187571218
Twin Cities Investments and Finances Ltd	100000	100000
Advance for Purchase of Portal	0	7800000
<b>TOTAL</b>	<b>159535535</b>	<b>195471218</b>
<b>SCHEDULE-7</b>		
<b>Current Assets Loans &amp; Advances</b>		
<b>Current Assets</b>		
a) Inventories		
Work In Progress	11427690	36290842
<b>TOTAL</b>	<b>11427690</b>	<b>36290842</b>
b) Sundry Debtors		
(Unsecured, Considered Good)		
More than six months old	211990235	63314653
Less than six months old	83110125	96664978
<b>TOTAL</b>	<b>295100360</b>	<b>159979631</b>
c) Cash & Bank Balances		
i. Cash on hand	1129	3232
ii. Balance with Scheduled Banks	116388	88975
<b>TOTAL</b>	<b>117517</b>	<b>92207</b>
<b>Loans and Advances</b>		
Advances Recoverable in cash or kind or for value to be received	538000	1155050
Loans to others	0	710000
Inter Corporate Deposits	10522643	13306720
Deposits with Others	698922	701922
Advance Tax Paid	1186023	1186023
TDS	0	1401752
<b>TOTAL</b>	<b>12945588</b>	<b>18461467</b>

	<b>31.03.2007</b>	<b>31.03.2006</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE-8</b>		
<b>Current Liabilities &amp; Provisions</b>		
<b>(a) Current Liabilities</b>		
Sundry Creditors	3454365	1628641
Other Current Liabilities	137196981	122136037
Loan from Others	8051373	3765435
<b>TOTAL</b>	<b>148702719</b>	<b>127530113</b>
<b>(b) Provisions</b>		
Provision for Tax	2026069	2349647
<b>TOTAL</b>	<b>2026069</b>	<b>2349647</b>
<b>SCHEDULE-9</b>		
<b>Miscellaneous Expenses</b>		
To the extent not written off		
Public Issue Expenses	854073	1067591
Product Development Expenses	7916482	9895603
Software Products	841184	1051480
<b>TOTAL</b>	<b>9611739</b>	<b>12014674</b>
<b>SCHEDULE-10</b>		
<b>Revenue</b>		
Exports	135035132	157734720
Domestic	28422344	0
<b>TOTAL</b>	<b>163457476</b>	<b>157734720</b>
<b>SCHEDULE-11</b>		
<b>Increase/Decrease in Stock</b>		
Opening Stock	36290842	36290842
Opening Work in Process	0	0
	<u><b>36290842</b></u>	<u><b>36290842</b></u>
Less:		
Closing Stock	<b>11427690</b>	36290842
Closing Work in Process	0	0
	<u><b>11427690</b></u>	<u><b>36290842</b></u>
<b>Decrease in Stock</b>	<b>24863152</b>	<b>0</b>

<b>SCHEDULE - 12</b>	<b>31.03.2007</b>	<b>31.03.2006</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Operating and Other Expenditure</b>		
Salaries	37951327	36552278
Directors Remuneration	4616245	4054800
Software Purchases	3147892	31400000
Administration Expenses	2723795	30732073
Consultancy and Professional Expenses	604400	1629582
Rent, Rates and Taxes	1469354	1271819
Business Promotion Expenses	409454	1019454
Audit Fee	100000	100000
Insurance	52026	112161
Bank Charges	70975	113527
A.G.M.Expenses	61248	159571
Security Charges	72301	72732
Overseas Marketing Expenses	3365369	5965734
Loss on Chits	0.00	137330
Investments written off	35935683	0
Miscellaneous Expenses written off	2402935	667482
<b>TOTAL</b>	<b>92983004</b>	<b>113988543</b>

**SCHEDULE – 13**

**Financial Charges**

Interest on secured loans	2980059	1343695
Interest – others	446946	206504
<b>TOTAL</b>	<b>3427005</b>	<b>1550199</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.**

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

**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

Rupee Lease Rental Finance from Dewan Housing Finance Corporation Limited is primary secured by assignment of rent receivables, collateral security by a first charge on the on the property of the company.

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

Directors Remuneration

S No.	Name of the director	Remuneration
1	P C Pantulu	26,88,000
2	K S Shiva Kumar	14,97,600
3	P Chandra Sekhar	4,30,645
<b>Total</b>		<b>46,16,245</b>

5. 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, 2007 are at Rs. NIL.

6. Segment reporting: The entire operations of the company relate only to one segment i.e., Computer Software.

7. Assets taken on lease comprise computers and peripherals, which are accounted as per the tenor of the hire purchase agreement. The dues against certain assets on hire purchase basis could not be settled as the Hire Purchase Company has suspended its operations.

8. 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.

9. Miscellaneous expenses: Miscellaneous expenses not written of include expenditure in connection with development of software products. The company proposed to charge off the same to revenue over a period of five years commencing from 2006-2007.

10. Investments by the company are in the category of non-trade and unquoted shares. The Wholly Owned Subsidiary in the USA has suspended its operations and hence the management proposes to recognize a diminution in the value of investment by 15 % of the value amounting to Rs. 281,35,683/- Further the company also proposes to make a provision of 100 % towards the investment made towards purchase of the portal i.e amounting to Rs. 78,00,000/-.
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 inters corporate deposit.
12. Additional Information Pursuant to the provisions of the Schedule VI to the Companies Act, 1956.

i. Earnings in Foreign currency  
(Receipt Basis)

**Figures in Rupees**

	<b>31.03.07</b>	<b>31.03.06</b>
Sales	-	-
	-----	-----
Total	-	-
	=====	=====
ii. Amounts paid/payable to Auditors	<b>31.03.07</b>	<b>31.03.06</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>31.03.07</b>	<b>31.03.06</b>
Salaries	46,16,245	40,54,800
	-----	-----
	46,16,245	40,54,800
	=====	=====
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	Rs.Nil	Rs. Nil

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

	<b>Year ended 31.03.07</b>	<b>Period ended 31.03.06</b>
Number of shares considered as basic	1,45,41,962	1,45,41,962
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	1,45,41,962	1,45,41,962
Earnings per share	2.07	1.90

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 12 months from 1<sup>st</sup> April 2006 to 31<sup>st</sup> March 2007.

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-Operations**

**Sd/-**  
**P Chandra Sekhar**  
**Director-Finance.**

Date : 31.07.2007  
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	7
---	---	---	---	---	---	---	---

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	9	9	7	8	5
---	---	---	---	---	---

Total Assets

3	9	9	7	8	5
---	---	---	---	---	---

**Sources of Funds:**

Paid up Capital

1	4	5	4	1	9
---	---	---	---	---	---

Reserves & Surplus

2	2	1	8	8	5
---	---	---	---	---	---

Secured Loans

2	3	7	4	1
---	---	---	---	---

Unsecured Loans

8	7	3	9
---	---	---	---

**Application of Funds**

Net Fixed Assets

6	1	7	7	5
---	---	---	---	---

Investments

1	5	9	5	3	5
---	---	---	---	---	---

Net Current Assets

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

Misc. Expenditure

9	6	1	1
---	---	---	---

Accumulated Losses

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

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

Turnover including

Other Income

6	1	3	7
---	---	---	---

Total Expenditure

1	3	7	2	9	6
---	---	---	---	---	---

+/- Profit/Loss before Tax

3	2	2	9	8
---	---	---	---	---

+/- Profit after Tax

3	0	1	5	7
---	---	---	---	---

Earning per share

2	.	0	7
---	---	---	---

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 2007.**

	Year ended 31 <sup>st</sup> March, 2007 (Rs.)	Year ended 31 <sup>st</sup> March, 2006 (Rs.)
<b>Cash Flow from Operating Activities:</b>		
Net Profit before Tax	32298322	30021426
Depreciation	16023048	21651778
Miscellaneous Expenses written off	2402936	667483
<b>Operating Profit before working capital</b>	<b>50724306</b>	<b>52340687</b>
<b>Changes in Working Capital</b>		
Increase / (Decrease) in Inventories	24863152	0
Increase / (Decrease) in Sundry Debtors	(135120729)	(27526410)
Increase / (Decrease) in Loans & Advances	5515879	14762917
Increase / (Decrease) in Current Liabilities	18708296	92021782
Cash Generated from Operations	(86033402)	79258289
<b>Net Cash from Operating Activities</b>	<b>(35309096)</b>	<b>131598976</b>
<b>Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(49550)	(311155)
Increase / (Decrease) in Investments	35935683	(130137768)
<b>Net Cash from Investing Activities</b>	<b>35886133</b>	<b>(130448923)</b>
<b>Cash Flow from Financing Activities</b>		
Increase in Share Capital	0	4965
Change in profit and loss account	0	1042153
Increase / (Decrease) in Secured Loans	(551726)	(3161814)
Decrease in Unsecured Loans	0	1000000
<b>Net Cash used in Financing Activities</b>	<b>(551726)</b>	<b>(1114696)</b>
<b>Net change in Cash and Cash Equivalents</b>	<b>25311</b>	<b>35357</b>
Cash & Cash Equivalents at the Beginning of the year	92206	56849
<b>Cash &amp; Cash Equivalents at the End of the Year</b>	<b>117517</b>	<b>92206</b>

For and on Behalf of the Board

Date: 31<sup>st</sup> July, 2007Sd/-  
P.C.PantuluSd/-  
K.S.Shiva KumarSd/-  
P Chandra SekharPlace: Secunderabad  
Finance

Managing Director

Director-Operations

Director-

**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 2007. 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 31<sup>st</sup> July, 2007 to the members of the Company.

Date: 31<sup>st</sup> July, 2007  
Place: HyderabadFor B. Rama Rao & Co.  
Chartered Accountants  
Sd/-  
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 13<sup>th</sup> Annual General Meeting of the Company to be held at Mini Hall, Sundarayya Vignan Kendra, # 1-8-1/B/25/A, Baghlingampally, Hyderabad – 500 044 A.P India, on Saturday the 29<sup>th</sup> September,2007 at 10.00 A.M. and at any adjournment thereof.

Signed \_\_\_\_\_ this \_\_\_\_ day of \_\_\_\_\_ 2007

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.

----- }< -----

**ATTENDANCE SLIP**

I hereby record my presence at the 13<sup>th</sup> Annual General Meeting of the company at Mini Hall, Sundaraya Vignan Kendra, # 1-8-1/B/25/A, Baghlingampally, Hyderabad – 500 044 A.P India, on Saturday the 29<sup>th</sup> September, 2007 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.

----- }< -----