

Contents

| Sr. No. | Particulars | Page No. |
|---------|--|----------|
| 1 | Company Information | 2 |
| 2 | Financial Highlights..... | 3 |
| 3 | Chairman's Letter to Shareholders | 4 |
| 4 | Notice of Annual General Meeting | 8 |
| 5 | Directors' Report | 13 |
| 6 | Management Discussion & Analysis | 21 |
| 7 | Auditors' Certificate on Corporate Governance | 28 |
| 8 | Report on Corporate Governance | 29 |
| 9 | Auditors' Report | 35 |
| 10 | Balance Sheet | 38 |
| 11 | Profit and Loss Account | 39 |
| 12 | Cash Flow Statement | 40 |
| 13 | Schedules and Notes forming part of Balance Sheet and Profit and Loss Account | 42 |
| 14 | Auditors' Report on Consolidated Financial Statements | 59 |
| 15 | Consolidated Balance Sheet | 60 |
| 16 | Consolidated Profit and Loss Account | 61 |
| 17 | Consolidated Cash Flow Statement | 62 |
| 18 | Schedules and Notes forming part of Consolidated Balance Sheet and Profit and Loss Account | 64 |
| 19 | Statement pursuant to Section 212 | 77 |
| 20 | Accounts of Subsidiary Companies | 78 |



COMPANY INFORMATION

BOARD OF DIRECTORS

Viswanath Tadimety

Chairman

Anant Rajwade

Director

Ashok Datar

Director

Upto 24.8.2007

Arun Shah

Director

Prakash Kenjale

Director

Steven Jeske

Director

from 22.12.2007

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)

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W), Mumbai 400078.

REGISTERED OFFICE

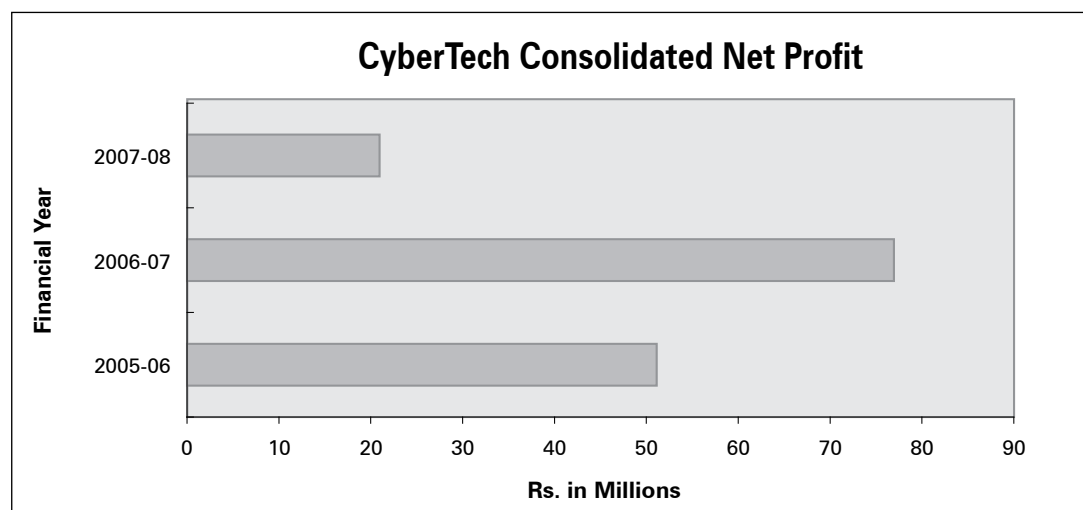
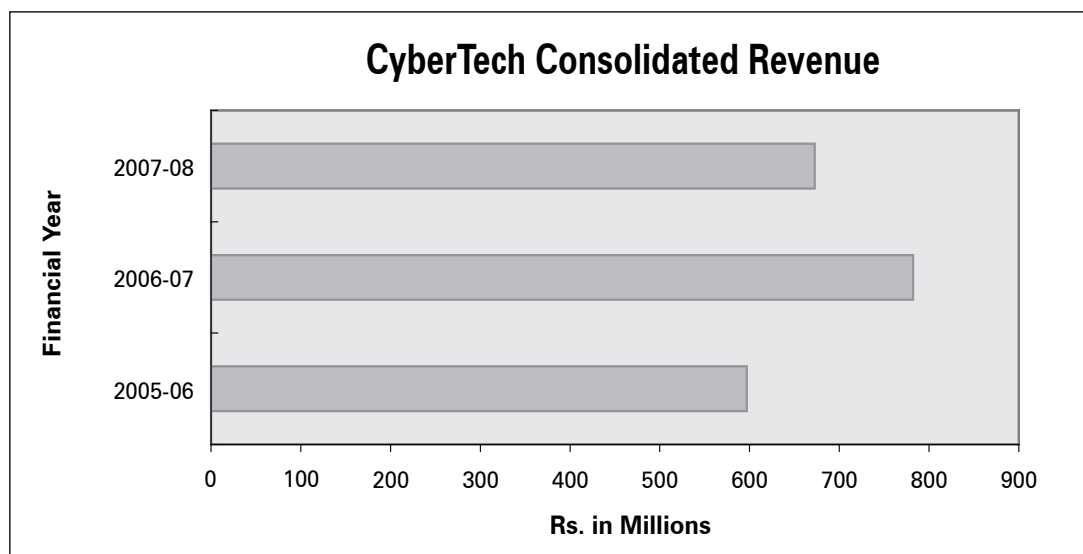
'CyberTech House,'

Plot No. B 63-65, Road No. 21/34
J. B. Sawant Marg, MIDC,
Wagle Estate, Thane (West) - 400604

FINANCIAL HIGHLIGHTS

(Rs. in Millions)

| | Consolidated | | | Standalone | | |
|--------------------------|--------------|---------|---------|------------|---------|---------|
| | 2007-08 | 2006-07 | 2005-06 | 2007-08 | 2006-07 | 2005-06 |
| Total Revenue | 672.54 | 782.26 | 596.88 | 219.70 | 217.14 | 100.49 |
| Net Profit | 20.96 | 76.95 | 51.13 | 29.03 | 70.51 | 44.10 |
| Net Worth | 469.47 | 464.88 | 405.47 | 469.03 | 447.56 | 386.96 |
| Earnings per Share (Rs.) | 0.79 | 3.10 | 2.20 | 1.10 | 2.84 | 1.90 |





Vish Tadimety

LETTER TO FELLOW SHAREHOLDERS

Dear Fellow Shareholders,

It gives me great pleasure to provide you with detailed information on the performance of our company for the financial year April 2007- March 2008. We achieved revenue of Rs. 673 Million for the year ending March 31st 2008 and a net profit of Rs. 20.96 Million. This compares negatively to our last fiscal year's (March 2007) performance of revenue of Rs. 782 Million and a profit of Rs. 76.95 Million. On a standalone basis, revenue has been more or less flat, at Rs. 220 Million versus Rs. 217 Million (March 2007) with a lesser earned income of Rs. 29.03 Million (versus Rs. 70.51 Million).

In this letter I will provide you a high level overview of the underlying reasons and also provide you a business update and my thoughts for the Company moving forward. Our underperformance for this year was due to one major reason; namely the rapid and unmanageable appreciation of the Indian Rupee, especially during the period April 2007 to December 2007. The Indian Rupee rapidly gained against the US \$, gaining approximately 15-18%. We follow a well planned foreign exchange hedging strategy, but during the period May 07-September 07 it was very difficult to almost impossible to buy short term hedges. We ended up taking it in stride and managed this volatile currency situation to the best extent. I will discuss further in this letter the exact rupee appreciation impact and provide you with the key metrics I look at on a regular basis.

In Q1 our performance was on par and comparable to the same quarter of preceding year, earning Rs. 10.8 Million. However, in Q2 we had a difficult client engagement that led to project related losses which reduced earnings to Rs. 2.3 Million. In Q3 we sold our interest in Corliant, Inc., our Joint Venture Company, and received US \$2,025,000 against our investment. This Joint Venture has been highly successful as we have performed several million dollars of profitable work over the term of the JV, and have now earned our investment back plus a profitable return. However, while we made money in US \$ terms from this investment, because of the rupee appreciation, we had to record a small loss of Rs 4.5L in the third quarter. In Q4 our performance was back to normal, earning Rs 16.2 Million. Our revenue for the year has increased in US \$ terms in spite of termination of the JV (with resultant reduction in revenue after October 2007), but, the appreciation of the Rupee against the USD has resulted in reduced revenue. I would like to note that we recorded a net loss of approximately Rs. 5.1 Million in foreign exchange appreciation excluding the JV investment (adjusted loss versus gain).

Our financial position has never been stronger and we enjoy a strong cash position. We continue to have no leverage and are completely debt free. We have seen a considerable improvement in the Company's financial strength and performance over the last 3 to 4 years. Our real estate assets in Thane and Mumbai have appreciated substantially and generate good income for the Company. As one of the largest shareholders in our Company, my utmost goal remains protecting and enhancing our shareholder value.

As I have stated in my past letters, our Company objectives continue to remain the same:

- a. Streamline and focus our Company to be more and more India oriented, win more offshore engagements,
- b. Utilize the Company's Real Estate capacity to its fullest extent,
- c. Resolve our complex tax challenges,
- d. Keep the Company debt free, unless financing productive assets, and
- e. Grow our business.

I am happy to report that we continue to make progress in each of these priority areas.

- The Company has completely transformed into an offshore model which is more cost effective and profitable. Except for the Public Sector business, all work continues to be offshore oriented.
- While our properties at Andheri and the excess capacity at Thane continue to generate revenue, our own use of the Thane property is also optimal.
- The Company continues to be debt free.
- The Directors have recommended a dividend of Re.1 per share (10% on the face value), for a 2nd year in a row.

We continue to enjoy the confidence of our customers resulting in opportunities of significant size. The continued support of our customers is an indication of their confidence in our cost effective delivery capabilities. The focus on quality of services has ensured continuous customer loyalty, success ratio of renewal of contracts from existing customers being higher than 90%. We have created a strong base for sustainable growth with deeper customer relationships and focus on offshore services.

Business Outlook

During the year 2007-2008, the Company's US Subsidiary recorded a modest increase in revenue in US \$ terms. However, we saw a significant reduction in revenue in Indian Rupee terms. CyberTech Systems and Software, Inc. continues to have success in our SAP and Geographic Information Systems (GIS) Practices. In the last few years we have done considerable work in the areas of SAP, GIS and the integration of both these complex systems. We see the work we have done over the years as highly replicable and we have started a major initiative to develop our Intellectual Property in this area. It is our intention to take these scalable solutions to market with a major focus. I expect an improved performance in the US if we can productize our Intellectual Property.

The US market condition continues to soften leading to great uncertainty in the IT markets. 100% of our revenue as of date is US generated. The Board of Directors discussed this problem and advised me to start planning and taking necessary steps for diversification. I am pleased to announce that as a part of this strategy, we have now formed CyberTech Middle East W.L.L., a Joint Venture Company in The Kingdom of Bahrain. Our JV partner is a well established Entrepreneur with deep relationships and client access. From the CyberTech perspective I have taken personal charge for this JV and plan to drive revenues with focus. Our capital commitment to this JV is minimal and I am glad to report that the pipeline is developing well.

We have also taken a decision to further develop India as a market. I am in the process of bringing onboard a sales team that will drive business in India and South East Asia. In both the Middle East and Asian Markets our focus will be to sell services where we have good



depth of expertise (i.e. SAP Solutions, GeoSolutions and Custom Business Applications). Our initial focus would be to leverage our Public Sector expertise and take to market solutions and products we have sold in the US. Growth of Company's revenue and profits will be my top priority for the foreseeable future. While we are focused on organic growth to increase top line, we will be looking for synergistic business combinations that are offshore oriented.

The Management team of the Company is able and focused. I am grateful to our ED, the Sales, Delivery and Financial Leaders of the Company for their unstinted support to our efforts to enhance shareholder value. We have always considered our employees to be our biggest asset and I wish to record my sincere appreciation to their dedicated efforts.

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 thank Mr. B.V. Goud, Special Advisor to the Chairman for his substantial help in many matters. I would like to thank my dedicated Board of Directors and our US investor representatives for their involvement, counsel and support. I also would like to 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 and wishing you the very best,

Vish Tadimety

Trevose, PA

August 1, 2008

MANAGEMENT TEAM



Viswanath Tadimety
Chairman & CEO



Steven Jeske
Director & Chief Financial
Officer (Group)



C.N. Rao
Executive Director



Ravi Rengan
President (Global Sales)



NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the members of **CyberTech Systems and Software Limited** will be held on Tuesday, the 30th day of September 2008, at the Registered Office of the Company at CyberTech House, Plot No. B – 63 - 65, Road No.21/34, J. B. Sawant Marg, MIDC, Wagle Estate, Thane (West) – 400 604 at 4.00 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, 2008 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. Anant Rajwade, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Arun Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. 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

6. To consider and if thought fit, to pass the following Resolution as an **ORDINARY RESOLUTION**:

"Resolved That Mr. Steven Lloyd Jeske, who was appointed as an Additional Director by the Board of Directors of the Company at its meeting held on December 22, 2007 and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member of the Company proposing his candidature to the office of a director, be and is hereby appointed as a Director to retire by rotation".

7. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"Resolved that pursuant to the provisions of Sections 268,309,310, 311 and other applicable provisions, if any of the Companies Act, 1956, approval be and is hereby granted for the increase of 10% effective from October 1, 2007, in the remuneration payable to Mr. C.N.Rao as the Executive Director, which was approved by the shareholders at the Twelfth Annual General Meeting of the Company, held on August 24, 2007.

Resolved further that approval be and is hereby granted for the payment of an additional incentive of 10% of the total compensation to Mr. C. N. Rao, Executive Director, during the period 1st July, 2008 to 30th June, 2009 as may be decided by the Board of Directors (which includes any Committee thereof), based on the performance."

8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"Resolved that pursuant to Section 314 (1) of the Companies Act, 1956 and other applicable provisions, if any, consent of the Company be and is hereby granted to Mr. Steven Lloyd Jeske holding the office of Director, of CyberTech Systems and Software Inc. U.S.A., the wholly owned subsidiary of the Company, on a remuneration as may be approved by the Board of Directors of CyberTech Systems and Software Inc. from time to time, such remuneration not to exceed \$200000 per annum, for a period of three years ending March 2011."

9. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"Resolved that pursuant to Section 314 (1) of the Companies Act, 1956 and other applicable provisions, if any, consent of the Company be and is hereby granted to Mrs. Sukhada Tadimety, wife of Mr. Viswanath Tadimety, a director of the Company, holding the office of Director of CyberTech Systems and Software Inc. U.S.A., the wholly owned subsidiary of the Company, on a remuneration as may be approved by the Board of Directors of CyberTech Systems and Software Inc. from time to time, such remuneration not to exceed \$75000 per annum, for a period of three years ending March 2011."

10. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**
- “Resolved that pursuant to Section 314 (1) of the Companies Act, 1956 and other applicable provisions, if any, consent of the Company be and is hereby granted to Mr. Viswanath Tadimety, a director of the Company, holding the office of Director of CyberTech Systems and Software Inc. U.S.A., the wholly owned subsidiary of the Company, on a remuneration as may be approved by the Board of Directors of CyberTech Systems and Software Inc. from time to time, such remuneration not to exceed \$300,000 per annum, for a period of three years ending March 2011.”
11. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION:**
- “Resolved that in partial modification of the special resolution passed in the 12th Annual General Meeting held on 24th August 2007 for the issue of Equity Shares to eligible Employees/Directors of the Company/ Subsidiary Companies under the Employees Stock Option Plan(ESOP) 2007, the Remuneration/Compensation Committee of the Board of Directors of the Company be and is hereby authorized to issue upto 92,64,970 Equity Shares of the Company of the face value of Rs.10 each in the aggregate during the validity of the ESOP 2007.”

By **Order of the Board of Directors**

Sateesh Wadagbalkar
Company Secretary

Registered Office:

CyberTech House
Plot No.B – 63-65, Road No.21/34, J. B. Sawant Marg,
MIDC, Wagle Estate, Thane (West) – 400 604
Dated: July 23, 2008



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 22, 2008 to September 30, 2008 (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, Intime Spectrum Registry 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 may approach the Company for revalidation/ issue of duplicate dividend 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 Bombay Stock Exchange Limited and The National Stock Exchange of India Limited. The Company has paid the annual listing fees for the financial year 2008- 2009 to these Stock Exchanges.

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

Item No. 6 – Appointment of Mr. Steven Lloyd Jeske as a Director of the Company.

Mr. Steven Lloyd Jeske was appointed as an Additional Director of the Company on December 22, 2007. Pursuant to provisions of Section 260 of the Companies Act, 1956 and Article 140 of the Articles of Association of the Company, he holds office till the date of this Annual General Meeting. The Company has received a notice from a shareholder proposing his appointment as director to retire by rotation. Mr. Steven Jeske is a Certified Public Accountant and M.B.A. from Chicago University U.S.A. The Directors recommend his appointment as a director.

Except Mr. Steven Jeske, no other Director is concerned or interested in this resolution.

Item No. 7 - Increase in the remuneration granted to Mr. C.N.Rao, Executive Director.

At the Twelfth Annual General Meeting of the Company held on August 24, 2007, the shareholders had approved the appointment of Mr. C.N. Rao as an Executive Director for a period of three years effective from October 9, 2006. His remuneration by way of salary was fixed at salary of Rs 1,00,000 per month (Rs. 12 lakhs per annum) plus reimbursement of conveyance expenses upto Rs. 1,50,000 per annum.

After taking into consideration his performance during the year and the performance expectations from him, the Remuneration/ Compensation Committee at its meeting held on 27th October, 2007 recommended an increase in his remuneration by 10% effective 1st October, 2007. The Board of Directors at its meeting held on 27th October, 2007 considered the recommendation and approved the increase, subject to the approval of the shareholders by way of special resolution.

The Remuneration/Compensation Committee of Directors at its meeting held on 23rd June, 2008 decided that considering Mr. C. N. Rao's contribution in enhancing the revenues of the Company and the robust growth in the Company's financial condition during the year, he should be paid an additional incentive of 10% of his compensation for the period 1st July, 2008 to 30th June, 2009, based on the performance and as may be decided by the Board of Directors (which includes any Committee thereof) subject to the approval of the shareholders. This Special Resolution is accordingly proposed to approve the increase in remuneration effective 1st October, 2007 and payment of additional incentive for the year 1st July, 2008 to 30th June, 2009 to Mr. Rao. The Board recommends the resolution for approval of the shareholders.

Except Mr. C.N. Rao, no other Director is concerned or interested in this resolution.

Item No. 8 - Consent for Mr. Steven Lloyd Jeske to continue to hold the office of Director in the subsidiary Company.

Mr. Steven Lloyd Jeske, was appointed as an additional director of the Company on December 22, 2007. Mr. Jeske is a Director of CyberTech Systems and Software Inc., a 100 % subsidiary of the Company. He is paid a remuneration as may be approved by the Board of Directors of CyberTech Systems and Software Inc. from time to time, such remuneration not exceeding \$200,000 per annum for a period of three years ending March 2011. Section 314(1) of the Companies Act requires every Director of the Company to obtain consent of the shareholders for continuing to hold an office of profit in a subsidiary company and the remuneration payable to him is also required to be approved at the first General Meeting of the Company to be held after the date of his appointment. Accordingly the Board commends this resolution for the approval of the shareholders.

Except Mr. Steven Jeske, no other director may be deemed to be concerned or interested in this resolution.

Item No. 9 – Consent for Mrs. Sukhada Tadimety to continue to hold the office of Director in the subsidiary Company.

Mrs. Sukhada Tadimety, wife of Mr. Viswanath Tadimety, was appointed Director of CyberTech Systems and Software Inc., 100% subsidiary of the Company on a remuneration as may be approved by the Board of Directors of CyberTeh Systems and Software Inc. from time to time, such remuneration not exceeding \$75,000 per annum for a period of three years ending March 2011. Mrs. Tadimety holds a degree in Electrical Engineering from the University of Mumbai and has over twelve years of experience in the IT Industry. Section 314(1) of the Companies Act requires the consent of the shareholders for a relative of a Director continuing to hold an office of profit in a subsidiary company and the remuneration payable is also required to be approved at the first General Meeting of the Company to be held after the date of such appointment. Accordingly the Board commends this resolution for the approval of the shareholders.

Except Mr. Viswanath Tadimety, no other director may be deemed to be concerned or interested in this resolution.

Item No. 10 – Consent for Mr. Viswanath Tadimety to continue to hold the office of Director in the subsidiary Company.

Mr. Viswanath Tadimety is a Director of CyberTech Systems and Software Inc., a 100 % subsidiary of the company. He is paid a remuneration as may be approved by the Board of Directors of CyberTech Systems and Software Inc. from time to time, such remuneration not exceeding \$300,000 per annum for a period of three years ending March 2011. Section 314(1) of the Companies Act requires every Director of the Company to obtain consent of the shareholders for continuing to hold an office of profit in a subsidiary company and the remuneration payable to him. Accordingly the Board commends this resolution for the approval of the shareholders.

Except Mr. Viswanath Tadimety, no other director may be deemed to be concerned or interested in this resolution.

Item No. 11 – Consent for increase in aggregate number of shares that can be issued under ESOP 2007.

The Employees Stock Option Plan (ESOP) 2007 was approved by the shareholders in the 12th Annual General Meeting of the Company held on 24th August 2007. The shareholders' approval was taken for an aggregate of 12,53,633 shares to be issued to the employees/directors of the Company/subsidiary against options to be granted to them over the entire seven period of the plan ending in 2014.

Stock Options have long been recognized as an effective instrument to align the interest of employees with those of the Company and its shareholders, provide an opportunity to the employees to share in the growth of the Company, and create long term wealth in the hands of the employees. Stock Options create a common sense of ownership between the Company and its employees, paving the way for an unified approach to the common objective of enhancing overall shareholder value.

Your Company has always believed in rewarding employees for their continuous hard work and support, which helps in the growth of the Company. To enable more and more employees to enjoy the fruits of the growth of the Company, it is proposed to amend the ESOP 2007 to increase the aggregate number of shares that can be issued under the Plan to 92,64,970 Equity Shares, such number not exceeding 5% of the issued Share Capital of the Company as on 31st March each year during the duration of the Plan.

The Directors of the Company are interested in the Special Resolution to the extent of the Options that may be granted to them.



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

Details of Directors seeking re-appointment at the forthcoming Annual General Meeting as reflected under item No. 3 & 4 of the Notice.

| Names of Directors | Mr. Anant Rajwade | Mr. Arun Shah |
|--|---|--|
| Date of Birth | 29.09.1936 | 13.12.1956 |
| Date of Appointment | 23.05.1995 | 23.04.2004 |
| Qualifications | B.Sc.(Hons.) CAIIB | B.Sc. F.C.A. |
| Experience in specific Functional Areas | Eminent Consultant in the areas of Foreign Exchange, Risk Management and Corporate Financial Services | Consultant in the areas of Securities Management, Financial and Income Tax matters. |
| Directorship in other Companies | <ol style="list-style-type: none"> 1.The Clearing Corporation of India Ltd. 2.Royal Sundaram Alliance Insurance Company Limited 3.Reliance Asset Reconstruction Co. Ltd. 4.Thomas Cook India Ltd. 5.Jak Mining Tools Pvt Ltd. 6.Zylog Systems Ltd. 7.STCI Primary Dealer Ltd. 8.A.V. Rajwade and Co. Pvt. Ltd. | <ol style="list-style-type: none"> 1.Champagne Vineyards Ltd. 2.Champagne Indage Ltd. 3.Indage Hotels Ltd. 4.Himachal Indage Ltd. 5.Seabuckthorn Indage Ltd. 6.Prime Securities Ltd. 7.Prime Broking Co.(India) Ltd. 8.Sirius Capital Services Ltd. 9.Asian Electronics Ltd 10.Prime Commodities Broking Co. India Ltd. 11.Primesec Investments Ltd. 12.ARSH Advisor and Owners Ltd. |
| Membership on Committees of other Companies | <ol style="list-style-type: none"> 1.Thomas Cook India Ltd. (Chairman, Recruitment and Remuneration Sub Committee of the Board, Member, Audit Committee and Share Transfer Committee). 2.The Clearing Corporation of India Ltd. (Chairman, Risk Management Committee, Member, Personnel Committee) 3.Royal Sundaram Alliance Insurance Co. Ltd. (Member, Investment Committee) 4.STIC Primary Dealer Ltd. (Member, Audit Committee) | <ol style="list-style-type: none"> 1.Prime Securities Ltd. (Chairman, Audit Committee, Remuneration Committee and Shareholders/Investor Grievances Committee) 2.Champagne Indage Ltd. (Member, Share Transfer /Grievances Committee) 3.Champagne Vineyards Ltd. (Member, Audit Committee and Share Transfer and Investor Grievances Committee) |

By **Order of the Board of Directors**

Sateesh Wadagbalkar
Company Secretary

Registered Office:

CyberTech House
Plot No.B – 63-65, Road No.21/34, J. B. Sawant Marg,
MIDC, Wagle Estate, Thane (West) – 400 604
Dated: July 23, 2008

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, 2008. 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 USA subsidiary.

FINANCIAL RESULTS

(Rs. in millions)

| | Stand Alone | | Consolidated | |
|--|----------------|-----------|----------------|-----------|
| | 2007-2008 | 2006-2007 | 2007-2008 | 2006-2007 |
| Gross Revenue | 219.70 | 217.14 | 672.54 | 782.26 |
| Profit before Interest & Depreciation | 50.14 | 66.96 | 46.33 | 84.17 |
| Interest | 0.16 | 0.10 | 0.16 | 0.72 |
| Depreciation | 15.97 | 15.09 | 18.69 | 21.33 |
| Profit/(Loss) before tax | 34.01 | 51.76 | 27.48 | 62.12 |
| Provision for tax (includes fringe benefits) | (4.98) | (2.41) | (5.52) | (6.32) |
| Income Tax adjustments for earlier year's -credit | - | 21.16 | (1.01) | 21.16 |
| Profit/(Loss) after tax | 29.03 | 70.51 | 20.95 | 76.95 |
| Accumulated profit/(loss) b/f from previous year | 41.61 | (241.69) | 66.57 | (223.18) |
| Brought Forward losses adjusted against Share Premium Account | - | 241.69 | - | 241.69 |
| Provision for Dividend (includes dividend tax of Rs. 4.50 million) | (30.98) | (28.90) | (30.98) | (28.90) |
| Balance to be carried forward | 39.66 | 41.61 | 56.54 | 66.57 |

DIVIDEND

Your Directors have the pleasure of recommending a dividend of Re.1 (10% on the nominal value of Rs.10) 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. Additionally, the Company received substantial income from certain real estate and interest income.

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

- Total revenue during the year 2007-08 amounted to Rs. 219.70 million as compared to Rs 217.14 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, 2008 amounted to Rs. 163.19 million vs. Rs. 163.32 million for the previous year. Operating revenue includes both software support and development activities and revenue according to the terms of the JVC up to October 2007. Revenue was lower after October as a result of the sale of the Company's investment in its joint venture with Corliant Inc. as well as substantial depreciation of the US Dollar against Rupee during the year.
 - Other Income amounted to Rs. 56.51 million as against Rs. 53.82 million. Other income is higher on account of higher receipts from properties and interest receipts on deposits. Other income is expected to increase as a result of favorable negotiation of new terms on certain of the Company's real estate.
- Profit before interest, depreciation and tax amounted to Rs. 50.14 million against Rs. 66.96 million in the previous year.



- A fire occurred at the Company's Thane facility on 14th August 2007. The fire was restricted to the second floor of the facility and was quickly extinguished with the help of the local Fire Department. Though the fire had no impact on the company's operations, no income was received during the period of restoration due to force majeure, thus affecting other income.

REVIEW OF CONSOLIDATED PERFORMANCE

On a Consolidated Basis, the Company reported total revenue during the year of Rs. 672.54 million as compared to Rs 782.26 million during the previous year. The decrease is mainly due to appreciation of Rupee against the US Dollar during the year.

Profit after tax for the year ended March 31, 2008 amounted to Rs. 20.95 million compared to Rs. 76.95 million in the previous year.

The consolidated group continues to focus on delivering services to its identified market segments in its core technology areas. It continues to align its sales and delivery organizations to an offshore centric model.

CONVERSION OF WARRANTS

Pursuant to the resolution passed at the Annual General Meeting held on 18th September 2006, the Company allotted 15,00,000 equity shares and 17,50,000 share warrants to a promoter and a key management person. The warrants were converted into shares at a premium of Rs. 3.25 per share on 27th March 2008.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its wholly owned US subsidiary are prepared in accordance with Accounting Standard 21 (Consolidation of Accounts) as prescribed by the Institute of Chartered Accountants of India and in terms of the listing agreement with the Stock Exchanges. Together, these form 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. The financial statements of CyberTech Europe, a 100% owned subsidiary of the Company have not been included in the consolidated statements as the subsidiary is in the final stage of liquidating its affairs and has not had operations in the last three years.

JOINT VENTURE COMPANY

During the year under review the Company liquidated its joint venture investment realizing net proceeds of \$2,025,000 as Corliant Inc. shareholders approved a sale of the joint venture company to an outside party. The acquirer also assumed certain assets and employees relating to the networking services practice. The Company also agreed not to compete with the acquirer for a one year period effective November 1, 2007. While the Company has realized more than its investment in terms of USD, due to the appreciation of Rupee, an exchange loss of Rs. 14.7 million was incurred.

WHOLLY OWNED SUBSIDIARY IN USA

The Company owns a 100% interest in CyberTech Systems & Software, Inc. incorporated on June 12, 2003 in the state of Delaware in the United States of America, whose results are consolidated herein.

CyberTech Systems & Software, Inc. (USA) reported operating loss of Rs. 2.96 million before interest, depreciation and tax on revenue of Rs. 589.47 million. Net loss after tax aggregated Rs. 7.23 million.

WHOLLY OWNED SUBSIDIARY IN EUROPE

The Company owns a 100% interest in CyberTech Europe, S.A. organized in Luxembourg. This subsidiary maintained a 100% ownership interest in operating subsidiaries in Belgium, France and the United Kingdom. CyberTech Europe has previously sold its European business operations to an unaffiliated third party and has liquidated all of its wholly owned subsidiaries before ultimately terminating its own operation.

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 Europe, S.A. is attached hereto.

EXPANSION OF ACTIVITIES TO MIDDLE EAST

With a view to ensure growth of the company's business and also hedge against currency risk, the company has been trying to identify

markets into which it can venture. The company has identified Middle East as an area having a good potential for growing the company's core business. An agreement has been entered into with Gold Coastway Limited to form a joint venture company called CyberTech Middle East W.L.L. in Bahrain in which your Company will have a 55% ownership. The Company plans to invest up to USD 250000 initially as its share of the capital.

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

During the year under review the Company had six directors of whom three directors are independent directors. Mr. Steven Jeske joined the Board as a Director effective 22nd December 2007. Mr. Steven Jeske retires at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Mr. Anant Rajwade and Mr. Arun Shah, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, they offer themselves for re-appointment.

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:

- in the preparation of the annual accounts for the financial year ended March 31, 2008, the applicable accounting standards were followed and proper explanation relating to material departures given.
- the Directors selected such accounting policies and applied them consistently and made judgements 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.
- 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.
- 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

As required under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employees are set out in the annexure to this report.

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, no options were granted. |
| Pricing formula: | Not Applicable |
| Options vested: | A total of 2,35,250 options were vested during the year. |
| Options exercised and number of shares arising out of such exercise: | Seven grantees exercised their options during the year for a total of 21,100 shares. |
| Options lapsed: | 80,800 options lapsed. |
| Variations in terms of options: | There was no variation in the terms of options. |
| Money realized on exercise of options: | Rs. 2,55,749/- |
| Total Number of options in force: | Total number of 9,68,260 options were in force as on 31.3.2008. |
| Employee wise details of ESOPs granted to Senior Managerial Personnel: | For the year ended 31.3.2008, the Company did not grant any option to Senior Managerial Personnel. Further for the year ended 31.3.2008, 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, 2008 | | As at March 31, 2007 | |
|--|----------------------|---------------------------------------|----------------------|---------------------------------------|
| | Options | Weighted Average Exercise Price (Rs.) | Options | Weighted Average Exercise Price (Rs.) |
| Options outstanding at beginning of the year | 1,070,160 | 14.55 | 829,330 | 15.09 |
| Granted during the year | - | - | 492,500 | 12.20 |
| Exercised during the year | 21,100 | 11.56 | 8,270 | 11.29 |
| Forfeited/lapsed during the year | 80,800 | 46.63 | 243,400 | 11.77 |
| Options outstanding at end of year | 968,260 | 11.93 | 1,070,160 | 14.55 |
| Vested options pending exercise | 483,760 | 11.71 | 330,410 | 19.80 |

The following summarizes information about stock options outstanding:

As at March 31, 2008

| 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 | 868,260 | 3 | 11.25 |
| Rs.15.00 to Rs.60.00 | 100,000 | 5 | 17.88 |

As at March 31, 2007

| 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 | 889,360 | 4 | 11.26 |
| Rs.15.00 to Rs.60.00 | 180,800 | 4.5 | 30.73 |

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, 2008 | As at March 31, 2007 |
|-------------------------|----------------------|----------------------|
| Dividend yield | 0 – 10% | 0 – 10% |
| Expected volatility | 10% - 20% | 10% - 20% |
| Risk-free interest rate | 6.39% - 6.65% | 6.32% - 6.65% |
| Expected life of option | 0 – 6 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, 2008 | As at March 31, 2007 |
|---|----------------------|----------------------|
| Profit attributable to Equity Shareholders | 29,031,272 | 70,505,013 |
| Add: Stock-based employee compensation expense included in net income | - | - |
| Less: Stock-based compensation expense determined under fair value based method | 176,714 | 252,637 |
| Net Profit | 28,854,558 | 70,252,376 |
| Basic and diluted earning per share (as reported) | 1.10 | 2.84 |
| Basic and diluted earning per share (under fair value method) | 1.09 | 2.83 |

ESOP Plan 2007

The ESOP Plan 2000 came to an end during the year under review. However, with a view to continue the scheme your Company approved a new ESOP Plan 2007 by Special Resolutions by postal ballot. The Company has received in principle approval for allotment of up to 12,35,633 equity shares under the new scheme from both BSE and NSE.



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 also 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 : Mumbai

Dated : June 23, 2008

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, 2008.

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 |
| g. | Statement of expenditure/Earnings incurred in Foreign Currency: | |
| | Outgo (Dividend) | Rs. 1,18,18,137/- |
| | Outgo (Travel Expenses) | Rs. 14,58,987/- |
| | Income | Rs. 16,20,57,998/- |



Annexure to Directors' Report

Information as per section 217(2A) of the Companies Act, 1956 and the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2008

| Name | Age | Description | Gross Remuneration | Net Remuneration | Qualification | Experience | Date of joining | Previous Employment |
|-------------------------|--------|------------------------|--------------------|------------------|----------------------------|------------|-----------------|---------------------|
| 1. K. U. Harsha * | 49 yrs | Chief Delivery Officer | Rs. 24,53,962 | Rs. 17,07,947 | B.Sc. | 21 yrs | 01/10/2004 | Mastek Ltd |
| 2. Ramachandra Sharma * | 44 yrs | Head SAP Practice | Rs. 24,85,119 | Rs. 17,89,127 | B.E Diploma in Mech. Engg. | 20 yrs | 03/10/2005 | Bearing Point Inc |

* indicates earnings for part of the year

Notes: The Gross remunerations shown above is subject to tax and comprises salary, allowance, incentive and Company's contribution to Provident Fund.

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 judgements 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, Asia and Japan and focuses in several core technology applications including SAP, GIS and Custom 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 delivered in other countries, the Company remains subject to the effect of changes in the relative values of the respective country currencies.

The Company also has invested its capital in its real estate holdings and in its joint venture with Corliant. The Company realizes substantial income from its properties. During the year, the Company liquidated its investment in its joint venture realizing \$2,025,000 (US\$) in sale proceeds as Corliant shareholders approved a sale of the joint venture company. Management continues to pursue resolution of its outstanding income tax matters and increased utilization of available assets, including real estate.

Results discussed herein include consolidated results for the Company, its wholly owned US subsidiary and its share of its joint venture company operations (through the date of sale), all of which are referred to generically as CyberTech.

B. Company Operations

- CyberTech is a global information technology firm providing professional consulting services in the following practice areas:
- **SAP- one of the major ERP application providers**, (Implementation, Upgrade and Post Implementation Support)
- **Geographical Information Systems - GIS** based on ESRI technologies (Application Development, Integration and Product Support)
- **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, and Microsoft technologies. 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 “Subsidiary”) is a wholly owned subsidiary of the Company. The 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.

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

Market Segments:

The Company segments its consolidated customer base 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 65% of the Company’s business.



Public Sector and Utility Companies

This includes state and local government, 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. 35%) 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.

Practice Areas

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

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

CyberTech differentiates itself with its proprietary Advanced Technology Centers (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 for them 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.

The Company has **Development Partner Status with SAP** and works as part of a SAP broad initiative that is integrating SAP and GIS technologies. Additionally, CyberTech is a **Ramp-up Partner in a joint SAP-Microsoft** initiative called "Duet" and maintains a **Consulting Partner Status with SAP** on customer implementations. Our **Customer Service Agreement** Status enables SAP to engage CyberTech in customer implementations and upgrades where SAP plays a lead role.

* **GIS (Geographical Information Systems) Practice:**

The Company's GIS practice is focused on providing GIS assessment, application development, integration and maintenance services, primarily utilizing ESRI Technologies.

Our GIS differentiators include the following:

- Functioning as part of the various development, professional services and support teams within ESRI. This helps us obtain additional and deeper insight into ESRI technologies, which in turn help 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.

During the fiscal year, our GIS practice has also 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**. CyberTech is also invested on joint development work with ESRI in building solutions for various industries segments, which leverage GIS technologies.

*** 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 Indian IT services market is expected to witness strong growth over the next several years, on the back of increased offshore outsourcing initiatives from global corporations and increased spending in the domestic market. Global corporations continue to improve their cost efficiency and thus outsourcing their technology requirements to low cost providers such as the Indian IT industry. In fact, it is the offshore component that has been seeing impressive growth, driven by increasing acceptance of the 'global delivery model'. The demand now seems to be shifting from low-end services to high-end ones, like IT consulting, package implementation and systems integration.

Offshoring has been truly accepted as a major strategic decision that can enhance the competitive advantages of global corporations. The value proposition of offshore development has been proved beyond doubt and as an industry, offshoring is still very much in the growth phase. Even among the global 1000 companies, the offshoring penetration levels are not that high. The global market share of Indian companies is also small, but growing. These points are clear indications that there is plenty of room for the Indian software industry to grow given the untapped potential both domestically and abroad.

Among other advantages for the Indian software industry, the major ones are the large availability of talented manpower, cost advantage and geographical advantages (time zone advantages). The companies involved in IT outsourcing in India provide high quality work, meeting international standards and complying with ISO & SEI-CMM standards.

The Company provides the majority of its services, on a consolidated basis, in the United States. This has had a negative impact on reported revenue as a result of the strong appreciation of the Rupee relative to the US dollar. The Company's share of services delivered offshore has increased during the last three or 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.

D. Opportunities & Threats:

Opportunities:

According to a NASSCOM report in February 2008, IT services (excluding BPO, product development and engineering services) exports from India are expected to cross US \$ 23 billion in the year 2008, an increase of 30% over the previous year. Domestic services revenue is also expected to grow at similar or greater growth rates. India, with its various advantages, is considered the premium destination



for offshore technology services sourcing.

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; and
3. Availability of skilled resources – there is a very great availability of highly skilled and English speaking resources

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 and implement new technologies and 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 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 a major technology opportunities for their customers in the United States. SAP for instance, expects its market will change substantially with the introduction of mySAP ERP and SAP advanced technologies such as Business Intelligence, Customer Management and Data Warehousing. This will create the potential for customers to upgrade to the newer SAP version and integration of this upgrade with other applications.

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 US market is under increasing pressure from general economic conditions as growth diminishes. Domestic US spending has slowed in the second of the fiscal year. 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.

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 also expect a potential backlash in the US from the increasing loss of employment due to outsourced services overseas resulting in a reduced US H-1 visas limit.

The above economic conditions present the potential for significant exchange rate fluctuations which may negatively affect the Company.

E. Outlook, Risks & Concerns:

Outlook:

Previously, management focused on restoring the Company's Balance Sheet to a better state and aligning its sales and delivery structure to an Indian Model. Additionally, the Company has carefully managed its outstanding tax issues and has had success at the ITAT in pursuing and presenting its position.

With its Balance Sheet in a much better position as a result of the sale of its interest in its joint venture company as well as income earned from its available real estate and proceeds from the 2006 rights offering, the Company intends to continue its dividend payment to shareholders and pursue other strategic investments.

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.

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 ESRI's main offshore partner & expects to continue to provide offshore support from India to ESRI in building and supporting their applications.

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.

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 operates in 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 is exploring other potential growth markets, both domestically and in adjacent countries to reduce this dependency. This would also have the effect of reducing currency risk as well.

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 retention 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.

Pending disputed tax matters

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 and the nature of business. The internal control systems lay down policies, authorization & approval procedures. Regular internal audits and checks ensure that the responsibilities are executed effectively. The Audit Committee checks the adequacies of control measures. Management suitably implements the suggestions and recommendations of Audit committee, the Internal Auditors and 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,
- received significant proceeds from the sale of its investment in its joint venture company and its rights offering,
- gained more productivity from its assets and properties and
- successfully resolved certain of its income tax liabilities and disputes.

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 275 full time employees as at the end of the current fiscal year. The Company places major emphasis on providing a safe and 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 programmes to develop team spirit and to motivate its employees to perform better.

I. Cautionary Statement:

Statements in this Management Discussion and 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, and improvements in the state of Information Technology Services markets, changes in the Government regulations in India and USA, tax laws & other incidental factors.



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by **CyberTech Systems and Software Limited** for the year ended 31st March, 2008 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges 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: June 23, 2008

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.

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.

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. Ashok Datar | Independent Director * |
| 4 | Mr. Arun Shah | Independent Director |
| 5 | Mr. Prakash Kenjale | Independent Director |
| 6 | Mr. Steven Jeske | Non-Executive and Non-Independent Director ** |
| 7 | Mr. C.N.Rao | Executive Director |

* Retired on August 24, 2007

** Appointed as Additional Director on December 22, 2007

During the period April 1, 2007 to March 31, 2008, the Board met seven times. Dates of the Board Meetings and attendance thereat are furnished hereunder:

| Date of Board Meeting | May 30, 2007 | July 24-31, 2007 | August 24, 2007 | October 3, 2007 | October 27, 2007 | December 22, 2007 | January 29, 2008 |
|--------------------------|--------------|------------------|-----------------|-----------------|------------------|-------------------|------------------|
| Board Strength | 6 | 6 | 6 | 5 | 5 | 5 | 6 |
| No. of Directors Present | 4 | 5 | 5 | 3 | 4 | 4 | 4 |

Attendance of individual Directors at the Board Meetings:

| Name of Director | No. of Board Meetings held during year/tenure | No. of Board Meetings attended | Attendance at last AGM |
|-----------------------|---|--------------------------------|------------------------|
| Mr.Viswanath Tadimety | 7 | 3 | Attended |
| Mr. Anant Rajwade | 7 | 7 | Attended |
| Mr. Ashok Datar | 3 | 2 | Attended |
| Mr. Arun Shah | 7 | 6 | Attended |
| Mr.Prakash Kenjale | 7 | 3 | Not Attended |
| Mr. C.N.Rao | 7 | 7 | Attended |
| Mr. Steven Jeske | 1 | 1 | Appointed after AGM. |



Mr. Viswanath Tadimety 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/NED/NID* | No. of other Directorship(s)** | Committee Membership | Committee Chairmanship |
|-----------------------|-------------------|--------------------------------|----------------------|------------------------|
| Mr.Viswanath Tadimety | PD | - | - | - |
| Mr. Anant Rajwade | ID | 6 | 3 | 0 |
| Mr. Arun Shah | ID | 12 | 7 | 2 |
| Mr.Prakash Kenjale | ID | 1 | 1 | - |
| Mr. C.N.Rao | ED | - | - | - |
| Mr. Steven Jeske | NED/NID# | - | - | - |

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

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

** Excludes directorships on Indian Private Limited Companies and foreign companies.

Is CPA and MBA from Chicago, USA. He is the CEO of the wholly owned subsidiary of CyberTech Systems and Software Inc. U.S.A.

Audit Committee

Composition of the Audit Committee

| | | |
|---|---------------------|-------------------------------------|
| 1 | Mr. Anant Rajwade | Chairman |
| 2 | Mr. Ashok Datar | Member (Retired on August 24, 2007) |
| 3 | Mr. Arun Shah | Member |
| 4 | Mr. Prakash Kenjale | Inducted on Oct. 27, 2007 |

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 :

- Reviewing the annual/ half-yearly/ quarterly financial statements with the Management;
- Reviewing adequacy of internal control systems with Statutory and Internal Auditors;
- Reviewing the Reports of the Internal and Statutory Auditors along with the comments and action taken on reports of the Management;
- Recommending the appointment and removal of Statutory Auditors, fixation of Audit Fees etc., and
- Examining accountancy, taxation and disclosure aspects of all significant transactions.

Four Audit Committee Meetings were held during the Financial Year on May 30,2007,July 24,2007,October 27,2007 and January 29, 2008. Attendance of the Directors was as follows :

| Director | No. of Committee Meetings attended |
|---|------------------------------------|
| Mr. Anant Rajwade | 4 |
| Mr. Ashok Datar (Retired on Aug. 24,2007) | 1 |
| Mr. Arun Shah | 3 |
| Mr. Prakash Kenjale Inducted on October 27, 2007 | 1 |

Remuneration/ Compensation Committee

Composition of the Committee

| | | |
|---|--|----------|
| 1 | Mr. Anant Rajwade | Chairman |
| 2 | Mr. Ashok Datar Retired on August 24, 2007 | Member |
| 3 | Mr. Arun Shah | Member |
| 4 | Mr. Viswanath Tadimety | Member |
| 5 | Mr. Prakash Kenjale Appointed on October 27, 2007 | Member |

The functions of the Remuneration Committee are:

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 October 27, 2007. Attendance thereat is as follows :

| Director | No. of Committee Meetings attended |
|---|------------------------------------|
| Mr. Anant Rajwade | 1 |
| Mr. Ashok Datar Retired on Aug. 24, 2007 | 0 |
| Mr. Arun Shah | 1 |
| Mr. Viswanath Tadimety | 1 |
| Mr. Prakash Kenjale Inducted on October 27, 2007 | 0 |

Details of remuneration paid to the Directors and the Executive Director for Financial Year 2007- 2008

| Name | Designation | Salary Rs. | Sitting fees Rs. | Total (Rs.) | Notice Period |
|------------------------|--------------------|---------------|---------------------|----------------|---------------|
| Mr. Viswanath Tadimety | Chairman | Nil | 65,000 | 65,000 | Nil |
| Mr. Anant Rajwade | Director | Nil | 1,65,000 | 1,65,000 | Nil |
| Mr. Ashok Datar | Director | Nil | 15,000 | 15,000 | Nil |
| Mr. Arun Shah | Director | Nil | 1,25,000 | 1,25,000 | Nil |
| Mr. Prakash Kenjale | Director | Nil | 50,000 | 50,000 | Nil |
| Mr C.N.Rao | Executive Director | 12,67,500 | Nil | 12,67,500 | 3 months |
| Mr. Steven Jeske | Director | Nil | Nil | Nil | Nil |

Commission payable to Non-Executive Directors for the year 2007-08 is Rs. 4 lacs.

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 2004-2005 | FY 2005-2006 | FY 2006-2007 |
|-------------|---|---|---|
| Date & Time | August 23, 2005 4.00 p.m. | September 18, 2006 4.00 p.m. | August, 24, 2007 4.00 p.m |
| Venue | 'CyberTech House' Plot No. B-63/64/65 Road No.21/34, J.B.Sawant Marg, MIDC Wagle Estate Thane (West) – 400604 | 'CyberTech House' Plot No. B-63/64/65 Road No.21/34, J.B.Sawant Marg, MIDC Wagle Estate Thane (West) – 400604 | 'CyberTech House' Plot No. B-63/64/65 Road No.21/34, J.B.Sawant Marg, MIDC Wagle Estate Thane (West) – 400604 |

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

On August 23, 2005 one special resolution was passed to authorise allotment of ESOPs to non-executive directors as required under revised Clause 49 of the Listing Agreement.

On September 18,2006 the following two special resolutions were passed :

1. Resolution pursuant to Section 81(1A) of the Companies Act, 1956 approving the offer of 15,00,000 shares and 17,50,000 warrants convertible into equivalent number of shares on preferential basis to a promoter and a key management person in accordance with SEBI (Disclosure and Investor Protection) Guidelines for Preferential Issue, 2000.
2. Resolution according permission to make an application to the High Court of Judicature at Bombay to utilize a portion of Securities Premium Account (Up to Rs 24,16,95,323) to write off accumulated losses of the Company.

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 12,35,633 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.

Disclosures

1. There have been no materially significant related party transactions that may have potential conflict with the interests of Company at large.
2. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years : Nil.
3. The Company has not announced Whistle Blower policy but no personnel has been denied access to the Audit Committee.
4. Details of compliance with mandatory requirements of this clause : The Company has complied with all mandatory requirements under Clause 49 of the Listing Agreement.

Means of Communication

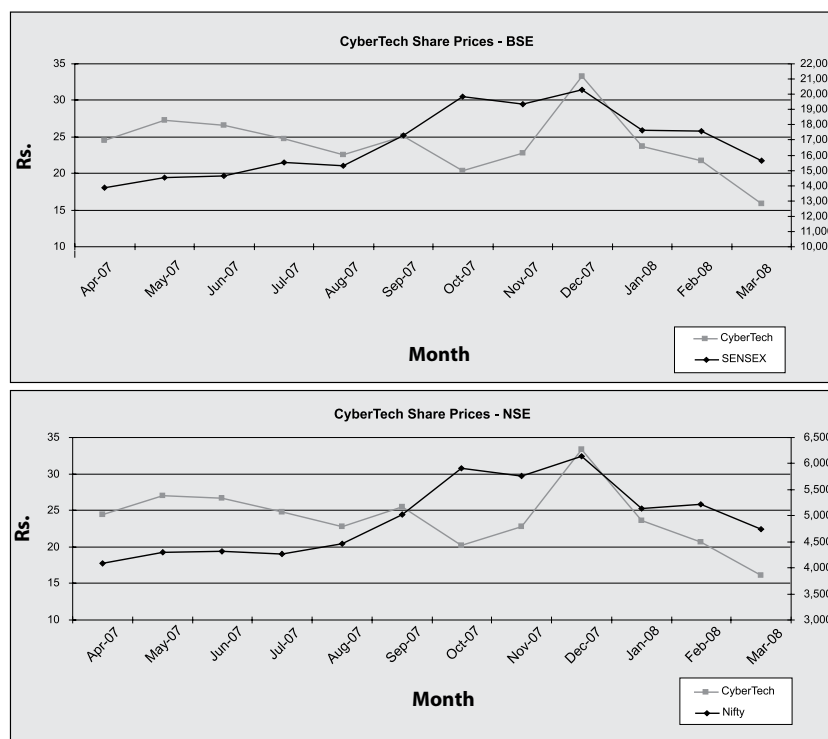
1. Quarterly results are also put on the website of the Company and filed electronically with SEBI under EDIFAR.
2. Newspapers wherein results normally published : Free Press Journal and Navashakti.
3. Any website, where displayed : [http:// india.cybertech.com](http://india.cybertech.com)
4. Whether 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, 2008
- ii. Time : 4 p.m.
- iii. Venue : CyberTech House, MIDC, Wagle Estate, Thane
- iv. Financial year : 2007-08
- v. Date of book closure : September 22, 2008 to September 30, 2008
- vi. Dividend Payment : Dividend, if approved in the AGM shall be paid/credited on or after September 30, 2008.
- vii. Listing on Stock Exchanges and Code :
 - (i) 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 2007 | 28.50 | 19.80 | 28.50 | 19.95 |
| May 2007 | 31.85 | 22.55 | 32.00 | 21.65 |
| June 2007 | 29.80 | 25.50 | 29.95 | 25.40 |
| July 2007 | 29.75 | 23.90 | 30.20 | 23.25 |
| August 2007 | 25.40 | 21.25 | 25.00 | 21.00 |
| September 2007 | 29.30 | 23.00 | 29.50 | 22.50 |
| October 2007 | 25.90 | 19.70 | 26.50 | 19.35 |
| November 2007 | 30.00 | 18.10 | 30.25 | 18.50 |
| December 2007 | 33.25 | 22.50 | 33.35 | 21.00 |
| January 2008 | 39.40 | 20.60 | 39.10 | 20.70 |
| February 2008 | 25.90 | 19.80 | 25.90 | 19.75 |
| March 2008 | 21.80 | 13.45 | 21.55 | 13.15 |

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





- x. Registrar and Transfer Agents : Intime Spectrum Registry Limited, C 12, Pannalal Silk Mills Compound, L.B.S.Marg, Bhandup (West), Mumbai 400078.
- xi. 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.
- xii. Distribution of shareholding :

Categories of Shareholders as on March 31, 2008

| Category | No. of shares held | Percentage (%) |
|-----------------------------------|--------------------|----------------|
| Promoters (Non resident) | 6496491 | 24.5416 |
| Relatives of Promoters | 1541070 | 5.8217 |
| Directors and their relatives | 94962 | 0.3587 |
| FII/FFIs | 575 | 0.0022 |
| Foreign Venture Capital Investors | 8458788 | 31.9545 |
| Bodies Corporate(Domestic) | 746579 | 2.8203 |
| Non-Resident Indians/OCBs | 1211229 | 4.5756 |
| Public | 7733434 | 29.2144 |
| Mutual Funds | 0 | 0 |
| Bank/Insurance Companies | 48151 | 0.1819 |
| In Transit (Depositories) | 140064 | 0.5291 |
| Total | 26471343 | 100 |

Distribution of Shareholding as on March 31, 2008

| No. of shares held | Shareholders | | Nominal value | |
|--------------------|--------------|----------------|---------------|----------------|
| | Number | Percentage (%) | Rs. | Percentage (%) |
| Upto - 5000 | 10202 | 81.1490 | 16096260 | 6.0810 |
| 5001 - 10000 | 1098 | 8.7340 | 9169080 | 3.4640 |
| 10001 - 20000 | 609 | 4.8440 | 9201600 | 3.4760 |
| 20001 - 30000 | 211 | 1.6780 | 5323660 | 2.0110 |
| 30001 - 40000 | 88 | 0.7000 | 3102710 | 1.1720 |
| 40001 - 50000 | 80 | 0.6360 | 3782120 | 1.4290 |
| 50001 - 100000 | 118 | 0.9390 | 8410290 | 3.1770 |
| 100001 - above | 166 | 1.3200 | 209627710 | 79.1900 |
| Total | 12572 | 100 | 264713430 | 100 |

Dematerialization of shares and liquidity: At present 1,38,31,386 shares (52.25% of total equity shares) of the Company are held by the Shareholders in dematerialized form.

- xiii. 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.

Pursuant to the resolution passed at the Annual General Meeting held on 18th September 2006, the Company allotted 15,00,000 equity shares and 17,50,000 share warrants to a promoter and a key management person. The warrants were converted into shares at a premium of Rs. 3.25 per share on 27th March 2008.

- xiv. Plant Locations : Not applicable
- xv. Address for correspondence: CyberTech House, Plot No.B-63/64/65, Road No. 21/34, J.B. Sawant Marg, MIDC, Wagle 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, 2008 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 accounting standards referred to in sub-section (3C) of Section 211 of the Act, to the extent applicable;
 - (e) On the basis of written representations received from the directors as on 31st March, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 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 accounts read together with "Significant Accounting Policies and Notes to the Accounts" 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, 2008;
 - 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)

Place : Mumbai
Dated : June 23, 2008



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2008 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 the fixed assets has been disposed of 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 except interest free loan of Rs 129.62 lacs granted to a subsidiary in an earlier year which was overdue and fully provided for.
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, 2008 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 |
|-------------|-------------------------------------|----------------------|----------------------------|
| Income Tax | Income Tax Appellate Tribunal | 161.31 | A.Y. 1997-98 to 1999-2000 |
| | CIT (Appeals) | 13.34 | A.Y. 2005-06 |
| 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. 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 made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Act and the price at which the shares are issued as per SEBI guidelines and therefore, not prejudicial to the interest of the Company.
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)

Place : Mumbai
Dated : June 23, 2008



BALANCE SHEET AS AT MARCH 31, 2008

| | Schedule | As at March 31, 2008 Rs. | As at March 31, 2007 Rs. |
|---|----------|--------------------------------|--------------------------------|
| SOURCES OF FUNDS | | | |
| Shareholder's Funds | | | |
| Share Capital | 1 | 264,713,430 | 247,002,430 |
| Reserves & Surplus | 2 | 204,320,599 | 200,553,510 |
| | | 469,034,029 | 447,555,940 |
| Share Warrant Money (Refer Note No. 5 in Schedule 15) | | - | 2,318,750 |
| Loan Funds | | | |
| Secured Loans | 3 | 651,301 | 1,232,411 |
| | | 469,685,330 | 451,107,101 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross Block | 4 | 326,288,832 | 360,211,888 |
| Less: Depreciation | | 126,403,567 | 154,697,453 |
| Net Block | | 199,885,265 | 205,514,435 |
| Capital Work-In-Progress | | 522,500 | 819,392 |
| | | 200,407,765 | 206,333,827 |
| Investments | | | |
| | 5 | 82,568,500 | 166,729,641 |
| Current Assets, Loans and Advances | | | |
| Sundry Debtors | 6 | 87,565,229 | 91,245,586 |
| Cash and Bank Balances | 7 | 114,967,478 | 17,412,623 |
| Loans and Advances | 8 | 69,749,319 | 51,173,467 |
| | | 272,282,026 | 159,831,676 |
| Less: Current Liabilities And Provisions | | | |
| Current Liabilities | 9 | 49,132,356 | 48,014,630 |
| Provisions | 10 | 36,440,605 | 33,773,413 |
| | | 85,572,961 | 81,788,043 |
| Net Current Assets | | | |
| | | 186,709,065 | 78,043,633 |
| | | 469,685,330 | 451,107,101 |

Significant Accounting Policies and Notes to the Accounts.

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

R. P. Baradiya

Partner

Sateesh Wadagbalkar

Company Secretary

For and on behalf of the Board of Directors

C. N. Rao

Executive Director

A. V. Rajwade

Director

Place: Mumbai

Dated : June 23, 2008

Place: Mumbai

Dated : June 23, 2008

| PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008 | | | |
|--|----------|---|---|
| | Schedule | For the year April 1, 2007 to March 31, 2008 Rs. | For the year April 1, 2006 to March 31, 2007 Rs. |
| INCOME | | | |
| Income from: | | | |
| Software Development and Services | | 163,185,872 | 163,318,279 |
| Other Income | 11 | 56,509,527 | 53,820,679 |
| | | 219,695,399 | 217,138,958 |
| EXPENDITURE | | | |
| Employee costs | 12 | 101,423,389 | 80,976,119 |
| Operating and Administrative expenses | 13 | 53,105,907 | 65,068,364 |
| Loss on sale of Investments | | 15,024,187 | - |
| Provision for Doubtful Debts | | - | 4,139,100 |
| Depreciation | | 15,969,530 | 15,091,998 |
| Interest | 14 | 166,114 | 102,011 |
| | | 185,689,127 | 165,377,592 |
| Profit before Tax | | 34,006,272 | 51,761,366 |
| Provision for Tax | | | |
| Current Tax (MAT) | | 4,000,000 | 1,160,000 |
| Fringe Benefit Tax (FBT) | | 975,000 | 1,252,000 |
| | | 29,031,272 | 49,349,366 |
| Income Tax adjustments for earlier years | | - | 21,155,647 |
| Profit for the year | | 29,031,272 | 70,505,013 |
| Balance of Profit/(Loss) Brought Forward | | 41,606,964 | (241,695,323) |
| Less: Adjusted against Share Premium Account | | - | 241,695,323 |
| Profit Available for Appropriation | | 70,638,236 | 70,505,013 |
| Appropriations | | | |
| Proposed Dividend | | 26,471,343 | 24,700,243 |
| Residual Dividend Paid | | 12,410 | - |
| Corporate Dividend Tax | | 4,500,915 | 4,197,806 |
| Balance Carried Forward to the Balance Sheet | | 39,653,568 | 41,606,964 |
| Earnings per Share of Rs.10 each - Basic/ Diluted | | 1.10 | 2.84 |

Significant Accounting Policies and Notes to the Accounts

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

R. P. Baradiya

Partner

Sateesh Wadagbalkar

Company Secretary

For and on behalf of the Board of Directors**C. N. Rao**

Executive Director

A. V. Rajwade

Director

Place: Mumbai

Dated : June 23, 2008

Place: Mumbai

Dated : June 23, 2008



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

| | Rs. | For the year April 1, 2007 to March 31, 2008 Rs. | Rs. | For the year April 1, 2006 to March 31, 2007 Rs. |
|--|--------------------|---|--------------|---|
| A. Cash flow from Operating activities | | | | |
| Net Profit/(Loss) before tax and exceptional items : | | 34,006,272 | | 51,761,366 |
| Adjustments for : | | | | |
| Depreciation | 15,969,530 | | 15,091,998 | |
| Miscellaneous expenses written off | - | | 256,426 | |
| Unrealised foreign exchange | 498,189 | | 1,526,652 | |
| Loss on assets sold / discarded (Net) | 2,386,420 | | 422,500 | |
| Provision for Doubtful Debts | - | | 4,139,100 | |
| Interest income | (2,789,540) | | (5,510,302) | |
| Interest Paid | 166,114 | | 102,011 | |
| Sundry Credit Balances written back (Net) | (607,199) | | (63,045) | |
| Profit/(Loss) on Sale of Investments | 15,024,187 | | - | |
| Dividend Received | - | 30,647,701 | (188,414) | 15,776,926 |
| Operating profit before Working Capital changes | | 64,653,973 | | 67,538,292 |
| Adjustments for : | | | | |
| Decrease/(Increase) in Trade & other receivables | (4,221,540) | | (77,038,890) | |
| Increase/(Decrease)Trade payables | 2,562,726 | | 18,507,176 | |
| | | (1,658,814) | | (58,531,714) |
| Cash Generated from Operations | | 62,995,159 | | 9,006,578 |
| Direct taxes paid | | (15,611,897) | | (15,053,215) |
| Net cash used in operating activities | | 47,383,262 | | (6,046,637) |
| B. Cash flow from investing activities | | | | |
| Purchase of fixed assets | | (14,053,216) | | (6,100,239) |
| Purchase of investments | | (10,000,000) | | (21,200,000) |
| Sale of fixed assets | | 1,623,326 | | 191,250 |
| Sale of investments | | 79,136,954 | | 21,200,000 |
| Interest received | | 2,235,211 | | 5,510,302 |
| Dividend Received | | - | | 188,414 |
| Net cash from investing activities | | 58,942,275 | | (210,273) |

| Rs. | For the year April 1, 2007 to March 31, 2008 Rs. | Rs. | For the year April 1, 2006 to March 31, 2007 Rs. |
|---|---|-----|---|
| C. Cash flow from financing activities : | | | |
| Increase in Shares Capital | 15,392,250 | | 17,401,450 |
| Increase in Share Premium | 5,720,486 | | 3,910,685 |
| Secured loan obtained from bank | (581,110) | | 718,313 |
| Interest paid | (163,349) | | (95,523) |
| Dividend paid and Dividend Tax | (29,138,959) | | (435,098) |
| Net cash used in financing activities | (8,770,682) | | 21,499,827 |
| Net increase/(Decrease) in cash & cash equivalents (a+b+c) | 97,554,855 | | 15,242,917 |
| Cash & cash equivalents (Opening) | 17,412,623 | | 2,169,707 |
| Cash & cash equivalents (Closing) | 114,967,478 | | 17,412,624 |
| | 97,554,855 | | 15,242,917 |

Note

1 Cash and Cash equivalents includes :

| | | |
|---|--------------------|------------|
| a) Cash on Hand | 60,304 | 112,617 |
| b) Balance with Scheduled Banks in Current Accounts | 7,165,319 | 5,528,221 |
| c) Deposits with Scheduled Bank | 107,741,855 | 11,771,786 |

2 The above Cash Flow Statement has been prepared using the Indirect Method prescribed by the Accounting Standards (AS) 3 "Cash Flow Statements"

3 Includes amount received on sale of shares of Corliant Inc. on termination of Joint Venture agreement.

4 The previous year's figures have been regrouped/rearranged wherever necessary.

As per our attached report of even date

For Lodha & Co.

Chartered Accountants

R. P. Baradiya

Partner

Sateesh Wadagbalkar

Company Secretary

For and on behalf of the Board of Directors

C. N. Rao

Executive Director

A. V. Rajwade

Director

Place: Mumbai

Dated : June 23, 2008

Place: Mumbai

Dated : June 23, 2008



SCHEDULES FORMING PART OF THE BALANCE SHEET

| | As at March 31, 2008 Rs. | As at March 31, 2007 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 24,705,202) Equity Shares of Rs.10 each | 264,763,020 | 247,052,020 |
| Subscribed and Paid-Up 26,471,343(Previous year 24,700,243) Equity Shares of Rs.10 each, fully paid. | 264,713,430 | 247,002,430 |
| Of the above : | | |
| i) 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 | 158,946,546 | 396,731,185 |
| Add: Addition during the the year on issue of shares | 5,720,485 | 3,910,684 |
| | 164,667,031 | 400,641,869 |
| Less: Accumulated Loss as on March 31, 2006 adjusted | - | 241,695,323 |
| | 164,667,031 | 158,946,546 |
| Profit & Loss Account (Surplus as per annexed account) | 39,653,568 | 41,606,964 |
| | 204,320,599 | 200,553,510 |
| SCHEDULE '3' | | |
| SECURED LOANS | | |
| Vehicle Loans From Banks (Secured by way of hypothecation of vehicles purchased there against) | 651,301 | 1,232,411 |
| | 651,301 | 1,232,411 |

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE '4' FIXED ASSETS

(Amount in Rs.)

| DESCRIPTION | GROSS BLOCK (At Cost) | | | | | DEPRECIATION | | | NET BLOCK | |
|---|-----------------------|---------------------------------|--|--------------------|--------------------|-------------------|--|--------------------|--------------------|-------------------|
| | As at 01-04-07 | Additions during the year | Deductions/ Adjustments during the year | As at 31-03-08 | Upto 01-04-07 | For the year | Deductions/ Adjustments during the year | Upto 31-03-08 | As at 31-03-08 | As at 31-03-07 |
| Leasehold Land * | 3,308,683 | - | - | 3,308,683 | 477,452 | 50,258 | - | 527,710 | 2,780,973 | 2,831,231 |
| Office Building | 115,526,363 | - | - | 115,526,363 | 10,607,092 | 1,886,578 | - | 12,493,670 | 103,032,693 | 104,919,271 |
| Plant & Machinery and Office Equipment | 54,483,518 | 2,132,930 | 24,270 | 56,592,178 | 20,780,419 | 2,507,575 | 2,021 | 23,285,973 | 33,306,205 | 33,703,099 |
| Computer-Hardware | 85,590,440 | 4,900,276 | 42,727,841 | 47,762,875 | 69,013,028 | 4,845,716 | 40,597,535 | 33,261,209 | 14,501,666 | 16,577,412 |
| Computer-Software | 13,735,449 | 371,261 | 1,555,069 | 12,551,641 | 11,005,390 | 843,671 | 1,477,316 | 10,371,745 | 2,179,896 | 2,730,059 |
| Furniture & Fixtures | 85,184,509 | 6,945,640 | 3,965,983 | 88,164,166 | 42,542,056 | 5,609,354 | 2,186,544 | 45,964,866 | 42,199,300 | 42,642,453 |
| Vehicles | 2,382,926 | - | - | 2,382,926 | 272,016 | 226,378 | - | 498,394 | 1,884,532 | 2,110,910 |
| Current Year Total | 360,211,888 | 14,350,107 | 48,273,163 | 326,288,832 | 154,697,453 | 15,969,530 | 44,263,416 | 126,403,567 | 199,885,265 | 205,514,435 |
| Previous Year Total | 337,473,861 | 30,963,429 | 8,225,402 | 360,211,888 | 147,218,607 | 15,091,998 | 7,613,152 | 154,697,453 | 205,514,435 | |

Capital Work in Progress (Including Capital Advances of Rs. Nil; Previous year Rs. 68,000)

| | | |
|----------------------|----------------|---------|
| Computers | 522,500 | 302,238 |
| Furniture & Fixtures | - | 517,154 |
| | 522,500 | 819,392 |

* Land is being taken on lease for 66 years



SCHEDULES FORMING PART OF THE BALANCE SHEET

| | Face Value per unit | As at March 31, 2008 Rs. | As at March 31, 2007 Rs. |
|---|---------------------|--------------------------|--------------------------|
| SCHEDULE ' 5 ' INVESTMENTS | | | |
| (Unquoted, Traded ; unless otherwise stated) | | | |
| I Long term Investments | | | |
| Trade: | | | |
| Shares in Joint Business Venture | | | |
| Corliant Inc. USA | US\$ 0.01 | - | 94,161,141 |
| Current year NIL ; Previous year 996,447 (Refer Note No. 7 in Schedule 15) | | | |
| Shares in Wholly Owned Subsidiaries | | | |
| CyberTech Europe S.A. | Euro 1.2395 | 84,313,700 | 84,313,700 |
| Current year 1,326,289 ; Previous year 1,326,289 | | | |
| Less: Provision for Diminution in value of investments | | | |
| | | (84,313,700) | (84,313,700) |
| | | - | - |
| CyberTech Systems and Software Inc.,USA | US\$ 0.01 | 72,564,500 | 72,564,500 |
| Current year 1,585,000 ; Previous year 1,585,000 | | | |
| Shares in Co-operative Societies | | | |
| Acme Plaza Premises Co-operative Society Ltd. | Rs.50 | 4,000 | 4,000 |
| Current year 80 ; Previous year 80 | | | |
| II Current Investments | | | |
| Non-Trade | | | |
| Units of Mutual funds | | | |
| SBI Magnum Balanced Fund-Growth | Rs.10 | 2,500,000 | - |
| (Current year 63,211.126 units; previous year Nil) | | | |
| DSPML Balanced Fund-Growth | Rs.10 | 2,500,000 | - |
| (Current year 56,267.021 units; previous year Nil) | | | |
| DSPML FTP Series 3D-Reg-Growth | Rs. 1000 | 5,000,000 | - |
| (Current year 5,000 units; previous year Nil) | | | |
| TBFG TATA Balanced Fund-Growth | Rs.10 | - | - |
| (43,473.120 units purchased and sold during the year) | | | |
| HDFC Prudence Fund-Growth | Rs. 100 | - | - |
| (19,499.411 units purchased and sold during the year) | | | |
| | | 82,568,500 | 166,729,641 |
| Aggregate book value of Investments: | | | |
| Unquoted | | 82,568,500 | 166,729,641 |

| SCHEDULES FORMING PART OF THE BALANCE SHEET | | |
|--|---|--------------------------------|
| | As at March 31, 2008 Rs. | As at March 31, 2007 Rs. |
| SCHEDULE '6' | | |
| SUNDRY DEBTORS (Unsecured) | | |
| Considered Good | | |
| Debts not exceeding six months (includes unbilled revenue of Rs.131,407 ; Previous year Rs. 210,635) | 87,565,229 | 91,245,586 |
| Considered Doubtful | | |
| Exceeding six months | 41,704,934 | 41,704,934 |
| Less: Provision for Doubtful Debts | (41,704,934) | (41,704,934) |
| | 87,565,229 | 91,245,586 |
| SCHEDULE '7' | | |
| CASH AND BANK BALANCES | | |
| Cash on hand | 60,304 | 112,617 |
| Bank Balances | | |
| With Scheduled Banks | | |
| - in Current Accounts | 7,165,319 | 5,528,221 |
| - in Deposit Accounts * | 107,741,855 | 11,771,785 |
| (including interest accrued but not due Rs.717,104 ; Previous year Rs. 162,775) | | |
| * Fixed Deposit Receipts of Rs.1,004,000 ; Previous year Rs. 1,009,000 have been pledged with Banks for Guarantees issued in favour of Govt. Authorities for Rs. 1,003,871 ; Previous year Rs. 1,008,871 respectively | | |
| | 114,967,478 | 17,412,623 |



SCHEDULES FORMING PART OF THE BALANCE SHEET

| | As at March 31, 2008 Rs. | As at March 31, 2007 Rs. |
|--|--------------------------------|--------------------------------|
| SCHEDULE '8' | | |
| LOANS AND ADVANCES | | |
| (Unsecured ,Considered good unless otherwise stated) | | |
| Loan to Subsidiary Company (Considered doubtful) | 12,962,400 | 12,962,400 |
| [Maximum balance outstanding during the year Rs.12,962,400 ; Previous year Rs.12,962,400] | | |
| Less: Provision for Doubtful Loans & advances | 12,962,400 | 12,962,400 |
| | - | - |
| Advances recoverable in cash or in kind or for value to be received | 3,563,354 | 3,804,661 |
| Deposits | 1,071,951 | 1,151,485 |
| Other Receivable | 9,175,545 | 915,750 |
| Income Tax | 55,938,469 | 45,301,571 |
| (Net of Provisions Rs. 131,868,365 ; Previous year Rs. 126,893,365) | | |
| | 69,749,319 | 51,173,467 |
| SCHEDULE '9' | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors # | 10,656,876 | 23,937,107 |
| Deposits | 37,252,554 | 21,594,554 |
| Advance from Customers | 723,996 | 25,278 |
| Interest Accrued but not due | 9,253 | 6,488 |
| Other Liabilities | 241,318 | 1,976,454 |
| Investors Education and Protection Fund shall be credited by the following amounts namely : | | |
| Unpaid Dividend * | 248,359 | 474,749 |
| *There is no amount due to be credited to the fund and outstanding as at Balance Sheet date. | | |
| # Refer Note No. 15 in Schedule 15 | | |
| | 49,132,356 | 48,014,630 |

SCHEDULES FORMING PART OF THE BALANCE SHEET

| | As at March 31, 2008 Rs. | As at March 31, 2007 Rs. |
|----------------------|--------------------------------|--------------------------------|
| SCHEDULE '10' | | |
| PROVISIONS | | |
| Proposed Dividend | 26,471,343 | 24,700,243 |
| Provisions for: | | |
| Tax on Dividend | 4,498,805 | 4,197,806 |
| Employee Benefits | | |
| Leave salary | 2,662,702 | 2,083,212 |
| Gratuity | 2,807,755 | 2,792,152 |
| | 36,440,605 | 33,773,413 |

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

| | For the year April 1, 2007 to March 31, 2008 Rs. | For the year April 1, 2006 to March 31, 2007 Rs. |
|--|---|---|
| SCHEDULE '11' | | |
| OTHER INCOME | | |
| Interest on: | | |
| Deposit With banks (Tax Deducted at source Rs.575,477 ; Previous year Rs.53,820) | 2,744,460 | 593,545 |
| Others (Tax Deducted at Source Rs.9,576 ; Previous year Rs.7,810) | 45,080 | 4,916,757 |
| Dividend received on Current Investment - Net | - | 188,414 |
| Income from Property | 51,145,687 | 48,030,066 |
| Sundry Credit Balances written back | 626,282 | 63,045 |
| Miscellaneous Income (including service tax refund Rs. 1, 402,710 ; Previous year Nil) | 1,948,018 | 28,852 |
| | 56,509,527 | 53,820,679 |



| SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT | | |
|---|---|---|
| | For the year April 1, 2007 to March 31, 2008 Rs. | For the year April 1, 2006 to March 31, 2007 Rs. |
| SCHEDULE '12' | | |
| EMPLOYEE COSTS | | |
| Salaries | 95,850,374 | 76,270,422 |
| Contribution to Provident Fund and other funds | 713,089 | 910,912 |
| Welfare (including Group Medical Insurance of Rs.1,315,515 ; Previous year Rs. 517,142) | 4,859,926 | 3,794,785 |
| | 101,423,389 | 80,976,119 |
| SCHEDULE '13' | | |
| OPERATING AND ADMINISTRATIVE EXPENSES | | |
| Travelling & Conveyance | 4,322,337 | 10,022,050 |
| Communication | 3,884,917 | 3,796,037 |
| Electricity Expenses | 3,782,293 | 4,379,762 |
| Insurance | 511,384 | 455,730 |
| Rent (Net) | 128,255 | 391,010 |
| Rates and Taxes | 3,942,514 | 3,546,427 |
| Professional fees | 4,181,662 | 4,693,916 |
| Software Development Charges | 6,918,870 | 14,485,238 |
| Recruitment Fees | 1,084,372 | 2,617,381 |
| Auditors' Remuneration | | |
| Audit Fees | 375,000 | 350,000 |
| Tax Audit fees | 125,000 | 125,000 |
| Other Services | 80,250 | 143,000 |
| Reimbursement of Expenses | 31,060 | 82,897 |
| | 611,310 | 700,897 |
| Repairs and Maintenance | | |
| Buildings | 1,306,037 | 1,754,318 |
| Plant & Machinery | 3,093,815 | 3,157,128 |
| Others | 1,976,646 | 2,030,767 |
| | 6,376,498 | 6,942,213 |

| SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT | | |
|--|---|---|
| | For the year April 1, 2007 to March 31, 2008 Rs. | For the year April 1, 2006 to March 31, 2007 Rs. |
| Loss on assets sold/discarded (Net) | 2,386,420 | 422,500 |
| Preliminary and Share issue expenses written off | - | 256,426 |
| Exchange Loss (Net) | 5,155,961 | 3,260,389 |
| Sundry Debit Balances Written Off | 19,083 | - |
| Miscellaneous Expenses | 9,800,031 | 9,098,388 |
| | 53,105,907 | 65,068,364 |
| SCHEDULE '14' | | |
| INTEREST | | |
| Interest on | | |
| - Term Loans | 99,400 | 102,011 |
| - others | 66,714 | - |
| | 166,114 | 102,011 |



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 Institute of Chartered Accountants of India 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 are 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.

Foreign Currency Transactions

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, dominated in foreign currency are dealt with in the profit and loss account.

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 encashment 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.

Provision for Fringe Benefit Tax (FBT) is made on the basis of expenses incurred on employees/ other expenses as prescribed under the Income Tax Act, 1961.

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.50,657,976**; Previous year Rs. 50,657,956) **Rs.51,992,034**
(Previous year Rs.50,657,956)

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

3 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances of **Rs.Nil**; Previous year Rs. 68,000): **Rs. Nil** (Previous year Rs. 182,106).



4 Defined Benefit Plans:

Contribution to Gratuity Fund :

Change in present value of obligation

(Amount in Rupees)

| | | |
|---|--|-----------|
| 1 | Present Value of Defined Benefit Obligation as on March 31, 2007 | 2,792,152 |
| 2 | Interest Cost | 223,372 |
| 3 | Current Service Cost | 1,123,030 |
| 4 | Benefits paid during the year | (840,147) |
| 5 | Actuarial (gain)/loss on Defined Benefit Obligation | (490,652) |
| 6 | Present Value of Defined Benefit Obligation as on March 31, 2008 | 2,807,755 |

Amounts recognized in the Balance Sheet

(Amount in Rupees)

| | | |
|---|--|-----------|
| 1 | Present Value of Defined Benefit Obligation as on March 31, 2008 | 2,807,755 |
| 2 | Fair Value of plan assets as on March 31, 2008 | Nil |
| 3 | Net obligation as on March 31, 2008 | 2,807,755 |

Net gratuity cost for the year ended March 31, 2008

(Amount in Rupees)

| | | |
|---|---|-----------|
| 1 | Current Service Cost | 1,123,030 |
| 2 | Interest Cost on obligation | 223,372 |
| 3 | Expected Return on plan assets | Nil |
| 4 | Net Actuarial (gain)/loss recognized for the year ending March 31, 2008 | (490,652) |
| 5 | Net Gratuity Cost | 855,750 |

5. Pursuant to the resolution passed at the Annual General meeting held on September 18, 2006, the Company had allotted 1,750,000 warrants to a promoter and a key management person at a price of Rs 13.25 per warrant on September 20, 2006. During the year, the Company had received full amount from the warrant holders. On exercising the conversion rights by the warrant holders, the Company has converted the said warrants into Equity shares of Rs.10 each at a premium of Rs.3.25 per share. These equity shares have been allotted to the warrant holders, in accordance with Securities and Exchange Board of India guidelines on preferential issue and rank paripassu with the existing shares of the Company in all respects.

6. Employees Stock Option Plan (ESOP)

The Company's Employees' Stock Option Scheme- 2000, 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, 2000 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 4,634,950 shares (Previous year 4,634,950 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, 2008 | As at March 31, 2007 |
|---|----------------------|----------------------|
| Face value per grant (Rs) | 10 | 10 |
| Grants: | | |
| Outstanding as at beginning | 1,070,160 | 829,330 |
| Add: Granted during the year | 0 | 492,500 |
| Less: Exercised during the year | 21,100 | 8,270 |
| Less: Forfeited during the year | 80,800 | 243,400 |
| Outstanding as at end | 968,260 | 1,070,160 |
| Vested: | | |
| Outstanding as at beginning | 330,410 | 266,665 |
| Add: Vested during the year | 235,250 | 163,265 |
| Less: Exercised during the year | 21,100 | 8,270 |
| Less: Forfeited during the year | 60,800 | 91,250 |
| Outstanding as at end | 483,760 | 330,410 |
| Out of the above: | | |
| Grants to Whole time Directors: | | |
| Outstanding as at beginning | 0 | 75,000 |
| Add: Granted during the year | 0 | 0 |
| Less: Exercised during the year | 0 | 0 |
| Less: Forfeited during the year | 0 | 75,000 |
| Outstanding as at end | 0 | 0 |
| Vested to Whole time Directors: | | |
| Outstanding as at beginning | 0 | 18,750 |
| Add: Vested during the year | 0 | 18,750 |
| Less: Exercised during the year | 0 | 0 |
| Less: Forfeited during the year | 0 | 37,500 |
| Outstanding as at end | 0 | 0 |
| Grants to Non-Executive Directors | | |
| Outstanding as at beginning | 172,780 | 179,530 |
| Add: Granted during the year | 0 | 0 |
| Less: Exercised during the year | 0 | 6,750 |
| Less: Forfeited during the year | 40,000 | 0 |
| Outstanding as at end | 132,780 | 172,780 |
| Vested to Non Executive Directors: | | |
| Outstanding as at beginning | 106,780 | 85,145 |
| Add: Vested during the year | 24,625 | 28,385 |
| Less: Exercised during the year | 0 | 6,750 |
| Less: Forfeited during the year | 40,000 | 0 |
| Outstanding as at end | 91,405 | 106,780 |

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, 2008 | | As at March 31, 2007 | |
|--|-------------------------|---|-------------------------|---|
| | Options | Weighted Average Exercise Price (Rs.) | Options | Weighted Average Exercise Price (Rs.) |
| Options outstanding at beginning of the year | 1,070,160 | 14.55 | 829,330 | 15.09 |
| Granted during the year | - | - | 492,500 | 12.20 |
| Exercised during the year | 21,100 | 11.56 | 8,270 | 11.29 |
| Forfeited/lapsed during the year | 80,800 | 46.63 | 243,400 | 11.77 |
| Options outstanding at end of year | 968,260 | 11.93 | 1,070,160 | 14.55 |
| Vested options pending exercise | 483,760 | 11.71 | 330,410 | 19.80 |



The following summarizes information about stock options outstanding:

As at March 31, 2008

| 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 | 868,260 | 3 | 11.25 |
| Rs.15 to Rs. 60 | 100,000 | 5 | 17.88 |

As at March 31, 2007

| 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 | 889,360 | 4 | 11.26 |
| Rs.15 to Rs. 60 | 180,800 | 4.5 | 30.73 |

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, 2008 | As at March 31, 2007 |
|-------------------------|----------------------|----------------------|
| Dividend yield | 0-10% | 0-10% |
| Expected volatility | 10%-20% | 10%-20% |
| Risk-free interest rate | 6.39% - 6.65% | 6.32%-6.65% |
| Expected life of option | 0 – 6 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, 2008 | As at March 31, 2007 |
|---|----------------------|----------------------|
| Profit attributable to Equity Shareholders | 29,031,272 | 70,505,013 |
| Add: Stock-based employee compensation expense included in net income | - | - |
| Less: Stock-based compensation expense determined under fair value based method | 176,714 | 252,637 |
| Net Profit | 28,854,558 | 70,252,376 |
| Basic and diluted earnings per share (as reported) | 1.10 | 2.84 |
| Basic and diluted earnings per share (under fair value method) | 1.09 | 2.83 |

- During the year, the Company has sold its interest in Corliant Inc., and terminated the Joint Venture Agreement with effect from October 31, 2007. The Company has sold it for USD 2,020,000 as against the investment of USD 2,000,925. However the Company has incurred loss of Rs. 15,024,187 on such sale due to depreciation in the rate of US Dollar against Indian Rupee and the same has been accounted as loss on sale of investments.

8. Income Tax Matters

As a matter of prudence, the Company has not recognized the net deferred tax assets of **Rs.8,143,781** (Previous Year Rs.17,936,702).

| | As at March 31, 2008 | As at March 31, 2007 |
|--|-------------------------|-------------------------|
| Deferred Tax Asset: | | |
| Unabsorbed losses / depreciation | 28,461,062 | 41,769,929 |
| Expenses allowable on payments and others | 1,572,807 | 1,657,136 |
| Total | 30,033,869 | 43,427,065 |
| Deferred Tax Liability: | | |
| Fixed Assets (depreciation / amortization) | 21,890,088 | 25,490,363 |
| Net Deferred Tax Asset / (Liability) | 8,143,781 | 17,936,702 |

9. Segment Reporting

Pursuant to Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company has only one reportable segment viz. Software Services & Development.

10. (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 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.
11. As per the requirement of AS-27 on Financial Reporting of Interest in Joint Ventures (JV), the details of the Company's interest in its Joint Venture (Corliant Inc, USA), having Joint Control, is as under:

(Amount in Rupees)

| | Particulars | Current Year | Previous Year |
|----|----------------------|--------------|---------------|
| | % Share Held | Nil | 4.20% |
| a. | Assets | Nil | 7,814,776 |
| b. | Liabilities | Nil | 10,063,152 |
| c. | Income | Nil | 23,728,556 |
| d. | Expenses | Nil | 22,218,076 |
| e. | Contingent Liability | Nil | Nil |

12. Earnings per Share:

| | For the year April 1, 2007 to March 31, 2008 | For the year April 1, 2006 to March 31, 2007 |
|---|---|---|
| Profit attributable to the Shareholders | 29,031,272 | 70,505,013 |
| Weighted average number of Equity Shares outstanding during the year (Nos.) | 26,467,442 | 24,823,310 |
| Nominal Value of Equity Shares (Rs.) | 10 | 10 |
| Basic and Diluted Earnings per Share (Rs.) (Not annualized) | 1.10 | 2.84 |



13. Disclosure in respect of Related Parties pursuant to Accounting Standard 18 is as under:

A. List of Related Parties:

- i) Parties where control exists:
Wholly Owned Subsidiaries
 - a) CyberTech Systems and Software Inc. USA (CSSI)
 - b) CyberTech Europe S.A.(CTE)
- ii) Other Parties with whom the Company has entered into transactions during the year:
 - 1) Joint Ventures:
Corliant Inc., USA (upto October 31,2007)
 - 2) Key Management Personnel
Mr. C.N. Rao-Executive Director

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

(Amt. in Rupees.)

| Particulars | Related Party Transactions | | | |
|--------------------------------|----------------------------|---------------|--------------------------|---------------|
| | CSSI | Corliant Inc. | Key Management Personnel | Total |
| Sales | 136,633,745 | 24,062,972 | - | 160,696,717 |
| | (126,097,095) | (28,731,757) | (-) | (154,828,852) |
| Expenses | - | - | 1,267,500 | 1,267,500 |
| | (-) | (-) | (573,699) | (573,699) |
| Outstanding as at the year end | | | | |
| Receivable (Net of provisions) | 86,287,752 | - | - | 86,287,752 |
| | (71,602,768) | (16,836,350) | (-) | (88,439,118) |
| Investment | 72,564,500 | - | - | 72,564,500 |
| (Net of provisions) | (72,564,500) | (94,161,141) | (-) | (166,725,641) |

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 parties during the year.
- iii) Figures in brackets represent previous year figures.

14. Foreign Exchange currency exposures not covered by derivative instruments as at March 31, 2008:

| Particulars | March 31, 2008 | | March 31, 2007 | |
|----------------|----------------|------------|----------------|------------|
| | USD | INR | USD | INR |
| Sundry Debtors | 2,185,994 | 86,781,533 | 2,105,014 | 91,034,951 |

15 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.

16. Leases :

| | For the year April 1, 2007 to March 31, 2008 Rs. | For the year April 1 2006 to March 31,2007 Rs. |
|---|---|---|
| Future minimum lease receipts under non-cancelable operating leases | | |
| Not later than 1 year | 25,823,000 | Nil |
| Later than 1 year and not later than 3 years | 43,382,640 | Nil |

17. (A)

| | For the year April 1, 2007 to March 31, 2008 Rs. | For the year April 1 2006 to March 31,2007 Rs. |
|---|---|--|
| Directors' remuneration: | | |
| (a) Executive Director | | |
| Salary | 1,267,500 | 573,699 |
| Contribution to Provident fund | NIL | NIL |
| Perquisites (Evaluated as per Income Tax Rules, where necessary) | NIL | NIL |
| (b) Other Directors | | |
| Sitting fees | 420,000 | 250,000 |
| Commission | 400,000 | NIL |
| Total | 2,087,500 | 823,699 |
| Excludes the provision for gratuity and leave encashment, 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

| | Rs. |
|---|------------|
| Net Profit before tax from ordinary activities | 34,006,272 |
| Add: | |
| Managerial Remuneration (including Commission) | 2,087,500 |
| Loss on sale of Fixed Assets/Investments | 17,410,607 |
| Net Profit as per Section 349 | 53,504,379 |
| Commission payable to non-whole time directors | |
| Maximum allowed as per the Companies Act, 1956 @ 1% | 535,044 |
| Commission approved by the Board | 400,000 |

18. 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 April 1, 2007 to March 31, 2008 Rs. | For the year April 1,2006 to March 31,2007 Rs. |
|--|---|--|
| B. CIF value of imports: | | |
| Capital goods | 485,130 | 1,766,726 |
| C. Expenditure in foreign currency: | | |
| Travel Expenses (Net of reimbursements) | 1,458,987 | 5,420,815 |
| D. Dividend remitted in foreign currency (2006-07) | 11,818,137 | NIL |
| E. Earnings in foreign exchange: | | |
| Income from Operations | 162,057,998 | 163,318,279 |

19. 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 : June 23, 2008



**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 | 2 | 0 | 0 | 8 |
|---|---|---|---|---|---|---|---|

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

| | | | | | | | | | |
|---|---|---|---|--|---|---|---|---|---|
| Public Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table> | N | I | L | Right Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table> | N | I | L | | |
| N | I | L | | | | | | | |
| N | I | L | | | | | | | |
| Bonus Issue <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table> | N | I | L | Private Placement <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>7</td><td>7</td><td>1</td><td>1</td></tr></table> * | 1 | 7 | 7 | 1 | 1 |
| N | I | L | | | | | | | |
| 1 | 7 | 7 | 1 | 1 | | | | | |

*Note: Indicates shares issued on conversion of Share Warrants & under ESOP

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

| | | | | | | | | | | | | | |
|---|---|---|---|--|---|---|---|---|---|---|---|---|---|
| Total Liabilities <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>4</td><td>6</td><td>9</td><td>6</td><td>8</td><td>5</td></tr></table> | 4 | 6 | 9 | 6 | 8 | 5 | Total Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>4</td><td>6</td><td>9</td><td>6</td><td>8</td><td>5</td></tr></table> | 4 | 6 | 9 | 6 | 8 | 5 |
| 4 | 6 | 9 | 6 | 8 | 5 | | | | | | | | |
| 4 | 6 | 9 | 6 | 8 | 5 | | | | | | | | |
| Sources of Funds | | | | | | | | | | | | | |
| Paid - up capital <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>6</td><td>4</td><td>7</td><td>1</td><td>3</td></tr></table> | 2 | 6 | 4 | 7 | 1 | 3 | Reserves and Surplus <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>0</td><td>4</td><td>3</td><td>2</td><td>1</td></tr></table> | 2 | 0 | 4 | 3 | 2 | 1 |
| 2 | 6 | 4 | 7 | 1 | 3 | | | | | | | | |
| 2 | 0 | 4 | 3 | 2 | 1 | | | | | | | | |
| Secured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>6</td><td>5</td><td>1</td></tr></table> | 6 | 5 | 1 | Unsecured Loans <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>N</td><td>I</td><td>L</td></tr></table> | N | I | L | | | | | | |
| 6 | 5 | 1 | | | | | | | | | | | |
| N | I | L | | | | | | | | | | | |
| Application of Funds | | | | | | | | | | | | | |
| Net Fixed Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>0</td><td>0</td><td>4</td><td>0</td><td>8</td></tr></table> | 2 | 0 | 0 | 4 | 0 | 8 | Investments <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>8</td><td>2</td><td>5</td><td>6</td><td>8</td></tr></table> | 8 | 2 | 5 | 6 | 8 | |
| 2 | 0 | 0 | 4 | 0 | 8 | | | | | | | | |
| 8 | 2 | 5 | 6 | 8 | | | | | | | | | |
| Net Current Assets <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>8</td><td>6</td><td>7</td><td>0</td><td>9</td></tr></table> | 1 | 8 | 6 | 7 | 0 | 9 | | | | | | | |
| 1 | 8 | 6 | 7 | 0 | 9 | | | | | | | | |

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

| | | | | | | | | | | | | | |
|---|---|---|---|---|--|---|--|---|---|---|---|---|---|
| Turnover (Income from Operations and Other Income) <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>1</td><td>9</td><td>6</td><td>9</td><td>5</td></tr></table> | 2 | 1 | 9 | 6 | 9 | 5 | Total Expenditure <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>8</td><td>5</td><td>6</td><td>8</td><td>9</td></tr></table> | 1 | 8 | 5 | 6 | 8 | 9 |
| 2 | 1 | 9 | 6 | 9 | 5 | | | | | | | | |
| 1 | 8 | 5 | 6 | 8 | 9 | | | | | | | | |
| + - Profit (+)/Loss(-) before Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>3</td><td>4</td><td>0</td><td>0</td><td>6</td></tr></table> | 3 | 4 | 0 | 0 | 6 | + - Profit (+)/Loss(-) after Tax <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>2</td><td>9</td><td>0</td><td>3</td><td>1</td></tr></table> | 2 | 9 | 0 | 3 | 1 | | |
| 3 | 4 | 0 | 0 | 6 | | | | | | | | | |
| 2 | 9 | 0 | 3 | 1 | | | | | | | | | |
| Earning Per Share in Rs. <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>.</td><td>1</td><td>0</td></tr></table> | 1 | . | 1 | 0 | Dividend Rate % <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td>1</td><td>0</td></tr></table> | 1 | 0 | | | | | | |
| 1 | . | 1 | 0 | | | | | | | | | | |
| 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 : June 23, 2008

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, 2008 and also, the Consolidated Profit and Loss Account and also 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. The Company has not consolidated the accounts of CyberTech Europe S.A., the subsidiary company and CyberTech Information Services BVBA, subsidiary of CyberTech Europe S.A. (the subsidiary of the Company) in these accounts for the reason mentioned in note no 2 (e) in Schedule 16.
4. We report that subject to what is stated in paragraph 3 above, 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 the Institute of Chartered Accountants of India.
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 to the Accounts" in Schedule 16 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 Consolidated Balance Sheet, of the state of affairs of the CyberTech Systems and Software Limited and its Subsidiaries as at 31st March, 2008;
 - ii) in the case of the Consolidated Profit & Loss Account, of the consolidated results 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)

Place : Mumbai
Dated : June 23, 2008



| CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2008 | | | |
|---|----------|--------------------------------|--------------------------------|
| | Schedule | As at March 31, 2008 Rs. | As at March 31, 2007 Rs. |
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share Capital | 1 | 264,713,430 | 247,002,430 |
| Reserves & Surplus | 2 | 204,758,442 | 217,880,554 |
| | | 469,471,872 | 464,882,984 |
| Share Warrant Money (Refer Note No. 8 in Schedule 16) | | - | 2,318,750 |
| Loan Funds | | | |
| Secured Loans | 3 | 651,301 | 1,232,411 |
| Unsecured Loans | 4 | - | 7,463,578 |
| | | 470,123,173 | 475,897,723 |
| APPLICATION OF FUNDS | | | |
| Goodwill on Consolidation | | | |
| | | - | 95,907,893 |
| Fixed Assets | | | |
| Gross Block | 5 | 372,002,397 | 409,977,712 |
| Less: Depreciation | | 152,951,204 | 180,087,994 |
| Net Block | | 219,051,193 | 229,889,718 |
| Capital work in progress | | 522,500 | 819,392 |
| | | 219,573,693 | 230,709,110 |
| Investments | 6 | 10,004,000 | 412,634 |
| Deferred Tax Asset | | - | 588,315 |
| Current Assets, Loans & Advances | | | |
| Sundry Debtors | 7 | 149,142,206 | 176,464,872 |
| Cash and Bank Balances | 8 | 156,633,501 | 68,072,420 |
| Loans and Advances | 9 | 75,343,724 | 56,959,781 |
| | | 381,119,431 | 301,497,073 |
| Less: current Liabilities & Provisions | | | |
| Current Liabilities | | | |
| | 10 | 104,133,346 | 119,443,889 |
| Provisions | | | |
| | 11 | 36,440,605 | 33,773,413 |
| | | 140,573,951 | 153,217,302 |
| Net Current Assets / (Liabilities) | | | |
| | | 240,545,480 | 148,279,771 |
| | | 470,123,173 | 475,897,723 |

Significant Accounting Policies and Notes to the Accounts

16

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

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 : June 23, 2008

Place : Mumbai

Dated : June 23, 2008

| CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008 | | | |
|---|----------|---|---|
| | Schedule | For the year April 1, 2007 to March 31, 2008 Rs. | For the year April 1, 2006 to March 31, 2007 Rs. |
| INCOME | | | |
| Income from: | | | |
| Software Services and Development | | 615,361,431 | 728,032,994 |
| Other Income | 12 | 57,173,593 | 54,224,651 |
| | | 672,535,024 | 782,257,645 |
| EXPENDITURE | | | |
| Employee costs | 13 | 351,555,014 | 379,275,852 |
| Operating and Administrative expenses | 14 | 258,135,893 | 314,669,117 |
| Loss on sale of Investments | | 16,505,008 | - |
| Interest | 15 | 166,114 | 720,202 |
| Provision for Doubtful Debts | | - | 4,139,100 |
| Depreciation | | 18,691,271 | 21,334,023 |
| | | 645,053,300 | 720,138,294 |
| Profit Before Tax | | 27,481,724 | 62,119,351 |
| Provision for tax | | 4,000,000 | 4,705,479 |
| Provision for Fringe Benefits Tax | | 975,000 | 1,252,000 |
| Deferred Tax (Asset)/ Liabilities | | 547,936 | 365,102 |
| Profit for the year | | 21,958,788 | 55,796,770 |
| Income Tax adjustments for earlier years | | 1,003,545 | 21,155,647 |
| Profit after Tax | | 20,955,243 | 76,952,417 |
| Balance of Profit/ (Loss) Brought Forward | | 66,568,590 | (223,181,101) |
| Less: Cumulative Loss transferred to Share Premium Account | | - | (241,695,323) |
| Profit available for appropriation | | 87,523,833 | 95,466,639 |
| Appropriations | | | |
| Proposed Dividend | | 26,471,343 | 24,700,243 |
| Residual Dividend Paid | | 12,410 | - |
| Corporate Dividend Tax | | 4,500,915 | 4,197,806 |
| Balance Carried Forward to the Balance Sheet | | 56,539,165 | 66,568,590 |
| Earnings per Share- Basic and Diluted | | 0.79 | 3.10 |

Significant Accounting Policies and Notes to the Accounts

16

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

Sateesh Wadagbalkar

Company Secretary

For and on behalf of the Board of Directors**C.N. Rao**

Executive Director

A.V. Rajwade

Director

Place : Mumbai

Dated : June 23, 2008

Place: Mumbai

Date : June 23, 2008



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

| | (Rs.) | For the year April 1, 2007 to March 31, 2008 Rs. | (Rs.) | For the year April 1, 2006 to March 31, 2007 (Rs.) |
|--|---------------------|---|--------------|---|
| A. Cash flow from Operating activities | | | | |
| Net Profit before tax and exceptional items : | | 27,481,724 | | 62,119,350 |
| Adjustments for : | | | | |
| Depreciation | 18,691,271 | | 21,334,023 | |
| Miscellaneous expenses written off | - | | 256,426 | |
| Unrealised foreign exchange | 2,429 | | 53,160 | |
| Loss on assets sold / discarded (Net) | 2,386,420 | | 422,500 | |
| Provision for Doubtful Debts | - | | 4,139,100 | |
| Interest income | (3,403,027) | | (5,914,274) | |
| Interest Paid | 166,114 | | 720,202 | |
| Loss on Sale of Investments | 16,505,008 | | - | |
| Sundry Credit Balances written back | (626,282) | | (63,045) | |
| Dividend Received | - | | (188,414) | |
| | | 33,721,933 | | 20,759,678 |
| Operating profit before Working Capital changes | | 61,203,657 | | 82,879,028 |
| Adjustments for : | | | | |
| Decrease/(Increase) in Trade & other receivables | 6,804,192 | | (46,558,800) | |
| Increase/(Decrease)Trade payables | (20,030,022) | | 15,715,274 | |
| | | (13,225,830) | | (30,843,526) |
| Cash used in operations | | 47,977,827 | | 52,035,502 |
| Direct taxes paid | | (2,842,898) | | (20,235,523) |
| Net cash used in operating activities | | 45,134,929 | | 31,799,979 |
| B. Cash flow from investing activities | | | | |
| Purchase of fixed assets | | (15,176,804) | | (7,895,223) |
| Purchase of investments | | (10,000,000) | | (21,608,634) |
| Sale of fixed assets | | 1,623,326 | | 191,250 |
| Sale of investments | | 79,811,519 | | 21,386,914 |
| Interest received | | 3,403,027 | | 3,601,267 |
| Net cash from investing activities | | 59,661,068 | | (4,324,426) |

| | | | |
|-----------|---|---------------------|------------|
| C. | Cash flow from financing activities : | | |
| | Increase in Share Capital | 15,392,250 | 17,401,450 |
| | Increase in Share Premium | 5,720,485 | 3,910,684 |
| | Interest paid | (166,114) | (720,202) |
| | Secured Loans repaid | (581,110) | 718,313 |
| | Unsecured Loans repaid | (7,463,578) | 45,269 |
| | Dividend paid and Dividend Tax | (29,136,849) | (435,098) |
| | Net cash used in financing activities | (16,234,916) | 20,920,416 |
| | Net increase/(Decrease) in cash & cash equivalents (a+b+c) | 88,561,081 | 48,395,969 |
| | Cash & cash equivalents (Opening) | 68,072,420 | 19,676,451 |
| | Cash & cash equivalents (Closing) | 156,633,501 | 68,072,420 |
| | | 88,561,081 | 48,395,969 |

Notes :

- 1 Cash and Cash equivalents includes :
 - a) Cash on Hand **60,304** 112,617
 - b) Balance with Scheduled Banks in Current Accounts **40,492,913** 33,074,910
 - c) Deposits with Scheduled Bank **116,080,284** 34,884,893
- 2 The above Cash Flow Statement has been prepared using the Indirect Method prescribed by the Accounting Standards (AS)3 "Cash Flow Statements"
- 3 Includes amount received on sale of shares of Corliant Inc. on termination of Joint Venture Agreement.
- 4 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 : June 23, 2008

For and on behalf of the Board of Directors

Sateesh Wadagbalkar

Company Secretary

Place : Mumbai

Dated : June 23, 2008

C.N. Rao

Executive Director

A.V. Rajwade

Director



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

| | As at March 31, 2008 Rs. | As at March 31, 2007 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 fully paid. | 264,763,020 | 247,052,020 |
| Subscribed And Paid-Up | | |
| 26,471,343 Equity shares of Rs.10 each fully paid. | 264,713,430 | 247,002,430 |
| SCHEDULE '2' | | |
| RESERVES AND SURPLUS | | |
| Securities Premium Account | | |
| Balance as per last Balance Sheet | 158,946,546 | 396,731,185 |
| Add: Addition during the year | 5,720,485 | 3,910,684 |
| Less: Accumulated Loss as on 31st March, 2006 | - | 241,695,323 |
| | 164,667,031 | 158,946,546 |
| Profit & Loss Account | | |
| Surplus as per annexed accounts | 56,539,165 | 66,568,591 |
| Foreign Exchange Translation Reserve | (16,447,753) | (7,634,583) |
| | 204,758,442 | 217,880,554 |
| SCHEDULE '3' | | |
| SECURED LOANS | | |
| Vehicle Loan from Banks (Secured by way of hypothecation of vehicles purchased there against) | 651,301 | 1,232,411 |
| | 651,301 | 1,232,411 |
| SCHEDULE '4' | | |
| UNSECURED LOANS | | |
| From Companies | - | 7,463,578 |
| | - | 7,463,578 |

SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

SCHEDULE '5' FIXED ASSETS

| (Amount in Rs.) | | | | | | | | | | | |
|---|-----------------------|---------------------------------|----------------------------|--------------------|--------------------|-------------------|----------------------------------|--------------------|--------------------|-------------------|--|
| DESCRIPTION | GROSS BLOCK (At Cost) | | | | DEPRECIATION | | | | NET BLOCK | | |
| | As at 01-04-07 | Additions during the year | Deductions/ Adjustments | As at 31-03-08 | Upto 01-04-07 | For the year | On Deductions/ Adjustments | Upto 31-03-08 | As at 31-03-08 | As at 31-03-07 | |
| Goodwill | 33,402,500 | - | 2,635,000 | 30,767,500 | 11,690,875 | 2,154,500 | - | 13,845,375 | 16,922,125 | 21,711,625 | |
| Leasehold Land | 3,308,683 | - | - | 3,308,683 | 477,452 | 50,258 | - | 527,710 | 2,780,973 | 2,831,231 | |
| Office Building | 115,526,363 | - | - | 115,526,363 | 10,607,092 | 1,886,578 | - | 12,493,670 | 103,032,693 | 104,919,271 | |
| Plant & Machinery and Office Equipment | 54,483,518 | 2,132,930 | 24,270 | 56,592,178 | 20,780,419 | 2,507,575 | 2,021 | 23,285,973 | 33,306,205 | 33,703,099 | |
| Computers | 109,653,037 | 6,395,126 | 45,097,582 | 70,950,581 | 87,843,439 | 6,256,628 | 42,074,851 | 52,025,216 | 18,925,365 | 21,809,598 | |
| Furniture & Fixtures | 89,494,509 | 6,945,640 | 3,965,983 | 92,474,166 | | 5,609,354 | 2,186,544 | 50,274,866 | 42,199,300 | 42,642,453 | |
| Motor Cars | 2,382,926 | - | - | 2,382,926 | 272,016 | 226,378 | - | 498,394 | 1,884,532 | 2,110,910 | |
| Current Year Total | 408,251,536 | 15,473,696 | 51,722,835 | 372,002,397 | 178,523,349 | 18,691,271 | 44,263,416 | 152,951,204 | 219,051,193 | 229,728,187 | |
| Previous Year Total | 369,512,570 | 49,620,663 | 30,546,472 | 408,251,536 | 177,341,505 | 17,862,924 | 28,837,306 | 178,523,349 | 229,728,187 | | |



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

| | As at March 31, 2008 Rs. | As at March 31, 2007 Rs. |
|--|--------------------------------|--------------------------------|
| SCHEDULE '6' | | |
| INVESTMENTS | | |
| (Unquoted, unless otherwise stated) | | |
| Mutual funds | 10,000,000 | - |
| Shares in Co-operative Society | 4,000 | 4,000 |
| Investment in Subsidiary | 72,564,500 | 72,564,500 |
| Less: consolidation Elimination | 72,564,500 | 72,564,500 |
| | 10,004,000 | 4,000 |
| Shares in Joint Business Venture | | |
| Corliant Inc. USA | - | 94,161,141 |
| Less: Consolidation elimination | - | 94,161,141 |
| | - | - |
| Investments by Joint Venture in their Subsidiary | | |
| Corliant Japan/Singapore | - | 408,634 |
| | 10,004,000 | 412,634 |
| SCHEDULE '7' | | |
| SUNDRY DEBTORS (Unsecured) | | |
| Considered Good | | |
| Exceeding six months | 11,645,280 | 9,192,023 |
| Others | 137,496,926 | 167,272,849 |
| | 149,142,206 | 176,464,872 |
| Considered Doubtful | | |
| Exceeding six months | 42,876,084 | 43,432,647 |
| | 42,876,084 | 43,432,647 |
| Less: Provision for Doubtful Debts | 42,876,084 | 43,432,647 |
| | 149,142,206 | 176,464,872 |

| SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET | | |
|---|---|---|
| | As at March 31, 2008 Rs. | As at March 31, 2007 Rs. |
| SCHEDULE '8' | | |
| CASH AND BANK BALANCES | | |
| Cash on hand | 60,304 | 112,617 |
| Bank Balances | | |
| With Scheduled Banks : | | |
| - in Current Accounts | 40,492,913 | 33,074,910 |
| - in Deposits Account* | 116,080,284 | 34,884,893 |
| (including interest accrued but not due Rs.717,104; Previous year Rs. 162,775) | | |
| * Fixed Deposit Receipts of Rs.1,004,000; Previous year Rs. 1,009,000 have been pledged with Banks for Guarantees issued in favour of Govt. Authorities for Rs. 1,003,871; Previous year Rs. 1,008,871 respectively | | |
| | 156,633,501 | 68,072,420 |
| SCHEDULE '9' | | |
| LOANS AND ADVANCES | | |
| (Unsecured ,Considered good unless otherwise stated) | | |
| Advances recoverable in cash or in kind or for value to be received | 8,226,000 | 7,363,496 |
| Sundry deposits | 1,825,020 | 1,908,145 |
| Others | 9,175,545 | 916,092 |
| Income Tax | 56,117,159 | 46,772,048 |
| | 75,343,724 | 56,959,781 |
| SCHEDULE '10' | | |
| CURRENT LIABILITIES | | |
| Sundry Creditors | 64,317,319 | 89,833,964 |
| Deposits | 37,252,554 | 21,594,554 |
| Advance from Customers | 2,073,796 | 3,006,850 |
| Other Liabilities | 241,318 | 4,533,772 |
| Investors Education and Protection fund shall be credited by the following amounts namely : | | |
| Unpaid Dividend * | 248,359 | 474,749 |
| *There is no amount due and outstanding as at Balance Sheet date. | | |
| | 104,133,346 | 119,443,889 |



SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

| | As at March 31, 2008 Rs. | As at March 31, 2007 Rs. |
|----------------------|--------------------------------|--------------------------------|
| SCHEDULE '11' | | |
| PROVISIONS | | |
| Proposed Dividend | 26,471,343 | 24,700,243 |
| Provision for | | |
| Tax on dividend | 4,498,805 | 4,197,806 |
| Employee benefits | | |
| - Leave Salary | 2,662,702 | 2,083,212 |
| - Gratuity | 2,807,755 | 2,792,152 |
| | 36,440,605 | 33,773,413 |

SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

| | For the year April 1, 2007 to March 31, 2008 Rs. | For the year April 1, 2006 to March 31, 2007 Rs. |
|---|---|---|
| SCHEDULE '12' | | |
| OTHER INCOME | | |
| Gross Interest | | |
| On Deposit with Banks | 3,357,947 | 997,517 |
| (Tax Deducted at Source Rs.575,477 ; previous year Rs. 53,820) | | |
| On Others | 45,080 | 4,916,757 |
| (Tax Deducted at Source Rs.9,576 ; Previous year Rs. 7,810) | | |
| | 3,403,027 | 5,914,274 |
| Dividend received on Current Investments (Net) | - | 188,414 |
| Income from Property | 51,145,687 | 48,030,066 |
| Excess provision written back | 626,282 | 63,045 |
| Miscellaneous Income | 1,998,597 | 28,852 |
| | 57,173,593 | 54,224,651 |

| SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT | | |
|---|---|---|
| | For the year April 1, 2007 to March 31, 2008 Rs. | For the year April 1, 2006 to March 31, 2007 Rs. |
| SCHEDULE '13' | | |
| EMPLOYEE COSTS | | |
| Salaries | 332,367,024 | 362,878,126 |
| Contribution to Provident and other funds | 713,089 | 910,912 |
| Welfare | 18,474,901 | 15,486,814 |
| | 351,555,014 | 379,275,852 |
| SCHEDULE '14' | | |
| OPERATING AND ADMINISTRATIVE EXPENSES | | |
| Travelling & conveyance | 18,283,856 | 27,589,660 |
| Communication | 7,675,146 | 7,638,052 |
| Power | 4,048,433 | 4,731,266 |
| Insurance | 2,945,783 | 4,297,150 |
| Rent | 6,275,972 | 7,067,162 |
| Rates and Taxes | 4,740,453 | 3,546,427 |
| Professional fees | 13,232,996 | 16,166,186 |
| Software Development Charges | 168,155,515 | 208,556,055 |
| Auditors' Remuneration | | |
| Audit Fees | 696,134 | 711,040 |
| Tax Audit Fees | 125,000 | 125,000 |
| Other Services | 80,250 | 143,000 |
| Reimbursement of Expenses | 71,202 | 128,027 |
| | 972,586 | 1,107,067 |
| Repairs and Maintenance | | |
| Buildings | 1,306,037 | 1,754,318 |
| Plant & Machinery | 5,899,687 | 7,105,603 |
| Others | 2,420,735 | 2,433,110 |
| | 9,626,459 | 11,293,030 |
| Loss on assets sold/discarded (Net) | 2,386,420 | 422,500 |
| Preliminary and Share issue expenses written off | - | 256,426 |
| Provision for Doubtful Debts | 481,702 | - |
| Bad debts written off | - | 222,413 |
| Exchange Loss (Net) | 5,155,961 | 3,260,389 |
| Miscellaneous expenses | 14,154,611 | 18,515,334 |
| | 258,135,893 | 314,669,117 |



SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

| | For the year April 1, 2007 to March 31, 2008 Rs. | For the year April 1, 2006 to March 31, 2007 Rs. |
|----------------------|---|---|
| SCHEDULE '15' | | |
| Interest Paid | | |
| Interest on | | |
| - Term Loans | 99,400 | 720,202 |
| - Others | 66,714 | - |
| | 166,114 | 720,202 |

SCHEDULE '16'**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 Institute of Chartered Accountants of India.

2. Principles of Consolidation:

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

| (I) Subsidiaries: | | |
|--|--------------------------|----------------------------------|
| Name of the Company | Country of Incorporation | Proportion of ownership interest |
| CyberTech Systems & Software Inc. (CSSI) | U.S.A. | 100% |

- (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) The accounts of the subsidiary company namely Cybertech Europe S.A., in which the company has 100% shareholding and incorporated in Europe, and in turn its subsidiary Cybertech Information Services BVBA, has not been consolidated as the control is intended to be temporary because the subsidiary is held exclusively with a view to its subsequent disposal in near future.
- (e) For significant accounting policies followed refer Schedule 15 of the Holding Company's audited financial statement.

3. Foreign Subsidiary:

In case of CyberTech Systems & Software Inc., USA, 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.50,657,976**; Previous year Rs. 50,657,956) **Rs.51,992,034** (Previous year Rs.50,657,956)
- 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 (net of advances of **Rs.NIL**; Previous year Rs. 68,000): **Rs. NIL** (Previous year Rs. 182,106).6. **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, wages, 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 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 encashment 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.

iv) **Employee Benefits to employees in Foreign Subsidiary**

In respect of employees in Foreign Subsidiary, necessary provision is made based on the applicable laws.

7 **Contribution to Gratuity Fund :**

Change in present value of obligation

(Amount in Rupees)

| | | |
|---|--|-----------|
| 1 | Present Value of Defined Benefit Obligation as on March 31, 2007 | 2,792,152 |
| 2 | Interest Cost | 223,372 |
| 3 | Current Service Cost | 1,123,030 |
| 4 | Benefits paid during the year | (840,147) |
| 5 | Actuarial (gain)/loss on Defined Benefit Obligation | (490,652) |
| 6 | Present Value of Defined Benefit Obligation as on March 31, 2008 | 2,807,755 |

Amounts recognized in the Balance Sheet

(Amount in Rupees)

| | | |
|---|--|-----------|
| 1 | Present Value of Defined Benefit Obligation as on March 31, 2008 | 2,807,755 |
| 2 | Fair Value of plan assets as on March 31, 2008 | Nil |
| 3 | Net obligation as on March 31, 2008 | 2,807,755 |

Net gratuity cost for the year ended March 31, 2008

(Amount in Rupees)

| | | |
|---|---|-----------|
| 1 | Current Service Cost | 1,123,030 |
| 2 | Interest Cost on obligation | 223,372 |
| 3 | Expected Return on plan assets | Nil |
| 4 | Net Actuarial (gain)/loss recognized for the year ending March 31, 2008 | (490,652) |
| 5 | Net Gratuity Cost | 855,750 |

8. Pursuant to the resolution passed at the Annual General Meeting held on September 18, 2006, the Company had allotted 1,750,000 warrants to a promoter and a key management person at a price of Rs 13.25 per warrant on September 20, 2006. During the year, the Company had received full amount from the warrant holders. On exercising the conversion rights by the warrant holders, the Company has converted the said warrants into Equity Shares of Rs.10 each at a premium of Rs.3.25 per share. These Equity Shares have been allotted to the warrant holders, in accordance with Securities and Exchange Board of India guidelines on preferential issue and rank pari passu with the existing shares of the Company in all respects.

9. **Employees Stock Option Plan (ESOP)**

The Company's Employees' Stock Option Scheme- 2000, 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, 2000 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 **4,634,950 shares** (Previous year 4,634,950 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, 2008 | As at March 31, 2007 |
|---|-----------------------------|----------------------|
| Face value per grant (Rs) | 10 | 10 |
| Grants: | | |
| Outstanding as at beginning | 1,070,160 | 829,330 |
| Add: Granted during the year | 0 | 492,500 |
| Less: Exercised during the year | 21,100 | 8,270 |
| Less: Forfeited during the year | 80,800 | 243,400 |
| Outstanding as at end | 968,260 | 1,070,160 |
| Vested: | | |
| Outstanding as at beginning | 330,410 | 266,665 |
| Add: Vested during the year | 235,250 | 163,265 |
| Less: Exercised during the year | 21,100 | 8,270 |
| Less: Forfeited during the year | 60,800 | 91,250 |
| Outstanding as at end | 483,760 | 330,410 |
| Out of the above: | | |
| Grants to Whole time Directors: | | |
| Outstanding as at beginning | 0 | 75,000 |
| Add: Granted during the year | 0 | 0 |
| Less: Exercised during the year | 0 | 0 |
| Less: Forfeited during the year | 0 | 75,000 |
| Outstanding as at end | 0 | 0 |
| Vested to Whole time Directors: | | |
| Outstanding as at beginning | 0 | 18,750 |
| Add: Vested during the year | 0 | 18,750 |
| Less: Exercised during the year | 0 | 0 |
| Less: Forfeited during the year | 0 | 37,500 |
| Outstanding as at end | 0 | 0 |
| Grants to Non-Executive Directors | | |
| Outstanding as at beginning | 172,780 | 179,530 |
| Add: Granted during the year | 0 | 0 |
| Less: Exercised during the year | 0 | 6,750 |
| Less: Forfeited during the year | 40,000 | 0 |
| Outstanding as at end | 132,780 | 172,780 |
| Vested to Non Executive Directors: | | |
| Outstanding as at beginning | 106,780 | 85,145 |
| Add: Vested during the year | 24,625 | 28,385 |
| Less: Exercised during the year | 0 | 6,750 |
| Less: Forfeited during the year | 40,000 | 0 |
| Outstanding as at end | 91,405 | 106,780 |

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, 2008 | | As at March 31, 2007 | |
|--|-------------------------|---|-------------------------|---|
| | Options | Weighted Average Exercise Price (Rs.) | Options | Weighted Average Exercise Price (Rs.) |
| Options outstanding at beginning of the year | 1,070,160 | 14.55 | 829,330 | 15.09 |
| Granted during the year | - | - | 492,500 | 12.20 |
| Exercised during the year | 21,100 | 11.56 | 8,270 | 11.29 |
| Forfeited/lapsed during the year | 80,800 | 46.63 | 243,400 | 11.77 |
| Options outstanding at end of year | 968,260 | 11.93 | 1,070,160 | 14.55 |
| Vested options pending exercise | 483,760 | 11.71 | 330,410 | 19.80 |

The following summarizes information about stock options outstanding:

As at March 31, 2008

| 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 | 868,260 | 3 | 11.25 |
| Rs.15 to Rs. 60 | 100,000 | 5 | 17.88 |

As at March 31, 2007

| 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 | 889,360 | 4 | 11.26 |
| Rs.15 to Rs. 60 | 180,800 | 4.5 | 30.73 |

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, 2008 | As at March 31, 2007 |
|-------------------------|----------------------|----------------------|
| Dividend yield | 0-10% | 0-10% |
| Expected volatility | 10%-20% | 10%-20% |
| Risk-free interest rate | 6.39% - 6.65% | 6.32%-6.65% |
| Expected life of option | 0 – 6 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, 2008 | As at March 31, 2007 |
|---|-------------------------|-------------------------|
| Profit attributable to Equity Shareholders | 20,955,243 | 76,952,417 |
| Add: Stock-based employee compensation expense included in net income | - | - |
| Less: Stock-based compensation expense determined under fair value based method | 176,714 | 252,637 |
| Net Profit | 20,778,529 | 76,699,780 |
| Basic and diluted earnings per share (as reported) | 0.79 | 3.10 |
| Basic and diluted earnings per share (under fair value method) | 0.78 | 3.10 |

10. During the year, the Company has sold its interest in Corliant Inc., and terminated the Joint Venture Agreement with effect from October 31, 2007. The Company has sold it for USD 2,020,000 as against the investment of USD 2,000,925. However the Company has incurred loss of Rs. 15,024,187 on such sale due to depreciation in the rate of US Dollar against Indian Rupee and the same has been accounted as loss on sale of investments.

11. Income Tax Matters

As a matter of prudence, the Company has not recognized the net deferred tax assets of **Rs.8,143,781** (Previous year Rs.17,936,702).

| | As at March 31, 2008 (Rs.) | As at March 31, 2007 (Rs.) |
|--|----------------------------------|----------------------------------|
| Deferred Tax Asset: | | |
| Unabsorbed losses / depreciation | 28,461,062 | 41,769,929 |
| Expenses allowable on payments and others | 1,572,807 | 1,657,136 |
| Total | 30,033,869 | 43,427,065 |
| Deferred Tax Liability: | | |
| Fixed Assets (depreciation / amortization) | 21,890,088 | 25,490,363 |
| Net Deferred Tax Asset / (Liability) | 8,143,781 | 17,936,702 |

12. Segment Reporting

Pursuant to Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India, the Company has only one reportable segment viz. Software Services & Development.

13. (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 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.
- (b) 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.

14. Earnings per Share:

| | For the year April 1, 2007 to March 31, 2008 | For the year April 1, 2006 to March 31, 2007 |
|---|---|---|
| Profit attributable to the Shareholders (Rs.) | 20,955,243 | 70,505,013 |
| Weighted average number of Equity Shares outstanding during the year (Nos.) | 26,467,442 | 24,823,310 |
| Nominal Value of Equity Shares (Rs.) | 10 | 10 |
| Basic and Diluted Earnings per Share (Rs.) (Not annualized) | 0.79 | 3.10 |



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

A. List of Related Parties:

- i) Parties where control exists: NIL
- ii) Other Parties with whom the Company has entered into transactions during the year:

Key Management Personnel

| | |
|--|--|
| Mr. C.N. Rao | Executive Director - CSSL |
| Mr. Viswanath Tadimety | Director – CSSI & CSSL |
| Mr. Steven Jeske | Director – CSSI and CSSL |
| Mr. Ravi Rengan | Director - CSSI |
| Mrs. Sukhada Tadimety (wife of Mr. Viswanath Tadimety) | Director-CSSI (w.e.f November 1, 2007) |

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 | - (-) | 17,580,082 #(6,700,096) | 17,580,082 (6,700,096) |
| Outstanding as at the year end | | | |
| Payable | - (-) | - (-) | - (-) |
| Receivable | - (-) | - (-) | - (-) |

Remuneration

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 brackets represent previous year figures.

16. 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

C.N. Rao

A.V. Rajwade

Company Secretary

Executive Director

Director

Place : Mumbai

Dated : June 23, 2008

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

| | | |
|---|------------------------------------|---------------------|
| Name of the Subsidiary Company: | CyberTech Systems and Software Inc | CyberTech Europe |
| The Financial Year of the Subsidiary ended on | March 31, 2008 | March 31, 2008 |
| Number of shares in the Subsidiary Company held by CyberTech Systems & Software Ltd. | 1,585,000 | 1,326,289 |
| Equity | USD15,850 | Euro 1,643,891 |
| Extent of holding | 100% | 100% |
| The net aggregate of Profits/(losses) of the Subsidiary Company for its financial Year So far as they concern the members of the CyberTech Systems & Software Limited: | | |
| Dealt with the Accounts of CyberTech Systems & Software Ltd. | Nil | Nil |
| Not dealt with in the Accounts of CyberTech Systems & Software Ltd. | Loss Rs.7,233,962 | Loss: Rs.149,209 |
| The net aggregate of profits/(losses) of the Subsidiary Company for its previous financial year so far as they concern the members of CyberTech Systems & Software Ltd. | | |
| Dealt with in the Accounts of CyberTech Systems & Software Ltd. | Nil | Nil |
| 2. Not dealt with in the Accounts of CyberTech Systems & Software Ltd. | Profit: Rs. 23,060,450 | Loss: Rs.98,238,806 |

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 : June 23, 2008



DIRECTORS' REPORT

To the Shareholders of

CyberTech Systems and Software, Inc. (USA)

Your Directors have pleasure in presenting this Fifth Annual Report on the business and operations of your Company together with the Audited Accounts of the Company for the year ended 31st March 2008.

COMPANY FINANCIAL RESULTS:

| | 2007-2008 | 2006-2007 |
|--|-------------------|------------|
| Gross Revenue | 14,684,776 | 14,666,094 |
| Profit/(Loss) before Interest & Depreciation | (73,757) | 314,507 |
| Interest | | 4,878 |
| Depreciation | 107,337 | 160,318 |
| Profit/(Loss) before tax | (181,094) | 149,311 |
| Provision for tax | | |
| Current Tax | | 75,000 |
| Deferred Tax (Asset) Liabilities | 13,650 | 8,090 |
| Income Tax Adjustments for earlier years | 25,000 | |
| Profit after tax | (219,744) | 66,221 |
| Profit b/f from previous year | 473,594 | 407,373 |
| Balance carried to Balance Sheet | 253,850 | 473,594 |

U.S.Dollars(\$)

REVIEW OF COMPANY'S OPERATIONS AND PERFORMANCE:

Operations of the Company are completely integrated with its parent company viz., CyberTech Systems and Software Limited. The Company operates as CyberTech Systems and Software Limited's sales front end, servicing the combined Company's customers in the United States and promoting offshore support and development services. The Company focuses on customer facing and business development activities including pre-sales, marketing, sales and onsite project/program management activities.

During the year under review CyberTech Systems and Software, Inc has made a loss after tax of \$(194,744) on the revenue of \$ 14,684,776. The operating loss before interest and depreciation was \$ (73,757). Results are disclosed in the attached financial statements.

The Company maintains its focus on SAP and GIS Technologies and Custom Technology applications. It maintains strong relationships and alliances with partners such as SAP, Microsoft and ESRI. These strong bonds will help the company to attain business revenue growth and increasing profitability with a continued focus on offshore revenue.

DIVIDEND

Your Directors would like to conserve Company resources for business operations and hence no dividend is recommended.

DIRECTORS: The Company is governed by its Board of Directors. Currently directors are:

Mr. Viswanath Tadimety, Mr. Arun Shah, Mr. Steven Jeske, Mr. Ravi Rengan and Mrs. Sukhada Tadimety.

Registered Office

1210 Northbrook Drive, Suite 400,

Treose, Pennsylvania 19053

With offices in Chicago, IL, Philadelphia, PA, and Los Angeles, CA metropolitan areas.

For and on behalf of the Board of Directors

Viswanath Tadimety
Chairman

Place : Naperville, USA

Dated : June 25, 2008.

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, 2008 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 the Institute of Chartered Accountants of India, 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 to the Accounts" 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, 2008;
 - (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)

Place : Mumbai

Dated : June 23, 2008



BALANCE SHEET AS AT MARCH 31, 2008

| | Schedule | As at | As at | As at | As at |
|---|----------|-------------------|--------------------|-------------------|-------------------|
| | | March 31, 2008 | March 31, 2008 | March 31, 2007 | March 31, 2007 |
| | | US DOLLARS | Indian Rupees | US DOLLARS | Indian Rupees |
| SOURCES OF FUNDS | | | | | |
| Shareholders' Funds | | | | | |
| Share Capital | 1 | 15,850 | 629,245 | 15,850 | 683,135 |
| Reserves & Surplus | 2 | 1,823,000 | 72,373,098 | 2,042,744 | 88,042,266 |
| | | 1,838,850 | 73,002,343 | 2,058,594 | 88,725,401 |
| APPLICATION OF FUNDS | | | | | |
| Fixed Assets | | | | | |
| Gross Block | 3 | 1,142,911 | 45,713,565 | 1,114,609 | 48,039,648 |
| Less: Depreciation | | 660,142 | 26,547,637 | 552,805 | 23,825,896 |
| Net Block | | 482,769 | 19,165,927 | 561,804 | 24,213,752 |
| Deferred Tax Asset | | - | - | 13,650 | 588,315 |
| Current Assets, Loans and Advances | | | | | |
| Sundry Debtors | 4 | 3,724,551 | 147,864,675 | 3,517,779 | 151,616,275 |
| Cash and Bank Balances | 5 | 1,049,522 | 41,666,023 | 1,073,600 | 46,272,160 |
| Loans and Advances | 6 | 140,917 | 5,594,405 | 130,132 | 5,608,689 |
| | | 4,914,990 | 195,125,103 | 4,721,511 | 203,497,124 |
| Less: Current Liabilities and Provisions | | | | | |
| Current Liabilities | 7 | 3,558,909 | 141,288,687 | 3,238,371 | 139,573,790 |
| | | 3,558,909 | 141,288,687 | 3,238,371 | 139,573,790 |
| Net Current Assets | | | | | |
| | | 1,356,081 | 53,836,416 | 1,483,140 | 63,923,334 |
| | | 1,838,850 | 73,002,343 | 2,058,594 | 88,725,401 |

Significant Accounting Policies and Notes to the Accounts. 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 : June 23, 2008

For and on behalf of the Board of Directors

Steven Jeske

Director

Place : Naperville, USA

Dated : June 23, 2008

| PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008 | | | | | |
|--|----------|--|--|--|--|
| | Schedule | For the year April 1, 2007 to March 31, 2008 | For the year April 1, 2007 to March 31, 2008 | For the year April 1, 2006 to March 31, 2007 | For the year April 1, 2006 to March 31, 2007 |
| | | US DOLLARS | Indian Rupees | US DOLLARS | Indian Rupees |
| INCOME | | | | | |
| Income from | | | | | |
| Software Development and Services | | 14,668,233 | 588,809,275 | 14,660,232 | 661,616,270 |
| Other Income | 8 | 16,543 | 664,066 | 5,862 | 264,552 |
| | | 14,684,776 | 589,473,341 | 14,666,094 | 661,880,822 |
| EXPENDITURE | | | | | |
| Employee costs | 9 | 6,231,201 | 250,131,625 | 6,243,362 | 281,762,927 |
| Operating and Administrative expenses | | 8,527,332 | 342,302,456 | 8,108,230 | 365,924,420 |
| Depreciation/Amortisation | | 107,337 | 2,721,741 | 160,313 | 6,178,876 |
| Interest other than on Term Loan | | - | - | 4,878 | 220,144 |
| | | 14,865,870 | 595,155,822 | 14,516,783 | 654,086,367 |
| Profit/(Loss) before tax | | (181,094) | (5,682,481) | 149,311 | 7,794,455 |
| Provision for Tax | | | | | |
| Current Tax | | - | - | 75,000 | 3,384,750 |
| Deferred Tax (Asset)/Liabilities | | 13,650 | 547,936 | 8,090 | 365,102 |
| Profit for the Year | | (194,744) | (6,230,417) | 66,221 | 4,044,604 |
| Income Tax adjustments for earlier years | | 25,000 | 1,003,545 | - | - |
| Profit after Tax | | (219,744) | (7,233,962) | 66,221 | 4,044,604 |
| Add:Balance of Profit brought forward | | 473,594 | 23,060,450 | 407,373 | 19,015,846 |
| Balance Carried Forward to the Balance Sheet | | 253,850 | 15,826,488 | 473,594 | 23,060,450 |
| Earnings per share- Basic and Diluted | | (0.14) | (4.56) | 0.04 | 2.55 |

Significant Accounting Policies and Notes to the Accounts. 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 : June 23, 2008

For and on behalf of the Board of Directors

Steven Jeske

Director

Place : Naperville, USA

Dated : June 23, 2008



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

| | For the year April 1, 2007 to March 31, 2008 | | For the year April 1, 2006 to March 31, 2007 | |
|---|--|--------------------|--|---------------|
| | US DOLLARS | Indian Rupees | US DOLLARS | Indian Rupees |
| A. Cash flow from Operating activities | | | | |
| Net Profit (Loss) before tax and exceptional items : | (181,094) | (5,682,481) | 149,308 | 7,794,319 |
| Adjustments for : | | | | |
| Depreciation | 107,337 | 2,721,741 | 160,313 | 6,178,876 |
| Interest income | (15,283) | (613,487) | (5,863) | (264,597) |
| Interest expense | - | - | 4,878 | 220,144 |
| Provision for Doubtful Debts | 12,000 | 531,120 | - | - |
| Effect of exchange rate change | - | (5,039,424) | - | (3,813,280) |
| | 104,054 | (2,400,050) | 159,328 | 2,321,143 |
| Operating profit before Working Capital changes | (77,040) | (8,082,531) | 308,636 | 10,115,462 |
| Adjustments for : | | | | |
| Decrease/(Increase) in Trade & other receivables | (255,224) | 2,271,598 | (617,381) | (20,001,988) |
| Increase/(Decrease) Trade payables | 321,204 | 1,714,898 | 1,194,052 | 48,698,941 |
| | 65,980 | 3,986,496 | 576,671 | 28,696,953 |
| Cash used in operations | (11,060) | (4,096,035) | 885,307 | 38,812,415 |
| Direct taxes paid | - | - | (92,189) | (5,091,669) |
| Net cash used in operating activities | (11,060) | (4,096,035) | 793,118 | 33,720,746 |
| B. Cash flow from investing activities | | | | |
| Purchase of fixed assets | (28,302) | (1,123,589) | (40,392) | (1,740,895) |
| Interest received | 15,283 | 613,487 | 5,863 | 264,597 |
| Net cash from investing activities | (13,019) | (510,102) | (34,529) | (1,476,298) |
| C. Cash flow from financing activities : | | | | |
| Interest paid | - | - | (4,878) | (220,144) |
| Net cash used in financing activities | - | - | (4,878) | (220,144) |
| Net increase/(Decrease) in cash & cash equivalents (a+b+c) | (24,079) | (4,606,137) | 753,711 | 32,024,304 |
| Cash & cash equivalents (Opening) | 1,073,600 | 46,272,160 | 319,889 | 14,247,856 |
| Cash & cash equivalents (Closing) | 1,049,521 | 41,666,023 | 1,073,600 | 46,272,160 |
| | (24,079) | (4,606,137) | 753,711 | 32,024,304 |

Note

- 1 Cash and Cash equivalents includes :

| | | | | |
|---|---------|------------|---------|------------|
| a) Balance with Scheduled Banks in Current Accounts | 839,486 | 33,327,594 | 537,333 | 23,159,052 |
| b) In call accounts | 210,035 | 8,338,429 | 536,267 | 23,113,108 |
- 2 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 : June 23, 2008

For and on behalf of the Board of Directors

Steven Jeske

Director

Place : Naperville, USA

Dated : June 23, 2008

SCHEDULES FORMING PART OF THE BALANCE SHEET

| | As at March 31, 2008 | As at March 31, 2008 | As at March 31, 2007 | As at March 31, 2007 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | 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 | 3,970,000 | 100,000 | 4,310,000 |
| Issued, Subscribed and Paid-Up 1,585,000 Common Stock of USD 0.01 each; fully paid. (All the shares are held by CyberTech Systems and Software Limited, India) | 15,850 | 629,245 | 15,850 | 683,135 |
| SCHEDULE '2' | | | | |
| RESERVES AND SURPLUS | | | | |
| Securities Premium Account As per Last Balance Sheet | 1,569,150 | 62,295,255 | 1,569,150 | 67,630,365 |
| Profit and Loss Account (As per Annexed Accounts) | 253,850 | 15,826,488 | 473,594 | 23,060,450 |
| Foreign Currency Translation Reserve | | (5,748,645) | | (2,648,549) |
| | 1,823,000 | 72,373,098 | 2,042,744 | 88,042,266 |



SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE '3'

FIXED ASSETS

(Amount in US Dollars)

| DESCRIPTION | GROSS BLOCK (At Cost) | | | DEPRECIATION/AMORTISATION | | | | | NET BLOCK | |
|---------------------------|-----------------------|---------------------------|-----------------------------|---------------------------|----------------|----------------|----------------------------|----------------|----------------|----------------|
| | As at 01-04-07 | Additions During the year | Deductions/ during the year | As at 31-03-08 | upto 01-04-07 | For the year | On Deductions/ Adjustments | Upto 31-03-08 | As at 31-03-08 | As at 31-03-07 |
| Goodwill | 775,000 | - | - | 775,000 | 271,250 | 77,500 | - | 348,750 | 426,250 | 503,750 |
| Computers | 239,609 | 28,302 | - | 267,911 | 181,555 | 29,837 | - | 211,392 | 56,519 | 58,054 |
| Furniture & Fixtures | 100,000 | - | - | 100,000 | 100,000 | - | - | 100,000 | - | - |
| Current Year Total | 1,114,609 | 28,302 | - | 1,142,911 | 552,805 | 107,337 | - | 660,142 | 482,769 | 561,804 |
| Previous Year Total | 1,074,217 | 40,392 | - | 1,114,609 | 392,492 | 160,313 | - | 552,805 | 561,804 | |

FIXED ASSETS

(Amount in Indian Rupees)

| DESCRIPTION | GROSS BLOCK (At Cost) | | | DEPRECIATION/AMORTISATION | | | | | NET BLOCK | |
|---------------------------|-----------------------|---------------------------|-----------------------------|---------------------------|-------------------|------------------|----------------------------|-------------------|-------------------|-------------------|
| | As at 01-04-07 | Additions During the year | Deductions/ during the year | As at 31-03-08 | upto 01-04-07 | For the year | On Deductions/ Adjustments | Upto 31-03-08 | As at 31-03-08 | As at 31-03-07 |
| Goodwill | 33,402,500 | - | 2,635,000 | 30,767,500 | 11,690,875 | 2,154,500 | - | 13,845,375 | 16,922,125 | 21,711,625 |
| Computers | 10,327,148 | 1,123,589 | 814,673 | 10,636,065 | 7,825,021 | 567,241 | - | 8,392,262 | 2,243,802 | 2,502,127 |
| Furniture & Fixtures | 4,310,000 | - | - | 4,310,000 | 4,310,000 | - | - | 4,310,000 | - | - |
| Current Year Total | 48,039,648 | 1,123,589 | 3,449,673 | 45,713,565 | 23,825,896 | 2,721,741 | - | 26,547,637 | 19,165,927 | 24,213,752 |
| Previous Year Total | 49,384,971 | 1,740,895 | 3,086,218 | 48,039,648 | 17,647,020 | 6,178,876 | - | 23,825,896 | 24,213,752 | |

SCHEDULES FORMING PART OF THE BALANCE SHEET

| | As at March 31, 2008 | As at March 31, 2008 | As at March 31, 2007 | As at March 31, 2007 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|
| | US DOLLARS | Indian Rupees | US DOLLARS | Indian Rupees |
| SCHEDULE '4' | | | | |
| SUNDRY DEBTORS (Unsecured) | | | | |
| Considered Good | | | | |
| Exceeding six months | 293,332 | 11,645,280 | 213,272 | 9,192,023 |
| Others | 3,217,520 | 127,735,544 | 3,090,895 | 133,217,575 |
| Unbilled Revenue | 213,699 | 8,483,850 | 213,612 | 9,206,677 |
| | 3,724,551 | 147,864,675 | 3,517,779 | 151,616,275 |
| Considered Doubtful | | | | |
| Exceeding six months | 29,500 | 1,171,150 | 40,000 | 1,724,000 |
| Less: Provision for Doubtful Debs | 29,500 | 1,171,150 | 40,000 | 1,724,000 |
| | - | - | - | - |
| | 3,724,551 | 147,864,675 | 3,517,779 | 151,616,275 |
| SCHEDULE '5' | | | | |
| CASH AND BANK BALANCES | | | | |
| Bank Balances | | | | |
| With non-scheduled Banks : | | | | |
| - in Current Accounts | 839,486 | 33,327,594 | 537,333 | 23,159,052 |
| - in Call Accounts | 210,036 | 8,338,429 | 536,267 | 23,113,108 |
| | 1,049,522 | 41,666,023 | 1,073,600 | 46,272,160 |
| SCHEDULE '6' | | | | |
| LOANS AND ADVANCES | | | | |
| (Unsecured ,Considered good) | | | | |
| Advances recoverable in cash or in kind or for value to be received | 117,447 | 4,662,646 | 73,203 | 3,155,049 |
| Sundry deposits | 18,969 | 753,069 | 16,979 | 731,795 |
| Income Tax | 4,501 | 178,690 | 39,950 | 1,721,845 |
| | 140,917 | 5,594,405 | 130,132 | 5,608,689 |
| SCHEDULE '7' | | | | |
| CURRENT LIABILITIES | | | | |
| Sundry Creditors * | | | | |
| wOthers | 3,524,909 | 139,938,887 | 3,110,009 | 134,041,388 |
| Advance received from customers | 34,000 | 1,349,800 | 69,178 | 2,981,572 |
| Other Liabilities | - | - | 59,184 | 2,550,830 |
| *including dues to holding company- | | | | |
| USD 2,173,495 ; Previous year 1,654,016 | | | | |
| | 3,558,909 | 141,288,687 | 3,238,371 | 139,573,790 |



| SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT | | | | |
|--|--|--|---|---|
| | For The Year April 1,2007 to March 31, 2008 | For The Year April 1,2007 to March 31, 2008 | For The Year April 1,2006 to March 31, 2007 | For The Year April 1,2006 to March 31, 2007 |
| | US DOLLARS | Indian Rupees | US DOLLARS | Indian Rupees |
| SCHEDULE '8' | | | | |
| OTHER INCOME | | | | |
| Interest Received | 15,283 | 613,487 | 5,862 | 264,552 |
| Miscellaneous income | 1,260 | 50,579 | - | - |
| | 16,543 | 664,066 | 5,862 | 264,552 |
| SCHEDULE '9' | | | | |
| EMPLOYEE COSTS | | | | |
| Salaries | 5,892,029 | 236,516,650 | 5,984,618 | 270,085,810 |
| Welfare | 339,172 | 13,614,975 | 258,744 | 11,677,117 |
| | 6,231,201 | 250,131,625 | 6,243,362 | 281,762,927 |
| SCHEDULE '10' | | | | |
| OPERATING AND ADMINISTRATIVE EXPENSES | | | | |
| Travelling & Conveyance | 347,805 | 13,961,519 | 366,364 | 16,534,007 |
| Communication | 94,421 | 3,790,229 | 79,255 | 3,576,778 |
| Power | 6,630 | 266,140 | 6,943 | 313,338 |
| Insurance | 60,645 | 2,434,399 | 83,430 | 3,765,196 |
| Rent | 153,150 | 6,147,717 | 142,031 | 6,409,859 |
| Rate & Taxes | 19,878 | 797,939 | - | - |
| Professional Fees | 225,484 | 9,051,334 | 244,432 | 11,031,216 |
| Software Development Programming Charges | 7,436,366 | 298,509,117 | 6,956,861 | 313,963,137 |
| Auditors' Remuneration | | | | |
| Audit Fees | 8,000 | 321,134 | 8,000 | 361,040 |
| Service Tax | 1,000 | 40,142 | 1,000 | 45,130 |
| | 9,000 | 361,276 | 9,000 | 406,170 |
| Repairs and Maintenance: | | | | |
| Plant & Machinery | 69,899 | 2,805,872 | 85,366 | 3,852,567 |
| Others | 11,063 | 444,089 | 6,966 | 314,376 |
| | 80,962 | 3,249,960 | 92,332 | 4,166,943 |
| Provision for Doubtful Debts | 12,000 | 481,702 | - | - |
| Miscellaneous Expenses | 80,991 | 3,251,125 | 127,582 | 5,757,776 |
| | 8,527,332 | 342,302,456 | 8,108,230 | 365,924,420 |

SCHEDULE 11**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED ON MARCH 31, 2008****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) requires the management to make estimates and assumptions that affect the reported income and expenses and disclosure of contingent liabilities. The recognition, measurement, classification or disclosure of an item or information in the financial statements have 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 |
| 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.



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 Institute of Chartered Accountants of India, the Company has only one reportable segment viz. Software Services & Development.

3. Earnings Per Share:

| | For the year April 1, 2007 to March 31, 2008 | For the year April 1, 2007 to March 31, 2008 | For the year April 1, 2006 to March 31, 2007 | For the year April 1, 2006 to March 31, 2007 |
|---|---|---|--|--|
| Profit /(Loss) attributable to the Shareholders | USD (219,744) | Rs. (7,233,962) | USD 66,221 | Rs.4,044,604 |
| 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. 0.39 | USD0.01 | Rs. 0.43 |
| Basic and Diluted Earnings Per Share (Not annualised) | USD (0.14) | Rs. (4.56) | USD 0.04 | Rs. 2.55 |

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

Fellow Subsidiary

CyberTech Europe SA (CTE)

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

(i) Associates :

(a) CyberTech Systems Inc., USA

(b) Corliant Inc.U.S.A.(upto October 31,2007)

(ii) Key Management Personnel

Mr.Viswanath Tadimety -Director

Mr.Steven Jeske -Director

Mr.Ravi Rengan-Director

Mrs. Sukhada Tadimety (wife of Mr. Viswanath Tadimety)- Director (w.e.f November 1, 2007)

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

| Particulars | Referred in | Referred in | Referred in | Referred in | Referred in | Referred in | Referred in | Referred in |
|-----------------------------------|--------------------------|------------------------------|---------------------|-----------------------|----------------------|---------------------|----------------------|------------------|
| | (A)(1) above | (A)(1) above | (A)(2)(i) (a) above | (A)(2)(i) (a) above | (A)(2)(i) (b) above | (A)(2)(i) (b) above | (A)(2)(ii) (b) above | (A)(2)(ii) above |
| | USD | RS. | USD | RS. | USD | RS. | USD | RS. |
| 1) Expenses | 3,632,005 (2,807,052) | 145,795,218 (126,682,256) | - (-) | - (-) | 342,844 (473,464) | 13,762,375 | 406,374 (120,000) | 16,312,582 |
| 2) Advances Recovered | - (4,620) | - (199,122) | - (-) | - (-) | - (-) | (22,807,842) | - (-) | (5,311,200) |
| 3) Outstanding as at the year end | | | | | | | | |
| Payable | 2,194,395 (1,654,016) | 87,117,507 (71,288,090) | 21,483 (21,483) | 852,868 (9,25,917) | - 114,555 | - (4,937,321) | - (-) | - (-) |

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 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.
 - 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 April 1, 2007 to March 31, 2008 USD | For the year April 1, 2007 to March 31, 2008 Rs. | For the year April 1, 2006 to March 31, 2007 USD | For the year April 1, 2006 to March 31, 2007 Rs. |
|---|---|---|---|---|
| Future minimum lease payments under non-cancelable operating leases | | | | |
| Not later than 1 year | 113,458 | 4,554,408 | 68,375 | 3,026,277 |
| Later than 1 year and not later than 3 years | 116,463 | 4,675,034 | Nil | Nil |

8. Deferred Tax Assets :-

As a matter of prudence, the Company has not recognized the net deferred tax assets of **USD Nil** (Previous Year USD 13,650).
Amount in US Dollars

| | As at March 31, 2008 | As at March 31, 2007 |
|--|---------------------------------|-------------------------|
| Expenses allowable in subsequent years | Nil | 13,650 |
| | Nil | 13,650 |

- 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

Steven Jeske
Director

Place : Naperville, USA
Dated : June 23, 2008



DIRECTORS' REPORT

The Directors present herewith the Annual Report of the Company together with the Audited Annual Accounts for the year ended 31st March, 2008

Financial Highlights:

(Amount in Euros)

| | 2007 – 08 | 2006 – 07 |
|--|-------------|-------------|
| Gross Revenue | 0 | 0 |
| Profit/ (Loss) before Interest & Depreciation | (2584) | (169) |
| Interest | 0 | 0 |
| Depreciation | 0 | 0 |
| Provision for tax | 31 | 343 |
| Profit/ (Loss) after tax | (2615) | (511) |
| Free Reserves brought forward from previous year | (1,902,858) | (1,902,347) |
| Amount available for appropriations | (1,905,473) | (1,902,858) |
| Appropriations: | | |
| Balance to be carried forward | (1,905,473) | (1,902,858) |
| Total Appropriations | (1,905,473) | (1,902,858) |

* Figures for the previous year have been regrouped/ rearranged wherever necessary, hence may not be comparable

Dividend:

In view of the accumulated losses, the directors do not recommend any dividend.

Operations:

The Company has not engaged in operating activities during the year under review. Its wholly owned subsidiaries have previously sold their operations and have filed for liquidation. Therefore the Annual Accounts have not been prepared on a 'going concern' basis. The Company intends to cease all activity and file for dissolution during the current year. See also Note 2 under the heading "Notes to Accounts" providing current status of efforts in this respect

Acknowledgement:

Your Directors place on record their appreciation for the support from Shareholders & Others.

For and on behalf of the Board of Directors

Viswanath Tadimety
Director

Mumbai, India
June 23, 2008

C.N. Rao
Director

Mumbai, India
June 23, 2008

AUDITORS' REPORT

TO,

THE SHAREHOLDERS OF CYBERTECH EUROPE S.A.

We have audited the attached Balance Sheet of CYBERTECH EUROPE S.A. as at 31st March 2008 and the related Profit & Loss Account for the period ended on that date, both of which have been signed by us under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material 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.

We further report that :-

- a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of these books.
- c. The Balance Sheet and the Profit and Loss Account are in agreement with the books of account.
- d. In our opinion, these accounts have been prepared in compliance with the applicable Accounting Standards (AS) issued by the Institute of Chartered Accountants of India.

In our opinion and to the best of our information and according to the explanation given to us, the accounts read together with the notes thereon, particularly note 1 under the head "Accounting Policies" and note 2 under the head "Notes to Accounts" in Schedule 9, give the information required by the Companies Act of India, 1956 ('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 Balance Sheet, of the state of affairs of the Company as at 31st March 2008; and
- ii) In the case of Profit and Loss Account, of the loss for the period ended on that date

For S S Rathi & Company

Chartered Accountants

SANDEEP SHRIDHAR

Partner

Membership no. 102944

Place : MUMBAI

Dated : June 23, 2008

**BALANCE SHEET AS AT MARCH 31, 2008**

| | Schedule | As at March 31, 2008 | As at March 31, 2007 | As at March 31, 2008 | As at March 31, 2007 |
|---|----------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | Euro | Euro | INR | INR |
| SOURCES OF FUNDS | | | | | |
| Share Capital | 1 | 1,643,891 | 1,643,891 | 84,313,700 | 84,313,700 |
| Reserves & Surplus | 2 | 139 | 139 | (2,377,929) | (1,039,120) |
| | | 1,644,030 | 1,644,030 | 81,935,771 | 83,274,580 |
| Unsecured Loans | 3 | 253,000 | 253,000 | 15,949,626 | 14,656,265 |
| | | 1,897,030 | 1,897,030 | 97,885,397 | 97,930,845 |
| APPLICATION OF FUNDS | | | | | |
| Current Assets, Loans & Advances | | | | | |
| Cash and Bank Balances | 4 | 21 | 21 | 1,345 | 1,236 |
| | | 21 | 21 | 1,345 | 1,236 |
| Less: Current Liabilities & Provisions | | | | | |
| Current Liabilities | 5 | 8,465 | 5,850 | 533,636 | 338,870 |
| | | 8,465 | 5,850 | 533,636 | 338,870 |
| Net Current Assets/ (Liabilities) | | (8,443) | (5,828) | (532,291) | (337,634) |
| Profit And Loss Account (Loss) | | 1,905,473 | 1,902,858 | 98,417,688 | 98,268,479 |
| | | 1,897,030 | 1,897,030 | 97,885,397 | 97,930,845 |

Significant Accounting Policies and Notes to the Accounts. 8

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

As per our attached report of even date

For S S Rathi & Company

Chartered Accountants

Sandeep Shridhar

Partner

Membership no. 102944

For and on behalf of the Board of Directors

Viswanath Tadimety

Director

C .N. Rao

Director

Place : Mumbai, India

Dated : June 23, 2008

Place : Mumbai, India

Dated: June 23, 2008

Place : Mumbai, India

Dated: June 23, 2008

| PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008 | | | | | |
|--|----------|---|--|---|--|
| | Schedule | For the year April 1, 2007 to March 31, 2008 | For the year April 1, 2006 to March 31, 2007 | For the year April 1, 2007 to March 31, 2008 | For the year April 1, 2006 to March 31, 2007 |
| | | Euro | Euro | INR | INR |
| INCOME | | | | | |
| Other Income | 6 | - | - | - | - |
| | | - | - | - | - |
| EXPENDITURE | | | | | |
| Operating and Administrative expenses | 7 | 2,584 | 169 | 147,440 | 9,794 |
| | | 2,584 | 169 | 147,440 | 9,794 |
| Profit/ (Loss) for the year | | (2,584) | (169) | (147,440) | (9,794) |
| Provision for tax/ (written back) | | 31 | 343 | 1,769 | 19,879 |
| Balance of Profit/(Loss) Brought Forward | | (1,902,858) | (1,902,347) | (98,268,479) | (98,238,806) |
| Balance Carried Forward to the Balance Sheet | | (1,905,473) | (1,902,858) | (98,417,688) | (98,268,479) |

Significant Accounting Policies and Notes to the Accounts. 8

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

As per our attached report of even date

For S S Rathi & Company

Chartered Accountants

Sandeep Shridhar

Partner

Membership no. 102944

For and on behalf of the Board of Directors

Viswanath Tadimety

Director

C .N. Rao

Director

Place : Mumbai, India

Dated: June 23, 2008

Place : Mumbai, India

Dated: June 23, 2008

Place : Mumbai, India

Dated: June 23, 2008



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2008

| | For the year April 1, 2007 to March 31, 2008 | For the year April 1, 2006 to March 31, 2007 |
|---|--|--|
| | EURO | EURO |
| A. Cash flow from Operating activities | | |
| Net profit before tax : | (2,584) | (169) |
| Adjustment for : | | |
| Interest income | - | - |
| Operating profit before Working Capital changes | (2,584) | (169) |
| Adjustment for : | | |
| Increase/(Decrease)Trade payables | 2,615 | 0 |
| Cash generated from operations | 31 | (169) |
| Tax paid | (31) | (343) |
| Net cash from operating activities | - | (512) |
| B. Cash flow from investing activities | | |
| Interest received | - | - |
| Net cash from investing activities | - | - |
| C. Cash flow from financing activities : | | |
| Loans received (net) | - | - |
| Net cash from financing activities | - | - |
| Net increase/(Decrease) in cash & cash equivalents (a+b+c) | - | (512) |
| Cash & cash equivalents (Opening) | 21 | 533 |
| Cash & cash equivalents (Closing) | 21 | 21 |
| | - | (512) |

Note

Cash and Cash equivalents includes :

a) Balance with Other Banks in Current Accounts

As per our attached report of even date

For S S Rathi & Company

Chartered Accountants

Sandeep Shridhar

Partner

Membership No. 102944

Placce : Mumbai

Dated ; June 23, 2008

For and on behalf of the Board of Directors

Viswanath Tadimety

Director

Place : Mumbai, India

Daetd : June 23, 2008

C .N. Rao

Director

| SCHEDULES FORMING PART OF THE BALANCE SHEET | | | | |
|--|---|----------------------------|---|---|
| | As at March 31, 2008 | As at March 31, 2007 | As at March 31, 2008 | As at March 31, 2007 |
| | Euro | Euro | INR | INR |
| SCHEDULE '1' SHARE CAPITAL Issued, Subscribed and Paid-Up 13,26,289 (Previous year 13,26,289) Equity shares of Luxembourg Franc 50 equivalent to Euro 1.239467 each fully paid. | 1,643,891 | 1,643,891 | 84,313,700 | 84,313,700 |
| SCHEDULE '2' RESERVES AND SURPLUS a) General Reserve Balance as per last Balance Sheet Less: Transferred to Profit and Loss A/c Foreign Correny Traslation Reserve | 139 - 139 139 | 139 - 139 139 | 6,595 - 6,595 (2,384,524) (2,377,929) | 6,595 - 6,595 (1,045,715) (1,039,120) |
| SCHEDULE '3' UNSECURED LOANS From Companies | 253,000 253,000 | 253,000 253,000 | 15,949,626 15,949,626 | 14,656,265 14,656,265 |
| SCHEDULE '4' CASH AND BANK BALANCES With Other Banks - in Current Accounts | 21 21 | 21 21 | 1,345 1,345 | 1,236 1,236 |
| SCHEDULE '5' CURRENT LIABILITIES Sundry Creditors Other Liabilities | 6,527 1,938 8,465 | 3,942 1,907 5,850 | 411,451 122,185 533,636 | 228,388 110,482 338,870 |



SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

| | For the year April 1, 2007 to March 31, 2008 | For the year April 1, 2006 to March 31, 2007 | For the year April 1, 2007 to March 31, 2008 | For the year April 1, 2006 to March 31, 2007 |
|--|---|--|---|--|
| | Euro | Euro | INR | INR |
| SCHEDULE '6' | | | | |
| OTHER INCOME | | | | |
| Gross Interest | - | - | - | - |
| - on Bank Balance | - | - | - | - |
| | | | | |
| SCHEDULE '7' | | | | |
| OPERATING AND ADMINISTRATIVE EXPENSES | | | | |
| Professional fees | 2,584 | 0 | 147,440 | - |
| Office Expenses | 0 | 140 | - | 8,126 |
| Exchange Loss | 0 | 0 | - | - |
| Miscellaneous expenses | 0 | 29 | - | 1,669 |
| | 2,584 | 169 | 147,440 | 9,794 |

SCHEDULE 8**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON FINANCIAL STATEMENTS****ACCOUNTING POLICIES :**

1. The Accounts of the company are not prepared on the historical cost convention and going concern basis since the businesses of the operating subsidiaries have been sold/ wound up and management does not intend to initiate any new activities.
2. Foreign currency transactions, if any, are accounted at exchange rates prevailing on the date the transaction takes place. Gains and losses arising out of subsequent fluctuations are accounted for on actual payment/ realization. Gains/ losses, if any at period end on account of restatement of the current assets and current liabilities, are recorded in the profit & loss account.
3. Provision for current year tax is made on the basis of the minimum taxes payable each year by the Company in accordance with the laws of Luxembourg. The deferred tax for timing difference is accounted for, based on the tax rules and laws that have been enacted or substantively enacted as of the Balance Sheet date. Deferred tax assets arising out from the timing differences are recognized only to the extent there is reasonable certainty that these would be realized in future.

NOTES ON ACCOUNTS :

1. The Company had no activity in the current year.
2. No deferred tax asset has been recognized on account of unabsorbed losses, since management is in the process of winding up the Company.
3. Management initiated the winding up of the Company's subsidiaries in 2005 and has completed the procedures in filing the relevant documents for winding up/ liquidating all subsidiaries. Since the subsidiaries have either been dissolved or are no longer under the Company's control, the statement of affairs of the subsidiaries are not prepared by the Company.
4. Previous Year figures have been rearranged/ regrouped wherever necessary.

For and on behalf of the Board of Directors**Viswanath Tadimety**

Director

Place : Mumbai, India

Dated : June 23, 2008

C.N. Rao

Director

Place : Mumbai, India

Dated : June 23, 2008



Notes



CyberTech Systems and Software Limited

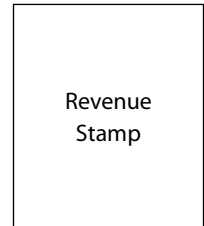
Registered Office:

'CyberTech House', Plot No. B-63 - 65, Road No.21/34, J. B. Sawant Marg, MIDC, Wagle Estate, Thane (West), 400604

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 Thirteenth Annual
General Meeting of the Company to be held on Tuesday, 30th day of September, 2008 at the Registered Office of the Company at 'CyberTech
House', Plot No. B-63 - 65, Road No. 21/34, J. B. Sawant Marg, MIDC, Wagle Estate, Thane (West) 400604 at 4.00 p.m. and at any adjournment
thereof.

DP. ID: _____ Client ID : _____
Folio No.: _____
Signed this _____ day of _____ 2008



Note: This form duly completed should be deposited at the Registered Office of the Company before 48 hours of the meeting.
Applicable for investors holding shares in electronic form.



CyberTech Systems and Software Limited

Registered Office:

'CyberTech House', Plot No. B-63 - 65, Road No.21/34, J. B. Sawant Marg, MIDC, Wagle Estate, Thane (West), 400604

ATTENDANCE SLIP

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

I hereby record my presence at the Thirteenth Annual General Meeting of the Company to be held on Tuesday, 30th day of September, 2008
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 4.00 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.