

## CYBERTECH SYSTEMS AND SOFTWARE LIMITED

### 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 endeavour 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 eight-member Board is as follows:

1	Mr. Viswanath Tadimety	Non-Executive Chairman and Promoter Director
2	Mr. Anant Rajwade @	Independent Director
3	Mr. Sudhir Joshi	Independent Director
4	Mr. Rahul Ghosh#	Independent Director
5	Mr. M.P. Bharucha#	Non-Independent Director
6	Dr. Tapan Kumar Mukhopadhyay	Whole Time Director
7	Mr. Prakash Kenjale	Independent Director
8	Dr. Shreepad Karmalkar	Independent Director
9	Mr. Steven Jeske	Non-Executive and Non-Independent Director

@Retired as Director in 16<sup>th</sup> AGM on 30<sup>th</sup> September, 2011

# Appointed as Additional Director w.e.f. 30<sup>th</sup> September, 2011

During the period April 1, 2011 to March 31 2012, the Board met five times. Dates of the Board Meetings and attendance thereat are furnished hereunder:

Date of Board Meeting	May 27, 2011	August 12, 2011	September 30, 2011	November 11, 2011	February 6, 2012
Board Strength	7	7	6	8	8
No. of Directors Present	4	4	3	3	7

**Attendance of individual Directors at the Board Meetings and last AGM :**

Name of Director	No. of Board Meetings during year	No. of Board Meetings held	Attendance at last AGM
Mr. Viswanath Tadimety	5	3	Not Attended
Mr. Anant Rajwade	5	2	Not Attended
Mr. Sudhir Joshi	5	4	Attended
Mr. Prakash Kenjale	5	2	Not Attended
Mr. Steven Jeske	5	2	Attended
Mr. Rahul Ghosh	5	2	Not Attended
Mr. M.P. Bharucha	5	1	Not Attended
Dr. Shreepad Karmalkar	5	1	Not Attended
Dr. Tapan Kumar Mukhopadhyay	5	4	Attended

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

The Company held the first ever Video Conferencing meeting of Board of Directors on 6<sup>th</sup> February, 2012 and except Dr. Shreepad Karmalkar all Directors attended the said meeting through Video Conferencing.

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

Name of Director	PD/ID/WTD *	No. of other Directorship(s)*	Committee Membership ***	Committee Chairmanship ***
Mr.Viswanath Tadimety	PD	–	–	–
Mr. Sudhir Joshi	ID	–	–	–
Mr.Prakash Kenjale	ID	1	–	–
Dr. Shreepad Karmalkar	ID	–	–	–
Mr. M.P. Bharucha	NED/NID	2	–	–
Dr. Tapan Kumar Mukhopadhyay	WTD	1	1	–
Mr. Steven Jeske	NED/NID	–	–	–
Mr. Rahul Ghosh	ID	-	-	-

\*PD – Promoter Director, ID – Independent Director, WTD – Whole Time 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. Rahul Ghosh@	Member
3	Mr. Sudhir Joshi	Member/Chairman
4	Dr. Shreepad Karmalkar	Member

# Retired as Director in 16<sup>th</sup> AGM held on 30<sup>th</sup> September,2011.

@ Member w.e.f. 30<sup>th</sup> September,2011.

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. To oversee 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. Management discussion and analysis of financial condition and results of operations;
  - b. Matters required to be included 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
  - c. Changes, if any, in accounting policies and practices and reasons for the same
  - d. Major accounting entries involving estimates based on the exercise of judgment by management
  - e. Significant adjustments made in the financial statements arising out of audit findings
  - f. Compliance with listing and other legal requirements relating to financial statements
  - g. Disclosure of any related party transactions
  - h. 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 monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors and adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structural coverage and frequency of internal audit.
9. Discussion with internal auditors on any significant findings and follow up there on.

10. Reviewing the findings on matters of any internal investigations by the internal auditors 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 of 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.

Four Audit Committee Meetings were held during the Financial Year 2011-12 on May 27,2011, August 12,2011, November 11, 2011, and February 6, 2012. Attendance of the Directors was as follows :

Director	No. of Committee Meetings attended
Mr. Anant Rajwade	2
Mr. Sudhir Joshi	3
Mr. Rahul Ghosh	2
Dr. Shreepad Karmalkar	1

### Remuneration Committee

Composition of the Remuneration Committee

1	Mr. Anant Rajwade @	Chairman
2	Mr. Sudhir Joshi ##	Chairman
3	Mr. Viswanath Tadimety	Member
4	Dr. Shreepad Karmalkar	Member
5	Mr. M.P. Bharucha #	Member
6	Mr. Rahul Ghosh #	Member

@ Retired as Director in 16<sup>th</sup> AGM held on 30<sup>th</sup> September, 2011.

# Member w.e.f. 30<sup>th</sup> September,2011

## Chairman w.e.f. 30<sup>th</sup> September,2011

The functions of the Remuneration Committee are:

- to recommend to the Board of Directors remuneration payable to Executive Director/Whole Time Director.
- to ensure that a proper system of compensation is in place;
- to devise and recommend to the Board, a Scheme for granting stock 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.

During the year no meeting of Remuneration Committee was held.

**Details of remuneration paid to the Directors and Whole Time Directors for Financial Year 2011- 2012**

Name	Designation	Salary Rs.	Commission	Sitting fees Rs.	Total (Rs.)	Notice Period
Mr. Viswanath Tadimety	Chairman	Nil	Nil	60000	60000	Nil
Mr. Anant Rajwade	Director	Nil	150000	80000	230000	Nil
Mr. Prakash Kenjale	Director	Nil	100000	40000	140000	Nil
Mr. Steven Jeske	Director	Nil	Nil	40000	40000	Nil
Mr. Sudhir Joshi	Director	Nil	150000	160000	310000	Nil
Dr. Shreepad Karmalkar	Director	Nil	100000	40000	140000	Nil
Mr. Rahul Ghosh	Director	Nil	Nil	100000	100000	Nil
Mr. M.P. Bharucha	Director	Nil	Nil	20000	20000	Nil
Dr. Tapan Kumar Mukhopadhyay	Whole Time Director	1,288,051	Nil	Nil	1,288,051	3 Months

**Shareholders'/ Investors' Grievance Committee**

Present composition of the Investors' Grievance Committee is as under:

1	Mr. Sudhir Joshi #	Chairman
2	Mr. Steven Jeske	Member
3.	Mr. Anant Rajwade **	Member
4	Dr. Shreepad Karmalkar @	Member
5	Dr. Tapan Kumar Mukhopadhyay @	Member
6	Mr. Rahul Ghosh @	Member

# Appointed as a Chairman w.e.f. 30<sup>th</sup> September,2011.

@ Appointed as a member on 30<sup>th</sup> September,2011.

\*\* Retired as a Director in 16<sup>th</sup> AGM held on 30<sup>th</sup> September,2011.

One Investor Grievance Committee Meeting was held on 21.3.2012 during the Financial Year 2011-12 and attendance of the Directors thereat was as follows:

Director	Attended/Not Attended
Mr. Sudhir Joshi	Attended
Mr. Rahul Ghosh	Attended

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 2008-2009	FY 2009-2010	FY 2010-2011
Date & Time	September 30, 2009 3 P.M.	September 30, 2010 3 P.M.	September 30, 2011 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 September 30, 2009, no special resolution was passed.

On September 30, 2010, the following one special resolution was passed.

(1) Increase of Authorised Capital

On September 30, 2011, no special resolution was passed.

### 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 Whole Time 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 Whole time Director dated May 28,2012 which is to be included in Board's Report for F.Y.2011-12 was reviewed by Audit Committee in its meeting held on May 28, 2012.



**(8) Risk Management Policy**

The risk management practices adopted by the management ensure that management controls risks. During the F.Y. 2011-12 following two types of risks were reviewed by the Audit Committee/Board.

- a. Business Risk : On 28<sup>th</sup> May, 2012, Mr. Vishal Bargat, Mr. Ambadas Bhore and Mr. Shailesh Sampat and Mr. Steven Jeske gave presentation to the Board and updated the members about the Company's business Road Maps drawn by these BU heads for F.Y.2012-13 and its associated risks.
- b. Forex Risk : The company has adopted Forex Policy for management of forex risk which is implemented.

**(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.

**(10) Means of Communication**

- (a) Quarterly results are also put on the website of the Company.
- (b) Newspapers wherein results normally published: Free Press Journal in English and Navashakti in Marathi.
- (c) Any website, where displayed: [http:// india.cybertech.com](http://india.cybertech.com)
- (d) Whether it also displays official news release : Yes
- (e) The presentation made to institutional investors or to the analysts: No.

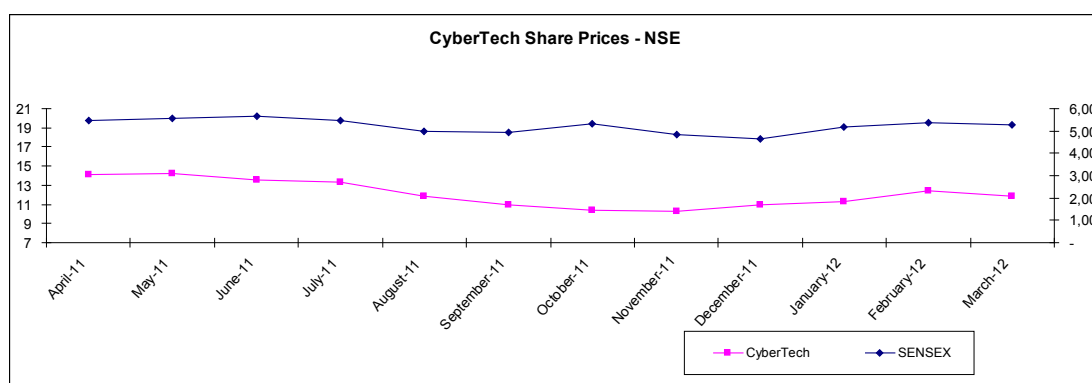
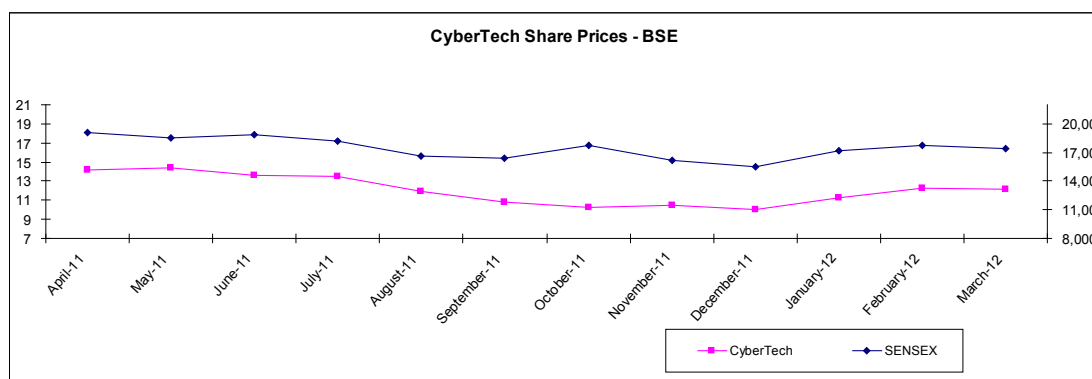
**(11) General Shareholder information:**

- a. AGM Date : September 28, 2012
- b. Time : 3 P.M.
- c. Venue : CyberTech House, MIDC, Wagle Industrial Estate, Thane-400 604
- d. Financial year : 2011-12
- e. Date of book closure : September 24, 2012 to September 28, 2012
- f. Dividend Payment: Dividend, if approved in the AGM shall be paid/credited on or after October 22, 2012
- g. Listing on Stock Exchanges and Code :
  - (i) The Bombay Stock Exchange Limited: 532173
  - (ii) National Stock Exchange of India Limited: CYBERTECH

h. Market Price Data : High, Low during each month in last financial year

Month	BSE		NSE	
	High	Low	High	Low
April 2011	15.85	12.51	15.90	12.65
May 2011	14.87	12.60	15.00	12.30
June 2011	16.00	13.40	16.30	12.80
July 2011	14.75	13.20	14.90	12.20
August 2011	13.52	11.10	13.50	11.00
September 2011	13.45	10.25	13.40	10.80
October 2011	11.55	10.10	11.45	10.00
November 2011	11.50	09.95	11.40	09.75
December 2011	11.45	09.80	11.90	09.50
January 2012	11.85	10.01	11.55	09.95
February 2012	14.00	11.00	14.15	10.95
March 2012	13.45	11.15	13.35	11.30

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



- i. 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.
- j. 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.

- k. Distribution of shareholding :  
Categories of Shareholders as on March 31, 2012

Category	No. of shares held	%
Foreign Promoter Company	650000	2.4555
Foreign Promoters	7805101	29.4851
Non Nationalised Banks	18	0.0001
Non Resident Indians	1107443	4.1836
NON RESIDENT NON REPATRIABLE	94988	0.3588
Relatives of Directors	88650	0.3349
Relatives of Directors(NRI)	967070	3.6533
FII's/FFI's	575	0.0022
Bodies Corporate(Domestic)	537244	2.0295
Foreign company	3900000	14.7329
Trusts	1300445	4.9127
Clearing members	99496	0.3759
Insurance Companies/FI's	48133	0.1818
Public	9872180	37.2938
Total	26471343	100.0000

Distribution of Shareholding as on March 31, 2012

No. of shares held	Shareholders		Nominal value	
	Number	%age	Rs.	%age
1 – 5000	9261	79.5414	14611380	5.5197
5001 – 10000	1081	9.2845	9069120	3.4260
10001 – 20000	594	5.1018	8899480	3.3619
20001 – 30000	210	1.8037	5259830	1.9870
30001 – 40000	97	0.8331	3437380	1.2985
40001 – 50000	87	0.7472	4105070	1.5508
50001 – 100000	132	1.1337	9285120	3.5076
100001 & above	181	1.5546	210046050	79.3485
Total	11643	100.0000	264713430	100.0000

- l Dematerialization of shares and liquidity: As on March 31, 2012 20,413,348 Equity Shares ( 77.11% of total equity shares) of the Company are held by the Shareholders in dematerialized form.
- m. 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.
- n. Plant Locations : Not applicable
- o. 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.