

15th Annual Report 2009 - 2010



CyberTech

Systems and Software Limited

COMPANY INFORMATION

BOARD OF DIRECTORS

Viswanath Tadimety

Chairman

Anant Rajwade

Director

Arun Shah

Director

Prakash Kenjale

Director

Steven Jeske

Director

C. N. Rao

Executive Director

COMPANY SECRETARY

Sateesh Wadagbalkar

AUDITORS

Lodha & Co.,

Chartered Accountants, Mumbai

SOLICITORS & ADVOCATES

Bharucha & Partners, Mumbai

BANKERS

AXIS Bank Limited

ICICI Bank Limited

REGISTRAR & SHARE TRANSFER AGENT

(COMMON AGENCY)

Link Intime India Private Limited,

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W), Mumbai - 400 078.

REGISTERED OFFICE

"CyberTech House",

Plot No. B-63/64/65, Road No. 21/34,

J. B. Sawant Marg, MIDC, Wagle Estate,

Thane (West) - 400 604.

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LETTER TO FELLOW SHAREHOLDERS

Dear Fellow Shareholders,

I am pleased to provide you detailed information on the performance of our company for the financial year April 2009 through March 2010. For the year ending March 31, 2010, we achieved consolidated revenue of Rs.509 million and net profit of Rs.21.52 million. The top line revenue and profit compare negatively to last fiscal year's (ending March 2009) of Rs.744 million revenue and Rs.39.32 million profit respectively. On a standalone basis, our revenue has been primarily flat at Rs.207 million from Rs.217 million (March 09). On a stand alone basis, our net profit was Rs.43.84 million versus prior year's Rs. 68.62 million.

Market conditions:

The year ending March 31, 2010 has been one of the most difficult since I.T. markets have evolved into a mature market segment and become a meaningful part of the Global GDP. During this fiscal year, new IT capital expense and investments had come to almost a 'stop'. Other than IT Operating Expenses (OPEX), all US clients had completely tightened their IT spend. There has been a further major push to reduce OPEX.

I stated in my previous year's letter that the severe down turn has not yet ebbed at the time I wrote that letter. I want to inform you that the drop in our US revenue was correlated with overall performance of many companies in the IT services market. However, as I am writing this letter towards end July 2010, I want to inform you that with the beginning of calendar year 2010, the IT market conditions have stabilized and we are seeing a small but measurable improvement in our business. While I cannot say that the market conditions have picked up to pre-2008 levels, I can assure that we are not seeing further downward pressure on our business.

We have used this period of tough market conditions to invest our time in our clients. I have reached all our clients, spent time with them, reaffirmed CyberTech's commitment to them at this tough market time. We have also refocused our Solutions and Offerings, which are sharpened to be focused around client needs of OPEX reduction. I assure you that we will ride this out.

Business operations:

We have used the last one year to increase our strength beyond our direct client business by working on a deeper Alliances model. I am pleased to inform you that we have made substantial progress in our alliances with ESRI (www.esri.com), SAP (www.SAP.com) and Cisco Systems (www.Cisco.com). I have invested my time personally by travelling extensively, building client relationship and IP /Solution building. The US subsidiary continues to be our primary front end providing sales and client partner management thereby driving deeper offshore focus in our company.

My general philosophy has been to do the right thing for CyberTech for long period of time with a goal to do well in good markets but to do better in bad markets aiming for sustained growth. We continue to focus on the following long term objectives that I have laid out a few years back:

- Develop deeper Alliance and Client relationships
- Streamline our company to be more India oriented using an offshore model
- Resolve our complex income tax challenges
- Keep the company debt free
- Utilize the company's real estate assets to its fullest extent
- Continue to focus on off shore oriented annuity engagements

Steven Jeske and I are fiscally conservative and consider CyberTech from a long term business holding perspective. As such the company is conservatively managed with zero debt. The company's assets and liquidity, cash strength and zero debt give us great comfort during these trying times.

I am pleased to inform you that ESRI through an affiliate has acquired a significant ownership in your company. As you all know, ESRI is the world's largest Geographic Information System technology provider and our top partner. I consider it our privilege to have their support and am committed to take advantage of this unique opportunity that is presented to us to further strengthen our GIS focus.

The company adheres to high level of transparency and corporate governance. We have hired a senior leader to head our world wide delivery, Mr. Shailesh Sampat. Most of our India delivery leaders and many of the directors on the technical side of our business have all worked in the US for a decade or so prior to relocating to India. Hence they understand US client needs and India delivery advantages. I take it as my primary goal for driving the sales and client satisfaction for the business.

I am pleased to inform you that your directors have recommended a dividend of Rupee one per share (10% of face value) for the fourth year in a row. We continue to enjoy the confidence of our customers resulting in opportunities that are adjacent in nature.

The focus on quality of services has ensured continued customer loyalty. Many of my customers have been working with us for a period ranging from 6 to 15 years. We have created a small but strong base of sustainable growth with deeper focus.

Business Outlook

As I write this letter, US business conditions in the current 1st Quarter of fiscal year 2010-11 have started to improve. I expect fiscal year 2011-12 revenues to be higher than our current year. In fiscal year 2009-10, we experienced difficult 1st to 3rd quarters. This made us deal with unpredictable top line revenue and not easily correctable fixed overhead expenses. The US market conditions and our business have both stabilized.

We have also strengthened the US Presales and Client Management Leadership. We have added sales leadership in India and are expanding our India sales team. We continue to strengthen our SAP and ESRI alliances which should lead to very positive impact on our company once the market conditions improve and the growth cycle begins.

Also during the past year, we have shifted our focus to include the delivery of solutions to the domestic market and have started building a sales team in this regard. Our focus for the domestic market is in delivering geospatial solutions to the public sector.

I am grateful to our Executive Director and the Sales, Delivery and Financial Leaders of the company for their unstinted support to our efforts to enhance shareholder value. Our employees are our biggest asset and I wish to record my sincere appreciation to their dedicated efforts.

I would like to thank my dedicated Board of Directors and our US investor representatives for their involvement, counsel and support. I thank Bansi S Mehta & Co, Chartered Accountants and Mr. Farook Irani Esq. for their valuable help. I thank Mr. M.P. Bharucha of Bharucha & Partners for his help and counsel. I have special thanks to Mr. B.V. Goud, Special Advisor to the Chairman for his substantial help in many matters and for his tireless efforts to help our company. I thank all our clients for their continued support of your Company.

On behalf of the entire organization I thank you, my fellow shareholders, for your continued support.

With regards,

Vish Tadimety

Trevose, PA
July 25, 2010



NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of **CyberTech Systems and Software Limited** will be held on Thursday, the 30th Day of September 2010, at the Registered Office of the Company at CyberTech House, Plot No. B – 63/64/65, Road No. 21/34, J. B. Sawant Marg, MIDC, Wagle Estate, Thane (West) – 400 604 at 3 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Company's audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended as on that date along with Schedules and the Reports of Directors and Auditors thereon.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Steven Jeske who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Lodha & Co., Chartered Accountants, Mumbai, as Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS

5. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as 'the said Act' including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and Article 173 of the Articles of Association of the Company, approval of the Company be and is hereby accorded for the reappointment of Mr. C.N. Rao as an Executive Director in the whole-time employment of the Company, for a period of one year with effect from October 1, 2010 upon the terms and conditions approved by the Board at its meeting held on August 4, 2010."
"RESOLVED FURTHER THAT the Board be and is hereby authorised to alter, vary and modify the said terms including salary, allowances and perquisites in such a manner as may be agreed to between the Board and Mr. C. N. Rao within and in accordance with and subject to the limits prescribed in Schedule XIII of the Companies Act, 1956 and if necessary, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board and Mr. C.N. Rao."
"RESOLVED FURTHER THAT notwithstanding anything hereinabove stated, wherein any financial year, during the currency of the term of Mr. C.N. Rao as Executive Director of the Company, the Company has no profits or its profits are inadequate, the Company shall pay remuneration by way of salary and perquisites not exceeding the limits specified in Schedule XIII of the Companies Act, 1956."
"RESOLVED FURTHER THAT the directors of the Company be and are hereby authorised to do all such acts as are necessary to give effect to the above resolution."
6. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:
"RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased from Rs. 30,00,00,000 (Rupees Thirty Crores) divided into 3,00,00,000 (Three Crores) Equity Shares of Rs. 10/- each to Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs.10/- each."
"RESOLVED FURTHER THAT Clause V of the Memorandum of Association of the Company be deleted and the following clause be substituted in its place:-
The Authorised Share capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs.10/- each. The Company has power from time to time to increase or reduce its capital and issue any shares in the original or new capital as equity or preference shares (CCP) or shares of any other kind and to attach to any classes of such shares any preference, rights, privileges or priorities in payment of dividends or distribution of assets or otherwise over any other shares to subject the same and upon the sub-division of a share to apportion the right to participate in profits, in any manner, subject to the prior consent of the Government of India or any other court if the same, be necessary, being obtained before doing so."
7. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:
"RESOLVED THAT the Article 3 of Articles of Association be deleted and the following Article be substituted in its place :-
The Authorised Share capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs.10/- each."

By **Order of the Board of Directors**

Sateesh Wadagbalkar
Company Secretary

Registered Office:

CyberTech House
Plot No.B – 63/64/65, Road No.21/34, J. B. Sawant Marg,
MIDC, Wagle Estate, Thane (West) – 400 604.
Date : August 4, 2010.

NOTES:

1. ***A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.***
2. Proxies, in order to be effective, must be lodged with the Company not less than 48 hours before the time fixed for the commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from September 23, 2010 to September 30, 2010 (both days inclusive).
4. Members are requested to:
 - a. Notify immediately, change of address, if any, to the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078, if they are holding shares in physical form and to update such details with their respective Depository Participants (DPs), if they are holding shares in electronic form.
 - b. Write to the Company for any information about accounts at least 10 days in advance of the Annual General Meeting and
 - c. Bring the copy of the Annual Report along with them and to produce the Attendance Slip at the entrance of the Meeting Hall.
5. Members who have yet not encashed their dividend warrants for previous three years may approach the Company for issue of demand draft in lieu of the said warrant since in terms of the amendments to Section 205A and Section 205C of the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years from the due date of payment is required to be transferred to the Investors Education and Protection Fund and no amount could be claimed thereafter.
6. Members/Beneficial Owners are requested to quote Folio No. /DP and Client ID Nos. as the case may be, in all correspondence with the Company.
7. Members are requested to give their valuable suggestions for improvement of investor services and are also advised to quote their e-mail ID, telephone/facsimile number for prompt reply to their communications.
8. The Company's Equity Shares are listed on The Stock Exchange, Mumbai and The National Stock Exchange of India Limited. The Company has paid the annual listing fees for the financial year 2010-11 to these Stock Exchanges.

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

Item No. 5

Reappointment and Remuneration of Mr. C.N. Rao as Executive Director

Members of the Company reappointed Mr. C.N. Rao as an Executive Director for a period of one year, with effect from October 1, 2009 in the 14th Annual General Meeting held on September 30, 2009. His tenure as Executive Director expires on September 30, 2010 unless he is reappointed for further period. The Board after considering his performance has decided to reappoint him as Executive Director for further period of one year effective from October 1, 2010 subject to the approval of members. The Board has considered the recommendations of the Remuneration Committee while determining the remuneration to be payable to him after he is reappointed as Executive Director.

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

I The information as required under Schedule XIII Part II section II 1(B)(iv) is given below:

GENERAL INFORMATION:

1. Nature of Industry: Information Technology
2. Date or expected date of commencement of commercial production:
Not Applicable (The Company is an existing Company)
3. In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus:
Not Applicable



4. Financial performance based on given indicators:

Particular Period: : April 1, 2009-March 31, 2010
Total Revenue: : Rs. 207.40 Million (Standalone)
Profit (Loss) after Tax: : Rs. 43.85 Million (Standalone)

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

Revenue (Export): Rs. 122.76 Million (Standalone)

6. Foreign Investment or collaboration, if any: The Company has investment in the following overseas subsidiaries / Joint Venture:

1. CyberTech Systems and Software Inc. U.S.A
2. CyberTech Middle East W.L.L., Bahrain

II Information about the Appointee:

1) Background Details:

Mr. C. N. Rao, 65, is B.Com Hons. and LL.B. from the University of Kolkata and Associate Member of all the three professional bodies viz., ACAI, ICWAI and ICSI.

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

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

Last Remuneration drawn : Last drawn remuneration was Rs. 10.50 Lakhs per annum.

3) Job profile and his suitability:

Mr. C.N. Rao has completed 4 years of service in CyberTech Systems and Software Limited.

Since Mr. C.N. Rao has total of 35 years of rich experience in industry and has headed the Finance and I.T functions in a large public sector undertaking, the Board considers him to be the most suitable person.

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

4) Remuneration proposed:

- a) **Salary:** Rs.87,500 per month
- b) **Conveyance facilities:** The company shall reimburse all repairs, maintenance and running expenses including driver's salary for his car, the total amount not exceeding Rs. 1,50,000 per annum
- c) **Telephone facilities:** The company shall reimburse the expenses for one fixed land line and two mobile phones at his residence
- d) **Gratuity:** Gratuity at the rate of half month's salary for each completed year of service
- e) **Leave:** Entitled for leave with full pay or encashment thereof as per the rules of the company
- f) **Notice:** Three months on either side.

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

5) Comparative remuneration profile with respect to industry, size of the company,

Profile of the position and person:

The remuneration payable to the appointee has been benchmarked with the remuneration being drawn by similar positions in IT industry and such benchmark has been considered by the Remuneration Committee/Board of Directors of the Company.

6) Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any:

The appointee has no pecuniary relationship directly or indirectly with the Company.

Item Nos. 6 & 7

The present Authorised Share Capital of the Company is Rs.30,00,00,000/- divided into 3,00,00,000 Equity Shares of Rs.10/- each.

Present Issued Capital of the Company is Rs.26,47,63,020/- divided into 2,64,76,302 Equity Shares of Rs.10/- each.

It is proposed to increase the Authorised Capital to enable the Company to issue any additional capital for expansion of business activities to be under taken in near future.

The Board of Directors has recommended the passing of the Resolutions contained in Item Nos. 6 & 7.

The Directors may be deemed to be concerned or interested in the Resolutions at item Nos. 6 & 7 to the extent of their respective shareholdings in the Company.

Inspection of Documents:

A copy of the Memorandum & Articles of Association with the proposed amendments is available for inspection of the Members of the Company at the Registered Office of the Company during the Company's business hours from Monday to Friday.

By **Order of the Board of Directors**

Sateesh Wadagbalkar
Company Secretary

Registered Office:

CyberTech House,
Plot No.B – 63/64/65, Road No.21/34, J. B. Sawant Marg,
MIDC, Wagle Estate, Thane (West) – 400 604.
Date : August 4, 2010.

Information pursuant to clause 49 VI (A) of the Listing Agreement-

Details of a Director seeking re-appointment at the forthcoming Annual General Meeting as reflected under item No. 3 of the Notice.

| | |
|---|---|
| Name of Director | Mr. Steven Lloyd Jeske |
| Date of Birth | 09/12/1952 |
| Date of Appointment | September 30, 2008 |
| Qualifications | Certified Public Accountant and M.B.A. from Chicago University U.S.A. |
| Experience in specific Functional Areas | He was formerly the CFO of several start ups including Petcare Plus, Inc., a US \$100m retailer and VSMLP, a Blockbuster Video Franchise. |
| Directorship in other Companies | CyberTech Systems and Software, Inc. CyberTech Middle East W.L.L. |
| Membership on Committees of other Companies | Nil |

By **Order of the Board of Directors**

Sateesh Wadagbalkar
Company Secretary

Registered Office:

CyberTech House,
Plot No.B – 63/64/65, Road No.21/34, J. B. Sawant Marg,
MIDC, Wagle Estate, Thane (West) – 400 604.
Date: August 4, 2010.



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Annual Report together with the Audited Statements of Accounts for the year ended March 31, 2010. This report includes both stand alone results for the Company (CyberTech Systems and Software Ltd.) as well as consolidated results for the Company and its subsidiary in the USA & Joint Venture in Bahrain.

FINANCIAL RESULTS

(Rs. in million)

| | Stand alone | | Consolidated | |
|---|-------------|---------|--------------|---------|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Gross Revenue | 207.40 | 216.97 | 509.26 | 744.14 |
| Profit before Interest & Depreciation | 80.03 | 96.01 | 51.47 | 71.99 |
| Interest | 0.02 | 0.15 | 0.03 | 0.28 |
| Depreciation | 18.05 | 17.40 | 23.54 | 29.35 |
| Profit/(Loss) before tax | 61.96 | 78.46 | 27.90 | 42.36 |
| Provision for tax | (18.11) | (9.84) | (18.11) | (9.84) |
| Income Tax adjustments for earlier year's –credit | - | - | (8.88) | (4.01) |
| Profit/(Loss) after tax | 43.85 | 68.62 | 18.67 | 36.53 |
| Less Minority Interest (Loss) | - | - | (2.85) | (2.79) |
| Accumulated profit b/f from previous year | 77.31 | 39.66 | 64.89 | 56.54 |
| Provision for Dividend(includes dividend tax of Rs. 4.50 million) | (30.97) | (30.97) | (30.97) | (30.97) |
| Balance to be carried forward | 90.19 | 77.31 | 55.44 | 64.89 |

DIVIDEND

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

REVIEW OF THE COMPANY'S STAND ALONE PERFORMANCE

The Company's primary focus continues to be delivering offshore development and support services in the Company's core technology areas as well as providing geospatial solutions to domestic customers. Additionally, the Company continued to receive substantial income from certain real estate rentals and interest income on deposits.

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

- The year 2009-10 continued to be challenging for the Company. Total revenue during the year 2009-10 amounted to Rs. 207.40 million as compared to Rs 216.97 million during the previous year. Total revenue is comprised of revenue from operations and other income, as follows.
 - Revenue from operations for the year ended March 31, 2010 amounted to Rs. 124.35 million vs. Rs. 127.49 million for the previous year. Operating revenue includes revenues from software support and development activities. Revenue was marginally lower as a result of adverse conditions in the US.
 - Other Income amounted to Rs. 83.05 million as against Rs. 89.48 million. Other income is minimally lower on account of the short period vacancy of properties. In general property rentals are stable in the current market.
 - Profit before interest, depreciation and tax amounted to Rs. 80.03 million against Rs. 96.01 million in the previous year.

The Company has started to focus on domestic market sales of geospatial solutions and is developing alliance relationships with key vendors in this area. This is intended to offset the continued turmoil in offshore markets and reduced spending among customers. The Company has obtained its first order in the domestic market.

The Company maintains significant financial resources and carries no debt. During the year, a strategic investor acquired a greater than 10% interest in the Company, which is expected to strengthen the alliance with them.

REVIEW OF CONSOLIDATED PERFORMANCE

On a Consolidated Basis, the Company reported total revenue of Rs.509.26 million during the year as compared to Rs 744.14 million during the previous year.

Profit after tax for the year ended March 31, 2010 amounted to Rs. 18.67 million compared to Rs. 36.53 million in the previous year.

The consolidated group continues to focus on delivering services to its identified market segments in its core technology areas as well as providing geospatial solutions to domestic customers. Its sales and delivery organizations have been aligned to an offshore centric model, while providing for solution sales and delivery in the domestic market.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company, including its wholly owned US subsidiary and 55% owned joint venture in Bahrain, are prepared in accordance with Accounting Standard 21 (Consolidation of Accounts) as prescribed by the Institute of Chartered Accountants of India and in compliance with the terms of the listing agreement with the Stock Exchanges. Together, these comprise part of the Annual Report and Accounts. The summarized consolidated results are given alongside the financial results of your Company and are discussed in the accompanying Management Discussion and Analysis of Consolidated Results.

WHOLLY OWNED SUBSIDIARY IN USA

The Company owns a 100% interest in CyberTech Systems and Software, Inc. incorporated on June 12, 2003 in the state of Delaware in the United States of America, whose results are consolidated herein. This subsidiary serves as the sales front end for a majority of the offshore revenue recognized by the Company and is instrumental to creating and managing the alliances that lead to the bulk of the Company's activities.

CyberTech Systems and Software, Inc. (USA) reported an operating loss of Rs. 23.66 million before interest, depreciation and tax on revenue of Rs. 390.29 million. The net loss after tax aggregated Rs.19.60 million. The Company has been severely impacted by the worldwide slowdown in discretionary IT spending which has impacted several of our targeted sectors.

JOINT VENTURE IN THE MIDDLE EAST

The Company is majority owner of CyberTech Middle East W.L.L., a joint venture company formed in Bahrain to exploit opportunities in the Middle East. Pursuant to the agreement entered into with Gold Coastway Limited., CyberTech Middle East was established in August 2008.

CyberTech Middle East W.L.L. has been able to establish its credentials and has been successful in starting to slowly develop this business locally. It is now identifying other business opportunities in the Middle East in conjunction with several of our business partners.

The company reported an operating loss of Rs. 6.33 million on revenue of Rs. 34.35 million during the year.

SUBSIDIARY COMPANIES' ACCOUNTS

The statement required pursuant to section 212 of the Companies Act, 1956, containing details of the subsidiaries, CyberTech Systems & Software Inc, USA, and CyberTech Middle East WLL is attached hereto.

INCREASE OF AUTHORISED CAPITAL

The existing issued capital of the Company is Rs. 26.47 crores out of the authorised capital of Rs. 30 crores. The company proposes to increase the authorised capital to Rs.50 crores to meet any additional requirement of Capital in near future for expansion of the business of the Company. Necessary resolutions for the increase in authorised capital have been included in the notice convening the Annual General Meeting.

FIXED DEPOSITS

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

GENERAL

The Management Discussion and Analysis Report reviews the operations of the Company in more detail and forms a part of this Annual Report.



CORPORATE GOVERNANCE

As per the Listing Agreement with the stock exchange(s), the Company has complied with the requirements of the Corporate Governance provisions of the Agreement. A report on Corporate Governance is attached to this report.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Arun Shah and Mr. Steven Jeske, Directors of the Company retire by rotation at the ensuing Annual General Meeting. Mr. Steven Jeske, being eligible, offers himself for re-appointment. Mr. Arun Shah has expressed his inability to offer himself for re-appointment in view of his other commitments. The Directors wish to place on record their appreciation of the services rendered by Mr. Arun Shah during his tenure as a Director of the Company.

The tenure of Mr. C. N. Rao as Executive Director expires on September 30, 2010. The Directors propose the re-appointment of Mr. C. N. Rao as Executive Director for a period of one year effective October 1, 2010.

Necessary resolutions for appointment / re-appointment of the aforesaid directors have been included in the Notice convening the ensuing Annual General Meeting.

None of the directors of the Company is disqualified for being appointed as director as specified in Section 274(1) (g) of the Companies Act, 1956 as amended by the Companies (Amendment) Act, 2000.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, it is hereby confirmed that:

- i) in the preparation of the annual accounts for the financial year ended March 31, 2010, the applicable accounting standards were followed and proper explanation relating to material departures given.
- ii) the Directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- iii) the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities.
- iv) the Directors have prepared the annual accounts on a going concern basis.

AUDITORS

M/s. Lodha & Co., Chartered Accountants, Mumbai, the Statutory Auditors, hold office until the conclusion of the ensuing Annual General Meeting and are recommended for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, will be within the limits as stipulated under Section 224(1B) of the Companies Act, 1956. The members are requested to consider appointment of M/s. Lodha & Co. as Statutory Auditors at the ensuing Annual General Meeting.

The comments made by the Auditors in their report are self-explanatory and do not call for further explanation.

INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT, 1956

There were no employees in receipt of remuneration during the year requiring disclosure under section 217 (2A) of the Companies Act, 1956.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure to this Report.

EMPLOYEES STOCK OPTION PLAN

The position of ESOPs granted and exercised during the year is as under:

| | |
|---|---|
| Number of options granted: | During the year under review 200,000 options were granted. |
| Pricing formula: | Not Applicable |
| Options vested: | A total of 71,750 options vested during the year. |
| Options exercised and number of shares arising out of such exercise: | No grantee exercised options during the year. |
| Options lapsed: | During the year 211,550 options lapsed out of options granted. |
| Variations in terms of options: | There was no variation in the terms of options. |
| Money realized on exercise of options: | Nil |
| Total Number of options in force: | Total number of 1,090,750 options were in force as on March 31, 2010. |
| ESOPs granted to senior managerial personnel: | For the year ended March 31, 2010 the Company granted 2,00,000 options to Senior Managerial Personnel. Further for the year ended March 31, 2010 the Company did not grant more than 1% of the issued capital of the Company to any one person as of the date of grant. |

Method of Accounting

The Company has elected to use the intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share as on the date of grant exceeds the exercise price of the option.

Summary of the options outstanding under the Employees Stock Option Plan (ESOP):

| | As at March 31, 2010 | | As at March 31, 2009 | |
|--|----------------------|---------------------------------------|----------------------|---------------------------------------|
| | Options | Weighted Average Exercise Price (Rs.) | Options | Weighted Average Exercise Price (Rs.) |
| Options outstanding at beginning of the year | 1,102,300 | 13.03 | 968,260 | 11.93 |
| Granted during the year | 200,000 | 12.95 | 810,000 | 17.95 |
| Exercised during the year | - | - | - | - |
| Forfeited/lapsed during the year | 211,550 | 17.16 | 675,960 | 16.27 |
| Options outstanding at end of year | 1,090,750 | 12.86 | 1,102,300 | 13.67 |
| Vested options pending exercise | 524,470 | 11.98 | 659,800 | 11.77 |

The following summarizes information about stock options outstanding:

As at March 31, 2010

| Range of Exercise Price | Number of shares arising out of options | Weighted average remaining life (Years) | Weighted average Exercise Price (Rs.) |
|-------------------------|---|---|---------------------------------------|
| Rs. 7.50 to Rs. 15.00 | 883,250 | 4 | 11.59 |
| Rs. 15.00 to Rs. 23.00 | 207,500 | 7 | 18.28 |

As at March 31, 2009

| Range of Exercise Price | Number of shares arising out of options | Weighted average remaining life (Years) | Weighted average Exercise Price (Rs.) |
|-------------------------|---|---|---------------------------------------|
| Rs. 7.50 to Rs. 15.00 | 708,550 | 3 | 11.22 |
| Rs. 15.00 to Rs. 23.00 | 393,750 | 7 | 18.08 |


Fair Value methodology for the option:

The fair value of options used to compute net income and earnings per equity share have been estimated on the dates of each grant within the range of Rs.7.55 to Rs.22.90 using the Black-Scholes pricing model. The Company estimated the volatility based on the historical share prices. The various assumptions considered in the pricing model for the options granted under ESOP are:

| | As at March 31, 2010 | As at March 31, 2009 |
|-------------------------|----------------------|----------------------|
| Dividend yield | 0 – 10% | 0 – 10% |
| Expected volatility | 10% - 20% | 10% - 20% |
| Risk-free interest rate | 6.57% - 6.65% | 6.46% - 6.65% |
| Expected life of option | 0 – 7 yrs | 0 – 7 yrs |

Impact of Fair value method on Net Profit and EPS

Had the compensation cost for the Company's Stock Option Plan outstanding been determined based on the fair value approach, the Company's net profit income and earnings per share would have been, as indicated below:

| | As at March 31, 2010 | As at March 31, 2009 |
|---|----------------------|----------------------|
| Profit attributable to Equity Shareholders | 43,848,149 | 68,620,853 |
| Add: Stock-based employee compensation expense included in net income | - | - |
| Less: Stock-based compensation expense determined under fair value based method | 364,044 | 288,222 |
| Net Profit | 43,484,105 | 68,332,631 |
| Basic and diluted earning per share (as reported) | 1.66 | 2.59 |
| Basic and diluted earning per share (under fair value method) | 1.65 | 2.58 |

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and sincere gratitude to the various departments of the Central and State Government, Company's Bankers, clients, media and business constituents for their valuable assistance and support. The Directors also acknowledge the continued support received from investors and shareholders and the confidence reposed by them. The Directors record their appreciation for the sincere and dedicated services rendered by all the employees of the Company.

For and on behalf of the Board of Directors

Viswanath Tadimety
Chairman

Place : Thane.

Date : August 4, 2010.

ANNEXURE TO DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors Report for the Year ended March 31, 2010

CONSERVATION OF ENERGY:

Since the Company is engaged in the manufacture of Computer Software Development and other related activities, furnishing of details pertaining to conservation of energy are not applicable.

| | | |
|----|---|--|
| a. | Energy conservation measures taken: | The computer systems installed are designed for low power consumption. |
| b. | Additional investments and proposals, if any, being implemented for reduction of energy: | Nil |
| c. | Impact of measure in (a) and (b) for reduction of energy consumption and consequent impact on the cost of production: | Not Applicable |
| d. | Total energy consumption and energy Consumption per unit of production: | Not Applicable |

TECHNOLOGY ABSORPTION:

| | | |
|----|--|----------------|
| e. | Efforts made in technology absorption: | Not Applicable |
|----|--|----------------|

FOREIGN EXCHANGE EARNINGS AND OUTGO:

| | | |
|----|--|---------------------------|
| f. | Activities relating to exports initiative taken to increase exports, development of new exports, development of new export market for products, services and export plans: | As detailed in the Report |
| | Statement of expenditure/earnings incurred in Foreign Currency: | |
| | Outgo (Dividend) | Rs. 10,597,027/- |
| | Outgo (Travel & Other Expenses) | Rs. 428,922/- |
| | Income | Rs. 122,764,366/- |

For and on behalf of the Board of Directors

Viswanath Tadimety
Chairman

Place : Thane.

Date : August 4, 2010.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Overview

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. Management of CyberTech Systems and Software Limited (the "Company") accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used in the preparation of the financial statements, which estimates have been made on a prudent and reasonable basis.

The Company is an Information Technology services provider, delivering its services to customers primarily in the USA, India and Middle East, with focus on several core software technology applications including SAP and Geographical Information Systems ("GIS"), as well as Network Planning and Design and Custom Software Application Development. The Company continues to focus on delivering its development and support projects on an offshore basis. As the bulk of its services are currently delivered in other countries, the Company remains subject to the effect of changes in the relative values of the respective country currencies.

The Company has also invested its capital in its real estate holdings, its wholly owned subsidiary in the United States and in its joint venture company in the Middle East. The Company realizes substantial rental income from its real estate holdings.

Results discussed herein include consolidated results for the Company, including its wholly owned US subsidiary and its share of the joint venture in the Middle East.

B. Company Operations

CyberTech is a global information technology firm providing professional consulting services in the following practice areas:

- **SAP - ERP application providers** (including Implementation, Upgrade and Post Implementation Support Services)
- **Geographical Information Systems** - based on ESRI software technologies (Geo-database Creation, Municipal GIS Application Development, Enterprise GIS Application Development, Integration, Implementation Post Implementation Support)
- **Network Services** – based on Cisco Systems technologies (including planning and design services, public safety solutions, data center support and Cisco support services)
- **Custom Technologies** - including Microsoft, Oracle and IBM (Application Development, Integration and Maintenance)

The Company maintains *Advanced Technology Centers* ("ATC") for the training, development and support of SAP, ESRI, Cisco and Microsoft technologies. Operations of the Company are completely integrated with its subsidiaries. The Company performs delivery management including offshore development and support, finance and administrative functions for the consolidated group. CyberTech Systems and Software, Inc. (USA) (also known as "CSSI") is the wholly owned US subsidiary of the Company formed in June 2003. This Subsidiary focuses on customer facing and business development activities including pre-sales, marketing, sales and onsite project/program management activities. CSSI focus is to sell both on-site and offshore services in the practice areas mentioned above. The Company also holds 55% interest in CyberTech Middle East W.L.L. (also known as "CME"), its joint venture company in Bahrain formed in August 2008. The joint venture focuses on providing GeoSolutions to customers in the Middle East.

These three companies work in tandem to serve customers needs. Activities are somewhat indivisible and seamless. Accordingly, business operations as discussed include activities of the Company and its Subsidiaries.

The Company has also started to focus on domestic market sales of geospatial solutions and is developing alliance relationships with key vendors in this area. This is intended to offset the continued turmoil in offshore markets and reduced spending among customers. The Company has obtained its first orders in the domestic market and will increase its activities aimed at growth in the domestic market.

Market Segments:

The Company's consolidated customer base can be classified into two groups:

Commercial Sector:

This group includes all commercial organizations in the US and elsewhere. The Company targets the **SME** (small and medium sized businesses up to \$1B) market sector as well as **Enterprise** (Global) corporations. We believe this market holds significant potential for Company growth, largely driving offshore business for the company. This marketplace represents approximately 78% of the company's business.

Public Sector and Utility Companies

This includes national, state and local governments, non-profit entities and utility companies, primarily in the US. The Company has several large public sector and utility customers that comprise a significant portion (approx. 22%) of the Company's business. Although these services typically are not delivered in an offshore format, there is a significant market due to our experience and depth of expertise in areas useful to public sector and utility clients. Current market focus is to additionally deliver services in this segment in the domestic market as well as the Middle East.

Practice Areas:

The Company's technology focus is in the following practice areas:

- **SAP**
- **GIS (primarily using ESRI, Inc. technologies)**
- **Network Services**
- **Custom Applications (including Microsoft and IBM)**

CyberTech differentiates itself with its proprietary Advanced Technology Center (ATCs) maintaining the latest software environment for each of the technology focus areas. Our ATCs are used for the following:

- Development and support services that we provide from offshore.
- Development of end-to-end solutions and proprietary tools for our various practice areas.
- These tools become solutions showcasing our capabilities in the relevant technologies and aid our development efforts.
- Training for our consultants to use these solutions and tools as part of our value added services by updating their individual skills.

* SAP Practice:

The Company's SAP Practice is focused on Implementation, Upgrade and Post Implementation support services. Post implementation services include SAP BASIS administration, Functional Help Desk and ABAP Development and Integration.

Key differentiators in our SAP services include

- *SAP Life Spectrum Services:* Ability to provide end to end services covering the life cycle of SAP services, including Implementation, Upgrades and Post Implementation services.
- *Fixed Price/ Fixed time Implementations and Upgrades:* Delivering to a fixed price / fixed time implementation schedule which is key to most implementations and upgrades, especially in our focus market segment Small and Medium Businesses.
- *Competitive Pricing:* Offshore centric implementation, upgrade and post-implementation support helping to reduce cost and increase productivity.

* GIS (Geographical Information Systems) Practice:

The Company's GIS practice is focused on providing GIS assessment services, Geo-database creation services, application development, integration and maintenance services, primarily utilizing ESRI Technologies and. Company is also authorized to resell ESRI Licenses in India for the end users.

The Company's GIS differentiators include the following:

- Functioning as part of the various development, professional services and support teams within ESRI. This helps us obtain insight into ESRI technologies, which in turn helps us provide leading edge technology services to our customers.
- Maintaining a core custom technology focus (in Microsoft, IBM, Oracle and middleware technologies) that translates to application development, integration and support work in a GIS environment.
- Maintaining a strong focus on SAP-ESRI integration, a strategic differentiator that supports us in our customer base maintaining both SAP and ESRI technologies.
- Offering Turn-key Solutions in the Municipal GIS, E-governance and Enterprise GIS space in India

During the fiscal year, Company's GIS practice has shown considerable advancement in offshore development, testing, integration and support contracts. Blending core GIS technology experience with our Custom Technology group experience brings a considerable maturity to our go-to market strategy for GIS.

CyberTech is an **ESRI Business Partner in India and US**. CyberTech is also invested on joint development work with ESRI in building solutions for



various industries segments, which leverage GIS technologies.

***Network Services**

CyberTech is leveraging its expertise in network planning, design and support by re-establishing its networking initiative.. The practice will focus on addressing Infrastructure challenges and its solutions will cover Infrastructure, Unified Communication, Wireless, Security and Data Centre. The practice will also focus on next generation solutions such as Intelligent Automation, Public Safety and Geo Intelligence.

*** Custom Application Practice:**

Custom Technologies Practice offers services in Software Application Development, Maintenance, Support, Modernization and Migration using Microsoft, SUN, IBM, and Oracle technologies. The support services are primarily annuity based development and contracts that are delivered offshore from the ATC. CyberTech is focusing heavily on leading technologies including Enterprise Architecture Integration Services (EIA), Business Intelligence Services (BI) including data mining and data warehousing and Service Oriented Architecture (SOA).

CyberTech is a Microsoft and IBM partner and has largely leveraged the custom technology expertise to its advantage in the SAP and GIS practice areas.

C. Industry Structure & Developments:

The last fiscal has been a remarkable year of economic meltdown spreading across the globe. The developed economies of the world getting affected one after other created uncertainty for businesses across the globe. The economic meltdown has led to the Governments across the world taking measures to revive the economy. The economic meltdown has also forced governments to take stance against the perceived success of globalization resulting in policy changes. The resultant impact on the IT industry has been both positive and negative in terms of pressure on offshoring reduction to save the local jobs to favoring cost reduction measures.

Offshoring as a proposition still holds value addition. There has been a change in trend of offshoring contract getting coupled with services and infrastructure outsourcing. Offshoring from corporates of all sizes have increased during the year. However off shore business from governments has seen sluggishness. There is therefore room for the Indian software industry to grow given the untapped potential both domestically and abroad.

The Company provides the majority of its services, on a consolidated basis, in the United States. This has had a significant negative impact on reported revenue and earnings as a result of the severe economic downturn in the United States. The Company's share of services delivered offshore has increased during the last three to four years and is expected to continue to increase due to the Company's focus on aligning its sales and delivery organizations to an offshore model.

India as an economy has largely come unscathed from the global meltdown and has shown growth in GDP largely due to its lower dependence on exports and huge internal consumption. The Indian market has shown signs of increased spending lead by government policies and various schemes to improve the IT infrastructure of governments.

GIS, in India, is coming of age. Gone are the days when it used to be a fashion statement and people would harp on how governments use GIS. Now the momentum is picking up and all the rhetoric is transforming into reality. This is largely attained due to government focus on use of GIS and large initiatives like R-APDRP, JNNURM and NLRMP but this is just the start. US GIS market had seen growth in 1980s on account of parcel digitizing (sort of subset of our NLRMP) and in 1990s on account of large AM/FM conversion projects. For India, both growth shots are administered at the same time. Landscape of competing companies is also changing very quickly with several large Indian IT companies showing interest in Indian GIS projects. The Company has initiated necessary action to tap the opportunity in Indian market utilizing its strength of GIS offerings.

D. Opportunities & Threats:

Opportunities:

India has over the years developed a number of advantage factors contributing to its pre-eminent position. Significant among these are:

- 1) Quality of Delivery- India has a number of companies with quality certifications including SEI – CMM level 5
- 2) Cost advantage – India has significant advantage in terms of cost of delivery;
- 3) Availability of skilled resources – there is a very large availability of highly skilled and English speaking resources; and
- 4) Substantial growth in Indian IT / GIS market due to government policies and various schemes to improve the IT / GIS infrastructure of governments.

Information Technology support services remains an increasingly competitive business environment. With the change in emerging technology

areas, companies have become dependent on technology not only for day-to-day operations, but also for the use of technology as a strategic tool to enable them to re-engineer business processes, restructure operations, ensure regulatory compliances, etc. As systems continually become more complex, companies increasingly turn to external IT services provider to develop & implement new technologies & integrate them with existing applications in which companies have made considerable prior investments. Additionally, many companies continue to explore methods to reduce their cost of IT operations. This provides an opportunity for providers to support and integrate company IT systems on an ongoing basis. The Indian IT Industry becomes a powerful tool used by companies to reduce their costs.

CyberTech has Alliance partnerships with several leading technology companies in its practice areas including SAP, ESRI, Cisco and Microsoft. The company is well poised to take advantage of the new advanced technologies provided by these alliance partners. These technology alliance partners expect to see major technology opportunities for their customers in the United States.

CyberTech continues to focus as a priority on obtaining and providing offshore sourced services for its customers. Any increase in offshore related services should have the effect of increased company margins and profitability and increased longevity of business contracts. The company intends to continue to grow its share in existing clients. This has the supplemental effect of reducing the cost of overhead and delivery cost.

Threats:

The economic uncertainty of the current worldwide markets makes the future less predictable than in the past due to the current demand environment. Worldwide IT spending growth has significantly reduced with budget cutbacks on IT spending by customers, buyers in "wait and watch" mode, government units significantly cutting budgets to match expected revenue shortfalls and delayed decision making. Reduction in new client additions, absence of large deals, vendor consolidation, downsizing for greater efficiencies and cost savings as well as pricing pressures — in both onsite and offshore realization put greater pressures on revenues and margins in the last fiscal year and are expected to track lower for some time. .

The US market is under increasing pressure from general economic conditions as growth diminishes. US spending on off-shoring services has slowed in the face of these market conditions as well as the adoption of protectionist measures by policy makers. CyberTech is also subject to the threats of competing against much larger International IT service providers, the large global Indian IT service providers and more entrenched US and Global System integrators, many of which also provide services to established markets on an offshore basis. The good news is that, global sourcing is expected to increase as focus on cost and 'value' increases with buyers "stretching the dollar" to include greater value delivery.

As with other Indian IT Services companies, other general threats to the business continue to include competition among Information and Technology units in India for talented people, which has resulted in rising employee compensation packages and shrinking margins available to IT Companies. We are also seeing a potential backlash in the US from the increasing loss of employment due to outsourced services overseas, resulting in an impact on the country's immigration enforcement procedures.

E. Outlook, Risks & Concerns:

Outlook:

The Company maintains its focus on the Public sector and Enterprise SAP and GIS custom technology applications. It is expected that its strengthened relationships and alliances with partners such as SAP, Microsoft, IBM, and ESRI will continue to lead to business and revenue growth and increasing profitability with a continued focus on offshore revenue as and when the global market improves.

The company will continue to maintain its focus on its ESRI alliance partnership, which has helped in gaining a presence in the Geographic Information Systems (GIS) practice. The Company is proud to be one of ESRI's main offshore partners & expects to continue to provide offshore support from India to ESRI in building and supporting their applications.

The Company continues its focus aligning its sales and delivery structure to an Indian Model.

The Company has not kept up with industry growth trends, primarily due to decreased spending in the US public sector and a corresponding decrease in activity at several of our large clients. Additionally, the absorption of new customers in the targeted SAP small/medium client base has not grown as expected. US market conditions continue to soften making it harder to locate new development opportunities. The Company intends to continue to grow its offshore business while exploring new opportunities domestically and in adjacent markets, including new ventures in the Middle East and India domestically. New opportunities will focus on leveraging our US public sector expertise and delivering our market solutions and products to these markets. Companies continue to look for specialized expertise and cost saving methods, both of which are provided by the Company.

The Company's US subsidiary generated a loss after tax for the period. The Company has been impacted by the worldwide slowdown in



discretionary IT spending which has impacted several of our targeted sectors. Due to this slowdown, our clients and many other companies are deferring the implementations of new systems and other discretionary spending. The new paradigm has become one of "reducing the total cost of ownership including the ongoing maintenance and support of IT systems". This has especially affected the SAP market with a significant drop in the sale of new SAP licenses in the current year and lowered expectations of the ongoing cost of maintaining systems. The Company has focused its efforts on driving cost effective support offerings resulting in improved offshore revenue while realizing a detriment to onsite business. This coupled with reduced spending in the public sector and increased pressure by the government to reduce the number of foreign IT workers has negatively impacted growth in the United States. These actions do not forecast a quick turnaround in the US market. The company continues to take all reasonable steps to reduce and optimize costs to improve profitability. Focus remains on expanding the benefits from our alliance partners and creating offshore opportunities where relationships are of a long term nature and recurring services can be provided at a lower cost.

CME commenced operations during the last fiscal year and was formed to exploit several opportunities in the region. It was anticipated that growth would be slow due to the nature of potential customers targeted in the region. CME has started penetrating the Bahrain and other Middle East markets creating a project base. CME has started to slowly penetrate the market locally and is now identifying other business opportunities in the Middle East in conjunction with several of our business partners. CME has incurred an operational loss in the year.

Risks and Concerns:

In addition to those general risk items identified as "Threats" to the company above, additional risks and concerns include, but are not limited to, the following:

- **Lack of diversification:**

The Company's potential for growth is driven by one market segment, namely IT services, with a focus on several technology areas. Company management has purposely remained focused in the near term as opposed to spreading its manpower too thin to achieve its goals.

- **Excessive dependence on one geographic segment:**

A large percentage of company's revenue comes from US. A heavy dependence on this one geographic segment could lead to volatility because of the economic and political situation there. The Company has forayed into the local Indian market apart from the operations established in Middle East last fiscal.

- **Reliance on few customers for a significant amount of revenue:**

A significant portion of company revenue is earned from few customers as discussed in the Notes to the financial statements. In most of these cases, revenue and the relationship with these customers continues to grow and provide the opportunity for future growth; however loss of one of these customers could have a significant impact on the company.

- **Legal and Statutory Risks:**

The company's international operations are subject to local legal and statutory risks including compliance with local laws and regulations, one of which is compliance with immigration laws and regulations, which may change from time-to-time. Other risks include contractual risks when delivering complex technology solutions. As of the date of this report, the company is not aware of any noncompliance with local laws or regulations that would have a material impact on the financial statements.

- **Liquidity Risks:**

Company liquidity is dependent on timely collection of its accounts and continued growth in its business. Based on the utilization of available real estate assets, proceeds from the sale of the joint venture investment and the growth in business operations coupled with cost controls, the company expects to continue to have adequate liquidity in the near term. The Company believes it has adequate and dependable resources to meet its liquidity needs, including the ability to raise short term debt, and manage the ongoing mismatched cash flows inherent in a consulting business.

- **Risk of attracting and retaining of IT Professionals in a highly competitive environment:**

In the IT services industry, people are the most valuable assets. Attrition of the key technical talent is one of the major risks. The company reviews its compensation policies regularly to determine that compensation is competitive with the market conditions. The company also determines that there is a defined career path for all employees and the work environment provided to all employees is of very high standard.

- **Currency Risk**

The changes in currency rate between Indian Rupees and US dollars have been a major cause of concern. The fluctuation of rates coupled with the shocks emerging from various parts of the world relating to the economic meltdown has increased the currency risk. The company has tried to protect itself through various measures using available financial instruments from time to time.

- **Pending disputed tax matters**

The Company has disputed certain demands of Income Tax in respect of AY 1997-98 through AY 1999-00. However, as a precaution, full provision was made for Income Tax and interest and entire amounts were paid to the Income Tax Department. The Company continues to pursue all options available in the pending disputes relating to the matters of income tax and service tax.

The Company may from time to time make additional forward looking statements, estimates and reports to its shareholders. Actual events and results may differ.

F. Internal Control System & their Adequacy:

The Company believes it has an adequate system of internal controls commensurate with the size of operations & the nature of business. The internal control systems lay down policies, authorization & approval procedures. Regular internal audits & checks ensure that the responsibilities are executed effectively. The Audit Committee checks the adequacies of control measures. Management suitably implements the suggestions & recommendations of Audit committee, the Internal Auditors & the Statutory Auditors and reviews progress thereon. The adequacy of the Internal Control systems has been confirmed by the auditors under the Companies (Auditors' Report) Order, 2003.

G. Financial Condition:

The financial health of your company indicates adequate and sustainable financial resources to meet with the needs of its business. The Company has no debt to service and is currently generating positive cash flow from its business.

The Company and/or its wholly owned subsidiary have,

- generated cash from its business,
- gained more productivity from its assets and properties,
- successfully resolved certain of its income tax liabilities and disputes and
- maintained its current dividend level.

The Company believes it has adequate and dependable resources to meet its liquidity needs, including the ability to raise short term debt, and manage the ongoing mismatched cash flows inherent in a consulting business.

H. Human Resource Management:

Headcount stands at 224 full time employees as at the end of the current fiscal year. The Company places major emphasis on providing a safe & healthy working environment to all its employees. The Company regularly reviews the performance of its employees and provides them job enrichment opportunities. The Company has a Stock Options Plan for eligible Employees / Directors. The Company holds regular programs to develop team spirit and to motivate its employees to perform better.

I. Cautionary Statement:

Statements in this Management Discussion & Analysis Report describing the Company's objectives, projections, estimates, expectations or projections may be 'forward looking statements'. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic developments, particularly in the USA, & improvements in the state of Information Technology Services markets, changes in the Government regulations in India & USA, tax laws & other incidental factors.



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

TO,

THE MEMBERS,

Cybertech Systems and Software Limited

We have examined the compliance of the conditions of Corporate Governance by CyberTech Systems and Software Limited ('the Company'), for the year ended 31st March, 2010 as stipulated in clause 49 of the Listing Agreement of the Company the Stock Exchange in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was limited to a review of 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 and based on the representations given by the Management of the Company, we certify that the Company has complied in all material respects with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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.

For LODHA & COMPANY
Chartered Accountants

R. P. Baradiya

Partner

Membership No. 44101

Place : Mumbai.

Dated : 4th August, 2010.

REPORT ON CORPORATE GOVERNANCE

We are pleased to submit hereunder a detailed report on Corporate Governance as prescribed by Securities and Exchange Board of India (SEBI) under Clause 49 of the Listing Agreement.

We have implemented the mandatory provisions on Corporate Governance stipulated under revised Clause 49 of the Listing Agreement with the Stock Exchanges.

Company's Philosophy on Code of Corporate Governance

Since inception, CyberTech has been adopting best practices in the area of corporate governance as a means of effectively protecting and enhancing shareholder value. CyberTech continues to focus on delivering predictable revenues with consequential profits. It would be our endeavor to nurture sustained growth with increased profit margins and enhanced shareholder value. CyberTech believes that transparency in operations strengthens investors' confidence. Keeping this in view, the responsibility for upholding high standards of corporate governance lies with the Board and the various Committees of the Board. Details of corporate governance practices followed in CyberTech are detailed hereunder.

Board of Directors

Composition of the six-member Board is as follows:

| | | |
|---|------------------------|--|
| 1 | Mr. Viswanath Tadimety | Non-Executive Chairman and Promoter Director |
| 2 | Mr. Anant Rajwade | Independent Director |
| 3 | Mr. Arun Shah | Independent Director |
| 4 | Mr. Prakash Kenjale | Independent Director |
| 5 | Mr. Steven Jeske | Non-Executive and Non-Independent Director |
| 6 | Mr. C.N.Rao | Executive Director |

During the period April 1, 2009 to March 31 2010, the Board met six times. Dates of the Board Meetings and attendance there at are furnished hereunder:

| Date of Board Meeting | May 14,2009 | June 29,2009 | July 31, 2009 | August 20, 2009 | October 29, 2009 | January 30, 2010 |
|--------------------------|-------------|--------------|---------------|-----------------|------------------|------------------|
| BoardStrength | 6 | 6 | 6 | 6 | 6 | 6 |
| No. of Directors Present | 3 | 4 | 4 | 3 | 2 | 4 |

Attendance of individual Directors at the Board Meetings and at last Annual General meeting.

| Name of Director | No. of Board Meetings held during year | No. of Board Meetings attended | Attendance at last AGM |
|------------------------|--|--------------------------------|------------------------|
| Mr. Viswanath Tadimety | 6 | 3 | Attended |
| Mr. Anant Rajwade | 6 | 6 | Attended |
| Mr. Arun Shah | 6 | 5 | Attended |
| Mr.Prakash Kenjale | 6 | 1 | Not Attended |
| Mr. Steven Jeske | 6 | 2 | Attended |
| Mr. C.N. Rao | 6 | 3 | Attended |



Mr. Viswanath Tadimety and Mr. Steven Jeske joined deliberations on-line when not in station.

Data indicating number of other Directorships held by the Directors of the Company is given below:

| Name of Director | PD/ID/ED* | No. of other Directorship(s)** | Committee Membership | Committee Chairmanship |
|------------------------|-----------|--------------------------------|----------------------|------------------------|
| Mr. Viswanath Tadimety | PD | - | - | - |
| Mr. Anant Rajwade | ID | 6 | 3 | 1 |
| Mr. Arun Shah | ID | 11 | 8 | 2 |
| Mr. Prakash Kenjale | ID | 1 | 1 | - |
| Mr. Steven Jeske | NED/NID | - | - | - |
| Mr. C.N. Rao | ED | - | - | - |

PD – Promoter Director, ID – Independent Director, ED – Executive Director

NED/NID – Non-Executive/Non-Independent Director

** Excludes directorships on Indian Private Limited Companies , foreign companies and Companies incorporated under Section 25 of the Companies Act, 1956

** As per clause 49 I (c) Chairmanships/memberships for Audit Committee and/or Share Transfer Committee have been considered.

Audit Committee

Composition of the Audit Committee

| | | |
|---|---------------------|----------|
| 1 | Mr. Anant Rajwade | Chairman |
| 2 | Mr. Arun Shah | Member |
| 3 | Mr. Prakash Kenjale | Member |

Members of the Audit Committee, who are also on the Board, possess adequate knowledge in areas of corporate finance, accounts and company law.

The terms of reference of the Audit Committee, inter-alia, include :

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be incorporated in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.

5. Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
6. Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency for the utilisation of proceeds of a public or rights issue, and making recommendations to the Board to take up appropriate steps in this matter.
7. Reviewing with the management, the performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function reporting, coverage and frequency of internal audit.
9. Discussion with internal auditors on any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
13. To review the functioning of the Whistle Blower mechanism.
14. Approval for appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.

Five Audit Committee Meetings were held during the Financial Year 2009-10 on May 14, 2009, June 29, 2009, July 31, 2009, October 29, 2009 and January 30, 2010. Attendance of the Directors was as follows:

| Director | No. of Committee Meetings attended |
|---------------------|------------------------------------|
| Mr. Anant Rajwade | 5 |
| Mr. Arun Shah | 4 |
| Mr. Prakash Kenjale | 1 |

Remuneration Committee

Composition of the Remuneration Committee

| | | |
|---|------------------------|----------|
| 1 | Mr. Anant Rajwade | Chairman |
| 2 | Mr. Arun Shah | Member |
| 3 | Mr. Viswanath Tadimety | Member |
| 4 | Mr. Prakash Kenjale | Member |

The functions of the Remuneration Committee are:

- to recommend to the Board of Directors remuneration payable to Executive Director.
- to ensure that a proper system of compensation is in place;
- to devise and recommend to the Board, a Scheme for granting options to the employees of the Company; and
- to frame suitable regulations for ensuring proper administration and superintendence of the Employees Stock Option Plan (ESOP) Scheme. The Committee submits its recommendation to the Board of Directors from time to time indicating details of eligible employees to whom options under ESOP would be granted.



One meeting of Remuneration Committee was held on August 10, 2009. Attendance there at is as follows:

| Director | Attended/Not Attended |
|------------------------|-----------------------|
| Mr. Anant Rajwade | Attended |
| Mr. Arun Shah | Attended |
| Mr. Viswanath Tadimety | Attended |
| Mr. Prakash Kenjale | Not Attended |

Details of remuneration paid to the Directors and the Executive Director for Financial Year 2009- 2010

| Name | Designation | Salary Rs. | Commission Rs. | Sitting fees Rs. | Total Rs. | Notice Period |
|------------------------|--------------------|------------|----------------|------------------|-----------|---------------|
| Mr. Viswanath Tadimety | Chairman | Nil | Nil | 80,000 | 80,000 | Nil |
| Mr. Anant Rajwade | Director | Nil | 175,000 | 240,000 | 415,000 | Nil |
| Mr. Arun Shah | Director | Nil | 150,000 | 200,000 | 350,000 | Nil |
| Mr. Prakash Kenjale | Director | Nil | 125,000 | 40,000 | 165,000 | Nil |
| Mr. Steven Jeske | Director | Nil | Nil | 40,000 | 40,000 | Nil |
| Mr. C.N.Rao | Executive Director | 1,245,091 | Nil | Nil | 1,245,091 | 3 months |

Shareholders'/ Investors' Grievance Committee

Composition of the Investors' Grievance Committee

| | | |
|---|------------------------|----------|
| 1 | Mr. Arun Shah | Chairman |
| 2 | Mr. Viswanath Tadimety | Member |
| 3 | Mr. Prakash Kenjale | Member |

The Board has authorized the Committee to approve the share transfers/ transmissions, issue of duplicate share certificates, review the status of investors' grievances and redressal mechanism and to recommend measures to improve the level of investor services. Details of share transfers/ transmissions approved by the Committee are placed at the Board Meetings from time to time. The Board has delegated the authority to allot equity shares against the Stock Options exercised by the employees/ directors, granted to them under the Employees Stock Option Plan (ESOP) of the Company, to the Shareholders'/ Investors' Grievance Committee.

The Company has one investor complaint outstanding as on date, which is sub-judice.

Compliance Officer: Mr. Sateesh Wadagbalkar, General Manger and Company Secretary.

Exclusive e-mail id for Investor Grievances : cssl.investors@cybertech.com

General Body meetings

i. Location and time, where last three AGMs were held

| Particulars | FY 2006-2007 | FY 2007-2008 | FY 2008-2009 |
|-------------|--|--|--|
| Date & Time | August, 24, 2007 4 P.M. | September 30, 2008 4 P.M. | September 30, 2009 3 P.M. |
| Venue | 'CyberTech House'Plot No.B-63/64/65 Road No.21/34, J.B.Sawant Marg, MIDC, Wagle Estate Thane (West) – 400 604 | 'CyberTech House'Plot No. B-63/64/65 Road No.21/34, J.B.Sawant Marg, MIDC,Wagle Estate Thane (West) – 400 604 | 'CyberTech House'Plot No. B-63/64/65 Road No.21/34, J.B.Sawant Marg, MIDC,Wagle Estate Thane (West) – 400 604 |

ii. Brief details of special resolutions passed in the previous three AGMs

On August 24, 2007 the following three special resolutions were passed.

- (1) Appointment of Mr. C.N. Rao, as an Executive Director in wholetime employment for three years and approval of remuneration payable to him.
- (2) Approval of the Employees Stock Option Plan of 2007 and permission to issue 1,235,633 equity shares in the aggregate.
- (3) Authorizing the Chairman to pay remuneration by way of commission to all or any of the non-executive Directors, the total of such commission in any year not exceeding one percent of the net profits of the Company.

On September 30, 2008, the following five special resolutions were passed

- (1) Increase in remuneration granted to Mr. C.N. Rao, Executive Director.
- (2) Consent for Mr. Steven Jeske to continue to hold the office of Director in the subsidiary Company.
- (3) Consent for Mrs. Sukhada Tadimety to continue to hold the office of Director in the subsidiary Company.
- (4) Consent for Mr. Viswanath Tadimety to continue to hold the office of Director in the subsidiary Company.
- (5) Consent for increase in aggregate number of shares that can be issued under ESOP 2007.

On September 30, 2009, no special resolution was passed.

Special Resolution was passed by the members of the Company through Postal Ballot on October 8, 2009 for approving the Buy-back of its own shares at a fixed price of Rs. 12 per Equity share but not exceeding Rs. 1266.71 Lakhs, i.e upto a limit of 25% of the total paid-up share capital and free reserves of the Company and not exceeding 25% of the total paid-up equity capital as per the audited Balance Sheet as on March 31, 2009.

Mr. Anant Amdekar, proprietor of Anant Amdekar and Associates, practicing Company Secretary acted as a Scrutinizer for conduct of Postal Ballot voting process . Details of votes cast by the members by way postal ballot are as under.

| | Particulars | No. of Postal Ballot Forms | No. of Shares | % of Total votes represents |
|----|---|----------------------------|---------------|-----------------------------|
| a) | Total Postal Ballot Forms received | 259 | 15,003,219 | 100 |
| b) | Invalid postal ballot forms as per register | 9 | 4,021 | 0.03 |
| c) | Net valid postal ballot forms- (a-b) as per register | 250 | 14,999,198 | 99.97 |
| d) | Postal ballot forms with assent to the Special Resolution for Buy back of 66,17,836 Equity Shares of face of value of Rs.10 at a fixed price of Rs.12/- by Tender offer mechanism. | 201 | 14,969,991 | 99.78 |
| e) | Postal ballot forms with dissent to the Special Resolution for Buy back of 66,17,836 Equity Shares of face of value of Rs.10 at a fixed price of Rs.12/- by Tender offer mechanism. | 49 | 29,207 | 0.19 |

The Buy back offer was withdrawn by the Board of Directors on March 4, 2010.

Disclosures

- (1) No penalty or stricture has been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority, on any matter related to the capital markets, during the last three years.

(2) Related Party Transactions

The details of all significant transactions with related parties are periodically placed before the Audit Committee. The Company has entered into related party transaction as set out in notes to accounts, which do not have potential conflict with the interests of company at large.



(3) Whistle Blower Policy

The Company has announced Whistle Blower policy to prohibit management from taking adverse action against employees disclosing in good faith alleged wrongful conduct on matters of public concern involving violation of any law, mismanagement or abuse of any authority.

(4) Disclosure of Accounting Treatment

The financial statements are prepared on accrual basis of accounting in accordance with Indian GAAP, provisions of the Companies Act, 1956(the Act) and comply in material aspects with the accounting standards, notified under section 211 (3C) of the Act read with the Companies(Accounting Standard) Rules, 2006.

(5) Model Code of Conduct for Directors and Senior Management Team

In line with the requirements under revised Clause 49 of the Listing Agreement, your Company has formulated model code of conduct for the Directors and members of senior management team. Your Company has obtained written declaration from the Directors and members of the senior management team affirming compliance with the Code of Conduct under revised Clause 49 of the Listing Agreement.

(6) CEO/CFO Certification

A certificate from Executive Director and General Manager Finance on the financial statements of the company was placed before the Board.

(7) Directors Responsibility Statement

The draft Directors Responsibility Statement signed by Executive Director dated May 29, 2010 which is to be included in Board's Report for F.Y.2009-10 was reviewed by Audit Committee in its meeting held on May 29, 2010.

(8) Risk Management Policy

The risk management practices adopted by the management ensure that management controls risks. During the F.Y. 2009-10 following three types of risks were reviewed by the Audit Committee/Board.

- a. **Business Risk** : On May 29, 2010 Mr. Shailesh Sampat gave presentation to Audit Committee and updated the Audit Committee members about the Company's business plan for F.Y.2010-11 and its associated risks.
- b. **Forex Risk** : The company has adopted Forex Policy for management of forex risk which is implemented.
- c. **Interest Risk**: Audit Committee in its meeting held on January 30, 2010 directed the management of the company to invest surplus funds of the Company either in Fixed Deposits with scheduled banks or money market liquid funds taking into account after tax returns and liquidity.

- (9) Compliance with mandatory requirements of clause 49 of Listing Agreement: The Company has complied with all mandatory requirements under Clause 49 of the Listing Agreement.

Means of Communication

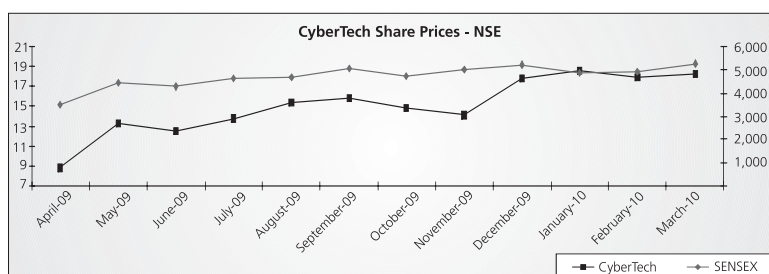
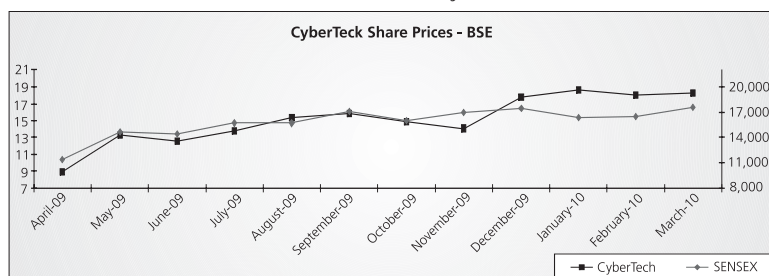
- (1) Quarterly results are also put on the website of the Company.
- (2) Newspapers wherein results normally published : Free Press Journal and Navashakti.
- (3) Any website, where displayed : <http://india.cybertech.com>
- (4) Whether it also displays official news release : Yes
- (5) The presentation made to institutional investors or to the analysts : No.

General Shareholder information:

- i. AGM Date : September 30, 2010.
- ii. Time : 3 P.M.
- iii. Venue : CyberTech House, MIDC, Wagle Industrial Estate, Thane-400 604.
- iv. Financial year : 2009-10.
- v. Date of book closure : September 23, 2010 to September 30, 2010.
- vi. Dividend Payment : Dividend, if approved in the AGM shall be paid/credited on or after September 30, 2010.
- vii. Listing on Stock Exchanges and Code :
 - (i) The Bombay Stock Exchange Limited: 532173.
 - (ii) National Stock Exchange of India Limited: CYBERTECH.
- viii. Market Price Data : High, Low during each month in last financial year.

| Month | BSE | | NSE | |
|-----------------|-------|-------|-------|-------|
| | High | Low | High | Low |
| April, 2009 | 10.64 | 7.70 | 11.00 | 8.00 |
| May, 2009 | 14.00 | 8.60 | 14.70 | 8.60 |
| June, 2009 | 17.24 | 11.55 | 17.45 | 11.00 |
| July, 2009 | 14.90 | 11.25 | 14.95 | 11.50 |
| August, 2009 | 19.03 | 11.15 | 19.65 | 12.00 |
| September, 2009 | 18.25 | 14.70 | 18.20 | 14.60 |
| October, 2009 | 17.90 | 14.10 | 18.00 | 14.00 |
| November, 2009 | 15.90 | 13.20 | 16.20 | 13.50 |
| December, 2009 | 18.40 | 14.00 | 18.90 | 13.80 |
| January, 2010 | 27.25 | 17.20 | 27.30 | 15.65 |
| February, 2010 | 20.80 | 16.75 | 19.90 | 16.25 |
| March, 2010 | 19.80 | 17.10 | 19.90 | 17.05 |

Performance in comparison to Broad-based indices such as BSE Sensex, Nifty etc:





- ix. Registrar and Transfer Agents : Link Intime India Private Limited (formerly known as Intime Spectrum Registry Limited) C 12, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (West), Mumbai -400 078.
- x. Share transfer system: Shares sent for transfer in physical form are generally registered and returned within a period of 15 days from the date of lodgement and Demat requests are normally confirmed within an average period of 15 days, provided the documents are clear and complete in all respect.
- xi. Distribution of shareholding :

Categories of Shareholders as on March 31, 2010

| Category | No. of shares held | % |
|-------------------------------|--------------------|----------|
| Promoters (Non resident) | 5,851,617 | 22.1055 |
| Relatives of Promoters | 1,053,020 | 3.9780 |
| Directors and their relatives | 34,500 | 0.1303 |
| FII's/FFI's | 575 | 0.0022 |
| Bodies Corporate (Domestic) | 746,289 | 2.8192 |
| Non-Resident Indians/OCBs | 1,153,793 | 4.3586 |
| Foreign company | 3,900,000 | 14.7329 |
| Trusts | 3,900,220 | 14.7337 |
| Clearing members | 127,157 | 0.4804 |
| Mutual Funds | 0 | 0 |
| Bank/Insurance Companies/FI's | 48,151 | 0.1819 |
| Public | 9,656,021 | 36.4773 |
| Total | 26,471,343 | 100.0000 |

Distribution of Shareholding as on March 31, 2010

| No. of shares held | Shareholders | | Nominal value | |
|--------------------|--------------|----------|---------------|----------|
| | Number | % | Rs. | % |
| 1 – 5000 | 9,875 | 80.7969 | 15,588,690 | 5.8889 |
| 5001 – 10000 | 1,083 | 8.8611 | 9,126,110 | 3.4475 |
| 10001 – 20000 | 588 | 4.8110 | 8,870,400 | 3.3509 |
| 20001 – 30000 | 199 | 1.6282 | 5,030,350 | 1.9003 |
| 30001 – 40000 | 84 | 0.6873 | 2,930,920 | 1.1072 |
| 40001 – 50000 | 84 | 0.6873 | 3,957,640 | 1.4951 |
| 50001 – 100000 | 131 | 1.0718 | 9,550,930 | 3.6080 |
| 100001 & above | 178 | 1.4564 | 209,658,390 | 79.2020 |
| Total | 12,222 | 100.0000 | 264,713,430 | 100.0000 |

Dematerialization of shares and liquidity: As on March 31, 2010 13,852,185 shares (52.33% of total equity shares) of the Company are held by the Shareholders in dematerialized form.

- xii. Outstanding GDRs /ADRs /Warrants or any Convertible instruments, Conversion date and likely impact on equity : The Company has not issued any GDRs /ADRs/ or convertible instruments.
- xiii. Plant Locations : Not applicable
- xiv. Address for correspondence: CyberTech House, Plot No.B-63/64/65, Road No. 21/34, J.B. Sawant Marg, MIDC, Wagle Industrial Estate, Thane (West) – 400 604.

AUDITORS' REPORT

To the members

CYBERTECH SYSTEMS AND SOFTWARE LIMITED

1. We have audited the attached Balance Sheet of CYBERTECH SYSTEMS AND SOFTWARE LIMITED as at 31st March, 2010 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.
2. We conducted our audit in accordance with the 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 misstatement. 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.
3. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (hereinafter referred to as the "Act"), we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 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 it appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards issued by Companies (Accounting Standards) Rules, 2006, to the extent applicable;
 - (e) On the basis of written representations received from the directors as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with "Significant Accounting Policies and Notes on Financial Statements" in Schedule 15 and other notes appearing elsewhere in the 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 31st March, 2010;
 - ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended as on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **LODHA & CO.**
Chartered Accountants
R. P. Baradiya

Partner
(Membership No. 44101)
(Firm Reg. No. 301051E)

Place : Mumbai

Date : 29th May, 2010



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2010 OF CYBERTECH SYSTEMS AND SOFTWARE LIMITED

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) In our opinion, the fixed assets have been physically verified by the management during the year at reasonable intervals and no material discrepancies were noticed on such verification.
c) During the year, no substantial part of fixed assets has been disposed off by the Company.
2. The Company, being a service company, primarily rendering information technology services, it does not hold any physical inventories. Accordingly, the provisions of clause 4(ii) of the Order are not applicable to the Company.
3. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
4. In our opinion, having regard to the explanations that some of the items are of a special nature and suitable alternative source does not exist for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in these internal control systems.
5. The contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered. In our opinion, having regard to our comment in para 4 above, the contracts for sale of services entered in the register maintained under Section 301 of the Act and aggregating during the year to Rs 500,000 or more in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits within the meaning of Sections 58A, 58AA or any other relevant provisions of the Act and rules framed thereunder. No order has been issued by the Company Law Board on the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Act in respect of services carried out by the Company.
9. (a) The Company is generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it with the appropriate authorities. There are no undisputed statutory dues outstanding for more than six months as at 31st March, 2010 from the date they became payable.
(b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess which have not been deposited on account of any dispute except the followings:

| Particulars | Forum where the dispute is pending | Amount (Rs in lacs) | Period to which it relates |
|-------------|-------------------------------------|---------------------|----------------------------|
| Service Tax | Assistant Commissioner, Service Tax | 66.07 | A.Y. 1998-99 to 2003-2004 |

10. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to a bank or financial institution.
12. The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company.

14. The Company is not a dealer or trader in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, the Company has not taken any term loans during the year.
17. According to the information and explanations given to us, the Company has not raised any funds on short term basis.
18. The Company has not made any preferential allotment of shares to a party covered in the register maintained under Section 301 of the Act.
19. The Company has not issued any debentures during the year.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing standards in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For **LODHA & CO.**
Chartered Accountants

R. P. Baradiya
Partner
(Membership No. 44101)
(Firm Registration No. 301051E)

Place : Mumbai
Date : 29th May 2010



BALANCE SHEET AS AT MARCH 31, 2010

| | SCHEDULE | As at March 31, 2010 Rs. | As at March 31, 2009 Rs. |
|--|----------|--------------------------------|--------------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 264,713,430 | 264,713,430 |
| Reserves & Surplus | 2 | 254,849,305 | 241,971,304 |
| | | 519,562,735 | 506,684,734 |
| Loan Funds | | | |
| Secured Loans | 3 | - | 147,409 |
| Deferred Tax Liability (Net) (Refer Note No. 5 in Schedule 15) | | 20,497,881 | 14,089,918 |
| | | 540,060,616 | 520,922,061 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | 4 | | |
| Gross Block | | 318,001,076 | 320,673,881 |
| Less: Depreciation | | 139,828,483 | 128,745,452 |
| Net Block | | 178,172,593 | 191,928,429 |
| Capital Work-In-Progress | | 1,077,796 | 1,741,978 |
| | | 179,250,389 | 193,670,407 |
| Investments | 5 | 275,494,082 | 129,347,014 |
| Current Assets, Loans and Advances | | | |
| Sundry Debtors | 6 | 65,052,243 | 67,306,026 |
| Cash and Bank Balances | 7 | 7,591,243 | 130,384,810 |
| Loans and Advances | 8 | 101,615,592 | 90,718,265 |
| | | 174,259,078 | 288,409,101 |
| Less: Current Liabilities and Provisions | | | |
| Current Liabilities | 9 | 51,517,846 | 53,509,219 |
| Provisions | 10 | 37,425,087 | 36,995,242 |
| | | 88,942,933 | 90,504,461 |
| Net Current Assets | | 85,316,145 | 197,904,640 |
| | | 540,060,616 | 520,922,061 |

Significant Accounting Policies and Notes on Financial Statements 15

Schedules referred to above form an integral part of the Financial Statements

As per our attached report of even date

For Lodha & Co.

Chartered Accountants

For and on behalf of the Board of Directors

R.P. Baradiya

Partner

Sateesh Wadagbalkar

Company Secretary

C.N. Rao

Executive Director

A.V. Rajwade

Director

Place : Mumbai

Dated : May 29, 2010

Place : Mumbai

Dated : May 29, 2010

| PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010 | | | |
|---|-----------|---|---|
| | SCHEDULE | For the year ended March 31, 2010 Rs. | For the year ended March 31, 2009 Rs. |
| INCOME | | | |
| Income from: | | | |
| Software Development and Services | | 124,348,183 | 127,488,926 |
| Other Income | 11 | 83,048,197 | 89,478,465 |
| | | 207,396,380 | 216,967,391 |
| EXPENDITURE | | | |
| Employee costs | 12 | 87,747,109 | 84,084,369 |
| Operating and Administrative expenses | 13 | 39,616,924 | 36,872,884 |
| Depreciation | | 18,052,209 | 17,403,103 |
| Interest | 14 | 24,026 | 151,409 |
| | | 145,440,268 | 138,511,765 |
| Profit before Tax | | 61,956,112 | 78,455,626 |
| Provision for Tax | | | |
| Current Tax | | 11,700,000 | 9,000,000 |
| Deferred Tax Liability (Net) | | 6,407,963 | 14,089,918 |
| Fringe Benefit Tax (FBT) | | - | 904,855 |
| MAT Credit Entitlement | | - | (14,160,000) |
| Profit after Tax | | 43,848,149 | 68,620,853 |
| Balance of Profit Brought Forward | | 77,304,273 | 39,653,568 |
| Profit Available for Appropriation | | 121,152,422 | 108,274,421 |
| Appropriations: | | | |
| Proposed Dividend | | 26,471,343 | 26,471,343 |
| Corporate Dividend Tax | | 4,498,805 | 4,498,805 |
| Balance Carried Forward to the Balance Sheet | | 90,182,274 | 77,304,273 |
| Earnings Per Share of Rs.10 each - Basic/ Diluted | | 1.66 | 2.59 |

Significant Accounting Policies and Notes on Financial Statements **15**

Schedules referred to above form an integral part of the Financial Statements

As per our attached report of even date

For Lodha & Co.

Chartered Accountants

For and on behalf of the Board of Directors
R.P. Baradiya

Partner

Sateesh Wadagbalkar

Company Secretary

C.N. Rao

Executive Director

A.V.Rajwade

Director

Place : Mumbai

Dated: May 29, 2010

Place : Mumbai

Dated : May 29, 2010



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

| | Rs. | For the year ended March 31,2010 Rs. | Rs. | For the year ended March 31,2009 Rs. |
|--|---------------------|---|--------------|---|
| A. Cash flow from Operating activities | | | | |
| Net Profit/(Loss) before tax and exceptional items : | | 61,956,112 | | 78,455,626 |
| Adjustments for : | | | | |
| Depreciation | 18,052,209 | | 17,403,103 | |
| Unrealised foreign exchange | 1,529,045 | | 140,521 | |
| Loss on assets sold / discarded (Net) | 1,329,384 | | 2,076,228 | |
| Interest income | (15,622,945) | | (16,612,958) | |
| Interest Paid | 24,026 | | 151,409 | |
| Sundry Balances written back (Net) | (81,590) | | 6,843 | |
| (Profit)/Loss on Sale of Current Investments | (668,988) | | (983,875) | |
| Dividend Income | (1,665,012) | | (2,275,973) | |
| | | 2,896,129 | | (94,702) |
| Operating profit before Working Capital changes | | 64,852,241 | | 78,360,924 |
| Adjustments for : | | | | |
| Decrease/(Increase) in Trade & other receivables | (2,476,028) | | 27,594,204 | |
| Increase/(Decrease) Trade payables | (1,749,549) | | 4,678,918 | |
| | | (4,225,577) | | 32,273,122 |
| Cash Generated from Operations | | 60,626,664 | | 110,634,046 |
| Direct taxes paid | | (12,883,465) | | (24,196,166) |
| Net cash from operating activities | | 47,743,199 | | 86,437,880 |
| B. Cash flow from investing activities | | | | |
| Purchase of fixed assets | | (5,428,999) | | (12,762,972) |
| Purchase of investments | | (235,500,000) | | (106,500,000) |
| Sale of fixed assets | | 137,019 | | 21,000 |
| Sale of investments | | 97,000,000 | | 65,255,108 |
| Investments in Joint Venture (Cybertech Middle East) | | (5,313,068) | | (2,345,785) |
| Interest received | | 9,440,254 | | 16,612,958 |
| Dividend Received | | - | | 72,012 |
| Net cash used in investing activities | | (139,664,794) | | (39,647,679) |

| | Rs. | For the year ended March 31,2010 Rs. | Rs. | For the year ended March 31,2009 Rs. |
|---|-----|--|-----|--|
| C. Cash flow from financing activities : | | | | |
| Secured loan repaid | | (147,409) | | (503,892) |
| Interest paid | | (24,026) | | (151,409) |
| Dividend paid and Dividend Tax paid | | (30,700,537) | | (30,717,568) |
| Net cash used in financing activities | | (30,871,972) | | (31,372,869) |
| Net increase/(Decrease) in cash & cash equivalents (A+B+C) | | (122,793,567) | | 15,417,332 |
| Cash & cash equivalents (Opening) | | 130,384,810 | | 114,967,478 |
| Cash & cash equivalents (Closing) | | 7,591,243 | | 130,384,810 |
| | | (122,793,567) | | 15,417,332 |

Note

- Cash and Cash equivalents includes :
 - Cash on Hand **51,786** 24,032
 - Balance with Scheduled Banks in Current Accounts **2,293,916** 1,246,469
 - Deposits with Scheduled Bank (Excludes deposits pledged with bank) **5,245,541** 100,610,438
- The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standards (AS) 3 on "Cash Flow Statements" as prescribed by Companies (Accounting Standards) Rules, 2006.
- The previous year's figures have been regrouped/rearranged wherever necessary.

As per our attached report of even date

For Lodha & Co.

Chartered Accountants

For and on behalf of the Board of Directors

R.P. Baradiya

Partner

Sateesh Wadagbalkar

Company Secretary

C.N. Rao

Executive Director

A.V.Rajwade

Director

Place : Mumbai

Dated: May 29, 2010

Place : Mumbai

Dated : May 29, 2010



SCHEDULES FORMING PART OF THE BALANCE SHEET

| | As at March 31, 2010 Rs. | As at March 31, 2009 Rs. |
|--|--------------------------------|--------------------------------|
| SCHEDULE '1' | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 30,000,000 (Previous Year 30,000,000) Equity Shares of Rs.10 each | 300,000,000 | 300,000,000 |
| Issued | | |
| 26,476,302 (Previous year 26,476,302) Equity Shares of Rs.10 each | 264,763,020 | 264,763,020 |
| Subscribed And Paid-up | | |
| 26,471,343 (Previous year 26,471,343) Equity Shares of Rs.10 each, fully paid up | 264,713,430 | 264,713,430 |
| i) Of the above, 12,876,523 (Previous year 12,876,523) Equity Shares of Rs. 10 each were allotted as Bonus shares by capitalisation of Securities Premium Account | | |
| ii) Allotment of 4,959 (Previous year 4,959) bonus shares on 3,967 (Previous year 3,967) Equity shares is pending on account of non-establishment of beneficial ownership by NSDL. | | |
| SCHEDULE '2' | | |
| RESERVES AND SURPLUS | | |
| Securities Premium Account | | |
| Balance as per last Balance Sheet | 164,667,031 | 164,667,031 |
| Profit & Loss Account | | |
| (Surplus as per annexed account) | 90,182,274 | 77,304,273 |
| | 254,849,305 | 241,971,304 |
| SCHEDULE '3' | | |
| SECURED LOANS | | |
| Vehicle Loans From Banks | - | 147,409 |
| (Secured by way of hypothecation of vehicles purchased there against) | - | 147,409 |

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE '4' FIXED ASSETS

(Amount in Rs.)

| DESCRIPTION | GROSS BLOCK (At Cost) | | | DEPRECIATION | | | NET BLOCK | |
|--|-----------------------|---------------------------------|--|--------------------|-------------------|--|--------------------|--|
| | As at 01-04-09 | Additions during the year | Deductions/ Adjustments during the year | As at 31-03-10 | For the year | Deductions/ Adjustments during the year | Upto 31-03-10 | As at 31-03-10 As at 31-03-09 |
| Leasehold Land * | 3,308,683 | - | - | 3,308,683 | 50,258 | - | 628,226 | 2,680,457 2,730,715 |
| Office Buildings | 115,657,445 | - | - | 115,657,445 | 1,885,216 | - | 16,279,011 | 99,378,434 101,263,650 |
| Plant & Machinery and Office Equipments | 53,746,689 | 3,773,614 | 2,748,617 | 54,771,686 | 2,557,879 | 1,433,524 | 24,276,054 | 30,495,632 30,594,990 |
| Computers : | | | | | | | | |
| Hardware | 38,319,851 | 2,089,410 | 507,349 | 39,901,912 | 4,982,666 | 492,362 | 33,358,072 | 6,543,840 9,452,083 |
| Software (Intangible Assets) | 22,149,676 | 94,399 | 5,510,020 | 16,734,055 | 2,984,919 | 5,043,292 | 10,166,626 | 6,567,429 9,924,677 |
| Furniture & Fixtures | 85,108,611 | 135,758 | - | 85,244,369 | 5,364,893 | - | 54,169,344 | 31,075,025 36,304,160 |
| Motor Cars | 2,382,926 | - | - | 2,382,926 | 226,378 | - | 951,150 | 1,431,776 1,658,154 |
| Current Year Total | 320,673,881 | 6,093,181 | 8,765,986 | 318,001,076 | 18,052,209 | 6,969,178 | 139,828,483 | 178,172,593 |
| Previous year Total | 326,288,832 | 11,543,494 | 17,158,445 | 320,673,881 | 17,403,103 | 15,061,218 | 128,745,452 | 191,928,429 |

Capital Work in Progress (including Capital Advances of Rs. Nil; Previous year Rs. Nil)

| | | |
|---|-----------|-----------|
| Building | 1,077,796 | 1,077,796 |
| Plant and Machinery and office equipments | - | 664,182 |
| | 1,077,796 | 1,741,978 |

* Land was taken on lease for 66 years from September, 1997



SCHEDULES FORMING PART OF THE BALANCE SHEET

| | Face Value per unit | Quantity in Numbers | | | | As at 31st March, 2010 Rs. | As at 31st March., 2009 Rs. |
|--|---------------------|---------------------|-----------|-----------|-----------|----------------------------|-----------------------------|
| | | Opening | Purchased | Sold | Closing | | |
| SCHEDULE '5' | | | | | | | |
| INVESTMENTS | | | | | | | |
| (Unquoted) | | | | | | | |
| I Long term Investments | | | | | | | |
| Trade : | | | | | | | |
| Shares in Wholly Owned Subsidiaries | | | | | | | |
| Cybertech Systems and Software Inc.,USA | US\$ 0.01 | 1,585,000 | - | - | 1,585,000 | 72,564,500 | 72,564,500 |
| Shares in Subsidiary | | | | | | | |
| CyberTech Middle East, W.L.L., Bahrain | BHD 100 | 220 | 414 | - | 634 | 7,658,853 | 2,345,785 |
| Shares in Co-operative Societies | | | | | | | |
| Acme Plaza Premises Co-operative Society Ltd. | Rs.50 | 80 | - | - | 80 | 4,000 | 4,000 |
| II Current Investments | | | | | | | |
| Non-Trade | | | | | | | |
| Units of Mutual funds | | | | | | | |
| HDFC Short Term Plan-Growth | Rs.10 | - | 2,310,366 | - | 2,310,366 | 41,000,000 | - |
| LICMF-Income Plus Fund-Growth Plan | Rs.10 | - | 1,613,705 | - | 1,613,705 | 19,800,000 | - |
| LICMF-Income Plus Fund-Daily Dividend Plan | Rs.10 | 2,501,191 | 67,903 | 2,569,094 | - | - | 25,011,910 |
| LICMF-Liquid Fund-Growth Plan | Rs.10 | - | 1,697,358 | - | 1,697,358 | 28,190,936 | - |
| SBI-SHDF-Short Term-Institutional Plan-Growth | Rs.10 | - | 4,575,495 | - | 4,575,495 | 48,000,000 | - |
| UTI Fixed Income Interval Fund -Quarterly Plan Series -III-Institutional Growth Plan | Rs.10 | - | 2,583,223 | - | 2,583,223 | 31,437,305 | - |
| UTI Fixed Income Interval Fund-SeriesII-Quarterly Interval Plan-VI-Institutional Growth Plan | Rs.10 | - | 2,483,723 | - | 2,483,723 | 24,837,233 | - |
| UTI Floating Rate Fund-Short Term Plan-Daily Dividend Plan-Reinvestment | Rs.1000 | - | 22,560 | 22,560 | - | - | - |
| UTI Floating Rate Fund-Short Term Plan (Growth Option) | Rs.1000 | - | 19,603 | 18,267 | 1,336 | 2,000,000 | - |
| UTI Liquid Cash Plan-Daily Income Option-Re-investment | Rs.1000 | - | 14,770 | 14,770 | - | - | - |
| UTI-Treasury Advantage Fund-Institutional Plan-Daily Dividend-Reinvestment | Rs.1000 | 29,415 | 29,403 | 58,818 | - | - | 29,420,819 |
| UTI Treasury Advantage Fund-Institutional Plan (Growth Option) | Rs.1000 | - | 54,731 | 54,730 | 1 | 1,255 | - |
| | | | | | | 275,494,082 | 129,347,014 |
| Aggregate book value of Investments: | | | | | | | |
| Unquoted | | | | | | 275,494,082 | 129,347,014 |
| Quoted | | | | | | - | - |
| Aggregate market value of quoted Investments | | | | | | - | - |

| SCHEDULES FORMING PART OF THE BALANCE SHEET | | |
|--|--------------------------------|--------------------------------|
| | As at March 31, 2010 Rs. | As at March 31, 2009 Rs. |
| SCHEDULE '6' | | |
| SUNDRY DEBTORS (Unsecured) | | |
| Considered Good | | |
| Exceeding six months | 1,556,271 | - |
| Debts not exceeding six months | 63,495,972 | 67,306,026 |
| Considered Doubtful | | |
| Exceeding six months | 38,456,483 | 38,456,483 |
| | 103,508,726 | 105,762,509 |
| Less: Provision for Doubtful Debts | (38,456,483) | (38,456,483) |
| | 65,052,243 | 67,306,026 |
| SCHEDULE '7' | | |
| CASH AND BANK BALANCES | | |
| Cash on hand | 51,786 | 24,032 |
| Bank Balances | | |
| With Scheduled Banks | | |
| - in Current Accounts | 2,293,916 | 1,246,469 |
| - in Deposit Accounts * | 5,245,541 | 129,114,309 |
| (including interest accrued but not due Rs. 97,215 ; Previous year Rs. 4,172,552) * Fixed Deposit Receipts of Rs. Nil ; (Previous year Rs. 1,076,298) have been pledged with Banks for Guarantees issued in favour of Govt. Authorities for Rs. Nil ; (Previous year Rs. 1,003,871) * Fixed Deposit Receipt of Rs. Nil ; (Previous year Rs. 27,500,000) has been pledged with a Bank for guarantee issued in favour of Subsidiary Company-CyberTech Systems and Software Inc.) | | |
| | 7,591,243 | 130,384,810 |
| SCHEDULE '8' | | |
| LOANS AND ADVANCES | | |
| (Unsecured, Considered good unless otherwise stated) | | |
| Advances recoverable in cash or in kind or for value to be received | 7,249,109 | 4,266,256 |
| Loan to Employees | 25,000 | 120,500 |
| Sundry Deposits | 1,103,047 | 1,049,551 |
| Other Receivable | 1,633,213 | 892,178 |
| Income Tax | 78,532,050 | 70,229,780 |
| (Net of Provisions Rs. 152,695,365 ; Previous year Rs. 140,995,365) | | |
| MAT Credit Receivables | 13,073,173 | 14,160,000 |
| | 101,615,592 | 90,718,265 |



SCHEDULES FORMING PART OF THE BALANCE SHEET

| | As at March 31, 2010 Rs. | As at March 31, 2009 Rs. |
|--|--------------------------------|--------------------------------|
| SCHEDULE '9' | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors * | | |
| Dues of Micro, Small and Medium Enterprises | - | - |
| Others | 13,845,050 | 16,401,631 |
| Deposits | 35,473,706 | 35,039,240 |
| Advance from Customers | 373,333 | 382,278 |
| Interest Accrued but not due | - | 830 |
| Other Liabilities | 1,055,207 | 1,184,301 |
| Investors Education and Protection Fund shall be credited by the following amounts namely : | | |
| Unpaid Dividend ** | 770,550 | 500,939 |
| **There is no amount due to be credited to the fund and outstanding as at Balance Sheet date. (* Refer Note No.11 in Schedule 15) | | |
| | 51,517,846 | 53,509,219 |
| SCHEDULE '10' | | |
| PROVISIONS | | |
| Proposed Dividend | 26,471,343 | 26,471,343 |
| Provisions for: | | |
| Tax on Dividend | 4,498,805 | 4,498,805 |
| Employee Benefits | | |
| Leave Entitlements | 2,655,479 | 2,324,285 |
| Gratuity | 3,799,460 | 3,700,809 |
| | 37,425,087 | 36,995,242 |

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

| | For the year ended March 31, 2010 Rs. | For the year ended March 31, 2009 Rs. |
|---|--|--|
| SCHEDULE '11' | | |
| OTHER INCOME | | |
| Interest on: | | |
| Deposit With banks | 9,420,954 | 11,913,840 |
| (Tax Deducted at source Rs.1,385,516 ; Previous year Rs. 2,433,337) | | |
| Others | 6,201,991 | 4,699,118 |
| (Tax Deducted at Source Rs.1,689 ; Previous year Rs.9,484) | | |
| | 15,622,945 | 16,612,958 |
| Exchange Gain | - | 7,875,249 |
| Dividend received on Current Investment | 1,665,012 | 2,275,973 |
| Profit on sale of Current Investments | 668,988 | 983,875 |
| Rent received | 64,999,340 | 61,592,343 |
| Sundry Credit Balances written back (Net) | 81,590 | - |
| Miscellaneous Income | 10,322 | 138,067 |
| | 83,048,197 | 89,478,465 |

SCHEDULES FORMING PART OF PROFIT AND LOSS ACCOUNT

| Rs. | For the year ended March 31, 2010 Rs. | For the year ended March 31, 2009 Rs. |
|---|--|--|
| SCHEDULE '12' | | |
| EMPLOYEE COSTS | | |
| Salaries | 83,718,717 | 79,384,075 |
| Contribution to Provident and other funds | 454,149 | 464,093 |
| Welfare | 3,574,243 | 4,236,201 |
| (including Group Medical Insurance of Rs. 607,475; Previous year Rs. 1,401,849) | | |
| | 87,747,109 | 84,084,369 |
| SCHEDULE '13' | | |
| OPERATING AND ADMINISTRATIVE EXPENSES | | |
| Travelling & Conveyance | 5,748,901 | 4,454,987 |
| Communication | 3,321,889 | 3,287,798 |
| Electricity Expenses | 3,096,376 | 3,871,045 |
| Insurance | 366,720 | 452,046 |
| Rates and Taxes | 5,049,749 | 4,503,089 |
| Professional fees | 4,600,648 | 3,576,459 |
| Software Programming, Consultancy and Support Charges | 624,757 | - |
| Auditors' Remuneration | | |
| Audit Fees | 375,000 | 375,000 |
| Tax Audit fees | 125,000 | 125,000 |
| Other Services | 159,380 | 124,500 |
| Reimbursement of Expenses | 31,800 | 29,270 |
| | 691,180 | 653,770 |
| Repairs and Maintenance | | |
| Buildings | 1,006,758 | 1,254,191 |
| Plant & Machinery | 2,821,648 | 2,558,353 |
| Others | 1,328,208 | 1,347,137 |
| | 5,156,614 | 5,159,681 |
| Loss on assets sold/discarded (Net) | 1,329,384 | 2,076,228 |
| Donation | - | 100,000 |
| Exchange Loss (Net) | 2,971,516 | - |
| Miscellaneous Expenses | 6,659,190 | 8,737,781 |
| Bad Debts | - | 3,248,451 |
| Less: Provision for Doubtful Debts | - | (3,248,451) |
| | 39,616,924 | 36,872,884 |
| SCHEDULE '14' | | |
| INTEREST | | |
| Interest on | | |
| - Term Loans | 2,777 | 42,436 |
| - Others | 21,249 | 108,973 |
| | 24,026 | 151,409 |



SCHEDULE 15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements are prepared on the basis of the historical cost convention, in accordance with the applicable accounting standards issued by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act, 1956 and on the principles of a going concern. All expenses and income to the extent ascertainable with reasonable certainty are accounted for on accrual basis.

Use of estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Principles (GAAP) and Accounting Standards (AS) require the management to make estimates and assumptions that affect the reported income and expenses during the reported period and the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements has been made relying on these estimates. Actual results may differ from these estimates. Any revision to the accounting estimates is recognized prospectively.

Revenue Recognition

Income from software development, consulting and customer support services is recognized in accordance with the terms of the contract.

Revenue from fixed price contracts with milestone billings and fixed time frame contracts are recognized as per the proportionate completion method.

Fixed Assets and Depreciation / Amortisation

Leasehold land is amortised over the balance period of lease since acquisition.

Fixed assets are stated at cost of acquisition less accumulated depreciation.

Depreciation is provided using the straight-line method. The rates and the manner of computation is as specified in Schedule XIV to the Companies Act, 1956, except in respect of Computers and other related assets which are depreciated over estimated useful life of four years.

At each balance sheet date, the Company assesses whether there is any indication that any assets may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the amount of such impairment loss is charged to profit and loss account. If, at the balance sheet date, there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and asset is restated to that effect.

Goodwill

Goodwill arising on purchase of business by the Company (representing the cost of business acquisition in excess of fair value assigned to the net tangible assets acquired) is amortized over a period of five years from the date of acquisition.

Investments

Long-term investments are valued at cost. However, provision for diminution in the value of such investments, other than temporary, is made to recognize a decline on individual investment basis. Current investments are stated at the lower of cost and fair value.

Borrowing Costs

Borrowing costs directly attributable to acquisition, construction and production of qualifying assets are capitalized as a part of the cost of such asset up to the date of completion. Other borrowing costs are charged to the Profit and Loss Account.

Foreign Currency Transactions

- a) Transactions in foreign currency are accounted at the exchange rates prevailing on the date of the transaction. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment / realisation. Gains / losses, if any, at the year end on account of restatement of the monetary assets and liabilities, denominated in foreign currency are dealt with in the profit and loss account.

- b) In case of forward exchange contracts, the premium is amortised over the period of the contract. Any profit or loss arising on the cancellation or renewal of a forward exchange contract is recognized as income or expense for the year.

Employee Benefits

a) Short-term employee benefits :

All employees benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, performance incentives, etc. are recognized at actual amounts due in the period in which the employee renders the related service.

b) Post-employment benefits:

i) Defined Contribution Plans:

Payment made to defined contribution plans such as Provident Fund are charged as an expense as they fall due.

ii) Defined Benefit Plans:

The cost of providing defined benefits i.e gratuity is determined using the Projected Unit Credit Method with actuarial valuations carried out at the balance sheet date. Actual gains and losses are recognized immediately in the Profit & Loss Account.

iii) Other long-term employee benefits :

Other long-term employee benefits viz. leave entitlement is recognised as an expense in the profit and loss account as and when they accrue. The Company determines the liability using the Projected Unit Credit Method with actuarial valuations carried out as at the balance sheet date. Actuarial gains and losses in respect of such benefits are charged to the Profit and Loss Account.

Taxation

Provision for current income tax is made on the basis of the estimated taxable income for the current accounting year in accordance with the Income-Tax Act, 1961.

Minimum Alternate Tax (MAT) credit asset is recognized and carried forward only if there is a reasonable certainty of it being set off against regular tax payable within the stipulated statutory period.

Deferred tax assets are recognized only to the extent that there is reasonable certainty that the assets can be realized in future. However, where there is unabsorbed depreciation or carry forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain, as the case may be, to be realized.

Provisions, contingent liabilities and contingent assets

A provision is made based on reliable estimate when it is possible that an outflow of resources embodying economic benefit will be required to settle an obligation. Contingent liabilities, unless the possibility of outflow of resources embodying economic benefit is remote, are disclosed by way of notes to accounts. Contingent assets are not recognized or disclosed in the financial statement.

2. Contingent Liabilities not provided for in respect of:

- a) Disputed Income Tax Matters (include penalties of Rs. **58,198,919**; Previous year Rs. 57,843,742) Rs. **58,198,919** (Previous year Rs. 61,009,311)
- b) Disputed Service Tax Matters Rs. **6,607,614** (Previous year Rs. 6,607,614)
- c) Guarantee provided by the Company in respect of loan granted to a subsidiary by a bank - **Rs NIL** (Previous Year Rs. 27,500,000)



3. Defined Benefit Plans:

Contribution to Gratuity Fund :

Change in present value of obligation

(Amount in Rupees)

| | | As at March 31, 2010 | As at March 31, 2009 |
|---|--|---------------------------------|---------------------------------|
| 1 | Present Value of Defined Benefit Obligation, beginning of the year | 3,700,809 | 2,807,755 |
| 2 | Interest Cost | 286,813 | 224,620 |
| 3 | Current Service Cost | 1,132,570 | 1,319,279 |
| 4 | Benefits paid during the year | (30,600) | Nil |
| 5 | Actuarial (gain)/loss on Defined Benefit Obligation | (1,290,132) | (650,845) |
| 6 | Present Value of Defined Benefit Obligation, end of the year | 3,799,460 | 3,700,809 |

Amounts recognized in the Balance Sheet

(Amount in Rupees)

| | | As at March 31, 2010 | As at March 31, 2009 |
|---|---|---------------------------------|---------------------------------|
| 1 | Present Value of Defined Benefit Obligation | 3,799,460 | 3,700,809 |
| 2 | Fair Value of plan assets | Nil | Nil |
| 3 | Net liability recognised in the Balance Sheet | 3,799,460 | 3,700,809 |

Net gratuity cost for the year ended March 31, 2010

(Amount in Rupees)

| | | As at March 31, 2010 | As at March 31, 2009 |
|---|---|---------------------------------|---------------------------------|
| 1 | Current Service Cost | 1,132,570 | 1,319,279 |
| 2 | Interest Cost on obligation | 286,813 | 224,620 |
| 3 | Expected Return on plan assets | Nil | Nil |
| 4 | Net Actuarial (gain)/loss recognized for the year ending March 31, 2010 | (1,290,132) | (650,845) |
| 5 | Net Gratuity Cost | 129,251 | 893,054 |

Assumptions used in accounting for the gratuity plan

(Rate in Annum)

| | | As at March 31, 2010 | As at March 31, 2009 |
|---|------------------|---------------------------------|---------------------------------|
| 1 | Rate of Interest | 8.25% | 7.75% |
| 2 | Salary Growth | 5% | 5% |
| 3 | Withdrawal rate | 5% | 5% |

4. Employees Stock Option Plan (ESOP)

The Company's Employees' Stock Option Scheme- 2007, provides for issue of equity option in each financial year up to 5% (Previous year 5%) of the outstanding fully paid-up equity capital of the Company as on March 31, 2007 on to eligible employees, and the carry forward of un-allotted options in each of the financial years to the subsequent financial years for grant, in aggregate not exceeding **9,264,970 shares** (Previous year 9,264,970 shares). The scheme covers directors and the employees of the subsidiaries, apart from the employees and directors of the Company except directors/ employees belonging to promoter group. The options vest in a phased manner over four years with 25% of the grants vesting at the end of each year from the date of grant and the same can be exercised within seven years from the date of the grant at the market price as on the date of the grant. One option is equal to one equity share.

| | As at March 31, 2010 | As at March 31, 2009 |
|--|----------------------|----------------------|
| Face Value of Grant | 10 | 10 |
| Grants: | | |
| Outstanding at the beginning | 1,102,300 | 968,260 |
| Add.: Granted during the year | 200,000 | 810,000 |
| Less: Exercised during the year | - | - |
| Less : Forfeited During the year | 211,550 | 675,960 |
| Outstanding as at the end | 1,090,750 | 1,102,300 |
| Vested: | | |
| Outstanding at the beginning | 659,800 | 489,835 |
| Add: Vested during the year | 71,750 | 230,375 |
| Less : Exercised during the year | - | - |
| Less : Forfeited During the year | 207,080 | 60,410 |
| Outstanding as at the end | 524,470 | 659,800 |
| Grants to the Whole Time Director | | |
| Outstanding at the beginning | 100,000 | - |
| Add.: Granted during the year | - | 100,000 |
| Less: Exercised during the year | - | - |
| Less : Forfeited During the year | - | - |
| Outstanding as at the end | 100,000 | 100,000 |
| Vested to the Whole Time Director | | |
| Outstanding at the beginning | - | - |
| Add: Vested during the year | 25,000 | - |
| Less : Exercised during the year | - | - |
| Less : Forfeited During the year | - | - |
| Outstanding as at the end | 25,000 | - |
| Grants to Non Executive Director | | |
| Outstanding at the beginning | 267,740 | 132,780 |
| Add.: Granted during the year | - | 150,000 |
| Less: Exercised during the year | - | - |
| Less : Forfeited During the year | - | 15,040 |
| Outstanding as at the end | 267,740 | 267,740 |
| Vested to non-executive director | | |
| Outstanding at the beginning | 216,490 | 97,480 |
| Add: Vested during the year | 31,750 | 132,250 |
| Less : Exercised during the year | - | - |
| Less : Forfeited During the year | 7,520 | 13,240 |
| Outstanding as at the end | 240,720 | 216,490 |

The company has elected to use the intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share as on the date of grant exceeds the exercise price of the option.



Summary of the options outstanding under the Employees Stock Option Plan(ESOP):

| | As at March 31, 2010 | | As at March 31, 2009 | |
|--|----------------------|---------------------------------------|----------------------|---------------------------------------|
| | Options | Weighted Average Exercise Price (Rs.) | Options | Weighted Average Exercise Price (Rs.) |
| Options outstanding at beginning of the year | 1,102,300 | 13.03 | 968,260 | 11.93 |
| Granted during the year | 200,000 | 12.95 | 810,000 | 17.95 |
| Exercised during the year | - | - | - | - |
| Forfeited/lapsed during the year | 211,550 | 17.16 | 675,960 | 16.27 |
| Options outstanding at end of year | 1,090,750 | 12.86 | 1,102,300 | 13.67 |
| Vested options pending exercise | 524,470 | 11.98 | 659,800 | 11.77 |

The following summarizes information about stock options outstanding:

As at March 31, 2010

| Range of Exercise Price | Number of shares arising out of options | Weighted average remaining life (Years) | Weighted average Exercise Price (Rs.) |
|-------------------------|---|---|---------------------------------------|
| Rs. 7.50 to Rs.15.00 | 883,250 | 4 | 11.59 |
| Rs. 15.00 to Rs. 23.00 | 207,500 | 7 | 18.28 |

As at March 31, 2009

| Range of Exercise Price | Number of shares arising out of options | Weighted average remaining life (Years) | Weighted average Exercise Price (Rs.) |
|-------------------------|---|---|---------------------------------------|
| Rs. 7.50 to Rs.15.00 | 708,550 | 3 | 11.22 |
| Rs. 15.00 to Rs. 23.00 | 393,750 | 7 | 18.08 |

Fair Value methodology for the option:

The fair value of options used to compute net income and earnings per equity share have been estimated on the dates of each grant within the range of Rs. 7.55 to Rs.22.90 using the Black-Scholes pricing model. The Company estimated the volatility based on the historical share prices. The various assumptions considered in the pricing model for the options granted under ESOP are:

| | As at March 31, 2010 | As at March 31, 2009 |
|-------------------------|----------------------|----------------------|
| Dividend yield | 0-10% | 0-10% |
| Expected volatility | 10%-20% | 10%-20% |
| Risk-free interest rate | 6.57% - 6.65% | 6.46% - 6.65% |
| Expected life of option | 0 – 7 yrs | 0 – 7 yrs |

Impact of Fair value method on Net Profit and EPS

Had the compensation cost for the Company's Stock Option Plan outstanding been determined based on the fair value approach, the Company's net profit income and earnings per share would have been, as indicated below:

| | As at March 31, 2010 | As at March 31, 2009 |
|---|-------------------------|-------------------------|
| Profit attributable to Equity Shareholders | 43,848,149 | 68,620,853 |
| Add: Stock-based employee compensation expense included in net income | - | - |
| Less: Stock-based compensation expense determined under fair value based method | 364,044 | 2,88,222 |
| Net Profit | 43,484,105 | 68,332,631 |
| Basic and diluted earning per share (as reported) | 1.66 | 2.59 |
| Basic and diluted earning per share (under fair value method) | 1.65 | 2.58 |

5. Deferred Tax Liability/(Net) comprises of the following :

| | As at March 31, 2010 | As at March 31, 2009 |
|--|-------------------------|-------------------------|
| Deferred Tax Asset: | | |
| Unabsorbed losses / depreciation | - | 6,688,140 |
| Expenses allowable on payments and others | 2,194,034 | 2,047,929 |
| Total | 2,194,034 | 8,736,069 |
| Deferred Tax Liability: | | |
| Fixed Assets (depreciation / amortization) | 22,691,915 | 22,825,987 |
| Net Deferred Tax Asset / (Liability) | (20,497,881) | (14,089,918) |

6. Segment Reporting

Pursuant to Accounting Standard 17 on "Segment Reporting" issued by the Companies (Accounting Standard) Rules, 2006, the Company has only one reportable segment viz. Software Services & Development.

7. (a) In the opinion of the Management, Current Assets, Loans and Advances (including Capital Advances) have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated. Provision for depreciation and all known liabilities is adequate and not in excess of the amount reasonably necessary.
- (b) The accounts of certain Sundry Debtors, Sundry Creditors, Advances are subject to confirmation/reconciliation and adjustments, if any. The Management does not expect any material difference affecting the current year's financial statements.

8. Earnings Per Share:

| | For the year ended March 31, 2010 Rs. | For the year ended March 31, 2009 Rs. |
|---|---|---|
| Profit attributable to the Shareholders | 43,848,149 | 68,620,853 |
| Weighted average number of Equity Shares outstanding during the year (Nos.) | 26,476,302 | 26,476,302 |
| Nominal Value of Equity Shares (Rs.) | 10 | 10 |
| Basic and Diluted Earnings Per Share (Rs.) | 1.66 | 2.59 |

9. Related Party Transactions

A. List of Related Parties:

- i) Parties where control exists:
Wholly Owned Subsidiaries
CyberTech Systems and Software Inc. USA (CSSI)
Subsidiary
CyberTech Middle East W.L.L., Bahrain (CME)
- ii) Other Parties with whom the Company has entered into transactions during the year:
Key Management Personnel
Mr. C N Rao-Executive Director



B. Transactions entered with Related Parties in the ordinary course of business:

(Amount in Rupees)

| Particulars | Related Party Transactions | | | |
|--------------------------------|-------------------------------------|---------------------------------|--------------------------------|-------------------------------------|
| | CSSI | CME | Key Management Personnel | Total |
| Sales | 119,863,690 (126,356,194) | 2,900,675 (964,345) | - (-) | 122,764,365 (127,320,539) |
| Expenses | - (-) | - (-) | 1,245,091 (1365,868) | 1,245,091 (1365,868) |
| Investment | - (-) | 4,282,668 (3,376,185) | - (-) | 4,282,668 (3,376,185) |
| Guarantees given | - (27,500,000) | - (-) | - (-) | - (27,500,000) |
| Outstanding as at the year end | | | | |
| Receivable | 63,341,197 (66,319,209) | 1,578,686 (964,345) | - (-) | 64,919,883 (67,283,554) |
| Investment | 72,564,500 (72,564,500) | 7,658,853 (3,376,185) | - (-) | 80,223,353 (75,940,685) |
| Guarantees given | - (27,500,000) | - (-) | - (-) | - (27,500,000) |

Note:

- Related party relationship is as identified by the Company and relied upon by the Auditors.
- No amounts have been written off/back and provided for in respect of the related parties during the year.
- Figures in brackets represent previous year figures.

10. Foreign Exchange currency exposures not covered by derivative instruments.

| Particulars | As at March 31, 2010 | | As at March 31, 2009 | |
|----------------|----------------------|-------------------|----------------------|-----------|
| | USD | INR | USD | INR |
| Sundry Debtors | 778,077 | 34,881,192 | 150,469 | 7,637,054 |

11. The Company has not received any intimation from the suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

12. Leases :

With an objective to use Company's idle resources and to strengthen the cash flow, the Company earns income by leasing its vacant premises.

| | For the year ended March 31, 2010 Rs. | For the year ended March 31, 2009 Rs. |
|--|---|---|
| Future minimum lease receivable under cancellable operating leases | | |
| Not later than 1 year | 64,122,848 | 64,704,229 |
| Later than 1 year and not later than 3 years | 89,127,619 | 174,182,000 |

| | For the year ended March 31, 2010 Rs. | For the year ended March 31, 2009 Rs. |
|--|---|---|
| (A) Directors' remuneration: | | |
| (a) Executive Director | | |
| Salary | 1,192,500 | 1,335,000 |
| Perquisites (Evaluated as per Income Tax Rules, where necessary) | 52,591 | 30,868 |
| (b) Other Directors | | |
| Sitting fees | 600,000 | 560,000 |
| Commission | 600,000 | 575,000 |
| | 2,445,091 | 2,500,868 |

Excludes the provision for gratuity and leave entitlement, which are based on actuarial valuations done on an overall basis.

B). Computation of Net profit in accordance with Section 349 of the Companies Act, 1956

| | For the year ended March 31, 2010 Rs. | For the year ended March 31, 2009 Rs. |
|---|---|---|
| Net Profit before tax from ordinary activities | 61,956,112 | 78,455,626 |
| Add: | | |
| Managerial Remuneration (including Commission) | 2,445,091 | 2,500,868 |
| Loss on sale of Fixed Assets | 1,329,384 | 2,076,228 |
| Net Profit as per Section 349 | 65,730,587 | 83,032,722 |
| Commission payable to non-whole time directors | | |
| Maximum allowed as per the Companies Act, 1956 @ 1% | 657,306 | 830,327 |
| Commission approved by the Board | 600,000 | 575,000 |

14. Additional Information under Part II of Schedule VI to the Companies Act, 1956:

- A. The services rendered by the Company cannot be expressed in any generic unit and hence, it is not possible to give the quantitative details of sales.

| | | For the year ended March 31, 2010 Rs. | For the year ended March 31, 2009 Rs. |
|----|---|---|---|
| B. | CIF value of imports: Capital goods | 746,025 | 493,666 |
| C. | Expenditure in foreign currency: Travel Expenses (Net of reimbursements) Other expenses | 360,677 68,245 | 1,433,513 135,907 |
| D. | Dividend remitted in foreign currency Dividend relating to the year Number of Equity Shares held (Nos.) Number of Non-Resident Shareholders (Nos.) | 10,597,027 2008-09 10,597,027 32 | 10,593,177 2007-08 10,593,177 33 |
| E. | Earnings in foreign exchange: Income from Operations | 122,764,366 | 127,320,539 |

15. The company has invested in its subsidiary viz. CyberTech Middle East W.L.L.(Bahrain). **Rs. 7,658,853** (Previous Year: 2,345,785). However, being a long term and strategic investment, there is a reasonable certainty that there will be no diminution in the value of this investment. No provisioning has been considered necessary.
16. Interest free loans given to employees of the Company and outstanding as at the year-end **Rs.25,000** (Previous year Rs. 120,500) in the ordinary course of Company's business. Maximum balance due at any time during the year was **Rs.120,500** (Previous Year Rs.749,693). These employees do not hold any equity shares of the Company.
17. Previous year's figures have been re-grouped/re-arranged, wherever necessary, to conform to the current year's classification/presentation.

For and on behalf of the Board of Directors

Sateesh Wadagbalkar
Company Secretary

C. N. Rao
Executive Director

A.V. Rajwade
Director

Place : Mumbai

Dated : May 29, 2010



**Additional Information pursuant to Part IV of schedule VI of the Companies Act,1956
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

I Registration Details

Registration No.

| | | | | |
|---|---|---|---|---|
| 8 | 4 | 7 | 8 | 8 |
|---|---|---|---|---|

 State Code

| | |
|---|---|
| 1 | 1 |
|---|---|

Balance Sheet Date

| | | | | | | | |
|---|---|--|---|---|--|---|---|
| 3 | 1 | | 0 | 3 | | 1 | 0 |
|---|---|--|---|---|--|---|---|

II Capital raised during the year (Amount in Rs Thousands)

Public Issue

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

Bonus Issue

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

Right Issue

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

Private Placement

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

III Position of Mobilisation and deployment of Funds (Amounts in Rs Thousands)

Total Liabilities

| | | | | | |
|---|---|---|---|---|---|
| 5 | 4 | 0 | 0 | 6 | 0 |
|---|---|---|---|---|---|

Sources of Funds

Paid - up capital

| | | | | | |
|---|---|---|---|---|---|
| 2 | 6 | 4 | 7 | 1 | 3 |
|---|---|---|---|---|---|

Secured Loans

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

Application of Funds

Net Fixed Assets

| | | | | | |
|---|---|---|---|---|---|
| 1 | 7 | 9 | 2 | 5 | 0 |
|---|---|---|---|---|---|

Net Current Assets

| | | | | | |
|---|---|---|---|---|---|
| 0 | 8 | 5 | 3 | 1 | 6 |
|---|---|---|---|---|---|

Total Assets

| | | | | | |
|---|---|---|---|---|---|
| 5 | 4 | 0 | 0 | 6 | 0 |
|---|---|---|---|---|---|

Reserves and Surplus

| | | | | | |
|---|---|---|---|---|---|
| 2 | 5 | 4 | 8 | 4 | 9 |
|---|---|---|---|---|---|

Deferred tax liability

| | | | | |
|---|---|---|---|---|
| 2 | 0 | 4 | 9 | 8 |
|---|---|---|---|---|

Investments

| | | | | | |
|---|---|---|---|---|---|
| 2 | 7 | 5 | 4 | 9 | 4 |
|---|---|---|---|---|---|

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

Turnover (Income from Operations and Other Income)

| | | | | | |
|---|---|---|---|---|---|
| 2 | 0 | 7 | 3 | 9 | 6 |
|---|---|---|---|---|---|

Profit before Tax

| | | | | |
|---|---|---|---|---|
| 6 | 1 | 9 | 5 | 6 |
|---|---|---|---|---|

Earning Per Share in Rs.

| | | | |
|---|---|---|---|
| 1 | . | 6 | 6 |
|---|---|---|---|

Total Expenditure

| | | | | | |
|---|---|---|---|---|---|
| 1 | 4 | 5 | 4 | 4 | 0 |
|---|---|---|---|---|---|

Profit after Tax

| | | | | |
|---|---|---|---|---|
| 4 | 3 | 8 | 4 | 8 |
|---|---|---|---|---|

Dividend Rate %

| | |
|---|---|
| 1 | 0 |
|---|---|

V Generic Name of Principal Products/Services of the Company (as per monetary terms)

Item Code No.(ITC Code)

| | | | | | |
|---|---|---|---|---|---|
| 8 | 4 | 7 | 1 | 2 | 0 |
|---|---|---|---|---|---|

Product Description

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| S | O | F | T | W | A | R | E |
|---|---|---|---|---|---|---|---|

For and on behalf of the Board of Directors

Sateesh Wadagbalkar
Company Secretary

C. N. Rao
Executive Director

A.V. Rajwade
Director

Place : Mumbai

Dated : May 29, 2010

AUDITORS' REPORT

To the members

CYBERTECH SYSTEMS AND SOFTWARE LIMITED

1. We have audited the attached Consolidated Balance Sheet of CYBERTECH SYSTEMS AND SOFTWARE LIMITED and its subsidiaries as at 31st March, 2010 and also, the Consolidated Profit and Loss Account and the Consolidated 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.
2. We conducted our audit in accordance with the 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 misstatement. 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.
3. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standards (AS) 21 Consolidated Financial Statements issued by Companies (Accounting Standards) Rules, 2006.
4. We have not audited the financial statement of a subsidiary (CYBERTECH MIDDLE EAST W.L.L., {BAHRAIN}) whose financial statement reflect total assets of Rs. 23,632,296 at 31st March, 2010 (out of which the group's share is of Rs. 12,997,763), total revenue of Rs.34,345,571 (out of which the group's share is of Rs.18,890,064) for the year then ended. The financial statement and other financial information has been certified by the management for which management had furnished the certificate to us and our opinion is based solely on the certificate of the management.
5. Based on our audit and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements read together with "Significant Accounting Policies and Notes on Financial Statements" in Schedule 15 and other notes appearing elsewhere in the accounts, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Consolidated Balance Sheet, of the state of affairs of the CyberTech Systems and Software Limited and its Subsidiaries as at 31st March, 2010;
 - ii) in the case of the Consolidated Profit & Loss Account, of the consolidated results of operations for the year ended as on that date; and
 - iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **LODHA & CO.**
Chartered Accountants
R. P. Baradiya

Partner
(Membership No. 44101)
(Firm Reg. No. 301051E)

Place : Mumbai
Date : 29th May, 2010



CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2010

| | SCHEDULE | As at March 31, 2010 Rs. | As at March 31, 2009 Rs. |
|---|----------|--------------------------------|--------------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 264,713,430 | 264,713,430 |
| Reserves & Surplus | 2 | 220,636,725 | 240,295,343 |
| | | 485,350,155 | 505,008,773 |
| Loan Funds | | | |
| Secured Loans | 3 | 544,267 | 147,409 |
| Deferred Tax Liability (Net) (Refer Note No.9 In Schedule 15) | | 20,497,881 | 14,089,918 |
| Minority Interest | | 552,913 | - |
| | | 506,945,216 | 519,246,100 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | 4 | | |
| Gross Block | | 361,736,983 | 382,932,130 |
| Less: Depreciation | | 166,670,008 | 167,240,602 |
| Net Block | | 195,066,975 | 215,691,528 |
| Capital Work-In-Progress | | 1,077,796 | 1,741,978 |
| | | 196,144,771 | 217,433,506 |
| Investments | 5 | 195,270,729 | 54,436,729 |
| Current Assets, Loans & Advances | | | |
| Sundry Debtors | 6 | 84,066,040 | 199,516,905 |
| Cash and Bank Balances | 7 | 61,044,938 | 180,657,751 |
| Loans and Advances | 8 | 117,431,930 | 99,808,867 |
| | | 262,542,908 | 479,983,523 |
| Less: Current Liabilities & Provisions | | | |
| Current Liabilities | 9 | 109,588,105 | 195,923,610 |
| Provisions | 10 | 37,425,087 | 36,995,242 |
| | | 147,013,192 | 232,918,852 |
| Net Current Assets | | 115,529,716 | 247,064,671 |
| Minority Interest | | - | 311,194 |
| | | 506,945,216 | 519,246,100 |

Significant Accounting Policies and Notes on Financial Statements **15**
Schedules referred to above form an integral part of the Financial Statements
As per our attached report of even date

For and on behalf of the Board of Directors

For Lodha & Co.
Chartered Accountants

Sateesh Wadagbalkar
Company Secretary

C.N. Rao
Executive Director

A.V. Rajwade
Director

R.P. Baradiya
Partner

Place : Mumbai
Dated: May 29, 2010

Place : Mumbai
Dated : May 29, 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

| | SCHEDULE | For the year ended March 31, 2010 Rs. | For the year ended March 31, 2009 Rs. |
|---|-----------|---|---|
| INCOME | | | |
| Income from: | | | |
| Software Services and Development (Refer Note No 6 in Schedule 15) | | 425,970,292 | 654,462,222 |
| Other Income | 11 | 83,292,988 | 89,677,183 |
| | | 509,263,280 | 744,139,405 |
| EXPENDITURE | | | |
| Purchases | | 19,936,206 | 104,281,135 |
| Employee costs | 12 | 277,105,399 | 346,855,714 |
| Operating and Administrative expenses | 13 | 160,745,619 | 221,012,100 |
| Interest | 14 | 33,851 | 283,672 |
| Depreciation | | 23,540,685 | 29,350,616 |
| | | 481,361,760 | 701,783,237 |
| Profit before Exceptional Items and Tax | | 27,901,520 | 42,356,168 |
| Current Tax | | 11,700,000 | 9,000,000 |
| Deffered Tax Liability/(Asset) | | 6,407,963 | 14,089,918 |
| Provision for Fringe Benefits Tax | | - | 904,855 |
| MAT credit Entitlement | | - | (14,160,000) |
| Profit for the year | | 9,793,557 | 32,521,395 |
| Income Tax refunds for earlier years | | (8,883,286) | (4,009,499) |
| Profit after Tax | | 18,676,843 | 36,530,894 |
| Less: Minority Interest (Loss) | | (2,850,988) | (2,792,413) |
| | | 21,527,831 | 39,323,307 |
| Balance of Profit Brought Forward | | 64,892,326 | 56,539,165 |
| Profit available for appropriation | | 86,420,157 | 95,862,472 |
| Appropriations | | | |
| Proposed Dividend | | 26,471,343 | 26,471,343 |
| Corporate Dividend Tax | | 4,498,805 | 4,498,805 |
| Balance Carried Forward to Balance Sheet | | 55,450,009 | 64,892,324 |
| Earnings per share- Basic and Diluted | | 0.81 | 1.49 |

Significant Accounting Policies and Notes on Financial Statements **15**

Schedules referred to above form an integral part of the Financial Statements

As per our attached report of even date

For and on behalf of the Board of Directors

For Lodha & Co.
Chartered Accountants

Sateesh Wadagbalkar
Company Secretary

C.N. Rao
Executive Director

A.V. Rajwade
Director

R.P. Baradiya
Partner

Place : Mumbai
Dated: May 29, 2010

Place : Mumbai
Dated : May 29, 2010



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

| | Rs. | For the year ended March 31, 2010 Rs. | Rs. | For the year ended March 31, 2009 Rs. |
|--|---------------------|---|--------------|---|
| A. Cash flow from Operating activities | | | | |
| Net Profit before tax and exceptional items : | | 27,901,520 | | 42,356,168 |
| Adjustments for : | | | | |
| Depreciation | 23,540,685 | | 29,350,616 | |
| Loss on assets sold / discarded (Net) | 1,329,384 | | 2,076,228 | |
| Provision for Doubtful Debts | - | | 1,047,170 | |
| Interest income | (15,867,736) | | (16,811,676) | |
| Interest Paid | 33,851 | | 283,672 | |
| Profit on Sale of Investments | (668,988) | | (983,875) | |
| Sundry Balances written back (Net) | (81,590) | | - | |
| Dividend Received | (1,665,012) | | (2,275,973) | |
| | | 6,620,594 | | 12,686,162 |
| Operating profit before Working Capital changes | | 34,522,114 | | 55,042,330 |
| Adjustments for : | | | | |
| Decrease/(Increase) in Trade & other receivables | 113,025,864 | | (47,681,347) | |
| Increase/(Decrease) Trade payables | (85,824,070) | | 117,046,231 | |
| | | 27,201,794 | | 69,364,884 |
| Cash used in operations | | 61,723,908 | | 124,407,214 |
| Direct taxes paid | | (12,024,599) | | (28,205,665) |
| Net cash used in operating activities | | 49,699,309 | | 96,201,549 |
| B. Cash flow from investing activities | | | | |
| Purchase of fixed assets | | (6,899,329) | | (16,331,962) |
| Purchase of investments | | (237,834,000) | | (106,500,001) |
| Sale of fixed assets | | 137,019 | | 21,000 |
| Sale of investments | | 97,000,000 | | 65,255,108 |
| Interest received | | 9,685,045 | | 16,811,676 |
| Dividend received | | - | | 72,012 |
| Net cash from investing activities | | (137,911,265) | | (40,672,167) |

| | Rs. | For the year ended March 31,2010 Rs. | Rs. | For the year ended March 31,2009 Rs. |
|---|-----|--|-----|--|
| C. Cash flow from financing activities : | | | | |
| Interest paid | | (33,851) | | (283,672) |
| Secured Loans repaid | | (396,858) | | (503,892) |
| Dividend paid and Dividend Tax paid | | (30,970,148) | | (30,717,568) |
| Net cash used in financing activities | | (31,400,857) | | (31,505,132) |
| Net increase/(Decrease) in cash & cash equivalents (A+B+C) | | (119,612,813) | | 24,024,250 |
| Cash & cash equivalents (Opening) | | 180,657,751 | | 156,633,501 |
| Cash & cash equivalents (Closing) | | 61,044,938 | | 180,657,751 |
| | | (119,612,813) | | 24,024,250 |

Note

- Cash and Cash equivalents includes :

| | | |
|---|------------|-------------|
| a) Cash on Hand | 51,786 | 24,032 |
| b) Balance with Scheduled Banks in Current Accounts | 41,593,471 | 48,931,751 |
| c) Deposits with Scheduled Bank | 19,399,681 | 131,701,968 |
- The above Cash Flow Statement has been prepared under the Indirect Method as set out in Accounting Standards (AS) 3 on "Cash Flow Statements" as prescribed by Companies (Accounting Standards) Rules, 2006.
- The previous year's figures have been regrouped/rearranged wherever necessary.

As per our attached report of even date

For Lodha & Co.

Chartered Accountants

For and on behalf of the Board of Directors

R.P. Baradiya

Partner

Sateesh Wadagbalkar

Company Secretary

C.N. Rao

Executive Director

A.V. Rajwade

Director

Place : Mumbai

Dated: May 29, 2010

Place : Mumbai

Dated : May 29, 2010



SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| | As at March 31, 2010 Rs. | As at March 31, 2009 Rs. |
|--|--------------------------------|--------------------------------|
| SCHEDULE '1' | | |
| SHARE CAPITAL | | |
| Authorised | | |
| 30,000,000 Equity shares of Rs. 10 each. | 300,000,000 | 300,000,000 |
| Issued | | |
| 26,476,302 Equity shares of Rs.10 each. | 264,763,020 | 264,763,020 |
| Subscribed and Paid-up | | |
| 26,471,343 Equity shares of Rs.10 each fully paid up | 264,713,430 | 264,713,430 |
| SCHEDULE '2' | | |
| RESERVES AND SURPLUS | | |
| Securities Premium Account | | |
| Balance as per last Balance Sheet | 164,667,031 | 164,667,031 |
| Add: Addition during the year | - | - |
| | 164,667,031 | 164,667,031 |
| Profit & Loss Account | | |
| Surplus as per annexed accounts | 55,450,009 | 64,892,324 |
| Foreign Exchange Translation Reserve | 519,685 | 10,735,988 |
| | 220,636,725 | 240,295,343 |
| SCHEDULE '3' | | |
| SECURED LOANS | | |
| Vehicle Loan from Banks | 544,267 | 147,409 |
| (Secured by way of hypothecation of vehicles purchased thereagainst) | 544,267 | 147,409 |

SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE '4' FIXED ASSETS

(Amount in Rs.)

| DESCRIPTION | GROSS BLOCK (At Cost) | | | DEPRECIATION | | | NET BLOCK | |
|---|-----------------------|---------------------------------|----------------------------|--------------------|-------------------|----------------------------|--------------------|--|
| | As at 01-04-09 | Additions during the year | Deductions/ Adjustments | As at 31-03-10 | For the year | Deductions/ Adjustments | Upto 31-03-10 | As at 31-03-10 As at 31-03-09 |
| Goodwill | 39,503,688 | - | 4,601,563 | 34,902,125 | 3,490,212 | 2,530,859 | 22,686,381 | 12,215,744 17,776,660 |
| Leasehold Land | 3,308,683 | - | - | 3,308,683 | 50,258 | - | 628,226 | 2,680,457 2,730,715 |
| Office Building | 115,657,445 | - | - | 115,657,445 | 1,885,216 | - | 16,279,011 | 99,378,434 101,263,650 |
| Plant & Machinery and Office Equipment | 53,955,111 | 3,949,251 | 2,776,470 | 55,127,892 | 2,625,248 | 1,434,759 | 24,356,440 | 30,771,452 30,789,160 |
| Computers | 74,628,472 | 2,677,884 | 18,584,004 | 58,722,352 | 9,316,169 | 17,878,208 | 44,787,880 | 13,934,472 21,278,553 |
| Furniture & Fixtures | 92,393,041 | 135,758 | 2,649,249 | 89,879,550 | 5,622,610 | 2,261,585 | 56,592,673 | 33,286,877 39,161,393 |
| Motor Cars | 3,485,690 | 800,618 | 147,372 | 4,138,936 | 550,972 | 5,868 | 1,339,397 | 2,799,539 2,691,397 |
| Current Year Total | 382,932,130 | 7,563,511 | 28,758,658 | 361,736,983 | 23,540,685 | 24,111,279 | 166,670,008 | 195,066,975 215,691,528 |
| Previous Year Total | 372,002,397 | 16,331,962 | 5,402,229 | 382,932,130 | 29,350,616 | 15,061,218 | 167,240,602 | 215,691,528 |

Capital Work in Progress

| | | |
|-----------------|------------------|------------------|
| Building | 1,077,796 | 1,077,796 |
| Computers | - | 646,250 |
| Other equipment | - | 17,932 |
| | 1,077,796 | 1,741,978 |

* Land was taken on lease for 66 years from September, 1997



SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| | As at March 31, 2010 Rs. | As at March 31, 2009 Rs. |
|---|--------------------------------|--------------------------------|
| SCHEDULE '5' INVESTMENTS (Unquoted, unless otherwise stated) | | |
| Mutual funds | 195,266,729 | 54,432,729 |
| Shares in Co-operative Society | 4,000 | 4,000 |
| | 195,270,729 | 54,436,729 |
| SCHEDULE '6' SUNDRY DEBTORS (Unsecured) | | |
| Considered Good | | |
| Exceeding six months | 2,271,112 | 79,126,804 |
| Others | 81,794,928 | 120,390,101 |
| | 84,066,040 | 199,516,905 |
| Considered Doubtful | | |
| Exceeding six months | 40,257,883 | 40,495,383 |
| Others | - | - |
| | 40,257,883 | 40,495,383 |
| Less: Provision for Doubtful Debts | (40,257,883) | (40,495,383) |
| | 84,066,040 | 199,516,905 |
| SCHEDULE '7' CASH AND BANK BALANCES | | |
| Cash on hand | 51,786 | 24,032 |
| Bank Balances | | |
| With Scheduled Banks : | | |
| - in Current Accounts | 41,593,471 | 48,931,751 |
| - in Deposits Account * | 19,399,681 | 131,701,968 |
| (including interest accrued but not due Rs. 97,215 ; Previous year Rs. 4,172,552) | | |
| * Fixed Deposit Receipts of Rs. Nil ; Previous year Rs.1,076,298 have been pledged with Banks for Guarantees issued in favour of Govt. Authorities for Rs. Nil ; Previous year Rs. 1,003,871 respectively | | |
| * Fixed Deposit Receipt of Rs. Nil ; (Previous year Rs. 27,500,000) has been pledged with a Bank for guarantee issued in favour of Subsidiary Company-CyberTech Systems and Software Inc.) | | |
| | 61,044,938 | 180,657,751 |

| SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS | | |
|--|---|---|
| | As at March 31, 2010 Rs. | As at March 31, 2009 Rs. |
| SCHEDULE '8' | | |
| LOANS AND ADVANCES | | |
| (Unsecured ,Considered good unless otherwise stated) | | |
| Advances recoverable in cash or in kind or for value to be received | 10,027,184 | 7,108,904 |
| Loan to Employees | 25,000 | 120,500 |
| Sundry deposits | 2,026,895 | 2,233,047 |
| Others | 1,633,213 | 892,178 |
| Tax Receivable | 90,646,465 | 75,294,238 |
| MAT Entitlements | 13,073,173 | 14,160,000 |
| | 117,431,930 | 99,808,867 |
| SCHEDULE '9' | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors | 71,442,441 | 156,592,601 |
| Deposits | 35,473,706 | 35,039,240 |
| Advance from Customers | 846,201 | 2,605,699 |
| Other Liabilities | 1,055,207 | 1,185,131 |
| Investors Education and Protection fund shall be credited by the following amounts namely : | | |
| Unpaid Dividend * | 770,550 | 500,939 |
| *(There is no amount due and outstanding as at Balance Sheet date) | | |
| | 109,588,105 | 195,923,610 |
| SCHEDULE '10' | | |
| PROVISIONS | | |
| Proposed Dividend | 26,471,343 | 26,471,343 |
| Provision for: | | |
| Tax on dividend | 4,498,805 | 4,498,805 |
| Employee benefits: | | |
| Leave encashment | 2,655,479 | 2,324,285 |
| Gratuity | 3,799,460 | 3,700,809 |
| | 37,425,087 | 36,995,242 |



SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| | For the year ended March 31, 2010 Rs. | For the year ended March 31, 2009 Rs. |
|---|--|--|
| SCHEDULE '11' | | |
| OTHER INCOME | | |
| Gross Interest | | |
| On Deposit with Banks (Tax Deducted at Source Rs.1,385,516 ; previous year Rs. 2,433,337) | 9,665,745 | 12,112,558 |
| On Others (Tax Deducted at Source Rs.1,689 ; Previous year Rs. 9,484) | 6,201,991 | 4,699,118 |
| | 15,867,736 | 16,811,676 |
| Exchange Gain | - | 7,875,249 |
| Rent Received | 64,999,340 | 61,592,343 |
| Profit on sale of Current Investments | 668,988 | 983,875 |
| Dividend received on Current Investments | 1,665,012 | 2,275,973 |
| Miscellaneous Income | 10,322 | 138,067 |
| Excess provision written back | 81,590 | - |
| | 83,292,988 | 89,677,183 |
| SCHEDULE '12' | | |
| EMPLOYEE COSTS | | |
| Salaries | 263,539,808 | 329,777,198 |
| Contribution to Provident and other funds | 454,149 | 464,093 |
| Welfare | 13,111,442 | 16,614,423 |
| | 277,105,399 | 346,855,714 |

| SCHEDULES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS | | |
|--|--|--|
| | For the year ended March 31, 2010 Rs. | For the year ended March 31, 2009 Rs. |
| SCHEDULE '13' | | |
| OPERATING AND ADMINISTRATIVE EXPENSES | | |
| Travelling & conveyance | 21,727,549 | 18,464,668 |
| Communication | 7,158,956 | 7,354,593 |
| Electricity | 3,620,931 | 4,375,934 |
| Insurance | 1,799,668 | 3,539,823 |
| Rent | 11,040,813 | 10,225,464 |
| Rates and Taxes | 6,253,033 | 5,229,922 |
| Professional fees | 11,012,312 | 11,608,086 |
| Software Programming, Consultancy and Support Charges | 70,850,090 | 135,137,708 |
| Auditors' Remuneration | | |
| Audit Fees | 803,806 | 792,298 |
| Tax Audit fees | 125,000 | 129,693 |
| Other Services | 159,380 | 124,500 |
| Reimbursement of Expenses | 84,268 | 75,811 |
| | 1,172,454 | 1,122,302 |
| Repairs and Maintenance | | |
| Buildings | 1,006,758 | 1,254,191 |
| Plant & Machinery | 7,112,880 | 5,282,778 |
| Others | 2,189,658 | 1,982,578 |
| | 10,309,296 | 8,519,546 |
| Loss on assets sold/discarded (Net) | 1,329,384 | 2,076,228 |
| Provision for Doubtful Debts | - | 1,047,170 |
| Exchange Loss (Net) | 2,971,516 | - |
| Miscellaneous expenses | 11,499,617 | 12,310,655 |
| | 160,745,619 | 221,012,100 |
| SCHEDULE '14' | | |
| INTEREST | | |
| Interest on | | |
| - Term Loans | 2,777 | 174,699 |
| - Others | 31,074 | 108,973 |
| | 33,851 | 283,672 |



SCHEDULE '15'

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation :

The Consolidated Financial Statements are prepared in accordance with Accounting Standard 21 " Consolidated Financial Statements" and Accounting Standard 27 " Financial Reporting of interests in Joint Ventures" issued by the Companies (Accounting Standard) Rules, 2006.

2. Principles of Consolidation :

(a) The Consolidated Financial Statements (CFS) comprise the financial statements of the holding Company, CyberTech Systems & Software Limited and its subsidiaries which are as under:

| Name of the Subsidiary Company | Country of Incorporation | Proportion of ownership interest |
|--|--------------------------|----------------------------------|
| CyberTech Systems & Software Inc. (CSSI) | U.S.A. | 100.00 % |
| Cyber Middle East WLL,Bahrain (CME) | Kingdom of Bahrain | 55.00 % |

(b) The Consolidated Financial Statements have been prepared using uniform accounting policies, in accordance with the generally accepted accounting policies except for amortization of Goodwill in the books of its wholly owned subsidiary where the Goodwill has been amortised over a period of 10 years as against the policy adopted by Holding company to amortise Goodwill over a period of 5 years.

(c) The effects of intra group transactions between CyberTech Systems & Software Limited and its subsidiaries are eliminated in consolidation.

(d) For significant accounting policies followed refer Schedule 15 of the Holding Company's audited financial statement.

3. Foreign Subsidiaries :

In case of CyberTech Systems & Software Inc., USA, and CyberTech Middle East W.L.L., Bahrain revenue items have been considered at the average rate prevailing during the year. Assets and liabilities have been converted at the rates prevailing at the end of the year. Exchange Gain / (Loss) are recognized in Translation Reserve.

4. Contingent Liabilities not provided for in respect of :

a) Disputed Income Tax Matters (include penalties of **Rs. 58,198,919**; Previous year Rs. 57,843,742) **Rs. 58,198,919** (Previous year Rs. 61,009,311)

b) Disputed Service Tax Matters **Rs. 6,607,614** (Previous year Rs.6,607,614)

5. Estimated amount of contracts remaining to be executed on capital account and not provided for **Rs. NIL**; Previous year Rs.NIL

6. Income from Software services and development includes **Rs.19,936,206** (Previous year Rs.104,281,200) being a sale of hardware and Software items as a part of composite IT project at Bahrain

7. Contribution to Gratuity Fund :

Change in present value of obligation

(Amount in Rupees)

| | | As at March 31, 2010 | As at March 31, 2009 |
|---|--|---------------------------------|---------------------------------|
| 1 | Present Value of Defined Benefit Obligation, beginning of the year | 3,700,809 | 2,807,755 |
| 2 | Interest Cost | 286,813 | 224,620 |
| 3 | Current Service Cost | 1,132,570 | 1,319,279 |
| 4 | Benefits paid during the year | (30,600) | Nil |
| 5 | Actuarial (gain)/loss on Defined Benefit Obligation | (1,290,132) | (650,845) |
| 6 | Present Value of Defined Benefit Obligation, end of the year | 3,799,460 | 3,700,809 |

Amounts recognized in the Balance Sheet

(Amount in Rupees)

| | | As at March 31, 2010 | As at March 31, 2009 |
|---|---|-------------------------|-------------------------|
| 1 | Present Value of Defined Benefit Obligation | 3,799,460 | 3,700,809 |
| 2 | Fair Value of plan assets | Nil | Nil |
| 3 | Net liability recognised in the Balance Sheet | 3,799,460 | 3,700,809 |

Net gratuity cost for the year ended March 31, 2010

(Amount in Rupees)

| | | As at March 31, 2010 | As at March 31, 2009 |
|---|---|-------------------------|-------------------------|
| 1 | Current Service Cost | 1,132,570 | 1,319,279 |
| 2 | Interest Cost on obligation | 286,813 | 224,620 |
| 3 | Expected Return on plan assets | Nil | Nil |
| 4 | Net Actuarial (gain)/loss recognized for the year ending March 31, 2010 | (1,290,132) | (650,845) |
| 5 | Net Gratuity Cost | 129,251 | 893,054 |

Assumptions used in accounting for the gratuity plan

(Rate per Annum)

| | | As at March 31, 2010 | As at March 31, 2009 |
|---|------------------|-------------------------|-------------------------|
| 1 | Rate of Interest | 8.25% | 7.75% |
| 2 | Salary Growth | 5% | 5% |
| 3 | Withdrawal rate | 5% | 5% |

8. Employees Stock Option Plan (ESOP)

The Company's Employees' Stock Option Scheme- 2007, provides for issue of equity option in each financial year up to 5% (Previous year 5%) of the outstanding fully paid-up equity capital of the Company as on March 31, 2007 on to eligible employees, and the carry forward of un-allotted options in each of the financial years to the subsequent financial years for grant, in aggregate not exceeding **9,264,970 shares** (Previous year 9,264,970 shares). The scheme covers directors and the employees of the subsidiaries, apart from the employees and directors of the Company except directors/ employees belonging to promoter group. The options vest in a phased manner over four years with 25% of the grants vesting at the end of each year from the date of grant and the same can be exercised within seven years from the date of the grant at the market price as on the date of the grant. One option is equal to one equity share.

| | As at March 31, 2010 | As at March 31, 2009 |
|----------------------------------|----------------------|----------------------|
| Face Value of Grant | 10 | 10 |
| Grants: | | |
| Outstanding at the beginning | 1,102,300 | 968,260 |
| Add.: Granted during the year | 200,000 | 810,000 |
| Less: Exercised during the year | - | - |
| Less : Forfeited During the year | 211,550 | 675,960 |
| Outstanding as at the end | 1,090,750 | 1,102,300 |
| Vested: | | |
| Outstanding at the beginning | 659,800 | 489,835 |
| Add: Vested during the year | 71,750 | 230,375 |
| Less : Exercised during the year | - | - |



| | | |
|--|---------|---------|
| Less : Forfeited During the year | 207,080 | 60,410 |
| Outstanding as at the end | 524,470 | 659,800 |
| Grants to the Whole Time Director | | |
| Outstanding at the beginning | 100,000 | - |
| Add.: Granted during the year | - | 100,000 |
| Less: Exercised during the year | - | - |
| Less : Forfeited During the year | - | - |
| Outstanding as at the end | 100,000 | 100,000 |
| Vested to the Whole Time Director | | |
| Outstanding at the beginning | - | - |
| Add: Vested during the year | 25,000 | - |
| Less : Exercised during the year | - | - |
| Less : Forfeited During the year | - | - |
| Outstanding as at the end | 25,000 | - |
| Grants to Non Executive Director | | |
| Outstanding at the beginning | 267,740 | 132,780 |
| Add.: Granted during the year | - | 150,000 |
| Less: Exercised during the year | - | - |
| Less : Forfeited During the year | - | 15,040 |
| Outstanding as at the end | 267,740 | 267,740 |
| Vested to non-executive director | | |
| Outstanding at the beginning | 216,490 | 97,480 |
| Add: Vested during the year | 31,750 | 132,250 |
| Less : Exercised during the year | - | - |
| Less : Forfeited During the year | 7,520 | 13,240 |
| Outstanding as at the end | 240,720 | 216,490 |

The company has elected to use the intrinsic value method to account for the compensation cost of stock options to employees of the Company. Intrinsic value is the amount by which the quoted market price of the underlying share as on the date of grant exceeds the exercise price of the option.

Summary of the options outstanding under the Employees Stock Option Plan (ESOP):

| | As at March 31, 2010 | | As at March 31, 2009 | |
|--|----------------------|---------------------------------------|----------------------|--------------------------------------|
| | Options | Weighted Average Exercise Price (Rs.) | Options | Weighted Average Exercise Price(Rs.) |
| Options outstanding at beginning of the year | 1,102,300 | 13.03 | 968,260 | 11.93 |
| Granted during the year | 200,000 | 12.95 | 810,000 | 17.95 |
| Exercised during the year | - | - | - | - |
| Forfeited/lapsed during the year | 211,550 | 17.16 | 675,960 | 16.27 |
| Options outstanding at end of year | 1,090,750 | 12.86 | 1,102,300 | 13.67 |
| Vested options pending exercise | 524,470 | 11.98 | 659,800 | 11.77 |

The following summarizes information about stock options outstanding:

As at March 31, 2010

| Range of Exercise Price | Number of shares arising out of options | Weighted average remaining life (Years) | Weighted average Exercise Price (Rs.) |
|-------------------------|---|---|---------------------------------------|
| Rs. 7.50 to Rs.15 | 883,250 | 4 | 11.59 |
| Rs. 15 to Rs. 23 | 207,500 | 7 | 18.28 |

As at March 31, 2009

| Range of Exercise Price | Number of shares arising out of options | Weighted average remaining life (Years) | Weighted average Exercise Price (Rs.) |
|-------------------------|---|---|---------------------------------------|
| Rs. 7.50 to Rs. 15 | 708,550 | 3 | 11.22 |
| Rs. 15 to Rs. 23 | 393,750 | 7 | 18.08 |

Fair Value methodology for the option:

The fair value of options used to compute net income and earnings per equity share have been estimated on the dates of each grant within the range of Rs.7.55 to Rs.22.90 using the Black-Scholes pricing model. The Company estimated the volatility based on the historical share prices. The various assumptions considered in the pricing model for the options granted under ESOP are:

| | As at March 31, 2010 | As at March 31, 2009 |
|-------------------------|----------------------|----------------------|
| Dividend yield | 0-10% | 0-10% |
| Expected volatility | 10%-20% | 10%-20% |
| Risk-free interest rate | 6.57% - 6.65% | 6.46% - 6.65% |
| Expected life of option | 0 - 7 yrs | 0 - 7 yrs |

Impact of Fair value method on Net Profit and EPS

Had the compensation cost for the Company's Stock Option Plan outstanding been determined based on the fair value approach, the Company's net profit income and earnings per share would have been, as indicated below:

| | As at March 31, 2010 | As at March 31, 2009 |
|---|----------------------|----------------------|
| Profit attributable to Equity Shareholders | 21,527,831 | 39,323,307 |
| Add: Stock-based employee compensation expense included in net income | - | - |
| Less: Stock-based compensation expense determined under fair value based method | 364,044 | 288,222 |
| Net Profit | 21,163,787 | 39,035,085 |
| Basic and diluted earning per share (as reported) | 0.81 | 1.49 |
| Basic and diluted earning per share (under fair value method) | 0.80 | 1.48 |

9. Deferred Tax Liability/(Net) comprises of the following :

| | As at March 31, 2010 | As at March 31, 2009 |
|--|----------------------|----------------------|
| Deferred Tax Asset: | | |
| Unabsorbed losses / depreciation | Nil | 6,688,140 |
| Expenses allowable on payments and others | 2,194,034 | 2,047,929 |
| Total | 2,194,034 | 8,736,069 |
| Deferred Tax Liability: | | |
| Fixed Assets (depreciation / amortization) | 22,691,915 | 22,825,987 |
| Net Deferred Tax Asset / (Liability) | (20,497,881) | (14,089,918) |

10. Segment Reporting

Pursuant to Accounting Standard 17 on "Segment Reporting" issued by the Companies (Accounting Standard) Rules, 2006, the Company has only one reportable segment viz. Software Services & Development.

11. (a) In the opinion of the Management, Current Assets, Loans and Advances (including Capital Advances) have a value on realisation in the ordinary course of business atleast equal to the amount at which they are stated. Provision for depreciation and all known liabilities is adequate and not in excess of the amount reasonably necessary.
- (b) The accounts of certain Sundry Debtors, Sundry Creditors, Advances are subject to confirmation/reconciliation and adjustments, if any. The Management does not expect any material difference affecting the current year's financial statements.


12. Earnings Per Share:

| | For the year ended March 31, 2010 Rs. | For the year ended March 31, 2009 Rs. |
|---|---|---|
| Profit attributable to the Shareholders | 21,527,831 | 39,323,307 |
| Weighted average number of Equity Shares outstanding during the year (Nos.) | 26,476,302 | 26,476,302 |
| Nominal Value of Equity Shares (Rs.) | 10 | 10 |
| Basic and Diluted Earnings Per Share (Rs.) | 0.81 | 1.49 |

13. Related Party Disclosures
A. List of Related Parties:

Key Management Personnel

| | | |
|--|---------------------------------|--------------------|
| Mr.C.N.Rao | Executive Director | CSSL |
| Mr. Viswanath Tadimety | Director | CSSL, CSSI and CME |
| Mr. Steven Jeske | Director | CSSL, CSSI and CME |
| Mrs. Sukhada Tadimety (wife of Viswanath Tadimety) | Director (upto August 31, 2009) | CSSI |
| Mr. Pankaj Sehgal | Director | CME |

B. Transactions entered with Related Parties in the ordinary course of business

(Amount in Rupees)

| Particulars | Related Party Transactions | | |
|--------------------------------|----------------------------|-----------------------------------|-----------------------------------|
| | Associates | Key Management Personnel | Total |
| Sales | - (-) | - (-) | - (-) |
| Expenses# | - (-) | 14,558,804 (217,63,651) | 14,558,804 (217,63,651) |
| Outstanding as at the year end | | | |
| Payable | - (-) | - (-) | - (-) |
| Receivable | - (-) | - (-) | - (-) |

Remuneration

Note:

- Related party relationship is as identified by the Company and relied upon by the Auditors.
- No amounts have been written off /back and provided for in respect of the related party during the year.
- Figures in brackets represent previous year figures.

14. Previous year's figures have been re-grouped/re-arranged, wherever necessary, to conform to the current year's classification/presentation.

For and on behalf of the Board of Directors
Sateesh Wadagbalkar
Company Secretary

C N Rao
Executive Director

A.V. Rajwade
Director

Place : Mumbai,
Dated : May 29, 2010

Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies:

| | CyberTech Systems and Software Inc., USA | CyberTech Middle East W.L.L., Bahrain |
|--|---|--|
| 1. The Financial Year of the Subsidiary ended on | March 31, 2010 | March 31, 2010 |
| 2. Shares of the Subsidiary Company held by CyberTech Systems & Software Ltd. on the above date | 1,585,000 | 634 |
| 3. Equity | USD 15,850 | BHD 63,400 |
| 4. Extent of holding | 100% | 55% |
| 5. Net aggregate amount of profits/(losses) of the Subsidiary for the above financial Year of the Subsidiary so far as they concern the members of CyberTech Systems & Software Limited: | | |
| a) Dealt with in the accounts of CyberTech Systems & Software Ltd., for the year ended March 31, 2010 | Nil | Nil |
| b) Not dealt with in the Accounts of CyberTech Systems & Software Ltd. (Amount in Rupees) | (19,597,973) | (6,335,529) |
| 6. Net aggregate of profits/(losses) of the Subsidiary Company for its previous financial years of the Subsidiary, so far as they concern the members of CyberTech Systems & Software Ltd. | | |
| a) Dealt with in the Accounts of CyberTech Systems & Software Ltd. | Nil | Nil |
| b) Not dealt with in the Accounts of CyberTech Systems & Software Ltd. (Amount in Rupees) | (10,868,026) | (6,205,362) |

For and on behalf of the Board of Directors

Place : Mumbai
Dated : August 4, 2010

Sateesh Wadagbalkar
Company Secretary

C.N. Rao
Executive Director

A.V.Rajwade
Director



DIRECTORS' REPORT

To the Shareholders of

CyberTech Systems and Software, Inc. (USA)

Your Directors are pleased to present this Annual Report on the business and operations of your Company together with the audited Statements of Accounts of the Company for the year ended 31st March 2010.

COMPANY FINANCIAL RESULTS

| | U.S.Dollars (\$) | |
|---|------------------|------------------|
| | 2009-10 | 2008-2009 |
| Gross Revenue | 8,250,830 | 11,822,104 |
| Profit/(Loss) before Interest and Depreciation | (500,172) | (404,804) |
| Interest | - | 2,842 |
| Depreciation | 107,069 | 106,285 |
| Profit/Loss before Tax | (607,241) | (513,931) |
| Provision for Tax | | |
| Income Tax Adjustments for earlier years (Credit) | (187,797) | (86,150) |
| Profit/(Loss) after Tax | (419,444) | (427,781) |
| Accumulated Profit (Loss) b/f from previous year | (173,931) | 253,850 |
| Balance carried to Balance Sheet | (593,375) | (173,931) |

Operations of the Company are completely integrated with its parent company (CyberTech Systems and Software, Ltd.). The Company serves as the group's sales and delivery front end in the United States and promotes offshore support and development services for its clients. It also manages major alliance activities with partners on behalf of itself, its parent company and other subsidiaries.

During the year under review the Company generated a loss after tax of \$419,444 on revenue of \$8,250,830. Results are disclosed in the attached financial statements. The Company has been subject to the worldwide slowdown in discretionary spending as have many US companies, which has affected several our targeted sectors with significant impact. Due to this slowdown, our clients and other companies are indefinitely deferring new implementations of new systems and other discretionary spending. The new paradigm has become "Reducing total cost of ownership and maintenance of information systems". This has especially affected the SAP area, with an extreme drop in the sale of new SAP licenses in the US and lowered expectations for the cost of ongoing maintenance and support. The Company has focused its energy on driving cost-effective support offerings resulting in improvements in offshore revenue while realizing a detriment to onsite revenue. This, coupled with reduced spending in the public sector and increased pressure by the government to reduce foreign workers in IT, has negatively impacted growth in the United States.

We have also been significantly impacted by what we believe to be the unlawful competition and dereliction of fiduciary duty from a group of former employees. The Company has filed an action against this group in the Court to prevent further actions on their part and to seek recovery of losses.

We expect US secular growth to continue to be slow at least for the next several years. Investment in new business continues to be weak as lending for growth lags. Unemployment remains high causing pressure on immigration and reform, and additionally creates available workers in the marketplace.

These actions do not forecast a quick turnaround in Company fortunes. The Company continues to take all possible measures to reduce and optimize costs to improve profitability. Focus remains on expanding the benefits from our alliance partnerships and creating offshore opportunities where relationships are of a long term nature and recurring services can be provided at a lower cost.

DIRECTORS

The Company is governed by its Board of Directors. Currently the Directors are Mr. Viswanath Tadimety, Mr. Arun Shah, and Mr. Steven Jeske.

Registered Office

1210 Northbrook Drive, Suite 400,
Trevose, Pennsylvania 19053
With offices in Chicago, IL, and Los Angeles, CA metropolitan areas.

For and on behalf of the Board of Directors

Viswanath Tadimety
Chairman

Place : Thane
Dated : August 4, 2010

AUDITORS' REPORT

To the members

CYBERTECH SYSTEMS AND SOFTWARE INC. (USA)

1. We have audited the attached Balance Sheet of CYBERTECH SYSTEMS AND SOFTWARE INC. (USA) as at 31st March, 2010 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.
2. We conducted our audit in accordance with the 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 misstatement. 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.
3. 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 it appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards issued by Companies (Accounting Standards) Rules, 2006, to the extent applicable;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with "Significant Accounting Policies and Notes on Financial Statements" in Schedule 11 and other notes appearing elsewhere in the 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 31st March, 2010;
 - ii) in the case of the Profit & Loss Account, of the loss of the Company for the year ended as on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For **LODHA & CO.**
Chartered Accountants

R. P. Baradiya
Partner
(Membership No. 44101)
(Firm Regn No. 301051E)

Place : Mumbai
Date : 29th May, 2010



BALANCE SHEET AS AT MARCH 31, 2010

| | SCHEDULE | As at March 31, 2010 | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2009 |
|--|----------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | US Dollars | Indian Rupees | US Dollars | Indian Rupees |
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 1 | 15,850 | 713,805 | 15,850 | 807,914 |
| Reserves & Surplus | 2 | 1,569,150 | 74,410,025 | 1,569,150 | 81,985,859 |
| | | 1,585,000 | 75,123,830 | 1,585,000 | 82,793,773 |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | 3 | | | | |
| Gross Block | | 869,471 | 38,963,126 | 1,150,377 | 57,850,393 |
| Less: Depreciation | | 581,123 | 25,977,374 | 766,427 | 38,279,450 |
| Net Block | | 288,348 | 12,985,752 | 383,950 | 19,570,943 |
| Current Assets, Loans and Advances | | | | | |
| Sundry Debtors | 4 | 1,465,315 | 65,990,461 | 2,441,100 | 124,428,970 |
| Cash and Bank Balances | 5 | 1,157,439 | 52,125,265 | 978,192 | 49,860,889 |
| Loans and Advances | 6 | 341,164 | 15,364,321 | 195,854 | 9,983,156 |
| | | 2,963,918 | 133,480,047 | 3,615,146 | 184,273,015 |
| Less: Current Liabilities and Provisions | | | | | |
| Current Liabilities | 7 | 2,260,641 | 101,807,968 | 2,588,027 | 131,918,211 |
| | | 2,260,641 | 101,807,968 | 2,588,027 | 131,918,211 |
| Net Current Assets | | 703,277 | 31,672,079 | 1,027,119 | 52,354,804 |
| Profit And Loss Account (As per Annexed Accounts) | | 593,375 | 30,465,999 | 173,931 | 10,868,026 |
| | | 1,585,000 | 75,123,830 | 1,585,000 | 82,793,773 |

Significant Accounting Policies and
Notes on Financial Statements

11

Schedules referred to above form an integral part of the Financial Statements

As per our attached report of even date

For Lodha & Co.

Chartered Accountants

R.P. Baradiya

Partner

Place : Mumbai

Dated : May 29, 2010

For and on behalf of the Board of Directors

Steven Jeske

Director

Place : Oakbrook, USA

Dated : May 21, 2010

| PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010 | | | | | |
|---|----------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | SCHEDULE | For the year ended March 31, 2010 | For the year ended March 31, 2010 | For the year ended March 31, 2009 | For the year ended March 31, 2009 |
| | | US Dollars | Indian Rupees | US Dollars | Indian Rupees |
| INCOME | | | | | |
| Income from | | | | | |
| Software Development and Services | | 8,245,655 | 390,040,903 | 11,817,834 | 550,012,635 |
| Other Income | 8 | 5,175 | 244,791 | 4,270 | 198,718 |
| | | 8,250,830 | 390,285,694 | 11,822,104 | 550,211,353 |
| EXPENDITURE | | | | | |
| Employee costs | 9 | 3,869,068 | 183,016,976 | 5,627,376 | 261,903,145 |
| Operating and Administrative expenses | 10 | 4,881,934 | 230,928,125 | 6,599,532 | 307,148,145 |
| Depreciation/Amortisation | | 107,069 | 4,821,852 | 106,285 | 11,731,813 |
| Interest | | - | - | 2,842 | 132,263 |
| | | 8,858,071 | 418,766,953 | 12,336,035 | 580,915,366 |
| Profit/(Loss) before tax | | (607,241) | (28,481,259) | (513,931) | (30,704,013) |
| Income Tax adjustments for earlier years | | (187,797) | (8,883,286) | (86,150) | (4,009,499) |
| (Refer Note No. 5 in Schedule 11) | | | | | |
| Profit after Tax | | (419,444) | (19,597,973) | (427,781) | (26,694,514) |
| Add: Balance of Loss brought forward | | (173,931) | (10,868,026) | 253,850 | 15,826,488 |
| BALANCE CARRIED FORWARD | | (593,375) | (30,465,999) | (173,931) | (10,868,026) |
| Earnings per share- Basic and Diluted | | (0.26) | (12.36) | (0.27) | (16.84) |

Significant Accounting Policies and Notes on Financial Statements

11

Schedules referred to above form an integral part of the Financial Statements

As per our attached report of even date

For Lodha & Co.

Chartered Accountants

R.P. Baradiya

Partner

Place : Mumbai

Dated : May 29, 2010

For and on behalf of the Board of Directors

Steven Jeske

Director

Place : Oakbrook, USA

Dated : May 21, 2010



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

| | | For the year ended March 31,2010 | | For the year ended March 31,2009 | |
|-----------|---|-------------------------------------|---------------|-------------------------------------|---------------|
| | | US Dollars | Indian Rupees | US Dollars | Indian Rupees |
| A. | Cash flow from Operating activities | | | | |
| | Net Profit(Loss) before tax and exceptional items : | (607,241) | (28,481,259) | (513,931) | (30,704,013) |
| | Adjustments for : | | | | |
| | Depreciation | 107,069 | 4,821,852 | 106,285 | 11,731,813 |
| | Interest income | (5,175) | (244,791) | (4,270) | (198,718) |
| | Interest expense | - | - | 2,842 | 132,263 |
| | Provision for Doubtful Debts | - | - | 22,500 | 1,047,170 |
| | Effect of exchange rate change | - | (6,423,019) | - | 21,880,667 |
| | | 101,894 | (1,845,958) | 127,357 | 34,593,195 |
| | Operating profit before Working Capital changes | (505,347) | (30,327,217) | (386,574) | 3,889,182 |
| | Adjustments for : | | | | |
| | Decrease/(Increase) in Trade & other receivables | 1,000,119 | 61,081,763 | 1,300,872 | 17,999,872 |
| | Increase/(Decrease)Trade payables | (327,387) | (30,110,243) | (970,883) | (9,370,532) |
| | | 672,732 | 30,971,520 | 329,989 | 8,629,340 |
| | Cash used in operations | 167,385 | 644,303 | (56,585) | 12,518,522 |
| | Direct taxes refund received / (paid) | 18,154 | 858,866 | (8,706) | (4,009,499) |
| | Net cash used in operating activities | 185,539 | 1,503,169 | (65,291) | 8,509,023 |
| B. | Cash flow from investing activities | | | | |
| | Purchase of fixed assets | (11,467) | 516,416 | (7,467) | (380,612) |
| | Interest received | 5,175 | 244,791 | 4,270 | 198,718 |
| | Net cash from investing activities | (6,292) | 761,207 | (3,197) | (181,894) |
| C. | Cash flow from financing activities : | | | | |
| | Interest paid | - | - | (2,842) | (132,263) |
| | Net cash used in financing activities | - | - | (2,842) | (132,263) |
| | Net increase/(Decrease) in cash & cash equivalents (A+B+C) | 179,247 | 2,264,376 | (71,330) | 8,194,866 |
| | Cash & cash equivalents (Opening) | 978,192 | 49,860,889 | 1,049,522 | 41,666,023 |
| | Cash & cash equivalents (Closing) | 1,157,439 | 52,125,265 | 978,192 | 49,860,889 |
| | | 179,247 | 2,264,376 | (71,330) | 8,194,866 |

Note

1 Cash and Cash equivalents includes :

| | | | | |
|---|---------|------------|---------|------------|
| a) Balance with Scheduled Banks in Current Accounts | 843,147 | 37,971,125 | 927,426 | 47,273,230 |
| b) In Call Accounts | 314,292 | 14,154,140 | 50,766 | 2,587,659 |

2 The above Cash Flow Statement has been prepared using the Indirect Method prescribed by the Accounting Standards (AS) 3 "Cash Flow Statements" issued by Companies (Accounting Standards) Rules, 2006.

3 The previous years' figures have been regrouped/rearranged wherever necessary.

As per our attached report of even date

For Lodha & Co.

Chartered Accountants

R.P. Baradiya

Partner

Place : Mumbai

Dated : May 29, 2010

For CyberTech Systems & Software Inc.

Steve Jeske

Director

Place : Oakbrook, USA

Dated : May 21, 2010

SCHEDULES FORMING PART OF THE BALANCE SHEET

| | As at March 31, 2010 | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2009 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | US Dollars | Indian Rupees | US Dollars | Indian Rupees |
| SCHEDULE '1' | | | | |
| SHARE CAPITAL | | | | |
| Authorised | | | | |
| 10,000,000 Common Stock of USD 0.01 each. | 100,000 | 4,503,500 | 100,000 | 5,097,250 |
| Issued, Subscribed and Paid-up | | | | |
| 1,585,000 Common Stock of USD 0.01 each fully paid up | 15,850 | 713,805 | 15,850 | 807,914 |
| (All the shares are held by CyberTech Systems and Software Limited, India) | | | | |
| SCHEDULE '2' | | | | |
| RESERVES AND SURPLUS | | | | |
| Securities Premium Account | | | | |
| As per Last Balance Sheet | 1,569,150 | 70,666,670 | 1,569,150 | 79,983,498 |
| Foreign Currency Translation Reserve | | 3,743,355 | | 2,002,361 |
| | 1,569,150 | 74,410,025 | 1,569,150 | 81,985,859 |



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE '3 FIXED ASSETS

(Amount in US Dollars)

| DESCRIPTION | GROSS BLOCK (At Cost) | | | DEPRECIATION | | | NET BLOCK | |
|---------------------------|-----------------------|---------------------------|---|----------------------|----------------|---|---------------------|----------------------|
| | As at April 1, 2009 | Additions during the year | Deductions/ Adjustments during the year | As at March 31, 2010 | For the year | Deductions/ Adjustments during the year | Upto March 31, 2010 | As at March 31, 2009 |
| Goodwill | 775,000 | - | - | 775,000 | 77,500 | - | 503,750 | 348,750 |
| Computers | 275,377 | 7,567 | 242,373 | 40,571 | 28,919 | 242,373 | 26,723 | 35,200 |
| Furniture & Fixtures | 100,000 | - | 50,000 | 50,000 | - | 50,000 | 50,000 | - |
| Plant & Machinery | - | 3,900 | - | 3,900 | 650 | - | 650 | - |
| Current Year Total | 1,150,377 | 11,467 | 292,373 | 869,471 | 107,069 | 292,373 | 581,123 | 383,950 |
| Previous Year Total | 1,142,910 | 7,467 | - | 1,150,377 | 106,285 | - | 766,427 | 383,950 |

FIXED ASSETS

(Amount in Indian Rupees)

| DESCRIPTION | GROSS BLOCK (At Cost) | | | DEPRECIATION | | | NET BLOCK | |
|---------------------------|-----------------------|---------------------------|---|----------------------|------------------|---|---------------------|----------------------|
| | As at April 1, 2009 | Additions during the year | Deductions/ Adjustments during the year | As at March 31, 2010 | For the year | Deductions/ Adjustments during the year | Upto March 31, 2010 | As at March 31, 2009 |
| Goodwill | 39,503,688 | - | 4,601,563 | 34,902,125 | 3,490,212 | 2,530,859 | 22,686,381 | 17,776,660 |
| Computers | 14,036,705 | 340,780 | 12,550,370 | 1,827,115 | 1,302,367 | 12,341,319 | 1,203,470 | 1,794,283 |
| Furniture & Fixtures | 4,310,000 | - | 2,251,750 | 2,058,250 | - | 2,251,750 | 2,058,250 | - |
| Plant & Machinery | - | 175,636 | - | 175,636 | 29,273 | - | 29,273 | - |
| Current Year Total | 57,850,393 | 516,416 | 19,403,683 | 38,963,126 | 4,821,852 | 17,123,928 | 25,977,374 | 19,570,943 |
| Previous Year Total | 45,713,565 | 380,612 | 11,756,216 | 57,850,393 | 11,731,813 | - | 38,279,450 | 19,570,943 |

| SCHEDULES FORMING PART OF THE BALANCE SHEET | | | | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | As at March 31, 2010 | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2009 |
| | US Dollars | Indian Rupees | US Dollars | Indian Rupees |
| SCHEDULE '4' | | | | |
| SUNDRY DEBTORS (Unsecured) | | | | |
| Considered Good | | | | |
| Exceeding six months | 15,873 | 714,841 | 231,905 | 11,820,778 |
| Others | 1,323,520 | 59,604,723 | 2,203,865 | 112,336,509 |
| Unbilled Revenue | 125,922 | 5,670,897 | 5,330 | 271,683 |
| | 1,465,315 | 65,990,461 | 2,441,100 | 124,428,970 |
| Considered Doubtful | | | | |
| Exceeding six months | 40,000 | 1,801,400 | 40,000 | 2,038,900 |
| Less: Provision for Doubtful Debs | 40,000 | 1,801,400 | 40,000 | 2,038,900 |
| | 1,465,315 | 65,990,461 | 2,441,100 | 124,428,970 |
| SCHEDULE '5' | | | | |
| CASH AND BANK BALANCES | | | | |
| Bank Balances | | | | |
| With non-scheduled Banks : | | | | |
| - in Current Accounts | 843,147 | 37,971,125 | 927,426 | 47,273,230 |
| - in Call Accounts | 314,292 | 14,154,140 | 50,766 | 2,587,659 |
| | 1,157,439 | 52,125,265 | 978,192 | 49,860,889 |
| SCHEDULE '6' | | | | |
| LOANS AND ADVANCES | | | | |
| (Unsecured ,Considered good) | | | | |
| Advances recoverable in cash or in kind or for value to be received | 51,650 | 2,326,058 | 75,983 | 3,873,048 |
| Sundry deposits | 20,514 | 923,848 | 20,514 | 1,045,650 |
| Income Tax | 269,000 | 12,114,415 | 99,357 | 5,064,458 |
| | 341,164 | 15,364,321 | 195,854 | 9,983,156 |
| SCHEDULE '7' | | | | |
| CURRENT LIABILITIES | | | | |
| Sundry Creditors* | 2,250,141 | 101,335,100 | 2,544,407 | 129,694,790 |
| Advance received from customers | 10,500 | 472,868 | 43,620 | 2,223,421 |
| *including dues to holding company- (USD1,403,077; Previous year 1,340,469) | | | | |
| | 2,260,641 | 101,807,968 | 2,588,027 | 131,918,211 |



| SCHEDULE FORMING PART OF PROFIT & LOSS ACCOUNT | | | | |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2010 | For the year ended March 31, 2010 | For the year ended March 31, 2009 | For the year ended March 31, 2009 |
| | US Dollars | Indian Rupees | US Dollars | Indian Rupees |
| SCHEDULE '8' | | | | |
| OTHER INCOME | | | | |
| Interest Received | 5,175 | 244,791 | 4,270 | 198,718 |
| | 5,175 | 244,791 | 4,270 | 198,718 |
| SCHEDULE '9' | | | | |
| EMPLOYEE COSTS | | | | |
| Salaries | 3,676,216 | 173,894,575 | 5,361,662 | 249,536,583 |
| Welfare | 192,852 | 9,122,401 | 265,714 | 12,366,562 |
| | 3,869,068 | 183,016,976 | 5,627,376 | 261,903,145 |
| SCHEDULE '10' | | | | |
| OPERATING AND ADMINISTRATIVE EXPENSES | | | | |
| Travelling & Conveyance | 305,446 | 14,448,390 | 273,605 | 12,733,833 |
| Communication | 68,619 | 3,245,857 | 82,488 | 3,839,050 |
| Power | 9,076 | 429,318 | 9,332 | 434,300 |
| Insurance | 29,015 | 1,372,485 | 66,345 | 3,087,777 |
| Rent | 203,317 | 9,617,423 | 210,747 | 9,808,339 |
| Rate & Taxes | 25,438 | 1,203,284 | 15,617 | 726,833 |
| Professional Fees | 118,979 | 5,628,016 | 159,408 | 7,418,975 |
| Software Programming, Consultancy and Support Charges | 3,947,905 | 186,746,171 | 5,618,569 | 261,493,246 |
| Auditors' Remuneration | | | | |
| Audit Fees | 8,000 | 378,421 | 8,000 | 372,327 |
| Service Tax | 1,000 | 47,303 | 1,000 | 46,541 |
| | 9,000 | 425,724 | 9,000 | 418,868 |
| Repairs and Maintenance: | | | | |
| Plant & Machinery | 87,772 | 4,151,844 | 58,219 | 2,709,561 |
| Others | 12,132 | 573,875 | 13,653 | 635,441 |
| | 99,904 | 4,725,719 | 71,872 | 3,345,002 |
| Provision for Doubtful Debts | - | - | 22,500 | 1,047,170 |
| Miscellaneous Expenses | 65,235 | 3,085,738 | 60,049 | 2,794,752 |
| | 4,881,934 | 230,928,125 | 6,599,532 | 307,148,145 |

SCHEDULE "11"

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES:

General:

The financial statements are prepared on the basis of the historical cost convention, in accordance with the applicable accounting standards and on the principles of a going concern. All expenses and income to the extent ascertainable with reasonable certainty are accounted for on accrual basis.

Use of estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Principles (GAAP) and Accounting Standards (AS) require the management to make estimates and assumptions that affect the reported income and expenses during the reported period and the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements has been made relying on these estimates. Actual results may differ from these estimates. Any revision to the accounting estimates is recognized prospectively.

Revenue Recognition:

Income from software development, customer support services and Consulting are recognised in accordance with the terms of contract. Revenue from fixed price contracts with milestone billings and fixed time frame contracts are recognized as per the proportionate completion method.

Fixed Assets and Depreciation / Amortisation:

Fixed assets are stated at cost of acquisition less accumulated depreciation/amortisation. Depreciation/amortisation is provided using the straight-line method over the estimated useful life as under :

| Description of Assets | Estimated useful life |
|-----------------------|-----------------------|
| Computers | 3 years |
| Furniture & Fixtures | 3 years |
| Plant & Machineries | 5 years |
| Goodwill * | 10 years |

* Note :

Goodwill arising on purchase of business by the Company (representing the cost of business acquisition in excess of the fair value assigned to the net tangible assets acquired).

The company assesses at each balance sheet date whether there is any indication that any assets may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the amount of such impairment loss is charged to profit and loss account. If at the balance sheet date, there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and asset is restated to that effect.

Taxation:

Provision for tax is made on the basis of the estimated taxable income for the current accounting year in accordance with the relevant Income Tax laws of United States of America. The deferred tax for timing difference is accounted for, based on the tax rules and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax assets arising out from the timing differences are recognized to the extent there is virtual/reasonable certainty that these would be realized in future.

Borrowing Costs

Borrowing costs directly attributable to acquisition, construction and production of qualifying assets are capitalized as a part of the cost of such asset up to the date of completion. Other borrowing costs are charged to the Profit and Loss Account.



Provisions, contingent liabilities and contingent assets:

A provision is made based on reliable estimate when it is possible that an outflow of resources embodying economic benefit will be required to settle an obligation. Contingent liabilities, unless the possibility of outflow of resources embodying economic benefit is remote, are disclosed by way of notes to accounts. Contingent assets are not recognized or disclosed in the financial statement.

NOTES ON ACCOUNTS:

2. Segment Reporting :

Pursuant to Accounting Standard 17 on "Segment Reporting" issued by the Companies (Accounting Standards) Rules, 2006, the Company has only one reportable segment viz. Software Services & Development.

3. Earnings Per Share:

| | For the year ended March 31, 2010 | For the year ended March 31, 2010 | For the year ended March 31, 2009 | For the year ended March 31, 2009 |
|---|--|--|---|---|
| Profit /(Loss) attributable to the Shareholders | USD (419,444) | Rs. (19,597,973) | USD (427,781) | Rs. (26,694,514) |
| Weighted average number of Equity Shares outstanding during the year (Nos.) | 1,585,000 | 1,585,000 | 1,585,000 | 1,585,000 |
| Nominal Value of Equity Shares | USD 0.01 | Rs. 0.45 | USD 0.01 | Rs. 0.51 |
| Basic and Diluted Earnings Per Share | USD (0.26) | Rs. (12.36) | USD (0.27) | Rs. (16.84) |

4. Disclosure in respect of Related Party pursuant to Accounting Standard 18 are as under:

A. List of Related Parties:

(1) Parties where control exists:

Holding Company

CyberTech Systems and Software Ltd., India

(2) Other Parties with whom the company has entered into transactions during the year

(i) Associates

CyberTech Systems Inc., USA

(ii) Fellow Subsidiary

CyberTech Middle East W.L.L., Bahrain

(iii) Key Management Personnel

Mr.Viswanath Tadimety - Director

Mr.Steven Jeske - Director

Mrs. Sukhada Tadimety- Director (upto August 31, 2009)

B. Transactions entered with Related Parties in the ordinary course of business:

| Particulars | Referred in (A)(1) above USD | Referred in(A)(1) above RS. | Referred in (A)(2)(i) above USD | Referred in (A)(2)(i) above RS. | Referred in (A)(2)(iii) above USD | Referred in (A)(2)(iii) above RS. |
|-----------------------------------|------------------------------------|-------------------------------------|---------------------------------------|---------------------------------------|---|---|
| 1) Expenses | 2,616,071 (2764,905) | 120,646,653 (128,681,167) | - (-) | - (-) | 281,458 (438,285) | 13,313,713 (20,397,783) |
| 2) Guarantees Provided | - (539,507) | - (275,00,000) | - (-) | - (-) | - (-) | - (-) |
| Outstanding as at the year end | | | | | | |
| 3) Payable | 1,403,077 (1,340,469) | 63,187,573 (68,327,056) | 21,257 (23,668) | 957,330 (1,206,438) | 11,250 (12,292) | 506,644 (626,537) |
| 4) Guarantees Provided | - (539,507) | - (275,00,000) | - (-) | - (-) | - (-) | - (-) |

Note:

- Related party relationship is as identified by the Company and relied upon by the Auditors.
 - No amounts have been written off/ back and provided for in respect of the related party during the year.
 - Figures in bracket represent previous year figures.
- In view of provisions of carried backward of losses under US tax laws, the Company is entitled to about USD 187,797 (Rs.883,286) and the same has been recognised by the Company during the year.
 - In the opinion of the Management, Current Assets, Loans and Advances (including Capital Advances) have a value on realisation in the ordinary course of business, atleast equal to the amount at which they are stated. Provision for depreciation and all known liabilities is adequate and not in excess of the amount reasonably necessary.
 - The accounts of certain Sundry Debtors, Sundry Creditors and Advances are subject to confirmation/reconciliation and adjustments, if any. The Management does not expect any material difference affecting the current year's financial statements.
 - Operating Lease:

| | For the year ended March 31, 2010 (USD) | For the year ended March 31, 2010 (Rs.) | For the year ended March 31, 2009 (USD) | For the year ended March 31, 2009 (Rs.) |
|--|--|--|--|--|
| Future minimum lease payments under non-cancelable operating leases | | | | |
| Not later than 1 year | - | - | 159,730 | 7,433,834 |
| Later than 1 year and not later than 3 years | - | - | 270,327 | 12,581,019 |

- Additional information under Part II of schedule VI of the Companies Act, 1956. The services rendered by the company cannot be expressed in any generic unit and hence, it is not possible to give the quantitative details of sales.
- Previous year's figures have been re-grouped/re-arranged wherever necessary to conform to the current years classification/presentation.

For and on behalf of the Board of Directors

Place : Oakbrook, USA
Dated : May 21, 2010

Steven Jeske
Director

DIRECTORS' REPORT

To the Shareholders of CyberTech Middle East W.L.L. (Bahrain)

Your Directors are pleased to present this Report on the business and operations of your Company together with the audited Statement of Accounts of the Company for the year ended March 31, 2010.

COMPANY FINANCIAL RESULTS

BAHRAIN DINARS

| | 2009-10 | 2008-09 |
|--|-----------------|----------|
| Gross Revenue | 272,662 | 800,000 |
| Profit/(Loss) before Interest and Depreciation | (44,926) | (45,950) |
| Interest | 78 | - |
| Depreciation | 5,582 | 1,655 |
| Profit/(Loss) for the year | (50,586) | (47,605) |
| Profit/(Loss) b/f from previous year | (47,605) | - |
| Profit/(Loss) carried to Balance Sheet | (98,191) | (47,605) |

CyberTech Middle East ("CME") is a joint venture company that was formed to exploit opportunities in the Middle East market, specifically Bahrain. A small investment was made and it was anticipated that growth would potentially be slow. The Company was formed to take advantage of several specific business opportunities primarily around Geo-solutions and other GIS and custom technologies. The Company also promotes work to be performed offshore by CyberTech Systems and Software Limited.

CyberTech Middle East WLL has been able to establish its credentials and has been successful in starting to slowly develop this business locally. It is now identifying other business opportunities in the Middle East in conjunction with several of our business partners. We expect Bahraini and Middle East secular growth to continue to be slow at least for the next several years as governments balance their budgets.

DIRECTORS

The company is governed by its Board of Directors. Currently the directors are:

Mr. Viswanath Tadimety, Mr. Pankaj Sehgal and Mr. Steven Jeske.

Registered Office

5th Floor, Alia Building, Diplomatic Area
Manama, Kingdom Of Bahrain.

For and on behalf of the Board of Directors

Viswanath Tadimety
Chairman

Place : Thane.

Dated : August 4, 2010.

AUDITORS' REPORT

To the members

CYBERTECH MIDDLE EAST W.L.L., (BAHRAIN)

1. We have audited the attached Balance Sheet of CYBERTECH MIDDLE EAST W.L.L., (BAHRAIN) as at March 31, 2010 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.
2. We conducted our audit in accordance with the 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 misstatement. 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.
3. 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 it appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory accounting standards issued by Companies (Accounting Standards) Rules, 2006, to the extent applicable;
 - (e) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with "Significant Accounting Policies and Notes on Financial Statements" in Schedule 12 and other notes appearing elsewhere in the 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 March 31, 2010;
 - ii) in the case of the Profit & Loss Account, of the Loss of the Company for the year ended as on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended as on that date.

For **LODHA & CO.**
Chartered Accountants

R. P. Baradiya
Partner
(Membership No. 44101)
(Firm Regn No. 301051E)

Place : Mumbai

Date : 29th July, 2010



BALANCE SHEET AS AT MARCH 31, 2010

| | SCHEDULE | As at March 31, 2010 | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2009 |
|---|----------|----------------------------|----------------------------|----------------------------|----------------------------|
| | | Bahrain Dinars | Indian Rupees | Bahrain Dinars | Indian Rupees |
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 1 | 115,300 | 13,769,587 | 40,000 | 5,513,820 |
| Share Application Money | | - | - | 7,471 | 1,029,795 |
| Reserves & Surplus | 2 | - | 814,552 | - | (344,316) |
| Loan Funds | | | | | |
| Secured Loans | 3 | 4,558 | 544,267 | - | - |
| | | 119,858 | 15,128,406 | 47,471 | 6,199,299 |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | 4 | | | | |
| Gross Block | | 39,965 | 4,772,780 | 31,977 | 4,407,856 |
| Less: Depreciation | | 7,236 | 864,151 | 1,655 | 215,700 |
| Net Block | | 32,729 | 3,908,629 | 30,322 | 4,192,156 |
| Current Assets, Loans and Advances | | | | | |
| Sundry Debtors | 5 | 150,248 | 17,943,217 | 544,563 | 75,065,463 |
| Cash and Bank Balances | 6 | 11,124 | 1,328,430 | 2,989 | 412,052 |
| Loans and Advances | 7 | 3,785 | 452,020 | 1,000 | 137,846 |
| | | 165,157 | 19,723,667 | 548,552 | 75,615,361 |
| Less: Current Liabilities and Provisions | | | | | |
| Current Liabilities | 8 | 176,219 | 21,044,781 | 579,008 | 79,813,580 |
| Net Current Assets/(Liabilities) | | (11,062) | (1,321,114) | (30,456) | (4,198,219) |
| Profit and Loss Account | | 98,191 | 12,540,891 | 47,605 | 6,205,362 |
| (As per Annexed Accounts) | | 119,858 | 15,128,406 | 47,471 | 6,199,299 |

Schedules referred to above form an integral part of the Financial Statements

12

As per our attached report of even date

For Lodha & Co.

Chartered Accountants

R.P. Baradiya

Partner

Place : Mumbai

Dated : July 29, 2010

For and on behalf of the Board of Directors

Steven Jeske

Director

Place : Oakbrook, USA

Dated : July 21, 2010

| PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010 | | | | | |
|--|----------|-----------------------------------|-----------------------------------|--|--|
| | SCHEDULE | For the year ended March 31, 2010 | For the year ended March 31, 2010 | For the period August 18,2008 March 31, 2009 | For the period August 18,2008 March 31, 2009 |
| | | Bahrain Dinars | Indian Rupees | Bahrain Dinars | Indian Rupees |
| INCOME | | | | | |
| Income from: | | | | | |
| Software Development and Services (Refer Note No. 7 in schedule 12) | | 272,662 | 34,345,571 | 800,000 | 104,281,200 |
| | | 272,662 | 34,345,571 | 800,000 | 104,281,200 |
| EXPENDITURE | | | | | |
| Purchases | | 158,270 | 19,936,206 | 800,000 | 104,281,200 |
| Employee costs | 9 | 50,342 | 6,341,314 | 6,660 | 868,200 |
| Operating and Administrative expenses | 10 | 108,976 | 13,727,131 | 39,290 | 5,121,462 |
| Depreciation/Amortisation | | 5,582 | 666,624 | 1,655 | 215,700 |
| Interest | 11 | 78 | 9,825 | - | - |
| | | 323,248 | 40,681,100 | 847,605 | 110,486,562 |
| Profit/(Loss) for the year | | (50,586) | (6,335,529) | (47,605) | (6,205,362) |
| Profit/(Loss) brought forward | | (47,605) | (6,205,362) | - | - |
| Loss carried forward to Balance Sheet | | (98,191) | (12,540,891) | (47,605) | (6,205,362) |
| Earnings per share- Basic and Diluted | | (86.03) | (10,775) | (191.96) | (25,022) |

Schedules referred to above form an integral part of the Financial Statements

12

As per our attached report of even date

For Lodha & Co.

Chartered Accountants

R.P. Baradiya

Partner

Place : Mumbai

Dated : July 29, 2010

For and on behalf of the Board of Directors

Steven Jeske

Director

Place : Oakbrook, USA

Dated : July 21, 2010



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

| | | For the year ended March 31, 2010 | | For the period August 18, 2008 to March 31, 2009 | |
|-----------|---|--------------------------------------|---------------|--|---------------|
| | | Bahrain Dinars | Indian Rupees | Bahrain Dinars | Indian Rupees |
| A. | Cash flow from Operating activities | | | | |
| | Net Profit(Loss) before tax and exceptional items : | (50,586) | (6,335,529) | (47,605) | (6,205,362) |
| | Adjustments for : | | | | |
| | Depreciation | 5,582 | 666,624 | 1,655 | 215,700 |
| | Effect of exchange rate change | - | (178,187) | - | (344,236) |
| | | 5,582 | 488,437 | 1,655 | (128,536) |
| | Operating profit before Working Capital changes | (45,004) | (5,847,092) | (45,950) | (6,333,898) |
| | Adjustments for : | | | | |
| | Decrease/(Increase) in Trade & other receivables | 391,529 | 56,808,072 | (545,563) | (75,203,309) |
| | Increase/(Decrease) Trade payables | (402,789) | (58,768,799) | 579,008 | 79,813,580 |
| | | (11,260) | (1,960,727) | 33,445 | 4,610,271 |
| | Cash used in operations | (56,264) | (7,807,819) | (12,505) | (1,723,627) |
| | Net cash used in operating activities | (56,264) | (7,807,819) | (12,505) | (1,723,627) |
| B. | Cash flow from investing activities | | | | |
| | Increase in Share Capital | 67,829 | 7,225,972 | 40,000 | 5,513,820 |
| | Share Application Money received | - | - | 7,471 | 1,029,745 |
| | Increase in Unsecured Loans | 4,558 | 544,267 | - | - |
| | Purchase of fixed assets | (7,988) | 953,958 | (31,977) | (4,407,886) |
| | Net cash from investing activities | 64,399 | 8,724,197 | 15,494 | 2,135,679 |
| C. | Cash flow from financing activities : | | | | |
| | Net cash used in financing activities | - | - | - | - |
| | Net increase/(Decrease) in cash & cash equivalents (A+B+C) | 8,135 | 916,378 | 2,989 | 412,052 |
| | Cash & cash equivalents (Opening) | 2,989 | 412,052 | - | - |
| | Cash & cash equivalents (Closing) | 11,124 | 1,328,430 | 2,989 | 412,052 |
| | | 8,135 | 916,378 | 2,989 | 412,052 |

Note

- Cash and Cash equivalents includes :
 - Balance with Scheduled Banks in Current Accounts 11,124 1,328,430 2,989 412,052
 - The above Cash Flow Statement has been prepared using the Indirect Method prescribed by the Accounting Standards (AS) 3" Cash Flow Statements"
 - The previous years' figures have been regrouped/rearranged wherever necessary.
- As per our attached report of even date

For Lodha & Co.

Chartered Accountants

(R.P. Baradiya)

Partner

Place : Mumbai

Dated : July 29, 2010

For and on behalf of the Board of Directors

Steve Jeske

Director

Place : Oakbrook

Dated : July 21, 2010

| SCHEDULES FORMING PART OF THE BALANCE SHEET | | | | |
|---|--------------------------------------|-------------------|--|---------------|
| | For the year ended March 31, 2010 | | For the period August 18, 2008 to March 31, 2009 | |
| | Bahrain Dinars | Indian Rupees | Bahrain Dinars | Indian Rupees |
| SCHEDULE '1' SHARE CAPITAL | | | | |
| Authorised 3000 (Previous period 400) Common Stock of BD 100 each. | 300,000 | 35,827,200 | 40,000 | 5,513,820 |
| Issued, Subscribed and Paid-up 1153 (Previous period 400) Common Stock of 100 each; fully paid up 634 shares (Previous period 220 shares) held by CyberTech Systems and Software Limited, India, Holding Company) | 115,300 | 13,769,587 | 40,000 | 5,513,820 |
| SCHEDULE '2' RESERVES AND SURPLUS | | | | |
| Foreign Currency Translation Reserve | - | 814,552 | - | (344,316) |
| | - | 814,552 | - | (344,316) |
| SCHEDULE '3' SECURED LOANS | | | | |
| Vehicle Loan from Bank (Secured by way of hypothecation of vehicles purchase there against) | 4,558 | 544,267 | - | - |
| | 4,558 | 544,267 | - | - |



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE '4 FIXED ASSETS

(Amount in Bahrain Dinars)

| DESCRIPTION | GROSS BLOCK (At Cost) | | | DEPRECIATION | | | NET BLOCK | |
|---------------------------|-----------------------|---------------------------|---|----------------------|---------------------|--------------|---------------------|----------------------|
| | As at April 1, 2009 | Additions during the year | Deductions/ Adjustments during the year | As at March 31, 2010 | As at April 1, 2009 | For the year | Upto March 31, 2010 | As at March 31, 2010 |
| Computers | 887 | 1,284 | - | 2,171 | 113 | 387 | 500 | 1,671 |
| Office Equipments | 1,512 | - | - | 1,512 | 109 | 319 | 428 | 1,084 |
| Furniture & Fixtures | 21,578 | - | - | 21,578 | 899 | 2,158 | 3,057 | 18,521 |
| Motor Vehicle | 8,000 | 6,704 | - | 14,704 | 533 | 2,718 | 3,251 | 11,453 |
| Current Year Total | 31,977 | 7,988 | - | 39,965 | 1,654 | 5,582 | 7,236 | 32,729 |
| Previous period | - | 31,977 | - | 31,977 | - | 1,655 | 1,655 | 30,322 |

FIXED ASSETS

(Amount in Indian Rupees)

| DESCRIPTION | GROSS BLOCK (At Cost) | | | DEPRECIATION | | | NET BLOCK | |
|---------------------------|-----------------------|---------------------------|---|----------------------|---------------------|----------------|---------------------|----------------------|
| | As at April 1, 2009 | Additions during the year | Deductions/ Adjustments during the year | As at March 31, 2010 | As at April 1, 2009 | For the year | Upto March 31, 2010 | As at March 31, 2010 |
| Computers | 122,240 | 153,340 | 16,310 | 259,270 | 14,730 | 46,217 | 59,712 | 199,558 |
| Office Equipments | 208,422 | - | 27,853 | 180,569 | 14,252 | 38,096 | 51,113 | 129,456 |
| Furniture & Fixtures | 2,974,430 | - | 397,499 | 2,576,931 | 117,197 | 257,717 | 365,079 | 2,211,852 |
| Motor Vehicle | 1,102,764 | 800,618 | 147,372 | 1,756,010 | 69,521 | 324,594 | 388,247 | 1,367,763 |
| Current Year Total | 4,407,856 | 953,958 | 589,034 | 4,772,780 | 215,700 | 666,624 | 864,151 | 3,908,629 |
| Previous period | - | 4,407,856 | - | 4,407,856 | - | 215,700 | 215,700 | 4,192,156 |

| SCHEDULES FORMING PART OF THE BALANCE SHEET | | | | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| | As at March 31, 2010 | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2009 |
| | Bahrain Dinars | Indian Rupees | Bahrain Dinars | Indian Rupees |
| SCHEDULE '5' SUNDRY DEBTORS (Unsecured) Debts outstanding for less than six months (includes unbilled revenue BHD 150,248 ; Previous period BHD 161,407) | 150,248 | 17,943,217 | 544,563 | 75,065,463 |
| | 150,248 | 17,943,217 | 544,563 | 75,065,463 |
| SCHEDULE '6' CASH AND BANK BALANCES Bank Balances With non-scheduled Banks : - in Current Accounts | 11,124 | 1,328,430 | 2,989 | 412,052 |
| | 11,124 | 1,328,430 | 2,989 | 412,052 |
| SCHEDULE '7' LOANS AND ADVANCES (Unsecured, Considered good unless otherwise stated) Advances recoverable in cash or in kind or for value to be received Sundry Deposits | 3,785 | 452,020 | - | - |
| | - | - | 1,000 | 137,846 |
| | 3,785 | 452,020 | 1,000 | 137,846 |
| SCHEDULE '8' CURRENT LIABILITIES Sundry Creditors *including dues to holding company- (BHD 13,302 ; Previous period BHD 7,184) | 176,219 | 21,044,781 | 579,008 | 79,813,580 |
| | 176,219 | 21,044,781 | 579,008 | 79,813,580 |



| SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT | | | | |
|---|--|--|---|---|
| | For the year ended March 31, 2010 | For the year ended March 31, 2010 | For the period August 18, 2008 to March 31, 2009 | For the period August 18, 2008 to March 31, 2009 |
| Bahrain Dinars | Bahrain Dinars | Indian Rupees | Bahrain Dinars | Indian Rupees |
| SCHEDULE '9' | | | | |
| EMPLOYEE COSTS | | | | |
| Salaries | 47,049 | 5,926,516 | 6,571 | 856,540 |
| Welfare | 3,293 | 414,798 | 89 | 11,660 |
| | 50,342 | 6,341,314 | 6,660 | 868,200 |
| SCHEDULE '10' | | | | |
| OPERATING AND ADMINISTRATIVE EXPENSES | | | | |
| Travelling & Conveyance | 12,148 | 1,530,258 | 9,788 | 1,275,848 |
| Communication | 4,693 | 591,210 | 1,747 | 227,745 |
| Power | 756 | 95,237 | 542 | 70,589 |
| Rent | 11,300 | 1,423,390 | 3,200 | 417,125 |
| Professional Fees | 6,221 | 783,648 | 4,700 | 612,652 |
| Software Programming, Consultancy and Support Charges | 55,617 | 7,005,723 | 13,616 | 1,774,918 |
| Insurance | 480 | 60,463 | - | - |
| Auditors' Remuneration: | | | | |
| Audit Fees | 400 | 50,385 | 345 | 44,971 |
| Service Tax | 41 | 5,165 | 36 | 4,693 |
| | 441 | 55,550 | 381 | 49,664 |
| Repairs and Maintenance: | | | | |
| Plant & Machinery | 1,106 | 139,388 | 114 | 14,864 |
| Others | 2,283 | 287,575 | - | - |
| | 3,389 | 426,963 | 114 | 14,864 |
| Miscellaneous Expenses | 13,930 | 1,754,689 | 5,202 | 678,057 |
| | 108,976 | 13,727,131 | 39,290 | 5,121,462 |
| SCHEDULE '11' | | | | |
| INTEREST | | | | |
| Interest on Term Loans | 78 | 9,825 | - | - |
| | 78 | 9,825 | - | - |

SCHEDULE "12"**NOTES TO THE ACCOUNTS****SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF THE ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES:****General:**

The financial statements are prepared on the basis of the historical cost convention, in accordance with the applicable accounting standards and on the principles of a going concern. All expenses and income to the extent ascertainable with reasonable certainty are accounted for on accrual basis.

Use of estimates

The preparation of financial statements in conformity with Indian Generally Accepted Accounting Principles (GAAP) and Accounting Standards (AS) require the management to make estimates and assumptions that affect the reported income and expenses during the reported period and the reported amounts of assets and liabilities and disclosure of contingent liabilities as of the date of the financial statements. The recognition, measurement, classification or disclosure of an item or information in the financial statements has been made relying on these estimates. Actual results may differ from these estimates. Any revision to the accounting estimates is recognized prospectively.

Revenue Recognition:

Income from software development, customer support services and Consulting are recognised in accordance with the terms of contract. Revenue from fixed price contracts with milestone billings and fixed time frame contracts are recognized as per the proportionate completion method.

Fixed Assets and Depreciation / Amortisation:

Fixed assets are stated at cost of acquisition less accumulated depreciation/amortisation. Depreciation/amortisation is provided using the straight-line method over the estimated useful life as under :

| Description of Assets | Estimated useful life |
|-----------------------|-----------------------|
| Computers | 4 years |
| Equipments | 5 years |
| Vehicles | 5 years |
| Furniture & Fixtures | 10 years |

The company assesses at each balance sheet date whether there is any indication that any assets may be impaired. If any such indication exists, the carrying value of such assets is reduced to its recoverable amount and the amount of such impairment loss is charged to profit and loss account. If at the balance sheet date, there is any indication that a previously assessed impairment loss no longer exists, then such loss is reversed and asset is restated to that effect.

Taxation:

Provision for tax is made on the basis of the estimated taxable income for the current accounting year in accordance with the relevant Income Tax laws of Kingdom of Bahrain. The deferred tax for timing difference is accounted for, based on the tax rules and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax assets arising out from the timing differences are recognized to the extent there is virtual/reasonable certainty that these would be realized in future.

Borrowing Costs

Borrowing costs directly attributable to acquisition, construction and production of qualifying assets are capitalized as a part of the cost of such asset up to the date of completion. Other borrowing costs are charged to the Profit and Loss Account.

Provisions, contingent liabilities and contingent assets:

A provision is made based on reliable estimate when it is possible that an outflow of resources embodying economic benefit will be required to settle an obligation. Contingent liabilities, unless the possibility of outflow of resources embodying economic benefit is remote, are disclosed by way of notes to accounts. Contingent assets are not recognized or disclosed in the financial statement.

NOTES ON ACCOUNTS:**2. Segment Reporting :**

Pursuant to Accounting Standard 17 on "Segment Reporting" issued by the Companies (Accounting Standards) Rules 2006, Company has only one reportable segment viz. Software Services & Development.



3. Earnings Per Share:

| | For the year ended March 31, 2010 | For the year ended March 31, 2010 | For the period August 18, 2008 to March 31, 2009 | For the period August 18, 2008 to March 31, 2009 |
|---|--------------------------------------|--------------------------------------|---|---|
| | BHD | Rs. | BHD | Rs. |
| Profit /(Loss) attributable to the Shareholders | (50,586) | (6,335,529) | (47,605) | (6,205,362) |
| Weighted average number of Equity Shares outstanding during the year (Nos.) | 588 | 588 | 248 | 248 |
| Nominal Value of Equity Shares | 100 | 11,942 | 100 | 13,785 |
| Basic and Diluted Earnings Per Share (Not Annualised) | (86.03) | (10,775) | (191.96) | (25,022) |

4. Disclosure in respect of Related Party pursuant to Accounting Standard 18 are as under:

A. List of Related Parties:

- (1) Parties where control exists:
Holding Company
CyberTech Systems and Software Ltd., India
- (2) Fellow Subsidiary
CyberTech Systems Inc., USA

B. Transactions entered with Related Parties in the ordinary course of business:

| Particulars | Referred in (A)(1) above | Referred in (A)(1) above |
|-----------------------------------|-----------------------------|-----------------------------|
| | BHD | RS. |
| 1) Expenses | 22,863 (7,184) | 2,879,908 (1,774,918) |
| 2) Outstanding as at the year end | | |
| Payable | 13,302 (7,184) | 1,588,632 (1,774,918) |

Note:

- i) Related party relationship is as identified by the Company and relied upon by the Auditors.
 - ii) No amounts have been written off/ back and provided for in respect of the related party during the year.
 - iii) Figures in bracket represent previous year figures.
5. In the opinion of the Management, Current Assets, Loans and Advances (including Capital Advances) have a value on realisation in the ordinary course of business, at least equal to the amount at which they are stated. Provision for depreciation and all known liabilities is adequate and not in excess of the amount reasonably necessary.
 6. The accounts of certain Sundry Debtors, Sundry Creditors and Advances are subject to confirmation/reconciliation and adjustments, if any, The Management does not expect any material difference affecting the current year's financial statements.
 7. Income from operations consists of **Rs.19,908,185** (Previous Period Rs.104,281,200) being sale of hardware and Software items as a part of composite IT projects at Bahrain.
 8. Additional information under Part II of schedule VI of the Companies Act, 1956. The services rendered by the company cannot be expressed in any generic unit and hence, it is not possible to give the quantitative details of sales.
 9. The previous period figures are for eight months. Hence, these figures are not comparable with those of current year figures which are for twelve months.
 10. Previous period's figures have been re-grouped/re-arranged wherever necessary to conform to the current year's classification/presentation.

For and on behalf of the Board of Directors

Place : Oakbrook, USA
Dated : July 21, 2010

Steve Jeske
Director



With a view to recognize and reward excellence in performance and contribution to the growth and well being of the Company by its employees, the Board of Directors has this year instituted a “MOST VALUABLE PERFORMER” of the year award for an employee for his/her outstanding contribution well beyond the expectation of the company from him/her.

The Board of Directors is pleased to announce that Mr. Ramasubramanian, General Manager – Accounts of the Company has been nominated as recipient of the award for the year 2009 – 10 for his excellent contribution in the areas of Strategic Planning, Budgeting and Forecasting and Taxation. Mr. Raman heads the Accounting function in the Company and also oversees the accounting and finance activities for the Group including its subsidiaries and joint ventures. He is a key member of the Management Team and has helped in various areas such as implementation and integration of accounting systems, financial management reporting and analysis. His experience has been invaluable in streamlining company's accounting policies and procedures, strengthening controls and facilitated relationships with Company's Auditors, Bankers, Lawyers and other Consultants.

Mr. Raman joined the Company in December, 1997 and over the years has grown to his present position. During his career with CyberTech spanning thirteen years has taken all challenges in his stride. His excellent teamwork has helped in developing his subordinates also thereby raising the standards for the entire department.

The Directors join all the company's employees, shareholders and others in applauding Mr. Raman for this well deserved recognition.



CyberTech Systems and Software Limited

Registered Office:
'CyberTech House', Plot No. B-63/64/65,
Road No. 21/34, J. B. Sawant Marg, MIDC,
Wagle Estate, Thane (West), 400 604.

PROXY FORM

I/We _____ of _____ in the district of _____ being a member / members of CyberTech Systems and Software Limited, appoint _____ of _____ in the district of _____ or failing him, _____ of _____ in the district of _____ as my / our proxy to vote for me / us and on my / our behalf at the Fifteenth Annual General Meeting of the Company to be held on Thursday the 30th day of September, 2010 at the Registered Office of the Company at 'CyberTech House', Plot No. B-63/64/65, Road No. 21/34, J. B. Sawant Marg, MIDC, Wagle Estate, Thane (West) 400604 at 3 p.m. and at any adjournment thereof.

❖ DP. ID: _____ Client ID : _____
Folio No.: _____
Signed this _____ day of _____ 2010

Revenue
Stamp

Note: This form duly completed should be deposited at the Registered Office of the Company before 48 hours of the meeting. Signature

❖ Applicable for investors holding shares in electronic form.



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ATTENDANCE SLIP

(Please complete the attendance slip and hand over at the entrance of the meeting hall)

I hereby record my presence at the Fifteenth Annual General Meeting of the Company to be held on Thursday, the 30th day of September, 2010 at the Registered Office of the Company at 'CyberTech House', Plot No. B-63/64/65, Road No. 21/34, J. B. Sawant Marg, MIDC, Wagle Estate, Thane (West), 400 604. at 3 p.m.

❖ DP. ID : _____ Client ID : _____
Folio No. : _____
Full Name of the Shareholder / Proxy _____

(In BLOCK letters)

Signature

Please bring this attendance slip to the Meeting.

❖ Applicable for investors holding shares in Electronic Form.

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BOOK POST



If undelivered, please return to:

'CyberTech House'

Plot No. B-63-65, Road No. 21/34, J. B. Sawant Marg, MIDC, Wagle Estate, Thane (W) - 400 604.

www.india.cybertech.com