



# 16<sup>th</sup> ANNUAL REPORT (2009-2010)

**Cerebra Integrated Technologies Limited**

**CEREBRA INTEGRATED TECHNOLOGIES LIMITED**

Regd Off.: # S-5, off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

Ph.: 91-80-2837 0282/84 Fax : 2837

Email: [info@cerebracomputers.com](mailto:info@cerebracomputers.com), [investors@cerebracomputers.com](mailto:investors@cerebracomputers.com)

# Annual Report 2009-2010

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## BOARD OF DIRECTORS

**V. Ranganathan** - *Managing Director*  
**Gururaj K. Upadhy** - *Director Technical*  
**Shridhar S. Hegde** - *Wholetime Director*  
**P. Vishwamurthy** - *Wholetime Director*  
**T. S. Suresh Kumar** - *Director*  
**P. E. Krishnan** - *Director*  
**S. Gopalakrishnan** - *Director*

## REGISTERED OFFICE, FACTORY AND WORKSTATION

# S-5, off 3rd Cross, I Stage,  
Peenya Industrial Area,  
Bangalore - 560 058  
Tel: 91 - 80 – 28370281/2/3/4 - 28370282 / 84  
Fax: 91 - 80 - 28372609 Web: [www.cerebracomputers.com](http://www.cerebracomputers.com)  
Email: [info@cerebracomputers.com](mailto:info@cerebracomputers.com)

## ITES FACILITIES

26/4, 'A' Block, 2<sup>nd</sup> Floor  
Industrial Suburb, Rajajinagar  
Bangalore- 560 010  
Tel: 91-80-22046969 to 79  
Fax: 91-80-22046980

## STATUTORY AUDITORS

M.S. Reddy & Associates  
Chartered Accountants  
#726, II Floor, 3rd Main, 3rd Cross,  
"D" Block, II Stage, Rajajinagar,  
Bangalore - 560 010.  
Tel. 91 - 80 - 23422430

## BANKERS

Bank of India

## REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Pvt Limited,  
17-24, Vittal Rao Nagar,  
Madhapur  
Hyderabad - 500081  
Ph: 040-23420818-824  
Fax: 040-23420814  
Email: [sanjayrao@karvy.com](mailto:sanjayrao@karvy.com)

## ENLISTMENTS

Bombay Stock Exchange Limited (BSE)

## DEPOSITORIES

National Securities Depository Limited  
Central Depository Services Limited

**From the desk of the Managing Director**

Dear Stakeholder,

It gives me great pleasure to welcome all of you to the 16th AGM of your Company and we have been looking forward to meeting you all again though we had the occasion to meet some of you earlier during this year.

I am reasonably satisfied to report that your Company did perform better than expectations despite not so favourable business circumstances. It is with ample relief that I have to state that we have as of this date completely put all our troubles behind us. The future has got to be much brighter and be filled with immense activities.

The Directors' Report attached hereto, will exhibit the financials. Humangous amount of efforts have been infused towards the revival, expansion with synergic diversification programs. Derisking business model with optimised mix of growth and profits has been kept seriously in mind by your Directors. Accordingly, all the divisions namely the hardware, contract manufacturing, ITES including MT and LPO have contributed to the profit kitty.

With your approval, we have issued around 1.15 crores Warrants to group of investors who have committed to invest Rs. 32 crores in the Company for the E waste business and also for the ITES subsidiary.

Our hardware division is performing well though the margins are lower as in that business, but is still contributing. We plan to increase our business in profitable areas like networking to improve our bottom line. We will soon be recruiting some experienced people to improve our business and margins in this division.

Our contract manufacturing division is performing well and we will be shifting focus to EMS from labour contracts so as to increase our topline and bottom line. We have good customers who are all growing thereby helping us to grow as well.

Our ITES subsidiary is growing, especially the LPO division. We have added some customers in the LPO division and hope to add more during this year. Our focus will be to grow this division such that it contributes significantly to our business.

As you are all aware we are setting up one of India's largest E waste recycling plants which will be managed by Cimelia from Singapore who is a world leader in this space. We have got 10 acres of land allotted by the Government of Karnataka near Bangalore and will soon begin construction there. A 100000sqft of world class facility is being worked out and initiatives have been made towards this direction already. Very soon, you all be proud owners of a world class E waste recycling facility.

Our grateful thanks to investors, share holders who have believed in this dream and have helped us achieve the same. We wish to thank the Government of Karnataka, all those who have contributed towards rebuilding up Cerebra and also for all your continued support. Team Cerebra will relentlessly strive hard to cautiously grow with higher profits and enhance the value of the Enterprise and reward the investors in every possible way.

With best wishes for an excellent 2011!

Warm Regards

**V. RANGANATHAN**  
Managing Director

**CEREBRA INTEGRATED TECHNOLOGIES LIMITED**

Regd Off.: # S-5, off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

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**NOTICE**

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Company will be held at 11.00 a.m. on Thursday, the 30th December, 2010 at the Registered Office of the Company to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at September 30, 2010 and the Profit and Loss Account for the year ended on that date along with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.Gururaj K. Upadhya, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr.S. Gopalakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs Ishwar & Gopal, Chartered Accountants, Bangalore as Auditors in place of Messrs. M.S. Reddy & Associates, Chartered Accountants, Bangalore who have indicated not to seek appointment, to hold the Office of Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

By Order of the Board

Place: Bangalore

Date: 29.11.2010

**V. RANGANATHAN**

MANAGING DIRECTOR



Lighting of Lamp by Mr. Paul Folmsbee, Consul General, American Consulate, Mumbai



Mr.V.Ranganathan, Managing Director, Addressing the Press, Hotel Trident, Mumbai

**NOTES:**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to vote instead of himself/herself and the proxy appointed need not be a member. The duly filled in proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
2. For the convenience of the Members and for proper conduct of the meeting, entry to the place of the meeting will be regulated by an Attendance Slip, which is forwarded as detachable part of Annual Report. Members are requested to affix their signature at the place provided in the Attendance Slip and hand it over at the entrance.
3. Members, who hold shares in dematerialized form, are requested to bring in their Client ID and DP ID nos. for easier identification of attendance at the meeting and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.
4. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least 7 days prior to the meeting, so that, the required information can be made available at the meeting.
5. Members holding shares in physical form are requested to notify immediately any change in their address to the Company's Registrar and Transfer Agent, Karvy Computershare Private Limited. Members holding shares in electronic form may intimate any such changes to their respective Depository participants (DPs).
6. Members holding more than one share certificate in different folios are requested to kindly apply for consolidation of the folios and send the relative share certificates to the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited, (Unit: Cerebra Integrated Technologies Limited), Plot No 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.
7. Listing fee has been paid to the Stock Exchanges up to date.
8. The Company's Shares are traded in electronic form with ISIN No. INE345B01019.
9. The Register of Members and the Share Transfer Books will remain closed on 30.12.2010 in connection with the Annual General Meeting.
10. Members are kindly requested to bring Annual Report 2009-10 along with them to the Annual General Meeting, since extra copies will not be supplied at the meeting.
11. Pursuant to Section 205A (5) of the Companies Act, 1956, as amended, any money transferred to Unpaid Dividend Account and remaining unclaimed for a period of 7 (seven) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, and thereafter, the Shareholders shall not be able to claim any Unpaid Dividend from the said fund or from the Company. This information is included for the benefit of the Shareholders for future purposes.

12. The Shares of the Company are compulsorily traded in electronic form. The Members are requested to forward all applications for transfer and all other shares related correspondence, including intimation for change of address, if any, to the Registrars and Transfer Agent of the Company at the following address:

**Karvy Computershare Pvt. Ltd.**

Plot No 17 to 24 Vittal Rao Nagar,

Madhapur, Hyderabad - 500 081

Fax - 040-23420814

Phone: 040 - 23420818 - 824

13. Pursuant to SEBI notification no. MED/ DOP/ Circular/05/2009 dated May 20, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTA to enable/effect transfer of Shares in physical form.

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION  
AT THE ANNUAL GENERAL MEETING:**

**1. Mr. Gururaja K. Upadhyia:**

Date of Birth: 15.06.1964

Qualification: B E

Expertise: Electronic Manufacturing Services

No. of Board Meetings attended during the year: 8

**2. Mr. S. Gopalakrishnan:**

Date of Birth: 08.09.1967

Qualification: B Com

Expertise: Finance and Accounts

No. of Board Meetings attended during the year: 8



# CEREBRA INTEGRATED TECHNOLOGIES LIMITED

## DIRECTORS' REPORT

Your Directors have great pleasure to present their Sixteenth Annual Report together with the audited Balance Sheet and Profit and Loss Account for the year ended 30<sup>th</sup> September, 2010.

### **FINANCIAL RESULTS :**

#### REVIEW OF OPERATIONS & GROWTH OPPORTUNITIES:

(Rs. in lakhs)

<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
Total Income	5972.67	5046.91
Total Expenditure	5818.14	4876.23
Operating Profits (PBIDT)	154.53	170.68
Interest	2.49	3.82
Depreciation	15.89	20.55
Profit Before Extra Ordinary Income	136.15	146.31
Provision for Tax – MAT	25.24	0
Profit after Current Tax but before Deferred Tax	110.91	146.31
Deferred Tax	-	-
Profit available for appropriations/(Loss)	110.91	146.31

Despite the recessionary trends which continued globally, your Company was able to achieve better results. Although the Company had a slow start, momentum was picked up progressively. Signs of the domestic economy turning to optimistic position were visible on the horizon.

Your Company continued to focus on the hardware business which has been major revenue earner.

Efforts infused on ITeS have started yielding enthusiastic results. With your approval, the Company hived off ITeS business in to its subsidiary Company namely Cerebra LPO India Limited.

The Shareholders may recall that your Board had covered in the last Annual Report the proposal to set up Electronic Recycling Plant to address E-Waste Management. Immense efforts have been infused post last Annual General Meeting towards this direction and following are the key milestones:

- a. The Company has signed up with Foreign Technical Consultants, Cimelia Resource Recovery Pte Ltd.,Singapore
- b. Approvals of Shareholders were obtained for all the related requirements including preferential issues of Shares/Warrants to Foreign Technical Consultants and Plant and Machinery Vendors, Strategic Investors and Promoters.
- c. Requisite approvals are being sought from the Foreign Investment Promotion Board (FIPB) of the Government of India, Stock Exchanges and other Regulatory Authorities to enable implementation of the aforesaid Project.
- d. At the Global Investors Meet (GIM) sponsored by the Government of Karnataka, 10 acres of Industrial land to house E-Waste Recycling Project and 2 acres at the IT tech Park near the International Airport to establish ITeS business were allotted to your Company.

- e. Fund raising to meet the CAPEX and OPEX programs is in the process of being tied up. Partial funds have already been raised.
- f. Requisite Training Program on the E-Waste business has been initiated in Singapore for the Company's Personnel.
- g. One mobile shredder and one fixed shredder are expected to arrive from Singapore to commercially commence the E-Waste related business prior to the actual implementation of the Project.
- h. Formally, in the presence of esteemed members of the Press, Directors and Senior Executives of Technical Consultant from Singapore, many Investors, Wholetime Directors of your Company and certain other dignitaries, Mr.Paul Folmsbee, Consul General, American Consulate General, Mumbai, launched the E-Waste Recycling Project at Mumbai.

Your Company has enhanced its head count . With the approval of Shareholders through Postal Ballot, the ITeS division was vested in Cerebra LPO India Limited.

Your Directors report that the Company continues to be debt free.

**SUBSIDIARY COMPANY- ITES DIVISION:**

Cerebra LPO India Limited has achieved better results in Legal Process Outsourcing and Medical Transcription segments. The Company has added sustainable and profitable clients chiefly from the USA and the UK. Several marketing initiatives were implemented with strategic alliances with both the aforesaid countries. Growth on both the segments is expected to be robust and the Company has no hesitation in exploring inorganic growth opportunities. Statement pursuant to Section 212 of the Companies Act 1956, relating to company's interest in Subsidiary Company of Cerebra LPO India Ltd is given in Annexure I forming part of the Director's Report.

**DIVIDEND:**

Your Directors regret to inform you that no dividend is declared for the year-ended 30.9.2010 as the Company require its profits to be ploughed back in view of the expansion program and to meet working capital needs.

**DIRECTORS:**

Mr. Gururaja K. Upadhy and Mr. S. Gopalakrishnan, Directors, retire by rotation, in accordance with the Companies Act, 1956 and the Articles of Association of the Company and being eligible, offer themselves for re-appointment.

**FIXED DEPOSITS:**

Your Company has neither accepted nor renewed any Fixed Deposits during the year ended 30<sup>th</sup> September, 2010.

**AUDIT COMMITTEE :**

Audit Committee constituted by the Board of Directors with requisite composition to fall in line with the prevailing laws continued to discharge its functions during the year under report.

**AUDITORS:**

Messrs M S Reddy & Associates, Chartered Accountants, Bangalore, Auditors of the Company retire at the end of forthcoming Annual General Meeting and have decided not to seek appointment. Based on the recommendation of the Audit Committee and in line with the provisions of the Companies Act, 1956, the Board recommends the appointment of Messrs Ishwar & Gopal, Chartered Accountants, Bangalore as Auditors to hold office up to the date of the next Annual General Meeting.

**AUDITORS' REPORT :**

Regarding comments of the Auditors in their report dated 29.11.2010 the explanations of the Directors are as follows:

- a) The Management is hopeful of recovering the amount from debtors and hence no provision was made.
- b) The Directors draw attention to the Notes to Accounts No. 8 and the Management is in the process of obtaining confirmations.

**PARTICULARS OF EMPLOYEES:**

There was no employee drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of employees) Rules, 1975.

**DEPOSITORY SYSTEMS:**

Your Company continues with an arrangement with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of your Company's securities in accordance with the provisions of the Depositories Act 1995, which are fully operational and members may avail of such facilities. With this, the members have an option / discretion to hold their demat shares in the Company through National Securities Depositories Limited and/or Central Depository Services (India) Limited.

**COMPLIANCE OF STOCK EXCHANGE FORMALITIES :**

Your Company has fully complied with the Listing formalities of all the Stock Exchanges where the Company's shares are listed. Your Directors have taken necessary action in connection with the Guidelines/Regulations issued by Securities and Exchange Board of India (SEBI) on Insider Trading.

**ACCOUNTING STANDARDS:**

The Company has followed the mandatory Accounting Standards for preparation of Financial Statements for the year ended September 30, 2010.

**CORPORATE GOVERNANCE:**

The Company has complied with all the recommendations of Corporate Governance Code as provided in Clause 49 of the Listing Agreement. A detailed report on Corporate Governance has been included separately in the Annual Report.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY :**

Your Company is committed to transparency, good Internal Controls and risk Management. It has established Adequate System of Internal Control commensurate with size of the business.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988.

**(A) CONSERVATION OF ENERGY :**

Though the Company does not have energy intensive operations, it continues to adopt energy conservation measures. Energy conservation programs adopted by the Company are -

- (i) Continuous monitoring of energy consumption.

(ii) spreading awareness among the employees on the need to conserve energy.

(iii) optimizing plant and machinery system performance to reduce cost.

Further, the Company is implementing the provisions of ISO 14001 : 2004, though it has not obtained the certification and has taken an organizational objective to optimize energy utilization.

**(B) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Foreign Exchange Earnings: Rs. 0.96 Lakh

Foreign Exchange Outgo: Rs. 0.00 Lakh

**DIRECTORS' RESPONSIBILITY STATEMENT :**

As per Section 217(2AA) of the Companies (Amendment) Act, 2000 your Directors hereby confirm that -

- In the preparation of these annual accounts, the applicable accounting policies and standards are followed, as issued by the Institute of Chartered Accountants of India (ICAI) and the requirements of the Companies Act, 1956, to the extent applicable. No material departures are noticed from the prescribed accounting standards;
- The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company as at the end of the year ended September 30, 2010 and of the "Profit/(Loss)" of the Company for that year;
- The accounts for the year-ended 30.9.2010 have been prepared on a system of historical cost, on a going concern and on accrual basis;
- Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud, errors and other irregularities;
- Financial Statements have been audited by Messrs M S Reddy & Associates, Chartered Accountants, Bangalore, being the Statutory Auditors of the Company.

**UNUSUAL ITEMS AFTER THE YEAR END DATE:**

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and for the financial year in which this report is made.

**ACKNOWLEDGEMENTS :**

Your Directors thank the Shareholders/Investors for their response and confidence, Customers, Vendors, Bankers, Channel Partners, Software Technology Park of India, the various Central Government Departments and State Government Departments for their invaluable co-operation and support for your Company's survival and growth.

For and on behalf of the Board

Place: Bangalore  
Date: 29.11.2010

**V Ranganathan**  
Managing Director

**Shridhar S. Hegde**  
Wholetime Director

**Statement pursuant to section 212 (1) (e) of the Company Act, 1956  
relating to Subsidiary Companies.**

( All amounts Rs. in lakhs except for share data or as otherwise stated)

Particulars	Cerebra LPO India Ltd
1. Financial Year Of Subsidiary ended on	30-09-2010
2. Date from Which it became Subsidiary	27.08.2008
3. Shares of the Subsidiary Company held on the above data and extent of the holding	35,000 Rs.10/-each
i. No. of Equity Shares	70%
ii. Face value in currency	
iii. Extent of the holding	
4. Net Aggregate amount of profits/(losses) of the subsidiary for the above financial year so as they concern members of Cerebra Integrated Technologies Limited	10.89
i. Dealt with in accounts of Cerebra Integrated Technologies Limited	Nil
ii. Not Dealt with in accounts of Cerebra Integrated Technologies Limited	
5. Net Aggregate amount of profits/(loses) of the Subsidiaries for previous financial year so far it concern members of Cerebra Integrated Technologies Limited	(6.57)
i. Dealt with in accounts of Cerebra Integrated Technologies Limited	Nil
ii. Not Dealt with in accounts of Cerebra Integrated Technologies Limited	

**REPORT ON CORPORATE GOVERNANCE (In terms of recommendations by SEBI)**

**INTRODUCTION:**

As reported in the last Annual Report, your Company has implemented and complied with the Corporate Governance Code recommended by the Securities and Exchange Board of India (SEBI). Your Company shall always be managed with the principles of Good Corporate Governance with a view to enhance overall Shareholder value and to run the business effectively to achieve its corporate objectives.

**I. BOARD OF DIRECTORS:**

A. The Board of Directors of the Company has 4 Executive and 3 Non-Executive Independent Directors.

After due circulation of agenda and notes thereon, the Board of Directors have met at reasonable periods of intervals to transact business on various Board's functions, responsibilities and accountabilities. Compliances of various Laws and Regulations along with the Corporate Philosophy, goal, plans and strategies have been dwelt at length by the Board at its various proceedings.

The details of the Directors' attendance at the Meetings of the Board of your Company during the year ended 30.9.2010 are given below:

Sl. No.	Name	Designation	No. of Board Meetings held	No. of Board Meetings attended
<b>Executive/Wholetime Directors</b>				
<b>Messrs</b>				
1.	V Ranganathan	Managing Director	8	8
2.	Gururaja K Upadhya	Director - Technical	8	8
3.	Shridhar S Hegde	Wholetime Director	8	8
4.	P Vishwamurthy	Wholetime Director	8	8
<b>Non Executive and Independent Directors</b>				
<b>Messrs</b>				
5.	Suresh Kumar TS	Director	8	8
6.	PE Krishnan	Director	8	3
7.	S Gopalakrishnan	Director	8	8

All the Directors attended the Fifteenth Annual General Meeting. One Extraordinary General Meeting was held during the year under report.

**II. AUDIT COMMITTEE:**

The functions of Audit Committee are as follows:

- To oversee the Company's financial reporting process and disclosure of its financial information;
- To recommend the appointment of statutory auditors and fixation of the audit fee;
- To review and discuss with the auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of the internal audit function, major accounting policies, practices and entries;

- Compliance with accounting standards;
- Compliance with the Stock Exchange and legal requirements concerning financial statement and related party transactions, if any;
- To review the Company's financial and risk management policies;
- Discuss with the internal auditors any significant findings for follow-up thereon;
- To review the quarterly, half yearly and annual financial statement before submission to the Board of Directors.

The Committee also meets the Management team and reviews the operations, new initiatives and performance of the business units. The minutes of the Audit Committee are circulated to the Board, discussed and taken note of.

The Audit Committee is comprised of the following Directors:

1. Mr. S. Gopalakrishnan – Chairman
2. Mr. T.S. Suresh Kumar – Member
3. Mr. P.E. Krishnan – Member

The details of attendance of the meetings of the Audit Committee for the year ended 30.9.2010 are as follows:

Sl. No.	Name	No. of meetings held during the year	No. of meetings attended during the year
1.	S. Gopalakrishnan	04	04
2.	T.S. Suresh Kumar	04	04
3.	P.E. Krishnan	04	02

The Audit Committee reviewed the financial results, accounting and financial controls as well as policies and practices as also internal control and internal audit systems.

### **III REMUNERATION COMMITTEE :**

The functions of Remuneration Committee are as follows:

- To review, assess and recommend the appointment of executive and non- executive Director from time to time;
- Periodically review the remuneration package of the executive Directors and recommend suitable revision to the Board;
- To recommend compensation to the non-executive Directors in accordance with the provisions of the Companies Act, 1956;
- To consider and recommend Employee Stock Option Schemes from time to time and to administer and supervise the same.

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

The Remuneration Committee consists of the following Directors:

1. Mr. S.Gopalakrishnan – Chairman
2. Mr. T.S Suresh Kumar – Member
3. Mr. P.E.Krishnan – Member

The details of attendance of the meetings of the Remuneration Committee for the year ended 30.9.2010 are as follows: NIL

Details of remuneration paid to directors for the year ended 30.9.2010 :

(Amount in Rs.)

Sl. No.	Name	Designation	Salary (in Rs)	Sitting fee*
<b>Executive/Wholetime Directors</b>				
1.	V Ranganathan	Managing Director	2,40,000/ -	NIL
2.	Gururaja K Upadhy	Wholetime - Director	2,40,000/ -	NIL
3.	Shridhar S Hegde	Wholetime - Director	2,40,000/ -	NIL
4.	P Vishwamurthy	Wholetime - Director	2,40,000/ -	NIL
<b>Non Executive and Independent Directors</b>				
5.	Suresh Kumar TS	Director	NIL	NIL
6.	PE Krishnan	Director	NIL	NIL
7.	S Gopalakrishnan	Director	NIL	NIL

Note: In view of inadequate surplus, no sitting fee was paid to the Directors.

#### **IV. INVESTORS' GRIEVANCES COMMITTEE :**

The functions of Investors Grievances Committee are as follows:

- To look into the shareholders complaints, if any and to redress the same expeditiously.
- To approve the request for issue of duplicate share certificates and issue of certificates after split/consolidation.

The Investors' Grievance Committee consists of the following :

1. Mr. S. Gopalakrishnan – Chairman
2. Mr. T.S. Suresh Kumar – Member
3. Mr. P.E. Krishnan – Member

The Sub-Committee duly appointed by the aforesaid Committee met continuously to address the various issues relating to the investors, including non-receipt of Annual Reports, earlier dividend related issues, Change of addresses, transfers of shares, dematerialization and other related aspects. The Company has also continuously requisitioned the services of an independent Practicing Company Secretary to review the procedures followed by the RTA. No major grievance of any investor was pending as on 30<sup>th</sup> September, 2010.

None of the Directors of the Company was members in more than 10 committees nor acted as Chairman of more than five committees across all companies in which they were Directors. During 2009-10, no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company.

#### **V. MANAGEMENT :**

Clause 49 of the Listing Agreement with the Stock Exchanges states the following as regards the Management.

The Company agrees that as part of the Directors' Report or as an addition there to, a Management Discussion and



Analysis report should form part of the annual report to the Shareholders. This Management Discussion & Analysis should include discussion on the following matters within the limits set by the Company's competitive position:

- i. Industry structure and developments
- ii. Opportunities and Threats
- iii. Segment wise or Product-wise performance
- iv. Outlook
- v. Risks and concerns
- vi. Internal control systems and their adequacy
- vii. Discussion on financial performance with respect to operational Performance
- viii. Material developments on the Human Resources/ Industrial Relations front, including number of people employed

A 'Management Discussion and Analysis of Results of Operations and Financial Condition' report is included hereunder.

The report contains all the information specified above.

The Company has a policy under which all the Directors of the Company are required to disclose all material financial and commercial transactions where they have a personal interest to the Board. All the related party transactions are disclosed as note no. under Notes to Accounts.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2010:**

##### **EMS Division:**

We have seen good growth in our Contract manufacturing unit in Peenya. LED based lights, Mobile POS (Point of Sale) machines are seeing a surge in demand. We have tied up with leading players in this market and we have started manufacturing these products in our SMT line. The regular products like energy meters, embedded boards etc., are continuing to give us steady revenue. We look forward to a steady growth in this division.

We have now plans to convert our EMS division into a world class NPI (New Product Initiative) facility where in we will offer concept to finish capabilities to our customers. Bangalore alone has some 40 – 50 very good design houses and R & D establishments. These design houses typically tie up with various other organisations for their different requirements like Schematic Drawings, PCB routing, Testing, Prototype development and so on. They lose a lot of time, energy and face huge escalating costs on their projects due to interacting with various organisations to get a finished product. We now have an ambitious plan to be the first company in India to offer all the services to these design houses. These 40 – 50 R & D companies spend about more than Rs. 500 crores for their various new projects and we see an excellent opportunity to be the first company to offer complete services for these companies for their new product initiatives.

We already have a very good SMT line capable of high precision PCB assemblies. In addition we would be able to offer them 30 Layer PCB designs, High end engineering capabilities and participate in their Design for manufacture ( DFM ), Design for Testing ( DFT ), Design for Assembly ( DFA ), Design for Reliability ( DFR ), Statistical Quality Analysis ( SQA ). We would also be able to do a complete Bill of Material (BOM) analysis of their products in terms of technical risks and supply chain risks.

We would be able to offer them advanced inspection and testing facilities. We help them achieve six sigma yields for their products. We have set a target of March 2011 to set up this facility.

**Cerebra – IT Infrastructure Management Division:**

As you know we are already since many years implementing various IT based projects for many startup and established companies. We study customers IT requirements and accordingly design and plan their IT H/W and S/W infrastructure. We design their networks, plan their Hardware requirements like servers, computers, Application S/Ws, shortlist ERP vendors and ensure successful implementation of their ERPs.

A lot of small to medium size companies do not have a proper IT department and rely more on AMC providers for their IT related solutions. These AMC providers would only provide them short term solutions without having a proper vision for IT implementation in line with the companies vision for growth. We act as their outsourced IT department and take complete responsibility of seeing their IT requirements are met in line with their vision for their companies.

We would then extend these capabilities to offer Remote Infrastructure management to overseas companies. A huge percentage of IT spend of companies overseas would constitute man power costs for high end skill sets and a lot of large corporations are already outsourcing running their IT departments to majors like IBM, TCS etc., Small and medium size companies look to companies like Cerebra to offer them a world class and yet cost effective IT infrastructure management and we look forward to this as a huge source of opportunity.

We have now added many new customers this year and plan to appoint a senior and experienced as head of this division to drive this division aggressively. We anticipate a fair share of Cerebra's revenue to come in from this division.

**E- Waste Recycling Facility:**

Waste Electrical and Electronic Equipment (WEEE) is a huge source of environmental risk for this world. A lot of initiatives have been taken and are being taken to tackle this menace worldwide. In India too the enormous E-Waste that is being generated by junking of old electrical equipment, like TVs, telephones, refrigerators, etc., has resulted in a huge landfill of dangerous chemicals like lead, mercury etc., which has a catastrophic effects on the health of the living population. Therefore recycling of this e-waste is a huge priority for all of us. This is not just as a Corporate Social responsibility but also a Public Social responsibility.

There are already a few companies in India to address this issue but still not enough is being done. We have planned to set up one of India's largest e-waste recycling facility. Cimelia Resource Recovery Pte Ltd, Singapore a world leader in this space will be providing technical consultancy and will be running the plant for 3 years. . With their technical expertise we would set up one of the most unique E-Waste recycling facility which would be able to cater up to 90,000 MT of E-waste every year. We would be able to recycle and separate the constituent parts of the electronic circuits into their primary form and we would be able to put them back into the supply chain. We would not be creating any landfill, the process would be a dry process with no waste being let out into drainage or sewers this facility would be set up in Bangalore and we expect this to be fully operational by September 2011. We expect a good turnover in the first year of business with the profits coming from putting back the constituent elements like Copper, Aluminum, Steel, Plastic back into the supply chain. Precious Group Metals like Gold, Palladium etc., would also be extracted and recycled.

**JOINT VENTURES & SUBSIDIARIES CREATED DURING THE YEAR:**

The Company tied up with Cerebra USA Inc., for carrying on the business for marketing of its IT enabled Services in the USA, eventually may convert this into a subsidiary company of your Company.

**COMPLIANCE OFFICER AND ADDRESS FOR CORRESPONDENCE:**

Mr. Shridhar S. Hegde continues to be the Compliance Officer of the Company. Address of the Registered Office of the Company shall be the address for correspondence.

**Details of Annual General Meeting (AGM):**

Year	Location	Date	Time
2006-2007	Registered Office of the Company	27.12.2007	10 AM
2007-08	Registered Office of the Company	23.12.2008	10 AM
2008-09	Registered Office of the Company	30.12.2009	11 AM

**Means of Communication :**

Quarterly results are forwarded to the Stock Exchanges and are made available to the investors.

**GENERAL SHAREHOLDERS' INFORMATION:**

The following information would be useful to the Shareholders:

1. Annual General Meeting Date and Time: 30<sup>th</sup> December, 2010 at 11 AM
2. Financial Calendar: 1.10.2009 to 30.9.2010
3. Book Closure Date: 30<sup>th</sup> December, 2010
4. Listing on Stock Exchange at :
  - a. Bombay Stock Exchange Limited (BSE)

**5. Depositories:**

National Securities Depository Limited

Central Depository Services Limited

**Stock Code :** BSE – 532413 ASE – 11235 BgSE – CEREBRA INT CSE – 1333

Demat arrangement with NSDL and CDSL: INE345B01019.

**6. Registrars & Share Transfer Agents:**

Karvy Computershare Private Limited,  
 Plot No 17 to 24 Vittal Rao Nagar  
 Madhapur Hyderabad - 500 081  
 Phone : 040 - 23420818 - 824 Fax - 040-23420814  
 Email: sanjayrao@karvy.com

**7. Stock Market Data :**

**Scrip Code :** 532413 **Company :** CEREBRA INT

**For the Period :** October 2009 to September 2010

Month	Open	High	Low	Close
	Price	Price	Price	Price
October 2009	9.43	9.92	7.69	8.26
November 2009	7.9	9.84	7.4	9.46
December 2009	9.21	14.72	9.15	14.09
January 2010	14.5	16.6	11.58	11.91
February 2010	12.29	13.12	10.75	11.6
March 2010	11.14	17.15	11.14	15.78
April 2010	16	20.65	15.45	17.4
May 2010	17.3	17.95	14.7	17.35
June 2010	17.5	18.8	15.8	17.05
July 2010	16.8	21.8	16.55	18
August 2010	18.5	25	17.8	23.35
September 2010	23.95	33.25	21.35	27.7

**8. Share Transfer System :**

The Company in consultation with the RTA ensures that the transfers of shares in physical form and dematerialization take place well within the time limits

**9. Distribution of Shareholding as at September 30, 2010:**

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
0-5000	6090	80.598198	1010703	10107030	6.34%
5001 - 10000	631	8.35098	550993	5509930	3.46%
10001 - 20000	289	3.824775	476371	4763710	2.99%
20001 - 30000	117	1.548438	301515	3015150	1.89%
30001 - 40000	67	0.886712	244270	2442700	1.53%
40001 - 50000	74	0.979354	359178	3591780	2.25%
50001 - 100000	93	1.23081	720201	7202010	4.52%
100001 & Above	195	2.580731	12282201	122822010	77.03%
<b>TOTAL</b>	<b>7556</b>	<b>100.00 %</b>	<b>15945432</b>	<b>159454320</b>	<b>100.00%</b>

10. Categories of Shareholding as at September 30,2010:

Category	No. Of shares held	% Of holding
<b>Promoters Holding:</b>		
i. Indian Promoters	792982	4.97
ii. Foreign Promoters	0	0
<b>Sub Total</b>	<b>792982</b>	<b>4.97</b>
<b>Non-Promoters Holding:</b>		
i. Mutual Fund and UTI	0	0
ii. Banks, Financial Institutions and Insurance companies	0	0
iii. Bodies Corporate	5600173	35.12
iv. Indian Public	9063001	56.84
v. NRIs/OCBs	151040	0.95
vi. Others		
HUF	0	0
Clearing Members	338236	2.12
<b>Sub Total</b>	<b>15152450</b>	<b>95.03</b>
<b>Grand Total</b>	<b>15945432</b>	<b>100</b>

11. Dematerialization of shares and liquidity as at 30-9-2010:Control Report as on 30.9.2010

Description	No of Holders	Shares	% To Equity
PHYSICAL	1731	1234027	7.74
NSDL	4240	10535885	66.07
CDSL	1585	4175520	26.19
<b>Total:</b>	<b>7556</b>	<b>15945432</b>	<b>100.00</b>

Comparative position as on 30/09/2010

Description	No of Holders	Shares	% To Equity
PHYSICAL	1775	360727	2.39
ELECTRONIC FORM	5269	14703205	97.61
<b>Total:</b>	<b>7044</b>	<b>15063932</b>	<b>100.00</b>

12. Number of days taken for dematerialization: 15 days

13. Dematerialization request from 01-10-2009 to 30-09-2010 :

No. of requests :40

No. of shares :8500 (0.05% of the Total Equity)

#### **14. Postal Ballot : 1**

One Resolution was passed during the year attracting Postal Ballot and no resolution attracting Postal Ballot is recommended at this meeting.

#### **15. Report on Corporate Governance :**

This report together with the information given in Directors Report constitutes a detailed compliance report on Corporate Governance during the current year.

**16. Disclosures regarding suspense account pursuant to SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009:**

As per the above mentioned Circular, Clause 5A stands for shares issued pursuant to the public issues or any other issue which remain unclaimed and are lying in the escrow account and any unclaimed benefits like Dividend, Bonus Shares etc., which are to be credited to the Demat Suspense Account. Your Company is taking steps to streamline all the requirements.

For and on behalf of the Board

Place: Bangalore

Date: 29.11.2010

**V Ranganathan**  
Managing Director

**Shridhar S. Hegde**  
Wholetime Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

We have examined the compliance of conditions of Corporate Governance by Cerebra Integrated Technologies Limited, for year ended 30.9.2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause. 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 the representations made to us by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that as per the records maintained by the Registrars and Transfer Agents of the Company and presented to the Shareholders/Investor Grievance Committee, no investor grievances received during the year ended 30.9.2010, were remaining unattended/pending against the Company for a period exceeding thirty days.

We further state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **M. S. REDDY & ASSOCIATES**

Chartered Accountants

Firm Registration No. 007992S

**M.SRIDHAR REDDY**

Partner

Membership No, 201103

Place: Bangalore

Date: 29.11.2010

**Certification by CEO (Managing Director)**

I, V. Ranganathan, Managing Director of Cerebra Integrated Technologies Limited, certify that;

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:-
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - b. These statements give a true and fair view of the state of affairs of the company and the results or operations and cash flows. These statements have been prepared in conformity in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by
  - a. The Company during the year, which are fraudulent, illegal and violative of the Company code of conduct.
3. We accept overall responsibility for the Company's internal control system for financial reporting. The Auditors and Audit Committee are appraised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and Audit Committee
  - a. Any significant changes in internal control over financial reporting during the year.
  - b. Significant changes in accounting policies during the year.
  - c. Instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

However, during the year there were no such instances.

Place : BANGALORE

Date : 29.11.2010

**V. RANGANATHAN**

Managing Director

**AUDITORS' REPORT**

To,  
The Members of  
CEREBRA INTEGRATED TECHNOLOGIES LIMITED  
BANGALORE.

1. We have audited the attached balance sheet of CEREBRA INTEGRATED TECHNOLOGIES LIMITED as at 30th September 2010 and Profit and Loss Account for the year ended on the 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, we enclose in the Annexure 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 above, we report that :
  - (i) 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;
  - (ii) 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 those books.
  - (iii) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) 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 companies Act, 1956 subject to *non provision for gratuity and leave encashment salary benefits of employees on accrual basis*;
  - (v) On the basis of written representations received from the directors as on 30th September 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30<sup>th</sup> September 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India subject to:
    - a. *That as on March 31<sup>st</sup> 2010, the company has debtors/advances outstanding amounting to Rs.4,22,01,922/- on which we are unable to comment on the extent of recoverability of the aforesaid amounts. Management has represented that it is of the opinion that the debtors/advances are fully recoverable.*



- b. *Non provision for gratuity and leave encashment salary benefits of employees on accrual basis which is not quantified by the management.*
- c. *Pending Confirmation and reconciliation of Sundry Debtors, Creditors and advances as per 8 notes to accounts.*
  - i. in the case of the balance sheet, of the state of affairs of the company as at 30<sup>th</sup> September 2010;
  - ii. in the case of the profit and loss account, of the profit for the year ended on that date; and
  - iii. in the case of the cash flow statement, of the cash flows for the year ended on that date :

for **M.S.REDDY & ASSOCIATES**  
*Chartered Accountants*  
Firm Registration No.007992S

Date:29.11.2010  
Place: Bangalore.

**M.SRIDHAR REDDY**  
*Partner.*  
Membership Number 201103

#### **Annexure**

#### **Cerebra Integrated Technologies Limited.**

Referred to in paragraph 3 of our report of even date, to the members of Cerebra Integrated Technologies Limited, Bangalore on the accounts for the year ended 30 September 2010.

- (i) (a) The company has maintained proper records showing particulars including quantitative details and situation of fixed assets and is to be updated. According to the information and explanations given to us, the programme of verification of fixed assets, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets.
- (b) During the period under audit, the company has not disposed off substantial portion of the fixed assets.
- (ii) (a) According to the information and explanations given to us, the inventory has been physically verified by the management. In our opinion, the frequency of verification is to be increased.
- (b) In our opinion and according to information and explanations given to us, the procedures of physical verification of inventories followed by the management are adequate in relation to the size of the company and the nature of its business.
- (c) According to the information and explanations given, the company is maintaining proper records of inventory. We are informed that the discrepancies noticed on verification between the physical stocks and the book records were not material.

- (iii) (a) According to information and explanations given to us, the company has taken advance from four parties listed in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.11.86 Lacs and the year end balance of advance received from such parties was Rs.10.86 Lacs.
- (b) According to information and explanations given to us, the company has granted unsecured loan to one company listed in the register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.130.63 Lacs and the year end balance of loan granted to such party was Rs.130.63 Lacs.
- (c) According to information and explanation given to us, no interest paid / payable in respect of advances received from the parties listed in register maintained u/s 301 of the Companies Act, 1956. No interest was charged in respect of Unsecured Loan given by the Company to the Borrower Company.
- (d) The payment of principal and interest in respect of unsecured loan given are not regular.
- (e) During the year, the Company has not provided for bad debts amounting to Rs.9.50 lacs in respect of loan given to the Company Listed in the register maintained u/s 301 of The Companies Act, 1956
- (iv) In our opinion and according to the information and explanations given to us, the internal control procedures are to be strengthened commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and with regard to the sale of goods. According to information and explanations given to us, there is no continuing failure to correct major weaknesses in the system.
- (v) (a) According to the information and explanations given to us, during the year under audit, the transactions that need to be entered in those registers pursuant to Sec 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, no transactions were made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the companies Act 1956 and exceeding the value of rupees five Lakhs in respect of any party during the year.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from public.
- (vii) In our opinion and according to the information and explanations given to us, the scope of internal audit is to be increased commensurate with the size of the company and the nature of its business.
- (viii) 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 companies act, 1956 for the company.
- (ix) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, and Excise Duty applicable to it. The arrears of outstanding statutory dues as at 30.09.10 for a period more than six months from the date they became payable are given below:

	Rs.
Income Tax Payable	368,635/-
Sales Tax Payable	184,899/-
Excise Duty	2,809,259/-
Professional Tax	109,773/-

- (b) According to the information and explanation given to us, the Sales Tax dues amounting to Rs.9,24,282/- have not been deposited on account of appeal pending at Karnataka State Tribunal and Income Tax demand of Rs.15,99,914/- on account of pending approval of BIFR scheme.
- (x) The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year. The net worth of the company is positive as at the year end. The accumulated losses of the company are more than fifty percent of its net worth.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to Banks as at the year end.
- (xii) According to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a *nidhi*/mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion and according to the information and explanations given to us, there were no transactions and contracts in respect of dealing or trading in shares, securities and other investments. Investments have been held by company in its own name.
- (xv) According to the information and explanation given to us, the company has not given guarantee for loans taken by others from banks or financial institutions.
- (xvi) According to the information and explanation given to us, the company has not raised any term loans during the period under the audit.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, during the year under audit, we report that the funds raised on short term basis have not been used for long term investment. No long term funds have been used to finance short term assets.
- (xviii) According to the information and explanations given to us, the company has made preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures.
- (xx) During the period under audit, the company has not raised money by public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **M.S.Reddy & Associates**  
Chartered Accountants  
Firm Registration No. 007992S

Date: 29.11.2010  
Place: Bangalore.

**M. SRIDHAR REDDY**  
*Partner.*  
Membership Number 201103

**CEREBRA INTEGRATED TECHNOLOGIES LIMITED**  
**BALANCE SHEET AS AT 30.09.2010**

Particulars	Schedule No.	30.9.2010 Rs.	30.09.2009 Rs.
<b>SOURCES OF FUNDS</b>			
<b>Share Holder's Funds</b>			
Share Capital	1	159,555,820	150,740,820
Share Application Money		29,211,000	5,643,501
Reserves & Surplus	2	242,157,224	242,157,224
<b>GRAND TOTAL</b>		<b>430,924,044</b>	<b>398,541,545</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	39,457,468	45,868,460
Less Depreciation		26,922,096	26,025,826
Net Block		<b>12,535,373</b>	<b>19,842,635</b>
<b>Investments at Cost</b>	4	352,000	352,000
<b>Current Assets Loans &amp; Advances</b>			
Sundry Debtors	5	311,417,588	337,538,014
Cash and Bank Balance	6	10,838,263	8,958,755
Loans and Advances	7	114,617,467	45,651,808
		<b>436,873,318</b>	<b>392,148,577</b>
<b>Less:Current Liabilities &amp; Provisions</b>			
Current Liabilities	8	280,457,302	289,172,531
Provisions	9	2,660,874	1,999
		283,118,176	289,174,530
<b>Net Current Assets</b>		<b>153,755,142</b>	<b>102,974,047</b>
<b>Profit &amp; Loss Account</b>	10	<b>264,281,530</b>	<b>275,372,864</b>
<b>GRAND TOTAL</b>		<b>430,924,044</b>	<b>398,541,545</b>
Significant Accounting Policies & Notes to Accounts	17		

The Schedules referred to above form an integral part of the Balance Sheet

As per our Audit Report of Even Date  
for **M.S.REDDY & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. : 007992S

for and on behalf of the Board of Directors

**M.Sridhar Reddy**  
Partner  
Membership No. 201103

**V. Ranganathan**  
Managing Director

**Shridhar S Hegde**  
Wholtime Director

PLACE: BANGALORE  
DATE: 29.11.2010

**CEREBRA INTEGRATED TECHNOLOGIES LIMITED**  
**PROFIT & LOSS ACCOUNT FOR THE PERIOD ENDED 30.09.2010**

PARTICULARS	SCHEDULE	30.09.2010	30.09.2009
<b>INCOME</b>			
Sales and Services	11	588,808,535	503,398,844
Other Income	12	8,458,654	1,291,991
<b>TOTAL</b>		<b>597,267,189</b>	<b>504,690,834</b>
<b>EXPENDITURE</b>			
Materials	13	565,924,569	471,247,636
Manufacturing & Administrative Expenses	14	15,640,011	16,247,496
Marketing Expenses	15	249,660	127,791
Interest and Financial Charges	16	248,640	382,737
Depreciation		1,588,627	2,055,635
<b>TOTAL</b>		<b>583,651,507</b>	<b>490,061,295</b>
<b>Profit Before Extraordinary Items</b>		13,615,681	14,629,539
<b>Profit/(Loss) Before Taxation</b>		13,615,681	14,629,539
Provision for Taxation			
MAT		2,524,347	(1,894)
Profit/(Loss) after Tax Transferred to Balance Sheet		11,091,334	14,631,433
Earnings per share [Equity shares, par value Rs.10 each]			
-Basic		0.72	0.97
-Diluted		0.58	0.97
Significant Accounting Policies & Notes to Accounts	17		
The Schedules referred to above form an integral part of the Balance Sheet			

As per our Audit Report of Even Date

for and on behalf of the Board of Directors

**for M.S.REDDY & ASSOCIATES**

Chartered Accountants

Firm Registration No.007992S

**M.Sridhar Reddy**

Partner

Membership No. 201103

**V. Ranganathan**

Managing Director

**Shridhar S Hegde**

Wholetime Director

PLACE: BANGALORE

DATE: 29.11.2010

**SCHEDULE TO BALANCE SHEET AS AT 30TH SEPTEMBER, 2009**

<b>SCHEDULE - 1</b>	<b>30.09.2010</b>	<b>30.09.2009</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SHARE CAPITAL</b>		
<b>Authorised Capital</b>		
45000000 Equity Shares of Rs 10/-each	<b>450,000,000</b>	<b>180,000,000</b>
Issued & Subscribed & Paid Up		
13063932 equity shares of Rs. 10/ each (previous year	<b>159,454,320</b>	<b>150,639,320</b>
72515400)of the above Shares:		
I 140000(1998:140000) Equity Shares of Rs 10 each have been allotted as fully Paid bonus Shares by capitalisation of Profits of the previous years.		
II 16153(1998:16153) Equity Shares of Rs 10 each have been allotted as fully paid-uppersuant to a contract without payment being received in cash.		
III 1177400 Equity Shares of Rs 10 each have been allotted as fully paid bonus Shares by capitalisation of the Profits on 4-2-2000		
IV 1479300 equity shares of Rs.10 each have been allotted on 8-5-2000 as fully paid up shares consequent to public issue		
V 1355287 Equity Shares of Rs10/- each have been allotted on 3.04.2007as fully paid up Shares consequent to Public Issue		
VI 5812392 Equity Shares of Rs10/- each have been allotted on 7.02.2008 as fully paid up Shares consequent to Public Issue		
VII 2000000 Warrants converted to Equity Shares Allotted on 4.10.2008 as fully paid up Shares,		
VIII 881500 Equity Shares of Rs. 10/- each were allotted on 20.04.2010 as fully paid shares on preferential basis consequent to Public Issue		
IX. Add Forfeited Shares (amount originally paid on 20300 shares @ Rs. 5/- each)	<b>101,500</b>	<b>101,500</b>
	<b>159,555,820</b>	<b>150,740,820</b>
<b>Schedule 2</b>		
<b>RESERVES AND SURPLUS</b>		
Capital Reserve	<b>1,143,412</b>	<b>1,143,412</b>
Share Premium Account	<b>241,013,812</b>	<b>241,013,812</b>
<b>Total</b>	<b>242,157,224</b>	<b>242,157,224</b>

**SCHEDULE TO BALANCE SHEET AS AT 30TH SEPTEMBER 2010**  
**SCHEDULE 3**  
**FIXED ASSETS**

Sl. No.	TYPE OF ASSETS	GROSS BLOCK				DEPRECIATION RESERVE				NET BLOCK	
		Rate of Dep %	As at 1.10.09	Additions	Deletions	As at 1.10.2009	Year Ended 30.09.2010	Deduction	As on 30.09.2010	As on 30.09.2010	As on 30.09.2009
1	Energy Saving Equipments	4.75%	1261958	0	0	1261958	1080480	59943	1140423	121535	181478
2	Plant & Machinery	4.75%	21176676	0	0	21176676	11674828	1005892	12680720	8495956	9501849
3	Computer/Printers/Software	16.21%	9763343	25600	0	8184413	8480957	65024	8184413	0	1282386
4	Vehicles				1604530		0	0	0		
a	Motor Cars/Vans	9.50%	406659	0	0	406659	340793	38633	379425	27234	65866
b	Motor Cycles/Scooters	9.50%	61509	0	0	61509	61509	0	61509	0	0
5	Office Equipments	4.75%	723236	0	54000	614986	451269	28751	469083	145903	271968
6	Furniture & Fixtures	6.33%	5431976	0	0	2515775	2395506	205777	2361169	154606	3036471
7	Land	0.00%	200900	0	0	200900	0	0	0	200900	200900
8	Factory Building	3.34%	4638187	0	0	4638187	1321804	154915	1476719	3161468	3316383
9	Electrical Installations	3.34%	2204016	133639	0	396405	218683	29693	168638	227767	1985334
	<b>TOTAL</b>		45868460	159239	54000	39457468	26025829	1588628	26922099	12535373	19842635

	<b>30.09.2010</b>	<b>30.09.2009</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Schedule 4</b>		
<b>INVESTMENTS</b>		
<b>1. Investment in Subsidiary company</b>		
Cerebra LPO India Limited, ( unquoted) 35000 Equity Shares of Rs.10/- Each	350,000	350,000
<b>2. Other Investments</b>		
200 Equity shares of Sankya Infotech Ltd of Rs. 10/ each fully paid (quoted) Total Market Value of Investments Rs.Nil (Previous Year Rs.Nil)	2,000	2,000
<b>Total</b>	<b>352,000</b>	<b>352,000</b>
<b>Schedule 5</b>		
<b>SUNDRY DEBTORS</b>		
Unsecured and Considered good		
Sundry Debtors		
Over six months	75,381,428	54,378,055
Less: Provision for bad and doubtful debts	36,408,875	36,408,875
<b>Total i</b>	<b>38,972,553</b>	<b>17,969,180</b>
Others	272,445,035	319,568,833
<b>Total ii</b>	<b>272,445,035</b>	<b>319,568,833</b>
<b>TOTAL(i+ii)</b>	<b>311,417,588</b>	<b>337,538,014</b>
<b>Schedule 6</b>		
<b>CASH AND BANK BALANCES</b>		
Cash on Hand	963,623	366,446
Balances with Scheduled Banks		
In Current Accounts	420,071	1,468,378
In Deposit Accounts	<b>9,454,569</b>	<b>7,123,931</b>
	<b>10,838,263</b>	<b>8,958,755</b>
<b>Schedule 7</b>		
<b>LOANS AND ADVANCES</b>		
Advance to cerebra LPO India Ltd-Subsidiary Company	11,281,472	896,129
Unsecured and Considered good		
Advances recoverable in Cash or Kind for the value to be received	114,213,782	55,633,466
Less: Provision for doubtful advances	12,113,697	12,113,697
<b>Total i</b>	<b>113,381,557</b>	<b>44,415,898</b>
Balances with Excise Dept	24,115	24,115
Deposits	1,211,795	1,211,795
<b>Total ii</b>	<b>1,235,910</b>	<b>1,235,910</b>
<b>TOTAL (i+ii)</b>	<b>114,617,467</b>	<b>45,651,808</b>
<b>Schedule 8</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	274,208,089	280,454,778
Other Liabilities	6,249,212	8,717,754
	<b>280,457,302</b>	<b>289,172,531</b>



	30.09.2010	30.09.2009
	Rs.	Rs.
<b>Schedule 9</b>		
<b>PROVISIONS</b>		
Provision for TAX ( MAT)	2,524,347	0
Provision for Others	136,527	1,999
	<b>2,660,874</b>	<b>1,999</b>
<b>SCHEDULE 10</b>		
<b>PROFIT &amp; LOSS ACCOUNT</b>		
Profit & Loss Account-Opening Balance(dr.)	275,372,864	290,004,297
Less: Balance of Net Profit for the Year	(11,091,334)	(14,631,433)
	<b>264,281,530</b>	<b>275,372,864</b>
<b>SCHEDULE 11</b>		
<b>SALES AND SERVICES</b>		
Hardware-Traded items	573,181,655	481,788,112
I T Services	7,286,063	14,166,000
Services & others	8,340,817	7,444,732
	<b>588,808,535</b>	<b>503,398,844</b>
<b>SCHEDULE 12</b>		
<b>OTHERS INCOME</b>		
Interest Income	734,439	676,430
Miscellaneous income	1,101	222,188
Sales Commission Receivable	7,723,114	393,373
	<b>8,458,654</b>	<b>1,291,991</b>
<b>Schedule 13</b>		
<b>MATERIALS</b>		
Purchases		
Trade Goods	565,916,117	471,247,636
Consumables	8,452	0
<b>TOTAL</b>	<b>565,924,569</b>	<b>471,247,636</b>
<b>Schedule 14</b>		
<b>MANUFACTURING &amp; ADMIN EXPENSES</b>		
Power and Fuel	173,057	546,405
Other Direct Expenses	44,173	80,357
Salaries Wages and Bonus	4,672,433	9,527,083
Insurance	13,323	17,648
Repairs & Maintenance	12,670	97,881
Rent	300,000	1,200,000
Rates & Taxes	1,519,736	21,415
Travelling Expenses	1,246,567	279,307
Printing & Stationery	112,509	42,764
Telephone Charges	260,229	459,084
Audit Fees	100,000	101,000
Professional charges	1,173,733	640,452
<b>Total</b>	<b>15,640,011</b>	<b>16,247,496</b>

	<b>30.09.2010</b>	<b>30.09.2009</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Schedule 15</b>		
<b>MARKETING EXPENSES</b>		
Selling and Distribution Expenses	191,353	10,471
Advertisement	58,307	117,320
<b>Total</b>	<b>249,660</b>	<b>127,791</b>

<b>Schedule 16</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest & Financial Charges	248,640	382,737
<b>Total</b>	<b>248,640</b>	<b>382,737</b>

Schedule 17 Significant Accounting Policies and Notes to Accounts

**ACCOUNTING POLICIES**

**1. SYSTEM OF ACCOUNTING :**

Accounts are prepared on accrual basis under historical cost convention as a going concern and comply with the mandatory Accounting Standards.

**2. DEPRECIATION :**

- a) Depreciation has been provided on assets on straight line method in accordance with the provisions of Schedule XIV of the Companies Act, 1956 except that:
- b) In the case of assets costing less than Rs.5000/- normal rates of depreciation prescribed under Schedule XIV are adopted even though the Companies' Act allows for 100% depreciation on such small value items.

**3. INVESTMENTS :**

Investments are stated at acquisition cost and provision is made to recognize any decline other than temporary, in the value of investments. During the year some of the investment were provided for and the loss on disposal of these investments have been duly accounted for as capital & trading profit.

**4. FIXED ASSETS :**

Fixed Assets are stated at cost including expenses related to their acquisition and installation allocable to respective assets.

**5. RETIREMENT BENEFITS TO EMPLOYEES :**

Gratuity and Leave encashment are accounted for as and when settled.

**6. REVENUE RECOGNITION :**

- a. Sales include applicable excise duty but excludes Sales tax. Income from sales is recognised upon completion of sale. Warranty charges forming part of the sales are not recognised separately and expenditure incurred in this regard is accounted when incurred. Sales includes inter divisional transfer.
- b. Income from IT services is recognised upon completion of milestones wherever payments are linked to such milestones. In cases where payment are based on completion of each man-hours, man-days, man-month of service rendered, revenue is recognised upon respective completion of the same.

**7. INVENTORY :**

Raw Materials and components are valued at cost. Work in progress are valued at cost including overheads. Appropriate provisions are made for anticipated losses if any. Finished goods and traded items are valued at cost or Net Realisable Value whichever is lower

**8. FOREIGN CURRENCY TRANSACTIONS :**

Foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction. Adjustments are made for any variations in the sale proceeds or import payments on conversion into Indian Currency upon actual receipt/payment. Exchange differences arising on foreign currency transactions are recognised as income or expense/ capitalised depending on the nature of transactions, in the year in which they arise.

**9. ACCOUNTING FOR CLAIMS & CONTINGENCIES :**

Claims raised on the company by Excise, Sales tax, Customs, Income tax and Local Authorities are accounted only when they actually become payable after recourse to all legal remedies available to the company.

**10. IMPAIRMENT OF ASSETS**

At each Balance Sheet date the management reviews the carrying amounts of its assets and goodwill included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments.

Reversal of impairment loss is recognized immediately as income in the profit and loss account.

**11. EARNINGS PER SHARE**

Basic Earnings per share are calculated by dividing net profit or loss for the year attributable to equity share holders ( after deducting attributable taxes and dividend on cumulative preference shares for the year) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**12. CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flows from regular revenue generating, financing, and investing activities of the company are segregated.

**NOTES TO ACCOUNTS**

1. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs- Nil (Previous Year Rs.. Nil)
2. Contingent Liabilities in respect of
  - a) Counter Guarantees given to the bankers for guarantees issued Rs 71.03 lacs Previous Year Rs.71.03.lacs)
  - b) Disputed demand for Sales tax matters Rs 9.24 lacs (Previous year Rs.9.24 lacs)
  - c) Disputed demand for Income Tax Matters Rs.16.00 Lacs (Previous year Rs.16.00 Lacs)

**3. Auditor's Remuneration**

for Statutory Audit                      Rs. 50,000/- (Previous Year Rs.50,000/-)

for Tax Audit Rs. 50,000/- (Previous Year Rs.50,000/- )

for Certification Rs. 45,000/- (Previous Year Rs. 46,000/-)

for Reimbursement of expenses 3550/- (Previous year Rs. Nil)

4. Loans & Advances include Rs 130.63 Lacs (Previous Year Rs. 123.14.lacs )due from Kranion Technologies Pvt Ltd, a company under the same management. Maximum amount outstanding at any time during the year Rs 130.63 lacs (Previous Year Rs. 123.14lacs).

**5. Impairment of Assets**

In the view of Accounting standard required by AS-28 “impairment of Assets” ICAI, the company has reviewed its fixed assets and does not expect any loss as on 30.09.2010 on account of impairment.

6. Selling and Distribution expenses include Rs. Nil (previous year Rs. Nil ) towards commission to Selling Agents. The company did not have Sole Selling Agents.

**7. Directors Remuneration :** (Rs.in lakhs)

	2009-10	2008-09
Salary	9.17	6.30
Contribution to Provident Fund	0.63	0.44
<b>Total</b>	<b>9.80</b>	<b>6.74</b>

8. Balances of Sundry Debtors, Advances given to parites, Sundry Creditors and advances received from parties are subject to confirmation.

9. During the year 881500 Equity shares of Rs.10/- each fully paid up were allotted at par.

**10. Cerebra Europe Ltd.**

The company has advanced Rs.22.79 Lacs to Cerebra Europe Limited incorporated in United Kingdom including the advance of Rs. 14.29 lacs during the year 2007-08 towards equity participation in the company. Pending allotment of shares in Cerebra Europe Limited the amount is shown under Loans and Advances in Current Assets. The Company tied up with Cerebra Europe Ltd. for carrying on the business for marketing of its IT Services in the United Kingdom, which may eventually be converted into a subsidiary of the company.

**11. Cerebra LPO India Limited-Subsidiary Company**

The Company has made the following investments / Loans to the subsidiary company

- a) Advance towards expenses Rs.112.81 Lacs (Previous Year Rs. 8.96 Lacs)

12. During the year, 8655000 warrants were allotted on 20.04.2010 on preferential basis, convertible within 18 months into equity shares of Rs.10/- each for cash payable Rs. 2.50 per warrant at the time of allotment.

**13. Due to Micro , small & medium enterprises**

As per the records maintained by the company there are no dues to the Micro , small & medium enterprises as on the date of balance sheet.

**14. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART II OF SCHEDULE VI TO THE COMPANIES ACT, 1956**

I) Particulars in respect of Licensed/Installed Capacities etc.,

The company is Primarily engaged in Manufacturing, Trading of Computer Systems, Peripherals and I T Services. These activities do not require Industrial Licensing and accordingly information for licensed installed and utilised capacity have not been given.

	2009-10		2008-09	
	Qty in Nos.	Value in (Rs. Lacs)	Qty in Nos.	Value in (Rs.Lacs)
ii) Production (in No.'s)	Nil	Nil	Nil	Nil
iii) Sales				
A) Manufactured Items	Nil	Nil	Nil	Nil
B) Traded items- Hardware and software	14943	5731.82	20840	4892.33
iv) Opening and Closing Stocks				
Opening Stock:				
a) Manufactured Items	NA	Nil	NA	Nil
b) Traded Items-(Hardware and Software)	NA	Nil	NA	2.03
<b>Closing Stock</b>				
a) Manufactured Items	NA	Nil	NA	Nil
b) Traded Items	NA	Nil	NA	NIL
v) Purchase of Trade Goods	14943	5659.16	NA	4712.48

**vii) Value of Imports on CIF Basis**

Raw Materials including customs duties and other charges Rs.Nil (Previous year Rs. Nil)

Trading Materials Including customs duty and other charges Rs. NIL (Previous year Rs. Nil)

	2009-10		2008-09	
	Rs. In Lacs	%	Rs. In Lacs	%
	Value		Value	
<b>viii) Raw Materials &amp; Components:</b>				
Imported	Nil	0	Nil	
Indigenous	Nil	0	Nil	
	Nil	0	Nil	

**ix) The amount remitted in Non Resident Stake holders on account of Dividend to their NRE account**

Number of Non Resident Share Holders : Nil ( Previous year Nil)

Number of Shares held by them : Nil equity shares (previous year Nil equity shares)

Year to which the payment of dividend relates : N A

**x) Earnings in Foreign Exchange**

Export Sales- Software Rs. Nil Lacs (Previous year Rs. 50.93 Lacs)

Export Sales -Hardware Rs. 0.96 lacs (Previous year Rs. Nil Lacs )

**xi) Expenditure in Foreign Currency:**

Raw Materials Nil (Previous Year Nil )

Foreign Travel Rs. 1.81 Lacs (Previous Year Rs. Nil Lacs )

Others Nil (Previous Year Nil )

**15. SEGMENT WISE BUSINESS PERFORMANCE**
**(Rs in Lacs)**

Particulars	Year Ended 30th September 2010	Previous Year Ended 30thSeptember 2009
(a) Primary segment reporting by business segment:		
<b>I. SEGMENT REVENUE</b>		
a. Hardware	5815.22	4892.33
b. I T Services	72.87	141.66
Total	5888.09	5033.99
Less :Inter segment revenue	0	0
Net Income from Operations & Sales	5888.09	5033.99
<b>II. SEGMENT RESULTS</b>		
Profit/(Loss) before tax and interest:		
a. Hardware	132.64	105.12
b. I T Services	7.45	46.47
Total	140.09	151.59
Less: Interest and other finance charges	1.36	3.83
unallocable exp.net off unallocable income	2.58	1.46
Profit before tax	136.15	146.30
<b>III. SEGMENT ASSETS</b>		
a. Hardware	4309.92	3950.86
b. I T Services	0.00	650.05
Total	4309.92	4600.91
<b>IV. SEGMENT LIABILITIES</b>		
a. Hardware	2847.21	2940.25
b. I T Services	0.00	434.81
Total	2847.21	3375.06
<b>V. CAPITAL EXPENDITURE</b>		
a. Hardware	0.54	0.00
b. I T Services	1.76	0.35
Total	2.30	0.35
<b>VI. DEPRECIATION</b>		
a. Hardware	13.98	14.87
b. I T Services	1.91	5.69
Total	15.89	20.56
<b>VII. AMORTISATION AND OTHER NON CASH EXPENDITURE</b>		
a. Hardware	0	0
b. I T Services	0	0
Total	0	0

**b) Secondary segment reporting by geographical segment:**

i) Segment-wise revenue :		
Revenue from Customers Outside India	0.96	50.93
Revenue from Customers within India	5887.13	4983.06
<b>Total</b>	<b>5888.09</b>	<b>5033.99</b>
ii) Segment-wise Assets :		
India	4309.92	4600.91
Outside India	0.00	0.00
	<b>4309.92</b>	<b>4600.91</b>

16. Related Party Disclosure

Cerebra Integrated Technologies Limited-	Holding Company
CEREBRA LPO India Limited	Fellow Subsidiary Company
Kranion Technologies Private Limited	Associated Company
Key Management Personnel	
Name	Designation
V. Ranganathan	Managing Director
K. Gururaj Upadhya	Director
P. Vishwa Murthy	Director
P. Bharath	MD , Kranion Technologies

**The Company has the following Transaction with related parties**

**(Rs in Lacs)**

	2009-10		2008-09	
	Dr.	Cr.	Dr.	Cr.
i. Cerebra LPO India Limited (Subsidiary Co..)				
Advance paid	112.81	0.00	8.96	0
- Balance Receivable	112.81	0.00	8.96	0
- Sale of fixed assets	59.32	0.00	3.96	0
- Reimbursement of Expenses	15.75	0.00	0.00	0.00
- Payment of share capital	0.00	0.00	3.50	0.00
ii. Kranion Technologies Private Limited	Dr.	Cr.	Dr.	Cr.
Receivables	130.63	0.00	123.14	0.00
Transfer of Funds	7.49	0.00	2.00	0.00
iii. V Ranganathan				
Advance Received	0.00	0.00	0.00	0.10
Balance payable	0.00	1.93	0.00	1.93
iv. Gururaja K Upadhya Director				
Balance payable	0.00	3.80	0.00	3.68
v. Vishwamurthy P				
Balance payable	0.00	3.45	0.00	3.45

	2009-10		2008-09	
	Dr.	Cr.	Dr.	Cr.
vi. P Bharath				
Advance Received / returned	1.00	0.00	0.00	0.00
Balance payable	0.00	1.68	0.00	2.68

**vii. Remuneration to key management Personnel**

**Amount (Rs)**

<b>Name</b>	<b>2009-10</b>	<b>2008-09</b>
V Ranganathan	2,45,022/-	1,92,444/-
Gururaj Upadhya	2,45,022/-	1,92,444/-
Vishwamurthy P	2,45,022/-	1,44,333/-
Shridhar S Hegde	2,45,022/-	1,44,333/-
	9,80,088/-	6,73,554/-

**17. Earnings per share**

Earnings per share is computed based on the following

<b>Particulars</b>	<b>2009-10</b>	<b>2008-09</b>
1. Profit after taxation considered for calculation of basic diluted earnings per share	11091334	14629539
2. Weighted average number of equity shares considered for calculation of basic earnings per share	15472267	15052164
3. Weighted average number of equity shares considered for calculation of diluted earnings per share	19218021	15052164

**18. Deferred Tax**

The company has not recognised net deferred tax asset in view of prudence.

**19. Previous Years figures have been regrouped and reclassified wherever necessary to conform to current year's presentation**



**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th September 2010**

Rs. in lacs

PARTICULARS	30-09-2010	30-09-2009
<b>A. Net profit/(loss) before taxes and extra-ordinary items</b>	13,615,681	14,629,539
Adjustments for		
Depreciation	1,588,627	2,055,635
Interest expenditure( including interdivision finance charges)	248,640	382,737
Interest Income (Including interdivision Finance Charges)	(734,439)	(676,430)
Dividend Income	-	-
Profit on sale of fixed asset	-	(158,707)
Operating profit/(loss) before working capital changes	<b>14,718,510</b>	<b>16,232,774</b>
<b>B. Changes in current assets &amp; current liabilities :</b>	-	0
Decrease/(Increase) in Inventories	-	-
Decrease/(Increase) in Sundry debtors	26,120,426	(268,994,816)
Decrease/(Increase) in Loans & Advances	(68,965,659)	(3,256,310)
Increase/(decrease) in Current Liabilities	(6,056,355)	247,065,831.5
Cash Inflow/(outflow) from operations	<b>(34,183,078)</b>	<b>(8,952,520)</b>
Interest paid ( including interdivision finance charges)	(248,640)	(382,737)
Tax refund		
MAT	(2,524,347)	1894
Net cash Inflow/(Outflow) before extraordinary items	(36,956,065)	(9,333,363)
Net cash Inflow/(Outflow) from operating activities	(36,956,065)	(9,333,363)
<b>C. Cash Flows from Investing Activities:</b>		
Interest Income(including interdivision finance charges)	734,439	676,430
Dividend Income	-	0
<b>Purchase of Fixed assets including capital work in progress</b>	<b>(213,239)</b>	<b>(34,873)</b>
Sale of fixed assets	5931874	325000
Net cash Inflow/(outflow) from Investing activities	<b>6,453,074</b>	<b>966,557</b>
<b>D. Cash flows from Financing Activities:</b>		
<b>Proceeds from Issue of Shares including share premium</b>	<b>32,382,499</b>	<b>6,285,805</b>
Short term borrowings		
Repayment of Long term Borrowings	-	-
Dividend paid ( including Dividend Tax)		
Net Cash Inflow/(outflow) from Financing Activities	32,382,499	6,285,805
Net Increase/(Decrease) in Cash & Cash Equivalents	1,879,507	(2,081,002)
Cash & Cash Equivalents as at beginning of the year	8,958,755	11,039,758
Cash & Cash Equivalents as at end of the year	10,838,263	8,958,755

We have verified the above Cash Flow Statement of Cerebra Integrated Technologies Limited for the year ended September 30,2010 prepared by the company and certify that the statement has been derived from the accounts of the company audited by us and has been prepared in accordance with the Stock Exchange Listing requirements.

The Schedules referred to above form an integral part of the Balance Sheet

As per our Audit Report of Even Date

**for M.S.REDDY & ASSOCIATES**  
 CHARTERED ACCOUNTANTS  
 Firm Regn. No.007992S

for and on behalf of the Board of Directors

**M.Sridhar Reddy**  
 Partner  
 Membership No.201103

**V. Ranganathan**  
 Managing Director

**Shridhar S Hegde**  
 Wholtime Director

BANGALORE  
 DATE: 29.11.2010

**AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS**

To,  
The Members of,  
CEREBRA INTEGRATED TECHNOLOGIES LIMITED  
BANGALORE.

We have audited the attached Consolidated Balance Sheet of CEREBRA INTEGRATED TECHNOLOGIES LIMITED (the Company) and its subsidiaries (collectively referred to as "the Group") as at 30th September 2010, and the Consolidated Profit and Loss account and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

1. We did not audit the financial statements of certain subsidiaries, whose financial statements/ consolidated financial statements reflect total assets of Rs. 11.16 lakhs as at 30.09.2010, as the case may be, total revenue of Rs. 148.71 lakhs and cash flows amounting to Rs.16.01 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
  2. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS)21, Consolidated Financial Statements, (AS) 23, According for Investments in Associates in Consolidated Financial Statements, and AS 27, Financial Reporting of Interests in Joint Ventures, as notified by the Companies (Accounting standard ) Rules, 2006.
  3. Based on our audit as aforesaid , and on consideration of other auditors on the separate financial statements and on the other financial information of the components 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 give a true and fair view in conformity with the accounting principles generally accepted in India Subject to :
    - a. *That as on March 31<sup>st</sup> 2010, the company has long outstanding debtors/advances amounting to Rs.4,22,01,922/- on which we are unable to comment on the extent of recoverability of the aforesaid amounts. Management has represented that it is of the opinion that the debtors/advances are fully recoverable.*
    - b. *Non provision for gratuity and leave encashment salary benefits of employees on accrual basis which is not quantified by the management.*
    - c. *Pending Confirmation and reconciliation of Sundry Debtors, Creditors and advances.*
- i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 30<sup>th</sup> September 2010;
  - ii) in the case of the Consolidated Profit and Loss Account ,of the profit of the Group for the year ended on that date; and
  - iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the group for the year ended on that date subject.

For **M.S. REDDY & ASSOCIATES**  
*Chartered Accountants*  
Firm Registration No.007992S

**M.SRIDHAR REDDY**  
*Partner.*

Membership Number 201103

Date: 29.11.2010  
Place: Bangalore.

## CEREBRA INTEGRATED TECHNOLOGIES LIMITED

### CONSOLIDATED BALANCE SHEET AS AT 30.09.2010

PARTICULARS	SCHEDULE No	As at 30.09.2010 Rs	As at 30.09.2009 Rs
<b>SOURCES OF FUNDS</b>			
Share Holder's Funds			
Share Capital	1	159,555,820	150,740,820
Share Application Money		29,211,000	5,643,501
Reserves & Surplus	2	242,157,224	242,157,224
Minority Interest		334,875	
<b>GRAND TOTAL</b>		<b><u>431,258,919</u></b>	<b><u>398,541,545</u></b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	46,078,186	46,259,057
Less Depreciation		<u>28,342,562</u>	<u>26,103,945</u>
Net Block		<u>17,735,625</u>	<u>20,155,113</u>
Deferred Tax Assets		63,249	0
<b>Investments at Cost</b>	4	2,000	2,000
<b>Current Assets Loans &amp; Advances</b>			
Sundry Debtors	5	318,650,954	337,538,013
Cash and Bank Balance	6	12,439,646	9,113,641
Loans and Advances	7	<u>114,671,053</u>	<u>45,651,808</u>
		<b><u>445,761,654</u></b>	<b><u>392,303,462</u></b>
<b>Less: Current Liabilities &amp; Provisions</b>			
Current Liabilities	8	293,343,081	290,079,690
Provisions	9	2,810,681	1,999
		296,153,762	290,081,689
<b>Net Current Assets</b>		<b>149,607,892</b>	<b>102,221,773</b>
<b>Profit &amp; Loss Account</b>	<b>10</b>	<b>263,850,154</b>	<b>276,162,659</b>
<b>GRAND TOTAL</b>		<b><u>431,258,919</u></b>	<b><u>398,541,545</u></b>
Significant Accounting Policies & Notes to Accounts	17		
The Schedules referred to above form an integral part of the Balance Sheet		0	

As per our Audit Report of Even Date  
for M.S.REDDY & ASSOCIATES  
Firm Registration No.007992S  
Chartered Accountants

for and on behalf of the Board of Directors

M.Sridhar Reddy  
Partner  
Membership No. 201103

V. Ranganathan  
Managing Director

Shridhar S Hegde  
Wholetime Director

PLACE: BANGALORE  
DATE: 29.11.2010

**CEREBRA INTEGRATED TECHNOLOGIES LIMITED**  
**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30.09.2010**

PARTICULARS	SCHEDULE No	As at 30.09.2010 Rs	As at 30.09.2009 Rs
<b>INCOME</b>			
Sales and Services	11	611403083	503,398,844
Other Income	12	735,540	1,291,991
<b>TOTAL</b>		<b><u>612,138,623</u></b>	<b><u>504,690,834</u></b>
<b>EXPENDITURE</b>			
Materials	13	565,924,569	471,247,636
Manufacturing & Administrative Expenses	14	27,235,056	17,090,972
Marketing Expenses	15	346,255	127,791
Interest and Financial Charges	16	265,983	382,737
Preliminary Expenses Written off		0	18,200
Depreciation		2,930,974	2,133,754
<b>TOTAL</b>		<b><u>596,702,837</u></b>	<b><u>491,001,090</u></b>
<b>Profit/(Loss) Before Taxation</b>		<b><u>15,435,786</u></b>	<b><u>13,689,744</u></b>
Provision for Taxation			
MAT And Current Tax		2,851,655	(1,894)
Deferred Tax asset		(63,249)	
Profit/(Loss) for the year before minority interest		12,647,380	13,691,638
Minority Interest- Profit/(Loss)		466,814	(281,939)
Net Profit for the year carried to Balance Sheet		12,180,566	13,973,577
Profit/(Loss) after Tax Transferred to Balance Sheet		12,584,131	
Earnings per share [Equity shares, par value Rs.10 each]			
- Basic		0.72	0.97
- Diluted		0.58	0.97
Significant Accounting Policies & Notes to Accounts	17		
The Schedules referred to above form an integral part of the Balance Sheet			

As per our Audit Report of Even Date for and on behalf of the Board of Directors  
for M.S.REDDY & ASSOCIATES

Chartered Accountants

Firm Registration No.007992S

M.Sridhar Reddy  
Partner  
Membership No. 201103

V. Ranganathan  
Managing Director

Shridhar S Hegde  
Wholetime Director

PLACE: BANGALORE

DATE: 29.11.2010

**SCHEDULE TO BALANCE SHEET AS AT 30th September 2010**

PARTICULARS	SCHEDULE No	As at 30.09.2010 Rs	As at 30.09.2009 Rs
<b>SHARE CAPITAL</b>			
<b>Authorised Capital</b>			
45000000 Equity Shares of Rs 10/-each		<b>450,000,000</b>	<b>180,000,000</b>
Issued & Subscribed & Paid Up			
13063932 equity shares of Rs. 10/ each (previous year		<b>159,454,320</b>	<b>150,639,320</b>
72515400)of the above Shares:			
I 140000(1998:140000)Equity Shares of Rs 10 each have been allotted as fully Paid bonus Shares by capitalisation of Profits of the previous years.			
II 16153(1998:16153)Equity Shares of Rs 10 each have been allotted as fully paid-uppersuant to a contract without payment being received in cash.			
III 1177400 Equity Shares of Rs 10 each have been allotted as fully paid bonus Shares by capitalisation of the Profits on 4-2-2000			
IV 1479300 equity shares of Rs.10 each have been allotted on 8-5-2000 as fully paid up shares consequent to public issue			
V 1355287 Equity Shares of Rs10/- each have been allotted on 3.04.2007 as fully paid up Shares consequent to Public Issue			
VI 5812392 Equity Shares of Rs10/- each have been allotted on 7.02.2008 as fully paid up Shares consequent to Public Issue			
VII 2000000 Warrants converted to Equity Shares Allotted on 4.10.2008 as fully paid up Shares, Warrants were allotted earlier on 3.4.2007			
VIII 881500 Equity Shares of Rs 10/- each were allotted on 20.4.2010 as fully paid Shares on preferential basis consequent to Public Issue			
IX. Add Forfeited Shares (amount originally paid on 20300 shares @ Rs. 5/- each)		<b>101,500</b>	<b>101,500</b>
		<b>159,555,820</b>	<b>150,740,820</b>
<b>Schedule 2</b>			
<b>RESERVES AND SURPLUS</b>			
Capital Reserve		1,143,412	1,143,412
Share Premium Account		241,013,812	241,013,812
<b>Total</b>		<b>242,157,224</b>	<b>242157224</b>

**SCHEDULE TO BALANCE SHEET AS AT 30TH SEPTEMBER 2010**  
**SCHEDULE 3**  
**FIXED ASSETS**

Sl. No.	TYPE OF ASSETS	GROSS BLOCK				DEPRECIATION RESERVE				NET BLOCK		
		Rate of Dep %	As at 1.10.09	Additions	Deletions	30.9.2010	As at 1.10.2009	Year Ended 30.09.2010	Deduction	As on 30.09.2010	As on 30.09.2009	
1	Energy Saving Equipments	4.75%	1261958	0	0	1261958	1080480	59943	0	1140423	121535	181478
2	Plant & Machinery	4.75%	21176676	0	0	21176676	11674828	1005892	0	12680720	8495956	9501849
3	Computer/Printers/Software	16.21%	9763343	1474460	1604530	9633273	8480957	300782	361568	8420172	1213101	1282386
4	Vehicles											
	Motor Cars/Vans	9.50%	406659	0	0	406659	340793	38633		379425	27234	65866
	Motor Cycles/Scooters	9.50%	61509			61509	61509	0		61509	0	0
5	Office Equipments	4.75%	723236	297660	162250	858646	451269	48972	10937	489304	369342	271968
6	Furniture & Fixtures	6.33%	5431976	2676088	2916201	5191863	2395506	930237	240114	3085630	2106233	3036471
7	Land	0.00%	200900	0		200900	0	0		0	200900	200900
8	Factory Building	3.34%	4638187	0		4638187	1321804	154915		1476719	3161468	3316383
9	Electrical Installations	3.34%	2204016	1995152	1941250	2257918	218683	313480	79738	452425	1805492	1985334
10	Intangible Assets: Software License	20.00%	390597			390597	78119	78119		156238	234359	312478
	<b>TOTAL</b>		<b>46259057</b>	<b>6443360</b>	<b>6624231</b>	<b>46078186</b>	<b>26103948</b>	<b>2930973</b>	<b>692357</b>	<b>28342565</b>	<b>17735625</b>	<b>20155113</b>

**Schedule 4**

**INVESTMENTS**

Investment in 200 Equity shares of Sankya Infotech Ltd of Rs. 10/ each fully paid	2,000	2,000
Total Market Value of Investments Rs.Nil (Previous Year Rs.2000)		
Investment in Cerebra LPO India Limited 35000 Equity Shares of Rs.10/- each	0	0
<b>Total</b>	<b>2,000</b>	<b>2,000</b>

**Schedule 5**

**SUNDRY DEBTORS**

Unsecured and Considered good		
Sundry Debtors		
Over six months	77,382,274	54,378,055
Less: Provision for bad and doubtful debts	36,408,875	36,408,875
<b>Total i</b>	<b>40,973,399</b>	<b>17,969,180</b>
Others	277,677,555	319,568,833
<b>Total ii</b>	<b>277,677,555</b>	<b>319,568,833</b>
<b>TOTAL (i+ii)</b>	<b>318,650,954</b>	<b>337,538,013</b>

**Schedule 6**

**CASH AND BANK BALANCES**

Cash on Hand	2,119,261	366,446
Balances with Scheduled Banks		
In Current Accounts	865,817	1,623,264
In Deposit Accounts	9,454,569	7,123,931
	<b>12,439,646</b>	<b>9,113,641</b>

**Schedule 7**

**LOANS AND ADVANCES**

Advances to cerebra LPO India Limited-Subsidiary Company	11,281,472	896,129
Unsecured and Considered good		
Advances recoverable in Cash or Kind for the value to be received	114,263,868	55,633,466
Less: Provision for doubtful advances	12,113,697	12,113,697
<b>Total i</b>	<b>113,431,643</b>	<b>44,415,898</b>
Balances with Excise Dept	24,115	24,115
Deposits	1,215,295	1,211,795
<b>Total ii</b>	<b>1,239,410</b>	<b>1,235,910</b>
<b>TOTAL (i+ii)</b>	<b>114,671,053</b>	<b>45,651,808</b>

**Schedule 8**

**CURRENT LIABILITIES**

Sundry Creditors	274,419,040	280,465,808
Other Liabilities	18,924,040	9,613,883
	<b>293,343,081</b>	<b>290,079,690</b>

**Schedule 9**

**PROVISIONS**

Provision for MAT/Income Tax	2,674,154	
Provision for Others	136,527	1,999
	<b>2,810,681</b>	<b>1,999</b>

**Schedule 10**

**PROFIT & LOSS ACCOUNT**

Profit & Loss Account-Opening Balance(dr.)	0	0
	276,162,659	290,004,297

Less: Excess Loss of Minority interest for the period ended on 30.9.09 set off against holding company profit reversed now	(131,939)	
Less: Balance of Net Profit for the Year		(13,973,577)
Add: Excess Loss of Minority interest		131,939
Net Profit for the Year	<u>(12,180,566)</u>	<u>131,939</u>
	<b><u>263,850,154</u></b>	<b><u>276,162,659</u></b>
<b>SCHEDULE 11</b>		
<b>SALES AND SERVICES</b>		
Hardware-Traded items	573,085,999	481,788,112
I T Services	22,157,497	14,166,000
Services & others	16,159,587	7,444,732
	<u>611,403,083</u>	<u>503,398,844</u>
<b>Schedule 12</b>		
<b>OTHER INCOME</b>		
Interest Income	734,439	676,430
Miscellaneous income	1,101	615,561
	<u>7,35,540</u>	<u>1,291,991</u>
<b>Schedule 13</b>		
<b>MATERIALS</b>		
Purchases		
Trade Goods	565,916,117	471,247,636
Consumables	8,452	0
<b>TOTAL</b>	<b><u>565,924,569</u></b>	<b><u>471,247,636</u></b>
<b>MANUFACTURING &amp; ADMIN EXPENSES</b>		
Power and Fuel	306,700	546,405
Other Direct Expenses	44,173	80,357
Salaries Wages and Bonus	11,971,308	9,527,083
Insurance	15,705	17,648
Repairs & Maintenance	85,980	97,881
Rent	1,260,000	1,200,000
Rates & Taxes	1,533,436	31,415
Travelling Expenses	1,356,019	681,434
Printing & Stationery	123,706	42,764
Telephone Charges	625,575	459,084
Audit Fees	127,575	157,030
Labour Charges	7,193,948	2,466,446
Others	1,319,703	869,588
Business Promotion Expenses	0	163,536
Professional charges	1,267,679	745,452
Audit Expenses	3,550	4,735
Preliminary Expenses	0	18,200
<b>Total</b>	<b><u>27,235,056</u></b>	<b><u>17,109,058</u></b>
<b>Schedule 15</b>		
<b>MARKETING EXPENSES</b>		
Selling and Distribution Expenses	287,948	10,471
Advertisement	58,307	117,320
<b>Total</b>	<b><u>346,255</u></b>	<b><u>127,791</u></b>
<b>Schedule 16</b>		
<b>INTEREST AND FINANCE CHARGES</b>		
Interest & Financial Charges	265,983	382,737
<b>Total</b>	<b><u>265,983</u></b>	<b><u>382,851</u></b>



## Schedule 17: Significant Accounting Policies and Notes to Accounts

**ACCOUNTING POLICIES****1. SYSTEM OF ACCOUNTING:**

Accounts are prepared on accrual basis under historical cost convention as a going concern and comply with the mandatory Accounting Standards

**2. DEPRECIATION :**

- a) Depreciation has been provided on assets on straight line method in accordance with the provisions of Schedule XIV of the Companies Act, 1956 except that:
- b) Intangible Asset being Software is amortized in the ratio of 1/5th every year.
- c) In the case of assets costing less than Rs.5000/- normal rates of depreciation prescribed under Schedule XIV are adopted even though the Companies' Act allows for 100% depreciation on such small value items.

**3. INVESTMENTS :**

Investments are stated at acquisition cost and provision is made to recognize any decline other than temporary, in the value of investments. During the year some of the investment were provided for and the loss on disposal of these investments have been duly accounted for as capital & trading profit.

**4. FIXED ASSETS:**

Fixed Assets are stated at cost including expenses related to their acquisition and installation allocable to respective assets.

**5. RETIREMENT BENEFITS TO EMPLOYEES:**

Gratuity and Leave encashment are accounted for as and when settled.

**6. REVENUE RECOGNITION:**

- a. Sales include applicable excise duty but excludes Sales tax. Income from sales is recognised upon completion of sale . Warranty charges forming part of the sales are not recognised separately and expenditure incurred in this regard is accounted when incurred. Sales includes inter divisional transfer.
- b. Income from ITeS services is recognised upon completion of milestones wherever payments are linked to such milestones. In cases where payment are based on completion of each man-hours, man-days, man-month of service rendered, revenue is recognised upon respective completion of the same.

**7. INVENTORY :**

Raw Materials and components are valued at cost. Work in progress are valued at cost including overheads. Appropriate provisions are made for anticipated losses if any. Finished goods and traded items are valued at cost or Net Realisable Value whichever is lower

**8. FOREIGN CURRENCY TRANSACTIONS :**

Foreign currencies are normally recorded at the exchange rate prevailing on the date of transaction. Adjustments are made for any variations in the sale proceeds or import payments on conversion into Indian Currency upon actual receipt/payment. Exchange differences arising on foreign currency transactions are recognised as income or expense/ capitalised depending on the nature of transactions, in the year in which they arise.

**9. ACCOUNTING FOR CLAIMS & CONTINGENCIES :**

Claims raised on the company by Excise, Sales tax, Customs, Income tax and Local Authorities are accounted only when they actually become payable after recourse to all legal remedies available to the company.

**10. IMPAIRMENT OF ASSETS**

At each Balance Sheet date the management reviews the carrying amounts of its assets and goodwill included in each cash generating unit to determine whether there is any indication that those assets were impaired. If any such

indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments.

Reversal of impairment loss is recognized immediately as income in the profit and loss account

**11. EARNINGS PER SHARE**

Basic Earnings per share are calculated by dividing net profit or loss for the year attributable to equity share holders ( after deducting attributable taxes and dividend on cumulative preference shares for the year) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**12. CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flows from regular revenue generating, financing, and investing activities of the company are segregated.

**NOTES TO ACCOUNTS**

1. Estimated amount of Contracts remaining to be executed on Capital Account and not provided for Rs-Nil (Previous Year Rs. . Nil)
2. In the view of Accounting standard required by AS-28 " impairment of Assets" the company has reviewed its fixed assets and does not expect any loss as on 30.09.2010 on account of impairment
3. Contingent Liabilities in respect of
  - a) Counter Guarantees given to the bankers for guarantees issued Rs 71.03 lacs Previous Year Rs.71.03.lacs)
  - b) Disputed demand for Sales tax matters Rs 9.24 lacs (Previous year Rs.9.24 lacs)
  - c) Disputed demand for Income Tax Matters Rs.16.00 Lacs (Previous year Rs.16.00 Lacs)
4. Balance of Sundry Debtors, Advances given to parties, Sundry Creditors and Advances received from parties are subject to confirmation.

**5. Particulars of Subsidiary:**

Name of the Company	Country of Operation	% of voting powers as on 30.09.10
1 Cerebra LPO Inida Ltd	India	70%

The contribution of the Subsidiary Company is as follows:

		Rs. Lakhs		
Name of the Subsidiary Company	Revenue	Net Profit / Loss	Net Assets	
1 Cerebra LPO India Limited	14871434	1556046	1116251	

**6. Minority Interest**

Share of Profit—Current Year	466814
Less : Unadjusted Share of loss of minority interest for the Year ended 30.09.09	281939
	184875
Add: Share Capital	150000
	334875

**7. Due to Micro , small & medium enterprises**

As per the records maintained by the company there are no dues to the Micro , small & medium enterprises as on the date of balance sheet.

8. During the year, 8655000 warrants convertible, within 18 months, into equity shares of Rs.10/- each for cash were allotted on 20.04.2010 on preferential basis payable Rs. 2.50 per warrant at the time of allotment.

**9. SEGMENT WISE BUSINESS PERFORMANCE**

Particulars	Year Ended 30th September 2010	
	Value in Rs. Lakhs	
(a) Primary segment reporting by business segment:		
<b>I. SEGMENT REVENUE</b>	<b>2009-10</b>	<b>2008-09</b>
a. Hardware	5815.22	4892.33
b. I T Services	221.58	141.66
<b>Total</b>	<b>6036.80</b>	<b>5033.99</b>
<b>II. SEGMENT RESULTS</b>		
Profit/(Loss) before tax and interest:		
a. Hardware	132.64	105.12
b. IT Services	25.82	46.47
<b>Total</b>	<b>158.46</b>	<b>151.59</b>
Less: Interest and other finance charges	1.53	3.83
unallocable exp.net off unallocable income	2.58	1.46
Profit before tax	154.35	146.30
<b>III. SEGMENT ASSETS</b>		
a. Hardware	4309.92	3950.86
b. I T Services	141.51	650.05
<b>Total</b>	<b>4451.43</b>	<b>4600.91</b>
<b>IV. SEGMENT LIABILITIES</b>		
a. Hardware	2847.21	2940.25
b. I T Services	130.35	434.81
<b>Total</b>	<b>2977.56</b>	<b>3375.06</b>
<b>V. CAPITAL EXPENDITURE</b>		
a. Hardware	0.54	0.00
b. I T Services	64.06	0.35
<b>Total</b>	<b>64.60</b>	<b>0.35</b>
<b>VI. DEPRECIATION</b>		
a. Hardware	15.89	14.87
b. I T Services	13.42	5.69
<b>Total</b>	<b>29.31</b>	<b>20.56</b>
<b>VII. AMORTISATION AND OTHER NON CASH EXPENDITURE</b>		
a. Hardware	0.00	0.00
b. I T Services	0.00	0.00
<b>Total</b>	<b>0.00</b>	<b>0.00</b>

b) Secondary segment reporting by geographical segment:

i) Segment-wise revenue:

Revenue from Customers Outside India	51.08	50.93
Revenue from Customers within India	5985.72	4983.06
<b>Total</b>	<b>6036.80</b>	<b>5033.99</b>

ii) Segment-wise Assets:

India	4451.43	4604.82
Outside India	0.00	0.00
<b>Total</b>	<b>4451.43</b>	<b>4604.82</b>

**10. Related Party Disclosure**

Cerebra Integrated Technologies Limited--	Holding Company
CEREBRA LPO India Limited	Fellow Subsidiary Company
Kranion Technologies Private Limited	Associated Company
Key Management Personnel	
Name	Designation
V. Ranganathan	Managing Director
K. Gururaj Upadhya	Director
P. Vishwa Murthy	Director
P. Bharath	M D, Kranion Technologies

**11. The Company has the following Transaction with related parties**

**(Rs in Lacs)**

	2009-10		2008-09	
	Dr.	Cr.	Dr.	Cr.
i. Cerebra LPO India Limited (Subsidiary Co.,)				
Advance paid	112.81	0.00	8.96	0
- Balance Receivable	112.81	0.00	8.96	0
- Sale of fixed assets	59.32	0.00	3.96	0
- Reimbursement of Expenses	15.75	0.00	0.00	0.00
- Payment of share capital	0.00	0.00	3.50	0.00
ii. Kranion Technologies Private Limited	Dr.	Cr.	Dr.	Cr.
Receivables	130.63	0.00	123.14	0.00
Transfer of Funds	7.49	0.00	2.00	0.00
iii. V Ranganathan				
Advance Received	0.00	0.00	0.00	0.10
Balance payable	0.00	1.93	0.00	1.93
iv. Gururaja K Upadhya Director				
Balance payable	0.00	3.80	0.00	3.68
v. Vishwamurthy P				
Balance payable	0.00	3.45	0.00	3.45
vi. P Bharath				
Advance Received / returned	1.00	0.00	0.00	0.00
Balance payable	0.00	1.68	0.00	2.68

**Remuneration to key management Personal**

**Amount (Rs)**

<b>Name</b>	<b>2009-10</b>	<b>2008-09</b>
V Ranganathan	2,45,022/-	1,92,444/-
Gururaj Upadhya	2,45,022/-	1,92,444/-
Vishwamurthy P	2,45,022/-	1,44,333/-
Shridhar S Hegde	2,45,022/-	1,44,333/-
	<b>9,80,088/-</b>	<b>6,73,554/-</b>

**12. Earnings per Share**

Earnings per share is computed based on the following

Particulars	2009-10	2008-09
1. Profit after taxation considered for calculation of basic diluted earnings per share (Rs.)	11091334	14629539
2. Weighted average number of equity shares considered for calculation of basic earnings per share	15472267	15052164
3. Weighted average number of equity shares considered for calculation of diluted earnings per share	19218021	15052164

**13. Deferred Tax**

The company has not recognised deferred tax asset in view of prudence.

14. Previous Years figures have been regrouped and reclassified wherever necessary to conform to current year's presentation.

**Statement pursuant to section 212 (1) (e) of the Company Act,  
1956 relating to Subsidiary Companies**

( All amounts Rs. in lakhs except for share data or as otherwise stated)

<b>Particulars</b>	<b>Cerebra LPO India Ltd</b>
1. Financial Year Of Subsidiary ended on	30-09-2010
2. Date from Which it became Subsidiary	27-08-2008
3. Shares of the Subsidiary Company held on the above data and extent of the holding	
i. No. of Equity Shares	Rs. 35,000/-
ii. Face value in currency	Rs. 10/- each
iii. Extent of the holding	70%
4. Net Aggregate amount of profits/(losses) of the subsidiary for the above financial year so as they concern members of Cerebra Integrated Technologies Limited	
i. Dealt with in accounts of Cerebra Integrated Technologies Limited	10.89
ii. Not Dealt with in accounts of Cerebra Integrated Technologies Limited	Nil
5. Net Aggregate amount of profits/(loses) of the Subsidiaries for previous financial year so far it concern members of Cerebra Integrated Technologies Limited	
i. Dealt with in accounts of Cerebra Integrated Technologies Limited	(6.57)
ii. Not Dealt with in accounts of Cerebra Integrated Technologies Limited	Nil

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR  
THE YEAR ENDED 30th September 2010**

Rs. in lacs

PARTICULARS	30-09-2010	30-09-2009
<b>A. Net profit/(loss) before taxes and extra-ordinary items</b>	<b>15,435,786</b>	<b>13,689,744</b>
Adjustments for		
Depreciation	2,930,974	2,133,754
Interest expenditure( including interdivision finance charges)	265,983	382,737
Interest Income (Including interdivision Finance Charges)	(735,540)	(676,430)
Profit on sale of fixed asset	-	(158,707)
Primary Expenses Written off	-	18,200
<b>Operating profit/(loss) before working capital changes</b>	<b>17,897,203</b>	<b>15,389,298</b>
<b>B. Changes in current assets &amp; current liabilities:</b>	<b>-</b>	<b>0</b>
Decrease/(Increase) in Sundry debtors	18,887,059	(268,994,816)
Decrease/(Increase) in Loans & Advances	(69,019,245)	(2,349,151)
Increase/(decrease) in Current Liabilities	6,072,072	247065831.5
<b>Cash Inflow/(outflow) from operations</b>	<b>(26,162,911)</b>	<b>(8,888,837)</b>
Interest paid ( including interdivision finance charges)	(265,983)	(382,737)
Tax refund		
MAT and Income Tax	(2,851,655)	1894
Net cash Inflow/(Outflow) before extraordinary items	(29,280,549)	(9,269,680)
Net cash Inflow/(Outflow) from operating activities	(29,280,549)	(9,269,680)
<b>C. Cash Flows from Investing Activities:</b>	<b>-</b>	<b>-</b>
Interest Income(including interdivision finance charges)	735,540	676,430
Dividend Income	-	0
<b>Purchase of Fixed assets including capital work in progress</b>	<b>(6,443,360)</b>	<b>(425,470)</b>
Sale of fixed assets	5931874	325000
Decrease/(Increase) in Investments	-	-
Sundry creditors written back	-	0
<b>Net cash Inflow/(outflow) from Investing activities</b>	<b>224,054</b>	<b>575,960</b>
<b>D. Cash flows from Financing Activities:</b>		
Proceeds from Issue of Shares including share premium	32,382,499	6,785,805
Preliminary Expenses	-	(18,200)
Short term borrowings	-	-
Dividend paid ( including Dividend Tax)		
<b>Net Cash Inflow/(outflow) from Financing Activities</b>	<b>32,382,499</b>	<b>6,767,605</b>
Net Increase/(Decrease) in Cash & Cash Equivalents	3,326,004	(1,926,116)
Cash & Cash Equivalents as at beginning of the year	9,113,642	11,039,758
Cash & Cash Equivalents as at end of the year	12,439,646	9,113,642

We have verified the above Cash Flow Statement of Cerebra Integrated Technologies Limited for the year ended September 30,2010 prepared by the company and certify that the statement has been derived from the accounts of the company audited by us and has been prepared in accordance with the Stock Exchange Listing requirements.

The Schedules referred to above form an integral part of the Balance Sheet

As per our Audit Report of Even Date

**for M.S.REDDY & ASSOCIATES**

CHARTERED ACCOUNTANTS

Firm Regn. No.007992S

for and on behalf of the Board of Directors

**M. Sridhar Reddy**

Partner

Membership No.201103

**V. Ranganathan**

Managing Director

**Shridhar S Hegde**

Wholetime Director

BANGALORE

DATE: 29.11.2010

**CEREBRA LPO INDIA LIMITED**

Regd Off: 26/4 "A" Block, II Floor, Industrial Suburb, Rajajinagar, Bangalore, Karnataka-560001

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**NOTICE**

Notice is hereby given that the Second Annual General Meeting of **Cerebra LPO India Limited** will be held at 4 pm on Friday, the 31st day of December, 2010 at the Registered Office of the Company at 26/4 "A" Block, II Floor, Industrial Suburb, Rajajinagar, Bangalore, Karnataka-560001 **to transact the** following business:

**ORDINARY BUSSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 30<sup>th</sup> September 2010 and the Profit and Loss Account for the year ended on that date together with the reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. P Vishwamurthy, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint the Auditors and fix their remuneration.

By the order of the Board

**V Ranganathan**  
Director

Place: Bangalore  
Date: 29.11.2010

**NOTE:**

1. A member entitled to attend and vote at the Meeting is entitled to appointment a proxy to attend and vote instead of himself/ herself and such proxy need not be a member of the company. Proxies in order to be valid must be received at the registered office at least 48 hours before the time fixed for the Meeting.

**DIRECTORS' REPORT**

Dear Shareholders

Your Directors have pleasure in presenting the Second Report together with the Audited Statement of Accounts for the year ended 30<sup>th</sup> September, 2010.

**BUSINESS & FINANCIAL RESULTS:**

(Rs. in Lakhs)

<b><u>Particulars</u></b>	<b>01.10.2009 to 30.09.2010</b>	<b>27.08.2008 to 30.09.2009</b>
Total Income	148.71	0.00
Total Expenditure	116.92	8.62
Operating Profits / (Loss) (PBIDT)	31.79	(8.62)
Interest	0.17	0.00
Depreciation	13.42	0.78
Profit / (Loss) Before Extra Ordinary Income	18.20	(9.40)
Extra Ordinary Income	0.00	0.00
Provision for Tax – Current	3.27	0.00
Profit / (Loss) after Current Tax but before Deferred Tax	14.93	(9.40)
Deferred Tax	(0.63)	0.00
Profit / (Loss) available for appropriations	6.16	(9.40)

Your Company has achieved significant progress in the year that has passed. With relentless efforts, better performance was made possible in Legal Process Outsourcing and Medical Transcription segments. The Company has added sustainable and profitable clients chiefly from the USA and the UK. Several marketing initiatives were implemented with strategic alliances with both the aforesaid Countries. Growth on both the segments is expected to be robust and the Company has no hesitation in exploring inorganic growth opportunities.

**DIVIDEND:**

In order to conserve the profits, your Board does not recommend any dividend for the year ended 30.09.2010.

**FIXED DEPOSITS:**

Your Company has neither accepted nor renewed any Fixed Deposits during the year ended September 30, 2010.

**DIRECTORS:**

Mr. P Vishwamurthy retires by rotation in accordance with the Companies Act, 1956 and Articles of Association of the Company and being eligible, offers himself for re-appointment.

**AUDITORS:**

Messrs Ishwar & Gopal, Chartered Accountants, Bangalore, were appointed as Auditors of the Company who retire at the ensuing Annual General Meeting and are eligible for reappointment.

**PARTICULARS OF EMPLOYEES:**

There was no employee drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956. Hence particulars required under the said section are not required to be appended.

**OTHER STATUTORY DISCLOSURES:**

Section 217(1)(e) of the Companies Act, 1956 read with the Companies {Disclosures of Particulars in the Report of Board of Directors} Rules 1988 is not applicable to the Company in view of the nature of business carried out/to be carried out by the Company. However, following may be noted:



**a) Conservation of Energy:**

The Company is in the business of legal process outsourcing which is service oriented; therefore there is no consumption of energy except for office use.

**b) Technology Absorption:**

Considering the nature of business of the Company, this provision does not warrant any reporting.

**c) Foreign Exchange Earnings And Outgo:**

Foreign Exchange earnings : Rs. 50.13 Lakhs.

Foreign Exchange outgo : Rs. 0.87 Lakh.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 217(2aa) of the Companies Act, 1956, the Board of Directors hereby confirms that:

- In preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- The Company has selected and applied such Accounting Policy consistently and judgments and estimates are made in a reasonable and prudent manner so as to give true and fair view of the state of affairs of the Company for that period.
- Proper and sufficient care has been taken for maintenance of Accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing/ detecting fraud and other irregularities.

**GOING CONCERN CONCEPT BASIS:**

The Directors have prepared the Books of Accounts on a going concern basis.

**ACKNOWLEDGEMENT:**

Your Directors place on record their appreciation for the co-operation rendered by Government Authorities, Bankers and Investors.

By the order of the Board

Place: Bangalore

Date: 29.11.2010

V Ranganathan

Director

Shridhar S Hegde

Director

**AUDITOR'S REPORT****To the members of CEREBRA LPO INDIA LIMITED**

We have audited the attached Balance Sheet of **CEREBRA LPO INDIA LIMITED**, as at September 30, 2010 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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.

In accordance to the provisions of section 227 of the Companies Act, 1956, we report that:

1. As required by the Companies (Auditor's Report) Order, 2003, (the Order) (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further we report that:
  - (i) 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;
  - (ii) 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 those books;
  - (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts;
  - (iv) Subject to non provision of gratuity and leave salary in accordance with Accounting Standard (AS-15), (revised) on "Employee Benefits" (Refer Note 1 G of Schedule 12 Significant Accounting Policies and Notes on Accounts), 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 Companies Act, 1956;
  - (v) On the basis of written representations received from the directors as on September 30, 2010 and taken on record by the Board of Directors, we report that none of the directors are directors of a Company which is not complying with the provisions of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) Subject to non provision of gratuity and leave salary as referred in clause (iv) above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a. In the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2010;
    - b. In the case of Profit and Loss Account, of the profit for the year ended on that date; and
    - c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**for Ishwar & Gopal,  
Chartered Accountants**

Firm Registration No.: 001154S

**K. V. Gopalakrishnayya  
Partner**

Membership No.: 021748

Place : Bangalore  
Date :29.11.2010

**Annexure to the Auditor's Report of even date to the Members CEREBRA LPO INDIA LIMITED**

**1. Fixed Assets**

- (a) The Company has maintained proper records showing full particulars, including quantitative details and the situation of its fixed assets in respect of intangible assets acquired during the year;
- (b) The fixed assets have been physically verified by the management during the year according to a periodical phased program. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no discrepancies noticed have been properly dealt with in the books of account;
- (c) During the year, substantial part of the assets has not been disposed off by the Company.

**2. Inventory**

Since the operations of the company during the period under review do not involve any inventory, clause 4 (ii) (a), clause 4 (ii) (b) and clause 4 (ii) (c) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable.

**3. Loans**

- i. The Company has not granted any loans to parties listed in the register maintained under section 301 of the Companies Act, 1956 and hence, the requirement of clause 4 (iii) (a) (b) (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company in the year under review;
- ii. As per the information and explanation given us, the Company has not taken any loan from the parties listed in the register maintained under section 301 of the Companies Act, 1956 and hence, the requirement of clause 4 (iii) (e) (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company in the year under review.

**4. Internal Control Procedures**

In our opinion and according to the information and explanations provided to us there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of intangible fixed assets. The operations of the Company for the period under review do not involve purchase of inventory or sale of goods and services. During the course of our audit, we have neither come across nor have we been informed of any continuing failure to correct major weakness in the aforesaid internal control procedures;

**5. Related Party Transactions**

- a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, 301 have been properly entered in the register required to be maintained under Section;
  - b. In our opinion and according to the information and explanations given to us, the transactions 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 under the provisions of section 58A, 58AA or any other provisions of the Act and the rules framed there under;
7. The requirement regarding a system of internal audit is not applicable to the Company for the period under review;

**8. Maintenance of Cost Records as per section 209 (1)(d) of the Companies Act, 1956 are not applicable to the Company under review;**

**9. Statutory Liabilities**

- a. According to the records, information and explanations provided to us, except for profession tax, the Company is generally regular in depositing with appropriate authorities undisputed amount of 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 statutory dues applicable to it. Undisputed amounts payable, outstanding as at September 30, 2010 for a period of more than six months from the date they became payable are as follows:

Nature of Statute	Nature of Dues	Amount (Rs.)	Period to which amount relates	Due Date	Date of Payment
The Karnataka Tax on Professions, Trades, Callings and Employment Act, 1976	Professional Tax	21,250/-	January 2010 to March 2010	Various Dates	Not paid as on the date of report

- b. According to the information and explanation given to us, there were no disputed dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess Tax that have not been paid to the concerned authorities on account of any disputes;
10. The Company is registered for a period less than 5 years and hence, clause 4 (x) of the Companies Auditors Report Order 2003 (as amended) is not applicable to the Company for the period under review;
  11. Based on our audit procedures and on the information and explanations given by the management, the Company has not taken any loans from banks/ financial institutions or issued any debentures. Clause 4 (xi) of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company for the period under review;
  12. Based on our examination and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
  13. The Company is not a chit/nidhi/mutual benefit fund/society and hence clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company for the year under review;
  14. The Company is not dealing or trading in shares, securities, debentures and other investments hence clause (xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company for the year under review;
  15. As far as we could ascertain, the Company has not given guarantees for the loans taken by others from banks or financial institutions and hence, the provisions of clause 4 (xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company;
  16. In our opinion and according to the information and explanation given to us, the Company has not availed the term loan during the year under review.
  17. According to the information and explanations given to us and an overall examination of balance sheet of the Company, we report that the Company has used funds raised from short-term sources to the extent of Rs. 62,30,121/- towards purchase of fixed assets for long-term uses;
  18. According to the information and explanations given to us, the Company has not made preferential allotment of shares to individuals during the year under review and hence the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable;
  19. According to the information and explanations given to us, the Company did not have any outstanding debentures during the year under review and hence the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 regarding creation of securities are not applicable;
  20. The Company has not raised any money by public issues during the year under review and hence the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 regarding creation of securities are not applicable;
  21. Based on the audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

for Ishwar & Gopal,  
Chartered Accountants  
Firm Registration No. : 001154S

K.V. Gopalakrishnayya  
Partner

Membership No. : 021748

Place : Bangalore  
Date : 29-11-2010

**CEREBRA LPO INDIA LIMITED**  
**BALANCE SHEET as at September 30, 2010**

PARTICULARS	SCHEDULE No	As at 30.09.2010 Rs	As at 30.09.2009 Rs
<b>SOURCES OF FUNDS:</b>			
Shareholders' Fund			
Share Capital	1	500,000	500,000
Reserves & Surplus	2	616,251	-
Loan Funds			
Secured Loans		-	-
Unsecured Loans		-	-
	<b>Total</b>	<b>1,116,251</b>	<b>500,000</b>
<b>APPLICATION OF FUNDS:</b>			
Fixed Assets			
Fixed Assets	3		
Gross Fixed Assets		6,620,718	390,597
Less: Depreciation		<u>1,420,466</u>	<u>78,119</u>
Capital Work-in-Progress		-	-
Net Fixed Assets		<u>5,200,252</u>	312,478
Deferred Tax Assets		63,249	
Current Assets, Loans & Advances			
Inventories		-	-
Sundry Debtors	4	7,233,366	-
Cash & Bank Balances	5	1,601,384	154,886
Loans & Advances	6	<u>53,586</u>	-
		<u>8,888,336</u>	<u>154,886</u>
Less: Current Liabilities & Provisions			
Current Liabilities	7A	12,885,779	907,159
Provisions	7B	<u>149,807</u>	-
		<u>13,035,585</u>	<u>907,159</u>
Net Current Assets		(4,147,250)	(752,273)
Miscellaneous Expenditure	8	-	-
(To the extent not written off or adjusted)			
Profit/ (Loss) carried forward from the Profit and Loss Account		-	939,795
Notes & Additional Information forming an integral part of the Balance Sheet	12		
	<b>Total</b>	<b>1,116,251</b>	<b>500,000</b>

As per our Report even attached

For ISHWAR & GOPAL  
 Chartered Accountants  
 Firm Registration No.: 001154S  
 K.V.Gopalakrishnayya  
 Partner

For and on behalf of Board of Directors

Membership No.: 021748  
 Place : Bangalore  
 Date : 29-11-2010

Shridhar S. Hegde  
 Director

P Vishwamurthy  
 Director

**CEREBRA LPO INDIA LIMITED**  
**PROFIT & LOSS ACCOUNT for the year ended September 30, 2010**

PARTICULARS	SCHEDULE No	As at 30.09.2010 Rs	As at 30.09.2009 Rs
<b>INCOME:</b>			
Sales Income:			
Sales: Medical Transcription		9,858,631	-
Sales: Export		5,012,803	-
<b>Total</b>		<b>14,871,434</b>	<b>-</b>
<b>EXPENDITURE:</b>			
Employee Expenses	9	7,298,874	-
Administrations & Other Expenses	10	4,392,765	843,362
Financial Charges	11	17,343	114
Depreciation/ Amortization of Software Licenses	3	1,342,347	78,119
Miscellaneous Expenditure Written Off	8	-	18,200
<b>Total</b>		<b>13,051,329</b>	<b>939,795</b>
Profit before Taxation		1,820,105	(939,795)
Provision / (Credit) for Taxation:			
Current Tax		327,308	-
Deferred Tax		(63,249)	
Profit after Taxation (Loss)		<u>1,556,046</u>	(939,795)
Balance of Profit/(Loss) Brought Forward		(939,795)	
Balance of Profit/(Loss) carried over to Balance Sheet		<u>616,251</u>	<u>(939,795)</u>
Earnings per share [Equity shares, par value Rs.10 each]			
-Basic		62.24	(37.59)
-Diluted		62.24	(37.59)
Weighted Average number of shares for computing Earning per Share			
-Basic		25,000	25,000
-Diluted		25,000	25,000
Notes & Additional Informations forming part of the Balance Sheet	12		
As per our Report even attached			
For ISHWAR & GOPAL Chartered Accountants Firm Registration No.: 001154S K.V.Gopalakrishnayya Partner Membership No.: 021748		For and on behalf of Board of Directors	
		Shridhar S. Hegde Director	P Vishwamurthy Director
Place : Bangalore			
Date : 29.11.2010			

## CEREBRA LPO INDIA LIMITED

### Schedules to the Balance Sheet

PARTICULARS	As at 30.09.2010 Rs	As at 30.09.2009 Rs
<b>Schedule - 1 : Share Capital</b>		
Authorised Share Capital		
50,000 (50,000) Equity Shares of Rs. 10 each	500,000	500,000
<b>Issued, Subscribed and Paid up Capital</b>		
50,000 (50,000) Equity Shares of Rs. 10 each, fully paid up	500,000	500,000
[Out of the above 35,000 equity shares are held by Cerebra Integrated Technologies Limited, Holding Company]	500,000	500,000
<b>Schedule - 2 : Reserve &amp; Surplus</b>		
Surplus in Profit & Loss Account	616,251	-
	<b>616,251</b>	<b>-</b>

#### Schedule - 3 Depreciation Schedule

Assets	Rate	Gross Block			Depreciation Block			Net Block	
		Incorporated As on 02.01.2010	Addition	As on 30.09.2010	As on 02.01.2010	For the year	As on 30.09.2010	As on 30.09.2010	As on 30.09.2009
Office Equipments	4.75%		243,660	243,660	-	20,221	20,221	223,439	-
Computers	16.21%		1,448,860	1,448,860	-	235,759	235,759	1,213,101	-
Furniture & Fixtures	6.33%		2,676,088	2,676,088	-	724,461	724,461	1,951,627	-
Electrical Installation	3.34%		1,861,513	1,861,513	-	283,787	283,787	1,577,726	-
<b>Sub Total</b>		-	<b>6,230,121</b>	<b>6,230,121</b>	-	<b>1,264,227</b>	<b>1,264,227</b>	<b>4,965,894</b>	-
		As on 01.10.2009	Addition	As on 30.09.2010	As on 01.10.2009	For the year	As on 30.09.2010	As on 30.09.2010	As on 30.09.2009
<b>Intangible assets :</b>									
Software License	20%	390,597	-	390,597	78,119	78,119	156,238	234,359	312,478
<b>Sub Total</b>		<b>390,597</b>	<b>-</b>	<b>390,597</b>	<b>78,119</b>	<b>78,119</b>	<b>156,238</b>	<b>234,359</b>	<b>312,478</b>
<b>Total</b>		<b>390,597</b>	<b>6,230,121</b>	<b>6,620,718</b>	<b>78,119</b>	<b>1,342,347</b>	<b>1,420,466</b>	<b>5,200,252</b>	<b>312,478</b>

#### Schedule - 4 : Sundry Debtors

(Unsecured, Considered Good)

Outstanding for a Period exceeding Six Months	2,000,846	-
Others	5,232,520	-
	<b>7,233,366</b>	<b>-</b>

#### Schedule - 5 : Cash & Bank Balances

Cash on Hand	1,155,638	-
Balance with a Scheduled Bank in India		
In Current Account	445,746	154,886
	<b>1,601,384</b>	<b>154,886</b>

PARTICULARS	As at 30.09.2010 Rs	As at 30.09.2009 Rs
<b>Schedule - 6 : Loans &amp; Advances</b>		
(Unsecured, Considered Good)		
Advances Recoverable in Cash or Kind or for Value to be received	3,500	-
Other Current Assets	8,086	-
Due from Employees	42,000	-
	<b>53,586</b>	<b>-</b>
<b>Schedule - 7 : Current Liabilities</b>		
<b>A. Current Liabilities</b>		
Sundry Creditors		
Due to Micro Small and Medium Enterprises	-	-
Due to other than Micro, Small and Medium Enterprises	210,951	11,030
Advance from Holding Company	11,281,472	896,129
Other Liabilities	1,393,356	-
	<b>12,885,779</b>	<b>907,159</b>
<b>B) Provisions</b>		
Provison for Income Tax	149,807	-
	<b>149,807</b>	<b>-</b>
<b>Schedule - 8 : Miscellaneous Expenditure</b>		
(to the extent not written off / adjusted)		
<b>Software License:</b>		
As per Last Balance Sheet	-	18,200
Less: Written Off during the Year	-	18,200
Schedule - 9 : Employee Expenses		
Salaries, Bonus & Allowances	6,930,696	-
Contribution to Provident Fund	252,858	-
Staff Welfare Expenses	115,320	-
<b>Total</b>	<b>7,298,874</b>	<b>-</b>
<b>Schedule - 10 : Administration &amp; Other Expenses</b>		
Rates & Taxes	13,700	10,000
Audit Fees:		
Statutory Audit Fee	15,000	10,000
Tax Audit Fee	10,000	-
Service Tax	2,575	1,030
Out of Pocket Expenses	-	-
Printing & Stationery	11,197	-
Rent	960,000	-
Electricity & Water Charges	160,643	-
Travelling & Conveyance Expenses	109,452	402,127



PARTICULARS	As at 30.09.2010 Rs	As at 30.09.2009 Rs
Repairs & Maintenance:		
Vehicle	17,510	-
Others	8,760	-
Office Expenses	107,158	-
Computer Maintenance	64,550	-
Communication Expenses	365,534	-
Sales Promotion Expenses	96,595	163,536
Insurance Charges	2,382	-
Labour charges	2,223,990	-
Consultation & Professional Charges	93,946	150,000
Exchange Fluctuation Loss	118,161	-
General Expenses	11,613	106,669
	<b>4,392,765</b>	<b>843,362</b>
<b>Schedule - 11 : Financial Charges</b>		
Financial Charges	17,343	114
	<b>17,343</b>	<b>114</b>

## Schedule 12

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A. Basis of Accounting

The financial statements are prepared on accrual basis under the historical cost convention in accordance with generally accepted accounting principles (GAAP), in compliance with the provisions of the Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006, prescribed by the Central Government.

#### B. Uses of Estimates

The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses for the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as on the date of the Balance Sheet. Differences, if any, between the actual results and estimates is recognized in the period in which the results are known. The accounting policies have been consistently applied by the Company, are consistent with those used in the previous year.

#### C. Revenue Recognition

Income from IT services is recognized upon completion of milestones wherever payments are linked to such milestones. In cases where payments are based upon completion of each man hours, man-days, man-month of the service rendered, revenue is recognized upon completion of the same.

#### D. Fixed Assets

Fixed Assets are stated at cost including expenses related to their acquisition and installation allocable to respective assets.

#### E. Depreciation

Depreciation is provided for at the rates and in the manner provided in Schedule XIV of the Companies Act, 1956

on straight line method except for:

- Intangible Assets being software license is amortized in the ratio of 1/5 every year;
- Assets costing less than Rs.5000/- are depreciated fully in the year of addition.

#### **F. Foreign Currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rates closely approximating those prevailing on the date of transaction.

At the year-end, monetary items denominated in foreign currencies are converted into rupee equivalents at the year-end exchange rates.

All exchange differences arising on settlement/conversion of foreign currency transactions are included in the Profit and Loss Account are charged to profit & loss account.

#### **G. Retirement Benefits to Employees**

This being the first year of operations, no provision for retirement benefits in the form of gratuity and leave encashment has been made as required in accordance with the Accounting Standards (AS) 15 (revised) on 'Employee Benefits' since in the opinion of the management, the amount is immaterial.

#### **H. Income Tax**

Provision for taxation includes current tax and deferred tax.

- a) The Current charge for income tax is based on the tax liability computed after considering tax allowances and exemptions.
- b) Deferred tax asset or liability is recognized for timing differences between the profit as per financial statements and the profit offered for income taxes, based on tax rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax asset or liability is recognized only for those timing differences that originate during the tax holiday period but reverse after the tax holiday period. Deferred tax assets are recognized only if there is reasonable certainty that sufficient future taxable income will be available, against which they can be realized. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

#### **I. Earnings per Share (EPS)**

The earnings considered in ascertaining the Company's earnings per share comprise of the net Profit after tax. The number of shares used in computing the basic earnings per share is the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of shares, if any which would have been issued on the conversion of dilutive potential equity shares.

#### **J. Contingencies and Provisions**

All known liabilities of material value have been provided for in the accounts except liabilities of a contingent nature, which have been disclosed at their estimated value in the notes on accounts in accordance with Accounting Standard (AS 29). As regards, provisions, it is only those obligations arising from past events existing independently of an enterprise's future actions that are recognized as Provisions. Contingent liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

#### **K. Cash Flow Statement**

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flows from regular revenue generating, financing and investing activities of the company are segregated.

## **2. NOTES TO ACCOUNTS**

- A. The Company is engaged in carrying the business of legal process, knowledge process, medical process outsourcing and other kinds of business process outsourcings. These cannot be expressed in any generic term. Consequently the requirement of furnishing quantitative details of sales and the information as required

under paragraphs 3, 4C, and 4D of Part II of Schedule VI of the Companies Act, 1956 is furnished to the extent applicable to the Company.

**B. Expenses in Foreign Currency :**

Travelling Expenses : Rs. 87,096/- (Rs. Nil)

**C. Income in Foreign Currency :**

FOB Value of Services : Rs.50,12,803/- (Rs. Nil)

**D. Dues to Micro, Small and Medium Enterprise**

Based on the information available with the Company, there are no suppliers who are registered as Micro, Small or Medium Enterprises under the "Micro, Small and Medium Enterprises Development Act, 2006" as at September 30, 2010 to the extent such parties have confirmed.

Sl. No.	Particulars	30.09.2010	30.09.2009
a.	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year;	Nil	Nil
b.	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	Nil	Nil
c.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	Nil	Nil
d.	The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
e.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

**E. Related Party Disclosures:**

- Key Managerial Personnel (KMP)
  - i) V. Ranganathan (Director)
  - ii) P. Vishwamurthy (Director)
  - iii) Shridhar S. Hegde (Director)
- Relative of Key Managerial Personnel
  - (i) Uma Ranganathan (Relative of Director)
- Holding Company  
Cerebra Integrated Technologies Limited
- Transaction with key management personnel

Particulars		Related Party	Amount (Rs.)	
			2009-10	2008-09
Reimbursement of Expenses	Cerebra Integrated Technologies Limited		15,75,291/-	8,55,532/-
Purchase of Fixed Assets	Cerebra Integrated Technologies Limited		59,31,874/-	3,90,597/-
Receipt of Share Capital	Cerebra Integrated Technologies Limited		-	3,50,000/-
Receipt of Share Capital	Key Managerial Personnel		-	75,000/-
Receipt of Share Capital	Relative of Key Managerial Personnel		-	25,000/-

- Balances Payable

Particulars	Related Party	Amount (Rs.)	
		2009-10	2008-09
Advances Payable	Cerebra Integrated Technologies Limited	1,12,81,472/-	8,96,129/-

**F. Remuneration to Auditors includes**

Particulars	Amount (Rs.)	
	2009-10	2008-2009
Statutory Audit Fees	15,000/-	10,000/-
Tax Audit Fees	10,000/-	-
Service Tax	2,575/-	1,030/-
<b>Total</b>	<b>27,575/-</b>	<b>11,030/-</b>

G. The Company was incorporated on 27th August 2008 and obtained certificate of commencement of business on 26th March 2009. Financial information of previous year relates to the transactions from date of incorporation to 30th September 2009 and hence, are not comparable.

H. Figures in brackets relate to previous year. Previous period's figures have been regrouped or reclassified wherever considered necessary to conform to the current period's classification.

As per our report of even date  
for Ishwar & Gopal  
Chartered Accountants,  
Firm Registration No.:001154S

for & on behalf of the Board

K.V.Gopalakrishnayya  
Partner  
Membership No.: 021748  
Place : Bangalore  
Date : 29.11.2010

V.Ranganathan  
Director

Shridhar S. Hegde  
Director

**CEREBRA LPO INDIA LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Particulars	For the year ended September 30,2010		For the year ended September 30,2009	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit / (Loss) before Tax and Extraordinary Items		1,820,105		(939795.00)
Adjustments for:				
Depreciation	1,342,347		78119	
Preliminary Expenses written-off	-	1,342,347	18200	96,319
Operating Profit / (Loss) before Working Capital Changes		3,162,452		(843,476)
Changes in Current Assets and Liabilities:				
Trade and Other Receivables	(7,286,952)		-	
Trade Payables	11,978,620	4,691,668	907,159	907,159
Cash Inflow / (Outflow) from Operations		7,854,120		63,683
Taxes paid		(264,059)		-
<b>Net Cash Inflow / (Outflow) from Operating Activities</b>		<b>7,590,060</b>		<b>63,683</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	(6,230,121)		(390,597)	
<b>Net Cash Inflow / (Outflow) from Investing Activities</b>		<b>(6,230,121)</b>		<b>(390,597)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Receipt of Share Capital	-		500,000	
Preliminary Expenses	-	-	(18,200)	481,800
<b>Net Cash Inflow / (Outflow) from Financing Activities</b>		<b>-</b>		<b>481,800</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>1,359,939</b>		<b>154,886</b>
Cash and Cash Equivalents at the beginning of the year		154,886		-
Cash and Cash Equivalents at the end of the year		1,601,384		154,886
As per our report of even date				
for Ishwar & Gopal		for and on behalf of the Board		
Chartered Accountants				
Firm Registration No.: 001154S				
K.V. Gopalakrishnayya		P. Vishwamurthy	Shridhar S.Hegde	
Partner		Director	Director	
Membership No.: 021748				
Place : Bangalore				
Date: 29.11.2010				

## CEREBRA LPO INDIA LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE  
(As per Part-IV of Schedule VI to the Companies Act 1956)

### I. Registration Details

Registration No.	08-15091	State Code	08
Balance Sheet Date	30.09.2010		

### II. Capital raised during the year (Amount in Rs. 000s)

Public Issue	Nil	Rights issue	Nil
Bonus Issue	Nil	Private Placement	Nil

### III. Position of Mobilization and Deployment of Funds (Amount in 000s)

SOURCE OF FUNDS	Amount (Rs.)	APPLICATION OF FUNDS	Amount (Rs.)
Paid-up Capital	500	Net Fixed Assets	5,200
Reserves & Surplus	616	Investments	-
Secured Loan	-	Net Current Assets	(4,147)
Unsecured Loan	-		
<b>Total Liabilities</b>	<b>1,116</b>	<b>Total Assets</b>	<b>1,053</b>

### IV. Performance of the Company (Amount in Rs. 000s)

Turnover	14,871	Profit/(Loss) after tax	1,556
Total Expenditure	13,051	Earning per share in Rs.	62
Profit/(Loss) before tax	1,820	Dividend Rate %	

### V. Generic Names of Three Principal Products / services of the Company (as per Monetary Terms)

Item Code No. (ITC. Code)	Product Description
8524	ITES, Software, and related products

As per our report attached

For Ishwar and Gopal,  
Chartered Accountants  
Firm Registration No.: 001154S

For & on behalf of the Board

K.V. Gopalakrishnayya  
Partner  
Membership No.: 021748  
Date: 29.11.2010

P. Vishwamurthy  
Director

Shridhar S.Hegde  
Director

## CEREBRA INTEGRATED TECHNOLOGIES LIMITED

### BALANCE SHEET ABSTRACT AND GENERAL BUSINESS PROFILE

I. Registration details:

Registration No., 08-15091 State Code 08

Balance Sheet date 30-09-2010

II Capital raised during the year (Amount in Rs. 000)

Public Issue	Nil	Bonus Issue	Nil
Right Issue	Nil	Private Placement	8815

III Position of Mobilization and Deployment of Funds (Amount in Rs.000)

Total Liabilities	:	430924	Total Assets	:	430924
Sources of Funds	:				
Paid Up Capital	:	159555	Secured Loans	:	Nil
Reserves & Surplus	:	242157	Unsecured Loans	:	Nil
Application of Funds					
Net Fixed Assets	:	17735	Investments	:	2
Net Current Assets	:	149607			
Accumulated Losses	:	263850			

IV Performance of the Company (Amount in Rs. 000)

Turnover	:	588809	Total Expenditure	:	583652
Other Income	:	8458			
Profit before Tax	:	13616	Profit after Tax	:	11091
Earnings per share	:	0.72			

V Generic names of principal products:- item code No. (ITC Code) 8471 & 8473

Product Description: Computer, Software, Peripherals, Network and related Products

For and on behalf of the Board

As per our Audit Report of Even date

**V. Ranganathan**  
Managing Director

**Shridhar S. Hegde**  
Wholetime Director

**For M.S. Reddy & Associates.,**  
Chartered Accountants  
Firm Registration No. 007992S

**Place: Bangalore**  
Dated 29<sup>th</sup> November, 2010

**M. Sridhar Reddy**  
Partner  
Membership No. 201103

Cerebra Anniversary Gettogether





# **CEREBRA INTEGRATED TECHNOLOGIES LIMITED**

Regd Off.: # S-5, off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

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## **ATTENDANCE SLIP**

Member/Proxy

Folio No.

Please tick whichever is applicable.

No. of Shares

### **Sixteenth Annual General Meeting on 30th December, 2010 at 11 a.m.**

- A member / proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance
- If you intend to appoint a proxy please complete the proxy form and deposit it in the Company's registered office at least 48 hours before the meeting.
- I certify that I am registered shareholder / proxy for the registered share holder of the company.

I record my presence at the Sixteenth Annual General Meeting held on 30.12.2010

Name of the Member / Proxy Signature of the Member/Proxy in Block Letters



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# **CEREBRA INTEGRATED TECHNOLOGIES LIMITED**

Regd Off.: # S-5, off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

## **PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ in the  
district of \_\_\_\_\_ being a member/members of the above name of Company  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_ in the district of  
\_\_\_\_\_ or failing him \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ as my / our proxy to vote for me/us on my/our behalf at  
the Sixteenth Annual General Meeting of the company to be held on 30th December 2010 and at any adjournment  
thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2010

Affix  
Revenue  
Stamp

