



## **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 31<sup>st</sup> 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 : 4<sup>th</sup> 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](mailto: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

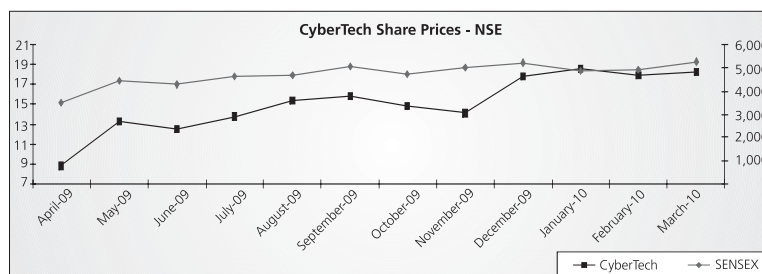
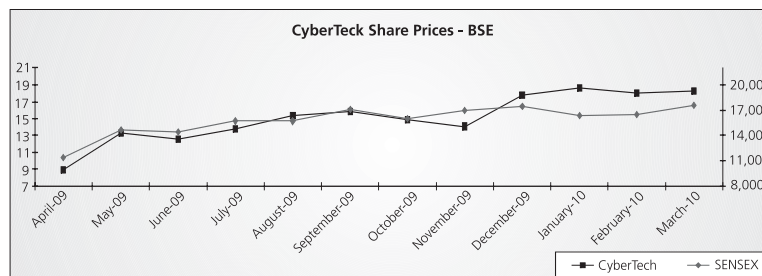
- (1) Quarterly results are also put on the website of the Company.
- (2) Newspapers wherein results normally published : Free Press Journal and Navashakti.
- (3) Any website, where displayed : <http://india.cybertech.com>
- (4) Whether it also displays official news release : Yes
- (5) The presentation 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.