



18th Annual Report

(2011-2012)

Cerebra Integrated Technologies Limited



BOARD OF DIRECTORS

V. Ranganathan	-	Managing Director
Gururaja K. Upadhya	-	Director Technical
Shridhar S. Hegde	-	Whole-time Director
P. Vishwamurthy	-	Whole-time 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 - 28370282/84
Fax: 91 - 80 - 28372609
Web: www.cerebracomputers.com
Email: info@cerebracomputers.com

CORPORATE OFFICE AND ITes FACILITIES

26/4, 'A' Block, 2nd Floor
Industrial Suburb, Rajajinagar
Bangalore - 560 055

SUBSIDIARIES

- 1. Cerebra Middle East FZCO**
Dubai, UAE
- 2. Cerebra LPO India Ltd**
Bangalore
- 3. Geeta Monitors Pvt Ltd**
Bangalore

STATUTORY AUDITORS

Messrs Ishwar & Gopal
Chartered Accountants
Sri Vinayaka Motor Service Building
No, 21/3. T.S.P.Road, Kalasipalyam
Bangalore – 560 002

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Pvt. Ltd.
Plot No 17 to 24, Vittal Rao Nagar
Madhapur, Hyderabad – 500 081
Fax - 040-23420814
Phone: 040 - 23420818 - 824

BANKERS

Bank of India

ENLISTMENTS

Bombay Stock Exchange Limited (BSE)

DEPOSITORIES

National Securities Depository Limited
Central Depository Services Limited

THE NEW CEREBRA !

Dear Stakeholder,

It is this time of the year when we at Cerebra grab the opportunity of interacting with all of you, the owners of Cerebra. I would welcome you all to the 18th Annual General Meeting of your Company.

Recessionary trends continued globally; exceptions were few. I am delighted to report that Cerebra is one among them. Isn't it really heartening to achieve a topline of Rs. 16525.09 Lakhs(97.20% rise) and a bottom line of Rs. 298.06 Lakhs (106.31% rise) recording year on year significant improvements for the past five years? You will recall that your Company has the following verticals in its pursuit of business objectives:

- i. Enterprise Solutions Division
- ii. EMS, Contract Manufacturing Division
- iii. Software-Enterprise Mobility Solutions
- iv. Subsidiaries-Cerebra LPO, Cerebra ME FZCO, Geeta Monitors

With immense pride, let me announce that all divisions of your Company have operated profitably during the past year with each division contributing to the growth and profitability. We have been able to manage the operations without recourse to any borrowings despite the quantum jump in revenue and your Company remained debt free for one more year. However, with the aggressive plans of growth in all its verticals and in the subsidiaries, at some point in time, we may avail banking facilities to optimise the funding needs. The division wise progress is covered in detail by your Directors in charge of their particular divisions respectively in the Directors' Report.

The subsidiaries continued to perform as per expectations. Although little belated, Cerebra Middle East has performed quite satisfactorily and I do have strong belief that with the tie ups that Cerebra ME entered into in the recent past with Fujitsu, Cannon, various potential enquiries will get translated in to commercials. Geeta Monitors continued to perform quite to the plans made in the beginning of the year.

Your Company has been looking at overseas acquisition very seriously and should conclude something very soon. We have identified acquisition as a strategy to grow and also to have global presence.

As reported last year, E-Waste and LPO continue to be our focus and very soon you should have a world class E-Waste plant in Bangalore. The land acquisition process is completed and registered thanks to the Government of Karnataka. We have started business in E-Waste collecting raw materials and have also done pilot projects in different sectors and the profit % is in line with what we had envisaged.

Whilst our aim is to have growth of over 50% for the coming year, we are fully conscious of the current rough business environment; despite this, we hope to achieve the same.

It is mainly thanks to devoted and passionate shareholders like yourselves that we have been able to achieve all these and we anticipate your support in the days to come as well .

We have made it a practice to send a quarterly news bulletin to all shareholders. In case you are not receiving them, please send us your email id to investors@cerebracomputers.com.

We take this opportunity to thank all shareholders, employees and the Governments for lending us their invaluable support.

Wishing all of you a very Happy and Prosperous New Year 2013!

Thanks once again

Yours Sincerely

V Ranganathan
Managing Director

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

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

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Company will be held at 11.00 a.m. on Saturday, the 29th day of December, 2012 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, 2012 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. T.S. Suresh Kumar, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. P. E Krishnan, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Messrs Ishwar & Gopal, Chartered Accountants, to hold the Office of Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

SPECIAL BUSINESS:

5. To consider, and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:

“RESOLVED THAT in continuation of the approval accorded under Section 81(1A) of the Companies Act, 1956 and in accordance with the applicable provisions of Foreign Exchange Management Act, 1999 (the “FEMA”), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (the “FEMA Regulations”) the guidelines and clarifications issued by the Government of India (“GOI”), Securities and Exchange Board of India (the “SEBI”) including Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the “SEBI ICDR Regulations”) and enabling provisions of the Articles of Association of the Company, the Listing Agreements entered into between the Company and the Bombay Stock Exchange Limited and the other Exchanges (collectively the “Stock Exchanges”), and subject to all such approvals, permissions, consents and sanctions of any authorities, as may be necessary, including the approval of the Foreign Investment Promotion Board (the “FIPB”), Reserve Bank of India (the “RBI”), SEBI or any other relevant authority, from time to time, or approval from banks, financial institutions or other lenders of the Company, and subject to such conditions and modifications as may be prescribed or imposed by any one or more of them while granting any such approvals, consents, permissions or sanctions at the 17th Annual General Meeting held on 17th December 2011 under Item No. 8 of the Agenda for the said Meeting, to issue 288172 Warrants to Bennet, Coleman & Co. Ltd. convertible in to Equity Shares of Rs. 10/- each at a premium of Rs. 36.50 per Share, the powers accorded to the Board of Directors to dispose off the Warrants not exercised in any manner whatsoever, be and is hereby withdrawn”.

By the order of the Board

Place: Bangalore
Date: 30th November, 2012

Shridhar S Hegde
Wholetime Director

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. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of Item No. 5 is annexed herewith.
3. For the convenience of the Members and for proper conduct of the meeting, entry to the place of 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.
4. 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.
5. 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.
6. 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).
7. 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, whose address is furnished below.
8. Listing fee has been paid to the Bombay Stock Exchanges up to date and the Company has already made delisting applications to Kolkatta Stock Exchange and Ahmedabad Stock Exchange.
9. The Company's Shares are traded in electronic form with ISIN No. INE345B01019.
10. The Register of Members and the Share Transfer Books will remain closed on 29.12.2012 in connection with the Annual General Meeting.
11. Members are kindly requested to bring Annual Report 2011-12 along with them to the Annual General Meeting since extra copies will not be supplied at the meeting.
12. 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.
13. 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 - 44655185- 187

14. 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.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

Item No. 5:

Perhaps the Shareholders will recall the proposal approved at the last Annual General Meeting to issue 288172 Warrants to Bennet, Coleman & Co. Ltd. convertible in to Equity Shares of Rs10/- each at a premium of Rs. 36.50 per Share. Your Company had been communicated by Bombay Stock Exchange Limited that as per the prevailing guidelines, the Board can not have the powers to offer such Shares as are not subscribed to, by the Warrantholders to any other person(s) and that in cases such offer is declined by such person(s) or the Equity Shares are not subscribed to, within the stipulated period, such Shares shall lapse. To give effect to the said intent, the Resolution under this item is proposed for your approval.

The resolution set out in the Notice is recommended for the approval of the shareholders.

None of the Directors is interested / concerned in the resolution.

CEREBRA INTEGRATED TECHNOLOGIES LIMITED**DIRECTORS' REPORT**

Your Directors have immense pleasure to present their Eighteenth Annual Report together with the audited Balance Sheet and Profit and Loss Account for the year ended 30th September, 2012.

CONSOLIDATED FINANCIAL RESULTS:

Business Results are as under:

(Rs. in Lakhs)

Particular	Current Year (Rs.) 30.09.2012	Previous Year (Rs.) 30.09.2011
Total Income	16525.09	8379.81
Total Expenditure	15872.37	8136.46
Operating Profits (PBIDT)	652.72	243.35
Interest	96.05	14.57
Depreciation	78.07	23.44
Profit Before Extra Ordinary Income	478.60	234.52
Tax Expense	131.58	39.95
Profit after Current Tax	347.02	165.39
Minority Interest	48.96	20.90
Profit available for appropriations	298.06	144.47

BUSINESS AND REVIEW OF OPERATIONS & GROWTH OPPORTUNITIES:

Perhaps the Shareholders have widely observed global economic impact and rising of the Euro debt crisis leading to recessionary trends in the Corporate Sector. Given the circumstances, your Company was still able to overcome some of these hurdles and has achieved better performance. Your Company continued to focus on the hardware business and this segment turned out to be a major revenue earner this year too.

Your Company has registered and taken possession of 12 acres of industrial land near Bangalore, allotted by the Government of Karnataka.

Meanwhile, an important development which gives this project tremendous fillip is that the E-Waste Disposal Rule has been passed by the Ministry of Environment and Forests making it mandatory from May 1, 2012, for all to dispose of their E-Waste through authorised E-waste recycler only.

The team from E-Waste Recycling Division is being expanded. Necessary licenses were obtained from the Karnataka State Pollution Control Board (KSPCB), Bangalore wherein Cerebra has become one of the few Enterprises to have this approval in the organized sector. Collections of E-Waste from various Generators including from cities like Delhi are being made for processing. The availability of the Shredder imported from Singapore has been effectively communicated to the potential customers. Aggressive marketing efforts are being infused to grow this business.

Your Company has enhanced its head count in all its verticals. The Directors report that the Company continues to be debt free.

SUBSIDIARY COMPANIES

The Company has following subsidiaries:

1. Cerebra LPO India Limited.
2. Geeta Monitors Private Limited.
3. Cerebra Middle East FZCO, Dubai.

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The Ministry of Corporate Affairs, Government of India has issued Circular granting general exemption to Companies under Section 212(8) of the Companies Acts, 1956 ('the Act') from attaching the document referred to in Section 212(1) of the Act pertaining to its subsidiaries. However, certain information as required is furnished in Annexure.

More details on the subsidiaries are exhibited in the Management Discussion elsewhere in this Report.

IT/ITES DIVISION:

Cerebra LPO India Limited continued to consolidate its business spectrum and was able to achieve improvised results in Legal Process Outsourcing and Medical Transcription segments. USA continued to be the main target for LPO business whilst MT grew well with the support from a UK Client through their Indian arm and also a new client from USA was added. LPO business added a client each from Australia and UK in the business of Commercial and Residential Conveyancing.

Cerebra Software has recently concluded three contracts for software from one of USA's premier electronic equipment companies for building iOS applications i.e.. Apple OS based applications for their equipment which enhances the value of the product.

A U.S based company involved in consumer devices has signed up a long term partnership with Cerebra for product development and services support. This strategic and multi year contract is seeing a lot of traction with a slew of products being launched in the U.S.A and other markets around the world including India. Cerebra is playing a key role here.

ESD Division – The Company is expecting to bag some huge government projects and this should help tremendously in the IT solutions space.

Cerebra ME FZCO - Cerebra Middle East subsidiary has signed up with IT giants like Fujitsu, Canontech and are expecting some good results from there. Further it has signed up with the Marvida Group to represent the activities in Bahrain and KSA. Marvida group is one of the leading Corporates in the Middle East and has a huge presence in Kingdom of Saudi Arabia and Bahrain. With this tie-up Cerebra ME now has access to the Saudi and Bahrain markets.

DIVIDEND:

Your Directors regret to inform you that no dividend is recommended for the year ended 30th September 2012 considering the aggressive expansion programs in different verticals and the need of capital needs – both capex and opex.

DIRECTORS:

Mr. T. S. Suresh Kumar and Mr. P. E Krishnan, retire by rotation. In accordance with the Companies Act, 1956 and Articles of Association of the Company and being eligible, they offer themselves for re-appointment.

FIXED DEPOSITS:

Your Company has neither accepted nor renewed any Fixed Deposits during the year ended 30th September, 2012.

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 Ishwar & Gopal, Chartered Accountants, the existing Auditors, have expressed their willingness to get reappointed at the ensuing Annual General Meeting.

The Board of Directors recommends their appointment.

AUDITORS' REPORT:

Regarding comments of the Auditors in their report dated 30th November 2012 the explanations of the Directors is as follows:

The Management is hopeful of recovering the amount from debtors and hence no provision was made.

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, 2012.

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 is Nil.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings: Rs. 1238.96 Lakhs

Foreign Exchange Outgo: Rs. 73.81 Lakhs

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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, 2012 and of the "Profit/(Loss)" of the Company for that year;
- The accounts for the year-ended 30.09.2012 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 Ishwar & Gopal, 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 extended uniformly during the year.

For and on behalf of the Board

Place: Bangalore
Date: 30th November, 2012

V Ranganathan
Managing Director

Shridhar Hegde
Wholetime Director

**Details pursuant to Section 212 of the Companies Act, 1956,
relating to Subsidiary Companies 2011-12.**

Particulars	Cerebra LPO India Limited	Cerebra Middle East FZCO, Dubai	Geeta Monitors Private Limited
Share Capital	5,00,000	12,23,103	4,99,99,500
Reserves	2,13,37,244	(2,04,66,182)	3,89,31,821
Details of Investment	3,50,000	11,00,793	4,28,39,580
Total Assets	6,62,60,477	2,03,48,962	22,84,67,403
Total Liabilities	6,62,60,477	2,03,48,962	22,84,67,403
Turnover	5,23,03,658	20,26,16,691	44,73,35,564
Profit before tax	2,27,64,290	(2,03,48,636)	9,45,945
Provision for tax	60,38,048	-	9,25,460
Profit after tax	1,67,26,242	(2,03,48,636)	20,485
Proposed Dividend	NIL	NIL	NIL

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 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 has been dealt at length by the Board at its various proceedings.

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The details of the Directors' attendance at the meetings of the Board of your Company during the year ended 30.09.2012 are given below:

Sl. No.	Name	Designation	No. of Board Meeting held	No. of Board Meetings attended
Executive/Wholetime Directors				
	Messrs			
1.	V Ranganathan	Managing Director	10	10
2.	Gururaja K Upadhy	Whole Time Director	10	10
3.	Shridhar S Hegde	Whole Time Director	10	10
4.	P Vishwamurthy	Whole Time Director	10	7
Non Executive and Independent Directors				
	Messrs			
5.	Suresh Kumar TS	Director	10	6
6.	PE Krishnan	Director	10	6
7.	S Gopalakrishnan	Director	10	9

All the Directors including Chairman of the Audit Committee except Mr T S Suresh Kumar and Mr P E Krishnan, attended the Seventeenth Annual General Meeting.

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

Details of attendance of the meetings of the Audit Committee for the year ended 30.9.2012 are as follows:

Sl. No.	Name	No. of meetings held during the year	No. of meetings attended during the year
1.	S. Gopalakrishnan	4	4
2.	T.S. Suresh Kumar	4	4
3.	P.E. Krishnan	4	4

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

There was no requirement for the Remuneration Committee to meet during the year.

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Details of Remuneration of all Directors:

(Amount in Rs.)

Sl. No.	Name	Designation	Salary(in Rs)	Sitting fee*
Executive/Wholetime Directors				
1.	Messrs V Ranganathan	Managing Director	10,47,000	NIL
2.	Gururaja K Upadhya	Whole Time Director	10,47,000	NIL
3.	Shridhar S Hegde	Whole Time Director	10,47,000	NIL
4.	P Vishwamurthy	Whole Time Director	10,47,000	NIL
Non Executive and Independent Directors				
5.	Messrs Suresh Kumar TS	Director	NIL	NIL
6.	PE Krishnan	Director	NIL	NIL
7.	S Gopalakrishnan	Director	NIL	NIL

Note: No sitting fee was paid to the Directors.

SHARE TRANSFER COMMITTEE:

Share Transfer Committee met and approved the transfers after scrutinising the requisite documents as and when the transfer requests are received by the Share holders.

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. TS Suresh Kumar – Member
3. Mr. P.E. Krishnan – Member

The Sub-Committee duly appointed by the aforesaid Committee met during the year to address the various issues relating to the investors, including non-receipt of Annual Reports, 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 30th September, 2012.

None of the Directors of the Company was member in more than 10 committees nor acted as Chairman of more than five committees across all companies in which they were Directors. During 2011-12, 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. 10 under Notes to Accounts.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR ENDED 30TH SEPTEMBER 2012:

EMS (MANUFACTURING) DIVISION – Cerebra has added many new customers in this division, important ones being a France based company manufacturing Connectors and a Canada based company for production and assembly of their products at our factory. These two customers are expected to significantly contribute to topline and bottomline for the year 2012-13. The Company will get significant export revenue and dollar earnings through these customers. Apart from this the Company is looking at moving on to a bigger facility next to the E-Waste factory and is also planning to add a second assembly line. This is expected to happen during second half of 2013.

E-WASTE DIVISION – Although the factory construction has not started, the delay has been on getting possession of land and other clearances from the government, however the Shareholders may be aware that the Company has taken up a temporary place at Peenya wherein the Company has started the E-Waste collection, repair and refurbishment and E-Waste shredding activity in a small way. The Board is pleased to report that the Company now has many Customers who have signed up and have started giving us their E-Waste to the Company. Some of the customers are MNC's, PSU's, BHEL, GAIL, Air India, Nuclear Power Corporation, Mother Dairy, Ministry of Home Affairs – Govt. of India to name a few. A solid foundation for the E-Waste plant which has been set up before starting the construction soon. E-Waste accounting will certainly take place in the year 2012-13.

ESD DIVISION – Cerebra has been since many years implementing various IT based projects for many startups and established companies. The Company studies customers IT requirements, identify pain points and accordingly design and plan their IT H/W & S/W infrastructure which includes networking, servers, storage, endpoints, operating systems, application software and ensure successful implementation.

Many small and medium size enterprises lack proper IT infrastructure and rely more on AMC providers for their IT requirements which get fulfilled on a short term basis mainly because the AMC companies lack the technical skills as well as the vision to design IT infrastructure based on growth plans. Cerebra can successfully help bridge this gap

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with its technical competencies and strategic tie-ups with leading MNC technology vendors such as Oracle, IBM, Dell, HP, Cisco, EMC, Fujitsu, Intel, Brocade, Fortinet, Huawei Enterprises, Lenovo, Samsung, Lexmark, VMware, Microsoft etc to name a few. Cerebra can design, implement and maintain IT infrastructure for SMEs as well as large enterprises successfully.

The Enterprise Solutions team now consists of experienced sales professionals and certified services professionals from the industry. The aggressive sales team is extremely focused and competent with sound industry and product knowledge. The services team is trained and certified to install, configure and implement across product categories as well as trouble shoot & maintenance support. Your Company has special skillsets in Storage & Servers, Security, Networking and implementation of products from Microsoft, Linux, VMware, ERP, etc.

The financial year 2011-12 being the first year of operations after restarting the system integration business, the Company has very aggressive plans for the financial year 2012-13 targeting especially the research & defense labs, BFSIs, PSUs, Healthcare and Education in addition to the medium and large corporates. During the year gone by, the Company has been able to set up a strong team of sales, presales & post sales professionals, forge a strong relationships with leading MNC OEM Brands and has established ourselves especially in education, space & research lab segments while we stay focused on making a mark in other state & central government departments/bodies/ PSUs.

Cerebra has been able to close a few volume orders in the education vertical and research labs and is working closely with clients in the departments of space, defense & research although the closures take longer. Cerebra has also been working very closely with IBM, Fujitsu and Dell on large government opportunities which are yet to be finalized.

With the account managers focusing on different verticals to bring new business opportunities, the Company anticipates a fairly large contribution to Cerebra's revenues in the new financial year. The market in Bangalore/ Karnataka alone has potential opportunity of close to INR 100 crores during the new financial year with demands for server, storage, networking, security and managed services expected to see a tremendous growth during this period.

With the E-waste and Software divisions making decisive inroads in their respective domains, Cerebra looks to maximize opportunities by working in tandem and will continue to scout for suitable opportunities outside the state to help maximize our revenues during the new financial year.

Cerebra ME FZCO :

Last one year has been an quite positive and growth-focused period for Middle East operations. Although being a relatively new player into IT distribution business for the Middle East market the performance has been no less than impressive.

Cerebra ME (CME) has been appointed their regional distributors by some of the market leading players like Cannon Technologies, Fujitsu Technologies, FalconStor, Fibrenetix, Milestone Systems, GDATA etc. and are already in advanced discussion with about 4 more Vendors, the contracts for which are expected to be signed in the next 2 quarters.

With a strong regional presence established in a short time, CME now has support of 50 channel partners across the Middle East and covering countries from Iraq to Afghanistan, from UAE to Kuwait, from Saudi Arabia to Egypt and from Oman to Lebanon.

During the last year CME has closed business worth USD 3.96 million and are expecting to ramp up these numbers.

CME is on a growth chart and have already expanded the offices to Kingdom of Saudi Arabia, with a plan to further expand the team to Qatar within the next few months for which the discussions are already underway.

CEREBRA SOFTWARE DIVISION:

Cerebra Software restarted its operations in January 2011 with the core objective of complementing the hardware division in providing total end to end IT solution to our clients and associates. The division is focussing on Enterprise Mobility solutions as a niche and growth area.

Some of the recent developments and milestones are; recently concluded three contracts for software from one of USA's premier electronic equipment companies for building iOS applications i.e. Apple iOS based applications for their equipment which enhances the value of the product called the Mobile application for Acoustic Research Airplay App.

A U.S based company involved in consumer devices has signed up a long term partnership with Cerebra for product development and services support. This strategic and multi-year contract is seeing a lot of traction with a slew of products being launched in the U.S.A and other markets around the world including India. Cerebra is playing a key role in the design, implementation and support of their products besides providing logistics support. The products are primarily in the consumer market space and these innovative products are using Bluetooth technology for communication and small foot print hardware modules having custom embedded applications (microcontroller based) talking to mobile apps.

A U.K. based healthcare services Company has completed Phase I & II of an e-Approval project on iPad. Phase III is under development.

A U.S. based client has entered in to a long term contract for testing services.

Cerebra Software has entered into the rapidly expanding and critical needs of information management systems by bringing to market an easy to implement and highly customizable document management work flow product e-docs. This is built on a state of art web and Java platform enabling secure documents storage, retrieval and distribution. There are multiple levels of user access which can be configured so that persons of appropriate authority or level only get to view the distributed documents. There is a comprehensive e-library module including e-publishing and reader.

Jewellery Tracking and asset management system product/solution:

Cerebra's Jewellery and asset management system is a one of its kind solution for the Jewellery stores to track all costly items 24x7. Any displacement from the designated storage shelf is alerted visually and after non return can set an alarm as well as send out SMS with the item details of missing article. In addition to this there is a full-fledged asset management system also built into the system for inventory stock taking and sales management. Cerebra is speaking and forging alliances with some of the big names in Jewellery business to take this to the market.

In Summary the division focus includes:

- Outsourced product development.
- Application software development.
- Offshore software outsourcing services in the enterprise mobility areas.
- Solution focus in the domains of retail, education and healthcare

CEREBRA LPO INDIA LIMITED : On the LPO and BPO, the Company is glad to inform that Mrs. Shobha Srinivas, CEO of this division has been in the USA and has concluded a couple of projects from UK handling Conveyancing and also from a client in Australia for drafting of legal documents. The Company has concluded one partnership/alliance in New York to work on Immigration process and is on the verge of concluding some more good partnerships & outsourcing deals. We have also concluded a long term contract for transcription services from a US based MTSO and is currently doing one of their hospitals end to end.

This was started as subsidiary in 2008 and is operating this successfully and is now on the verge of bagging larger clients in the Legal Support Services and Medical transcription areas.

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Cerebra LPO has appointed partners in the USA and UK and has bagged some very good orders for Legal Services in the USA and specifically Conveyancing services in the UK for small clients/Law firms.

The Legal Support Services team now consists of experienced Legal Associates in practice areas such as Bankruptcy & Foreclosure, Document & Contract Review, Intellectual Property Services, Immigration Services and UK Conveyancing. All lawyers are well experienced in their respective practice areas and are training other Legal Associates to enhance the delivery capabilities.

Cerebra LPO has signed up with a partner in London, UK where the managing partner is a Barrister and her other partner is a world class QC. They source clients for LPO's with niche skills such as those of your Company and the Company has demonstrated skills in UK Conveyancing process and hence these partners are willing to introduce us to medium sized clients who are expected to outsource work in volumes on Conveyancing. With this and our partners in USA & UK, 2012-13 should be a good year in terms of earnings and growth.

The transcription services has grown at a steady pace and have added an US client in July 2012 to its fold and plans are to grow this exponentially in the coming months. This division currently transcribes about 9.6 Million lines and the aim is to churn more than 12 Million lines going forward. Plans are to add more direct clients from the USA. The current client is supporting the Company in terms of volumes for the coming year who have signed couple of good long term contracts for the next three years.

COMPLIANCE OFFICER AND ADDRESS FOR CORRESPONDENCE:

Mr. Shridhar 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 Meetings (AGM):

Year	Location	Date	Time
2009-10	Registered Office of the Company	30.12.2010	11 AM
2010-11	Registered Office of the Company	17.12.2011	11 AM
2011-12	Registered Office of the Company	29.12.2012	11 AM

Means of Communication:

Quarterly results are forwarded to the Stock Exchanges and are also published in the Newspaper as per SEBI guide lines 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: 29th December, 2012 at 11 AM
2. Financial Calendar: 1.10.2011 to 30.9.2012
3. Book Closure Date: 29th December, 2012
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

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 2011 to September 2012

Month	Open Price	High Price	Low Price	Close Price
October 2011	35.30	37.50	33.35	34.15
November 2011	34.00	34.80	27.20	28.10
December 2011	29.05	29.5	22.00	24.9
January 2012	24.55	32.00	24.5	28.80
February 2012	28.4	35.50	27.55	35.40
March 2012	34.00	36.80	29.15	30.30
April 2012	30.25	35.50	30.25	30.55
May 2012	30.60	37.40	30.6	32.20
June 2012	31.00	34.95	24.10	27.10
July 2012	28.30	29.95	25.20	26.90
August 2012	26.05	32.60	25.15	30.20
September 2012	32.40	32.40	28.00	29.15

H-L : High-Low
 C-O : Close-Open

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 30,2012:

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
0-5000	6320	76.28	1072312	10723120	2.23%
5001 - 10000	706	8.52	616778	6167780	1.28%
10001 - 20000	392	4.73	638946	6389460	1.33%
20001 - 30000	176	2.12	457637	4576370	0.95%
30001 - 40000	93	1.12	344796	3447960	0.72%
40001 - 50000	99	1.19	479237	4792370	1.00%
50001 - 100000	183	2.21	1423163	14231630	2.96%
100001 & Above	316	3.81	43059813	430598130	89.54%
TOTAL	8285	100.00 %	48092682	480926820	100.00 %

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10. Categories of Shareholding as at September 30, 2012:

Category	No. of shares held	% of holding
Promoters Holding:		
i. Indian Promoters	3442982	7.16
ii. Foreign Promoters	0	0
Sub Total	3442982	7.16
Non-Promoters Holding:		
i. Mutual Fund and UTI	0	0
ii. Banks, Financial Institutions and Insurance companies	0	0
iii. Bodies Corporate	16235980	33.76
iv. Indian Public	18861882	39.22
v. NRIs/OCBs	322865	0.67
vi. Foreign Collaborators	9200000	19.13
vi. Others – Clearing Members	28973	0.06
Sub Total	44649700	92.84
Grand Total	48092682	100

11. Dematerialization of shares and liquidity as at September 30, 2012:

Description	No. of Holders	Shares	% To Equity
PHYSICAL	1759	18043527	37.52
NSDL	4443	22998669	47.82
CDSL	2083	7050486	14.66
Total:	8285	48092682	100

Comparative position as on 30/09/2012

Description	No. of Holders	Shares	% To Equity
PHYSICAL	1759	18043527	37.52
ELECTRONIC FORM	6526	30049155	62.48
Total:	8285	48092682	100

12. Number of days taken for dematerialization: 21 Days from the date of physical documents received.

13. Dematerialization request from 01-10-2011 to 30-09-2012:

SL. No		No. of Cases	No. of Shares	% of Shares
1.	NSDL	59	6377000	13.26
2.	CDSL	24	1452750	3.02

14. Postal Ballot:

No 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 will take steps to streamline all the requirements.

For and on behalf of the Board

Place: Bangalore

Date: 30th November, 2012

V Ranganathan

Managing Director

Shridhar S. Hegde

Wholetime Director

Certification by CEO & CFO

We hereby 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: 30th November, 2012

V Ranganathan
Managing Director

Shridhar Hegde
Wholetime Director

CERTIFICATE**AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE
UNDER CLAUSE 49 OF THE LISTING AGREEMENTS**

To
The Members of
Cerebra Integrated Technologies Limited
Bangalore

I have examined the compliance of the conditions of Corporate Governance by Cerebra Integrated Technologies Limited for the year ended 30th September, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited, Mumbai(BSE) in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that in respect of investors' grievances received during the year ended 30th September, 2012, no investor grievances are pending against the Company as on 30th September, 2012, as per the records maintained by the Registrar and Share Transfer Agent and the Company.

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

Place: Bangalore
Date : 30th November, 2012

Vijayakrishna K T
Practicing Company Secretary
FCS-1788
CP-980

Forward looking statement

In this annual report, we have mentioned certain forward looking information to enable investors to comprehend our business model and future prospects and make informed investment decisions. This annual report and other communications from us, oral or written, may include certain forward looking statements that set out certain anticipated results based on management's assumptions and plans. Even though the management believes that they have been prudent in making such assumptions, we cannot guarantee that these forward looking statements will be realized. We undertake no obligation to update forward looking statements. The achievement of results is subject to various risks, known and unknown. We request readers to bear this in mind while reading this report.

AUDITORS' REPORT

To

The Members of
Cerebra Integrated Technologies Limited

1. We have audited the attached balance sheet of Cerebra Integrated Technologies Limited as at 30th September 2012 and statement of Profit and Loss and Cash Flow Statement 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 the 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, Statement of profit and loss 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
 - (v) On the basis of written representations received from the directors as on 30th September 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 30th September 2012 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, **subject to our inability to express an opinion on recoverability of receivables amounting Rs 2,60,69,907/-, which management has represented that they are of the opinion that the said receivables are fully recoverable**, gives 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:
 - i. in the case of the balance sheet, of the state of affairs of the company as at 30th September 2012;
 - ii. in the case of statement of profit and loss, 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 **Ishwar & Gopal**
Chartered Accountant

Date: 30th November 2012
Place: Bangalore.

K V Gopalakrishnayya
Partner
Membership Number 021748
Firm Registration No.001154S

Annexure to the Auditors' Report (Referred to paragraph (1) of our report of even date)

- (i) (a) The Company has maintained proper records showing particulars including quantitative details and situation of fixed assets:
- (b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year under review which, in our opinion is reasonable having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such verification.
- (c) During the year under audit, the Company has not disposed of substantial portion of the fixed assets so as to affect its going concern basis.
- (ii) (a) According to the information and explanations given to us, the inventory has been physically verified by the management at reasonable intervals.
- (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 has maintained proper records of inventory. We have been informed that the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) According to the information furnished to us, the Company has granted interest free unsecured loans to two subsidiary Companies covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved at any time during the year was Rs 7,77,98,067/- and outstanding as at the end of the year was Rs 7,54,09,185/-.
- (b) In our opinion terms and conditions of these advances are prima facie not prejudicial to the interest of the Company.
- (c) There are no stipulations regarding repayment of these advances and hence we are unable to express our opinion on regularity of repayment of principal amount.
- (d) During the year, the Company has not taken any loans from parties covered in the register maintained under Section 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 to 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, we are of the opinion that, during the year under audit, the transactions that need to be entered in the register maintained under Sec 301 of the Companies Act, 1956 have been entered.
- (b) in our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rs five lakhs in respect of any party during the have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public during the year under review.
- (vii) In our opinion, the internal audit systems of the Company need to be strengthened to make it 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 30.09.2012 for a period more than six months from the date they became payable are given below:

	Rs.
Income Tax	15,99,914/-
Excise Duty	2,809,259/-

- (b) According to the information and explanation given to us and as per the records of the Company examined by us, there are no disputed amounts of sales tax, income tax, excise duty, service tax, customs duty as at September 30, 2012 which have not been deposited on account of pending dispute.
- (x) The accumulated losses at the end of the financial year is less than fifty percent of its net worth. The Company has not incurred cash losses during the financial year under review and the immediately preceding financial year.
- (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 during the year under review. There are no dues to financial institutions/debenture holders.
- (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 taken any term loan during the year under review.
- (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, Company has not issued debentures.
- (xx) During the year under review, 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 year.

**For Ishwar & Gopal
Chartered Accountant**

Date: 30th November 2012
Place: Bangalore.

K V Gopalakrishnayya
Partner.
Membership No. 021748
Firm Registration No 001154S

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

BALANCE SHEET AS AT 30th SEPTEMBER 2012

Amount in Rupees

PARTICULARS	Note No.	As at 30.9.2012		As at 30.9.2011	
EQUITY AND LIABILITIES					
Shareholders' funds					
a. Share Capital	3	481,028,320		368,813,320	
b. Reserves and Surplus	4	363,802,880		150,875,855	
c. Money received against share warrants		10,873,939	855,705,139	86,200,965	605,890,140
			-		-
Non-current Liabilities					
a. Long Term borrowings	5	1,105,402		1,382,545	
b. Long term provisions	6	2,301,263	3,406,665	1,317,959	2,700,504
Current Liabilities					
a. Trade payables	7	815,650,401		323,675,640	
b. Other Current liabilities	8	10,436,362		12,272,066	
c. Short term provisions	9	5,811,776	831,898,539	810,495	336,758,201
TOTAL			1,691,010,343		945,348,845
ASSETS					
Non-current Assets					
a. Fixed Assets					
i. Tangible Assets	10	69,074,956		16,553,703	
b. Non-current investments	11	44,290,373		44,290,373	
d. Long term loans & advances	12	327,004,478		305,208,582	
e. Other non current assets	13	190,100	440,559,907	206,129	366,258,787
Current Assets					
a. Current Investments	14	31,118,970		959,211	
b. Inventories	15	7,234,988		-	
c. Trade receivables	16	1,027,588,586		422,268,941	
d. Cash & Cash equivalents	17	94,514,666		94,141,381	
e. Short term loans & advances	18	89,375,142		59,296,107	
f. Other Current assets	19	618,084	1,250,450,436	2,424,418	579,090,058
TOTAL			1,691,010,343		945,348,845
Significant accounting policy and additional information	1 & 2				

As per our Audit Report of even date
For Ishwar & Gopal
Chartered Accountants

For and on behalf of the Board of Directors

K V Gopalakrishnayya
Partner
Membership No. 021748
Firm Registration No 001154S

V. Ranganathan
Managing Director

Shridhar S Hegde
Whole time Director

Place: Bangalore
Date: 30th November 2012

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Statement of Profit and Loss Account for the year ended 30th September 2012

Amount in Rupees

PARTICULARS	Note No.	for the year ended 30.9.2012	for the year ended 30.9.2011
Revenue			
Revenue from operations	20	967,641,541	719,528,353
Other Income	21	6,358,037	7,497,634
Total Revenue		973,999,578	727,025,987
Expenses:			
Cost of materials consumed	22	1,919,623	-
Purchase of Stock-in-Trade	23	850,234,957	689,274,621
Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	24	(295,477)	-
Employee benefits expense	25	24,024,554	8,847,471
Financial costs	26	1,039,916	386,544
Depreciation and amortization expense	27	2,261,612	1,555,770
Other expenses	28	50,316,082	13,582,490
Total Expenses		929,501,267	713,646,896
Profit before tax		44,498,311	13,379,091
Tax expense:			
Current tax		6,194,022	1,260,469
		-	-
Profit/(Loss) for the period		38,304,289	12,118,622
Earnings per equity share (par value of Rs. 10 each) :			
(1) Basic		0.94	0.52
(2) Diluted		0.94	0.38

As per our Audit Report of even date
For Ishwar & Gopal
Chartered Accountants

For and on behalf of the Board of Directors

K V Gopalakrishnayya
Partner
Membership No. 021748
Firm Registration No 001154S

V. Ranganathan
Managing Director

Shridhar S Hegde
Whole time Director

Place: Bangalore
Date: 30th November 2012

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 30th September 2012

Amount in Rupees

PARTICULARS	Note No.	As at 30.9.2012		As at 30.9.2011	
Share Capital	3				
Authorised					
a. Equity Shares		50,200,000	502,000,000	50,000,000	500,000,000
Issued					
b. Issued		48,092,682	480,926,820	36,871,182	368,711,820
Subscribed and fully paidup					
Equity Shares		48,092,682	480,926,820	36,871,182	368,711,820
Add: Forfeited Shares (amount originally paid on 20300 shares)			101,500		101,500
Total			481,028,320		368,813,320

c. Reconciliation of the shares outstanding at the beginning and a the end of the reporting period

Particulars	No. of shares	Amt. in Rs.	No. of shares	Amt. in Rs.
Equity Shares				
Outstanding at the beginning of the period	36,871,182	368,711,820	15,945,432	159,454,320
Issued during the period	11,221,500	112,215,000	20,925,750	209,257,500
Outstanding at the end of the period	48,092,682	480,926,820	36,871,182	368,711,820

d. Terms / Rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of share holders in the Annual General Meeting.

During the year, the Company has not declared any dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of shares held by the equity share holders.

e. Out of the total issued and paid up capital 92,15,153 (92,16,153) shares of Rs 10/ each have been allotted as fully paid up pursuant to a contract without paying received in cash)

f. Shares held by each shareholder holding more than 5 percent shares specifying the number of shares held

Name of the Shareholder	No. of shares held	% of holding	No. of shares held	% of holding
Scenic Overseas(S) Pte. Ltd. Singapore	3,600,000	7.49	3,600,000	9.76
Leytron Technology Pte.Ltd. Singapore	3,300,000	6.86	3,300,000	8.95
LPP Developers Private Limited	2,700,000	5.61	2,700,000	7.32
Kalisp Realty Private Limited	2,500,000	5.20	1,734,000	4.70
Cimelia Resource Recovery Pte. Ltd. Singapore	-	-	2,300,000	6.24
Horizen Ventures Management Company Private Limited	-	-	1,900,000	5.15

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30th September 2012

PARTICULARS	Note No.	As at 30.9.2012	As at 30.9.2011
TRADE PAYABLES	7		
Due to Micro, Small and Medium Enterprises			
Due to other than Micro, Small and Medium Enterprises		815,209,860	323,675,640
Dues to Subsidiary		440,541	
		<u>815,650,401</u>	<u>323,675,640</u>
OTHER CURRENT LIABILITIES	8		
Current maturities of long term debts		309,309	247,000
Statutory Liabilities		3,594,926	3679524
Advances from Customers		219,935	1,142,732
Due to a Director		-	847,714
Liabilities for expenses		6,312,192	6,355,096
		<u>10,436,362</u>	<u>12,272,066</u>
SHORT TERM PROVISIONS	9		
Provision for bonus		113,479	
Provision for Gratuity		96,932	-
Provision for Leave Benefits		30,012	27,441
Provision for Income Tax (Net of advance Tax)		5,571,353	783,054
		<u>5,811,776</u>	<u>810,495</u>
NON CURRENT INVESTMENTS	11		
a. Investment in subsidiaries			
Cerebra LPO India Limited			
35000 (35000) Equity Shares of Rs. 10 each		350,000	350,000
Geeta Monitors Private Limited			
25,49,975 (25,49,975) Equity Shares of Rs. 10 each		42,839,580	42,839,580
Cerebra Middle East FZCO			
9 (9) Shares of par value AED 10,000 each		1,100,793	1,100,793
b. Investment in equity instruments			
Sankhya Infotech Limited			
200 (200) Equity Shares of Rs. 10 each		2,000	2,000
Less : Provision for diminution		<u>2,000</u>	<u>2,000</u>
		<u>44,290,373</u>	<u>44,290,373</u>
LONG TERM LOANS AND ADVANCES	12		
Capital Advances		320,179,949	300912912
Security Deposits Considered Good		5,841,556	3,345,670
Loans and Advances to related parties			
Considered Good		-	950,000
Considered Doubtful		-	12,113,697
		<u>-</u>	<u>13,063,697</u>
Less : Provision for Doubtful Advances			12,113,697
Considered Good		-	950,000
Other Loans & Advances		982,973	-
		<u>327,004,478</u>	<u>305,208,582</u>

Amount in Rupees

10 TANGIBLE ASSETS										
Sl. No.	Type of Assets	GROSS BLOCK			DEPRECIATION RESERVE			NET BLOCK		
		As at 1.10.2011	Additions	As at 30.09.2012	As at 1.10.2011	Depreciation For the year	As at 30.09.2012	As at 30.09.2012	As on 01.10.2011	
1	Land	200,900	-	200,900	-	-	-	200,900	200,900	
2	Leasehold Land	-	50,639,394	50,639,394	-	-	-	50,639,394	-	
3	Factory Building	4,638,187	-	4,638,187	1,631,635	154,915	1,786,550	2,851,637	3,006,552	
4	Furniture & Fixtures	2,515,775	2,145,076	4,660,851	2,457,618	411,664	2,869,282	1,791,569	58,157	
5	Electrical Installations	800,701	840,329	1,641,030	185,156	48,998	234,155	1,406,875	615,545	
6	Plant & Machinery	25,202,608	471,160	25,673,768	15,390,199	1,205,965	16,596,164	9,077,604	9,812,409	
7	Computer/Printers	8,996,631	686,905	9,683,536	8,233,292	191,619	8,424,911	1,258,626	763,339	
8	Vehicles	2,676,766	-	2,676,766	579,965	248,449	828,415	1,848,351	2,096,801	
	TOTAL	45,031,569	54,782,864	99,814,433	28,477,866	2,261,611	30,739,477	69,074,956	16,553,703	
	Previous year	39457468	5574101	45031569	26922096	1555770	28477866	16553703		

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NOTES TO THE FINANCIAL STATEMENTS AS AT 30th September 2012

PARTICULARS	Note No.	As at 30.9.2012	As at 30.9.2011
OTHER NON CURRENT ASSETS	13		
Long term trade receivables (including trade receivables on deferred credit terms)			
Unsecured, Considered Doubtful		-	18,036,458
Less : Provision for doubtful debts		-	18,036,458
Unsecured, Considered Good			
Others		190,100	206,129
		<u>190,100</u>	<u>206,129</u>
CURRENT INVESTMENTS	14		
Investments in mutual funds			
LIC MF Savings Plus Fund			
25,135.226 units of Rs. 10.0118		268,171	251,649
Reliance Liquid Fund			
18,568.518 units of 15.2874		30,395,951	283,864
UTI Money Market Mutual Fund		454,848	423,698
422-268 units of Rs. 10.03			
		<u>31,118,970</u>	<u>959,211</u>
Aggregate Net Asset Value of Investment in Mutual Funds		31,118,970	959,211
INVENTORIES	15		
Raw Materials		6,939,511	-
Stock in Trade		295,477	
		<u>7,234,988</u>	
TRADE RECEIVABLES	16		
[Unsecured]			
Aggregate amount of Trade Receivables outstanding for a period exceeding six months from the date they are due for payment			
Considered good		526,550,676	47,907,941
Considered doubtful		3,963,181	-
		<u>530,513,857</u>	<u>47,907,941</u>
less: Provision for doubtful debts		(3,963,181)	47,907,941
Others		501,037,910	374,361,000
		<u>1,027,588,586</u>	<u>422,268,941</u>
CASH AND CASH EQUIVALENTS	17		
Cash on Hand		351,216	2,570,914
Foreign Currency on hand		159,740	100,223
Balance with banks			
on Current Account		81,607,318	5,784,233
on Deposit Account		5,293,204	78,583,011
In Margin Deposit Account		7,103,188	7,103,000
		<u>94,514,666</u>	<u>94,141,381</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 30th September 2012

PARTICULARS	Note No	As at 30.9.2012	As at 30.9.2011
SHORT TERM LOANS AND ADVANCES	18		
Loans and Advances to related parties			
Advance to Subsidiaries		75,409,185	47,444,151
Other Loans & Advances [Considered Good]		2,059,692	-
Prepaid Expenses		290,500	9,646,123
Advance to Suppliers		11,149,227	1,584,688
Balance with statutory / Government authorities		393,869	598,145
Advance to Employees		72,669	23,000
		<u>89,375,142</u>	<u>59,296,107</u>
OTHER CURRENT ASSETS	19		
Interest accrued but not due on deposits		618,084	2,424,418
		<u>618,084</u>	<u>2,424,418</u>
CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)			
Guarantees			
Counter Guarantee given to the Bankers for guarantees issued		7,103,188	7,103,188
COMMITMENTS			
Estimated amount of contracts remaining to be executed on capital account and not provided for		6,676,984	104,650,000
Revenue	20		
Revenue from Operations			
Revenue from Trading of Computers & Accessories		854,311,950	702,793,302
Sale of refurbished e-Waste		4,368,250	-
Sale of Software Services		92,592,298	4,614,136
Commission		16,369,044	11,809,340
Others		-	311,575
Revenue from operations (Net)		<u>967,641,541</u>	<u>719,528,353</u>
Other Income	21		
Interest on Bank Deposits		5,957,182	4,340,571
Dividend on Current Investments		159,759	959,211
Net gain on foreign currency transaction and translation		-	608,044
Excess Provision / (Unclaimed Credit) Withdrawn		1,241	1,296,239
Others		239,855	293,569
		<u>6,358,037</u>	<u>7,497,634</u>

NOTES TO THE FINANCIAL STATEMENTS AS AT 30th September 2012

PARTICULARS	Note No	As at 30.9.2012	As at 30.9.2011
Cost of materials consumed	22		
Opening stock			
Add: Purchase during the period		8,859,134	-
		8,859,134	-
Less: Closing stock		6,939,511	-
Consumption		1,919,623	-
Purchase of Stock-in-Trade	23		
Purchase of Goods		850,234,957	689,274,621
		850,234,957	689,274,621
Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	24		
Opening Stock of Traded Goods		-	-
Less : Closing Stock of Traded Goods		295,477	
Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade		(295,477)	-
Employee Benefit Expenses	25		
Salaries and Wages		22,482,462	8,357,828
Contribution to provident & Other Funds		1,055,512	407,763
Staff Welfare expenses		486,580	81,880
		24,024,554	8,847,471
Financial Costs	26		
Interest Expense		345,322	89,166
Other Borrowing Costs		694,594	297,378
		1,039,916	386,544
Depreciation and amortisation expenses	27		
Depreciation of tangible assets		2,261,612	1,555,770
		2,261,612	1,555,770
Other Expenses	28		
Consumables		10,142	41,485
Power and Fuel		437,302	204,808
Rent		2,508,150	319,212
Repairs to Machinery		122,367	238,464
Repairs to Others		20,637	45,972
Insurance		112,116	106,495
Rates & Taxes, excluding taxes on income		1,046,445	983,448
Remuneration to Auditors		236,702	179,617
Professional Charges		15,509,213	4,837,074
Freight & Forwarding		445,971	254,994
Provision for Doubtful debts / advances		3,963,181	-

NOTES TO THE FINANCIAL STATEMENTS AS AT 30th September 2012

PARTICULARS	Note No	As at 30.9.2012	As at 30.9.2011
Bad Debts written off		2,251,645	-
Travelling and Conveyance		1,513,810	1,144,771
Communication expenses		195,461	169,544
Labour Charges		782,536	572,340
Advertisement		15,089,578	1,662,937
Net loss on foreign currency transaction and translation		3,428,961	-
Brokerage & commission		1,557,251	-
Printing & Stationery		121,328	153,018
Prior year expenses		-	1,717,725
Miscellaneous		963,286	950,586
		<u>50,316,081</u>	<u>13,582,490</u>
Remuneration to Auditor			
As auditor			
Audit fees		125,000	100,000
Tax Audit fees		50,000	50,000
Certification		50,000	25,000
Reimbursement of expenses		11,702	4,617
		<u>236,702</u>	<u>179,617</u>

Schedule 1 & 2 Significant Accounting Policies and Notes to Accounts

1. CORPORATE INFORMATION:

Cerebra Integrated Technologies Limited (the Company) was incorporated under the Companies Act, 1956. The company is primarily engaged in Manufacturing, Trading of Computer Systems and Peripherals. The Company is also in to the business of providing IT services and e-Waste management.

2. A. SIGNIFICANT ACCOUNTING POLICIES:

a. SYSTEM OF ACCOUNTING:

Accounts are prepared on accrual basis under historical cost convention as a going concern and comply with the mandatory Accounting Standards as specified in Companies (Accounting Standards) Rule 2006 prescribed by the Central Government. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) USE OF ESTIMATES:

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimate is recognized in the period in which the estimates are revised and in any future period affected.

c) TANGIBLE ASSETS, INTANGIBLE ASSETS AND CAPITAL WIP:

Fixed assets are stated at historical cost less accumulated depreciation. Costs include expenditure directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction or production of qualifying assets are capitalized as part of the cost.

Intangible assets are stated at the consideration paid for acquisition less accumulated amortization.

Cost of fixed assets not ready for use before the balance sheet date is disclosed as capital work-in-progress. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date is disclosed under long term loans and advances.

d) DEPRECIATION:

Depreciation has been provided on assets on straight line method in accordance with the provisions of Schedule XIV of the Companies Act, 1956. Depreciation on additions/deletion during the year has been provided for on pro-rata basis. Assets purchased/installed during the year costing less than Rs. 5000/- are fully depreciated.

e) INVESTMENTS:

Long term investments are stated at cost less diminution other than temporary decline in the value of such investments, if any. Current investments are valued at lower of cost and fair value determined by category of investment. The fair value is determined using quoted market price/market observable information adjusted for cost of disposal. On disposal of the investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

f) RETIREMENT AND OTHER TO EMPLOYEE BENEFITS:

i. Short term employee benefits: All employee benefits falling due wholly within twelve months of rendering service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, etc. and expected cost of bonus, are recognized in the period in which employee renders the related service.

ii. Post employee benefits:

Defined Contribution plans: The state governed provident fund scheme, insurance scheme, and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related services.

Defined benefits Plans: The employee gratuity fund schemes, pension scheme and provident fund schemes are defined benefits plans. Wherever applicable, the present value of obligations under defined benefit plans is determined based on actuarial valuation using the project unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up final obligation.

The obligation is measured in the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yield on the Government securities, of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

The obligations for long term employee benefits such as long term compensated absences, etc. is recognized in the similar manner as in the case of defined benefit plans mentioned above.

g) REVENUE RECOGNITION:

i. Sales include applicable excise duty but exclude Sales tax. Income from sales is recognized upon completion of sale. Warranty charges forming part of the sales are not recognized separately and expenditure incurred in this regard is accounted when incurred.

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

h) INVENTORY:

Inventories are valued at lower of cost or net realizable value. In respect of traded stock cost is computed under first in first out (FIFO) method whereas for Raw Materials the same is computed under weighted average method.

i) FOREIGN CURRENCY TRANSACTIONS:

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the exchange rates closely approximating those prevailing on the date of transaction.

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realized is recognized in the statement of profit and loss.

Monetary foreign currency assets and liabilities at period end are restated at the closing rate. The difference arising from the restatement is recognized in the statement of profit and loss.

j. ACCOUNTING FOR CLAIMS & CONTINGENCIES:

All known liabilities of material value have been provided for in the accounts except liabilities of contingent in nature, which have been disclosed at their estimated value in the notes to account in accordance with accounting standard (As 29). As regards, provisions, it is only that obligation arising from past events existing independently of enterprise's future actions that are recognized as provisions. Contingent liabilities are not recognized but are disclosed in the additional information. Contingent assets are neither recognized nor disclosed in the financial statement.

k. IMPAIRMENT OF ASSETS:

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss. The amount of loss for short-term receivables is measured as the difference between the assets carrying amount and undiscounted amount of future cash flows. Reduction, if any, is recognized in the statement of profit and loss. If at the balance sheet date there is any indication that if a previously assessed impairment loss no longer exists, the recognized impairment loss is reversed, subject to maximum of initial carrying amount of the short-term receivable.

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

l. 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.

m. Taxes:*Income tax:*

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Tax liability for domestic taxes has been computed after considering Minimum Alternate Tax (MAT). The excess tax paid under MAT provisions being over and above regular tax liability can be carried forward and set off against future tax liabilities computed under regular tax provisions. Accordingly, MAT credit has been recognized, wherever applicable on the balance sheet which can be carried forward for a period of ten years from the year of recognition.

Deferred tax:

Deferred tax assets are not recognized as there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

n. 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.

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B. ADDITIONAL INFORMATION:

(Amounts are in INR unless otherwise stated)

a. Employee benefits:

i. Gratuity

Change in present value obligation:

Particulars	2011-12	2010-11
Present value of funded obligation	0	0
Fair value of plan asset	0	0
Present value of unfunded obligation	22,10,150	11,18,337
Unrecognized past service cost	0	0
Amount not recognized as an asset	0	0
Net liability	22,10,150	11,18,337
Amounts in balance sheet		
Liability	22,10,150	11,18,337
Asset	0	0
Net liability is bifurcated as follows		
Current liability	96,932	55,226
Non-current liability	21,13,218	10,63,111
Net Liability	22,10,150	11,18,337

ii. Leave salary:

Particulars	2011-12	2010-11
Present value of funded obligation	0	0
Fair value of plan asset	0	0
Present value of unfunded obligation	2,18,057	2,27,063
Amounts in balance sheet		
Liability	2,18,057	2,27,063
Asset	0	0
Net liability is bifurcated as follows		
Current liability	30,012	27,441
Non-current liability	1,88,045	1,99,622
Net Liability	2,18,057	2,27,063
Expense recognized in the statement of profit and loss	(5,756)	2,27,063

Economic Assumptions:

Particulars	Percentage
Discounting rate	8.30%
Salary escalation rate	7.00%

Demographic assumptions:

Retirement age	58 years
Mortality table	LIC(1994-96) mortality table
Leaving service rates	

Age(years)	Rates
21-30	15%
31-34	10%
35-44	5%
45-50	3%
51-54	2%
55-57	1%

b. Value of Imports on CIF basis

Raw materials -	Rs. 8,53,130(PY-Rs 78,000)
Machinery -	Nil (PY-Rs 1,00,29,000)

c. Earnings in foreign exchange:

Export sales- Software-	Rs8,40,82,725/- (PY-Rs2,90,522)
Export sales- Hardware-	Rs4,04,827/-(PY- Nil)

d. Expenditure in foreign currency:

Foreign travel -	Rs1,72,779/- (PY-Rs 2,41,000)
Others -	Rs5,93,991/- (PY- Rs1,59,000)

e Earnings per share

Sl. No	Particulars	2011-12	2010-11
1	Profit after tax considered for calculation of basic and diluted earnings per share	38,304,289	12,118,622
2	Weighted average number of equity shares considered for calculation of basic earnings per share	40,799,440	23,350,424
3	Weighted average number of equity shares considered for calculation of diluted earnings per share	40,906,434	31,970,520
4	Earnings per share- Basic	0.94	0.52
5	Earnings per share- Diluted	0.94	0.38
f. Directors Remuneration:		2011-12	2010-11
	Salary	41,88,000	18,96,000
	Contribution to Provident Fund	2,53,440	1,20,840
	Total	44,75,442	20,16,840

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

h. 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.

i. Related Party Disclosure

Cerebra LPO India Limited	Subsidiary
Cerebra Middle East FZCO	Subsidiary
Geeta Monitors Private Limited	Subsidiary
Kranion technologies Private Limited	Associate Company

Key Management Personnel

Name	Designation
V Ranganathan	Managing Director
K Gururaja Upadhya	Director
P Vishwamurthy	Director
Shridhar S Hegde	Whole time Director
P Bharath	Chief Operating Officer, Managing Director of Kranion technologies

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j. The Company has the following Transactions with related parties:

Particulars	2011-12	2010-11
i. Cerebra LPO India Limited		
- Balance Receivable	3,63,79,202	1,77,04,250
- Payment of share capital	3,50,000	3,50,000
ii. Cerebra Middle East FZCO		
- Balance Receivable	3,90,29,983	71,00,361
- Payment of share capital	11,00,793	11,00,793
iii. Geeta Monitors Private Limited		
- Balance Receivable	Nil	2,21,57,694
- Balance Payable	4,40,541	Nil
-Investment in Capital	4,28,39,580	4,28,39,580
iv. Kranion Technologies Private Limited		
Receivable	Nil	1,30,63,697
v. V Ranganathan		
Remuneration paid	10,47,000	4,74,000
vi. Gururaj K Upadya		
Remuneration paid	10,47,000	4,74,000
vii. P Vishwamurthy		
Remuneration paid	10,47,000	4,74,000
viii. Shridhar S Hegde		
Remuneration paid	10,47,000	4,74,000
ix. P Bharath		
Remuneration paid	10,47,000	4,74,000

k. Lease hold land amounting Rs 5,06,39,394/ (Previous Year Nil) includes 48,564 sq .mts of land at Narasapura Industrial Area, KolarTaluk, Kolar District allotted by Karnataka Industrial Area Development Board (KIADB) on lease cum sale basis for setting up an e-waste recycling plant within a specified period. As per the lease cum sale agreement, KIADB has got the right to determine the lease and forfeit up to 25% of the consideration paid/ enhance the compensation payable, if the Company fails to set up the plant within the specified period.

l. Details of non-resident share holders:

Sl. No	Particulars	2011-12	2010-11
i	Number of non-resident share holders	34	39
ii	Number of shares held by non-resident shareholders	95,22,865	93,85,555
iii	Amount remitted during the year in foreign currency on account of dividends	Nil	Nil

m. Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30th SEPTEMBER 2012

Amount in Rupees

Particulars	2011-12	2011-12	2010-11	2010-11
A. Cashflow from operating activities				
Net Profit before tax and extraordinary items		44,498,311		13,379,091
Adjustments for:				
Depreciation (net)	2,261,612		1,555,770	
Interest expenditure	1,039,916		386,544	
Interest income	(5,957,182)		(4,340,571)	
Dividend Income	(159,759)		(959,211)	
Foreign Exchange (gain)/loss	3,314,850		-	
Provision for bad & doubtful debts	3,963,181			
Bad debts written off	2,251,645	6,714,263		(3,357,468)
Operating Profit /(Loss) before working capital changes		51,212,574		10,021,623
Adjustment for changes in :				
Increase in Inventories	(7,234,988)		-	
Decrease in Trade & other receivables	(664,901,889)		(182,120,233)	
Increase in Trade & Other Payable	491,273,033	(180,863,844)	53,786,432	(128,333,801)
Cash generated from operations		(129,651,270)		(118,312,178)
Income tax paid (net)		(1,405,723)		482,941
Net Cash flow before extraordinary items		(131,056,992)		(117,829,237)
Net cashflow from Operating Activities		(131,056,992)		(117,829,237)
B. Cash Flow from Investing activities				
Interest Income	5,957,182		4,340,571	
Dividend income	159,759		959,211	
Purchase of fixed assets including capital WIP	(54,782,864)		(187,639,848)	
Purchase of investments	(30,159,759)		(44,899,584)	
Net cash used in Investing Activities		(78,825,682)		(227,239,649)
C. Cashflow from Financing Activities				
Proceeds from issue of shares	38,879,245		209,257,500	
Share application money received	10,873,939		56,989,965	
Share premium received	170,336,250		175,557,440	
Issue expenses	(8,578,725)		(14,675,901)	
Increase in borrowings	(214,834)		1,629,544	
Interest paid	(1,039,916)	210,255,959	(386,544)	428,372,005
Net Increase / (Decrease) in Cash & Cash equivalents (A+B+C)		373,285		83,303,118
Cash & Cash equivalents				
Opening Balance		94,141,381		10,838,263
Closing Balance		94,514,666		94,141,381
Net Increase / (Decrease) in Cash and Cash equivalents		373,285		83,303,118

As per our Report attached
For Ishwar & Gopal,
Chartered Accountants

For and on behalf of the Board

K V Gopalakrishnayya
Partner
Membership No: 021748
Firm Registration No 001154S
Place: Bangalore
Date: 30th November 2012

V. Ranganathan
Managing Director

Shridhar S Hegde
Wholetime Director

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To

The Board of Directors
Cerebra Integrated Technologies Limited
Bangalore

1. 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 2012, and the consolidated statement of Profit and Loss 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.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We further report that in respect of financial statements relating to two subsidiary Companies with total assets of Rs 24,88,16,366/- as at 30th September 2012 and total sales for the year ending 30th September 2012 amounting to Rs 65,13,33,029/-, unaudited financial statements certified by the management have been furnished to us, and in our opinion, in so far it relates to the amounts included in the consolidated accounts, are based solely on these certified financial statements.
4. 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 notified by the Companies (Accounting standard) Rules, 2006 as amended from time to time.
5. Based on our audit as aforesaid and on the unaudited management certified accounts of two subsidiaries referred to in para 3 above, and to the best of our information and according to the explanations given to us, we are of the opinion that **subject to our inability to express an opinion on recoverability of long outstanding receivables amounting to Rs 3,01,31,261/-, which management has represented that they are of the opinion that these receivables are fully recoverable**, the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India
 - i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 30th September 2012;
 - ii) in the case of the Consolidated Statement of Profit and Loss, 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 Ishwar & Gopal
Chartered Accountant

Date: 30th November 2012
Place: Bangalore.

K V Gopalakrishnayya
Partner.
Membership No. 021748
Firm Registration No 001154S

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

CONSOLIDATED BALANCE SHEET AS AT 30th September 2012

Amount in Rupees

PARTICULARS	Note No	As at 30.9.2012		As at 30.9.2011	
EQUITY AND LIABILITIES					
Shareholders' funds					
a. Share Capital	3	481,028,320		368,813,320	
b. Reserves and Surplus	4	360,910,473		172,539,480	
c. Money received against share warrants		10,873,939	852,812,732	86,200,965	627,553,765
Minority Interest			50,127,520		27,903,067
Non-current liabilities					
a. Long Term borrowings	5	5,961,121		1,782,234	
b. Deferred tax liabilities (Net)	6	1,569,147		680,698	
c. Long term provisions	7	2,784,283	10,314,551	1,722,540	4,185,472
Current Liabilities					
a. Short term borrowings	8	41,276,814		31,456,066	
b. Trade payables	9	903,574,547		390,865,348	
c. Other Current liabilities	10	14,473,625		18,042,875	
d. Short term provisions	11	13,367,299	972,692,285	5,089,191	445,453,480
TOTAL			1,885,947,088		1,105,095,784
ASSETS					
Non-current assets					
a. Fixed Assets					
i. Tangible Assets	12	98,996,234		25,791,122	
ii. Intangible Assets	13	78,120		156,239	
b. Non-current investments	14	6,670		6,670	
c. Long term loans and advances	15	329,024,673		306,858,139	
d. Other non current assets	16	190,100	428,295,797	206,129	333,018,299
Current Assets					
a. Current Investments	17	31,118,970		959,211	
b. Inventories	18		117,764,059		98,577,000
c. Trade receivables	19	1,178,400,706		546,502,463	
d. Cash & Cash equivalents	20	109,166,991		99,486,087	
e. Short term loans & advances	21	20,132,481		23,528,306	
f. Other Current assets	22	1,068,084	1,457,651,292	3,024,418	772,077,485
TOTAL			1,885,947,088		1,105,095,784
Significant accounting policy and additional information	1 & 2				

As per our Audit Report of even date
For Ishwar & Gopal
Chartered Accountants

For and on behalf of the Board of Directors

K V Gopalakrishnaya
Partner
Membership No. 021748
Firm Registration No 001154S

V. Ranganathan
Managing Director

Shridhar S Hegde
Whole time Director

Place: Bangalore
Date: 30th November 2012

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Consolidated Statement of Profit and Loss Account for the year ended 30th September 2012

PARTICULARS	Note No.	for the year ended 30.9.2012		for the year ended 30.9.2011	
Revenue					
Revenue from operations	23		1,644,207,063		829,113,106
Other Income	24		8,301,793		8,867,840
Total Revenue			1,652,508,856		837,980,946
Expenses:					
Cost of materials consumed	25		1,919,623		-
Purchase of Stock-in-Trade	26		1,439,764,675		769,914,130
Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	27		(295,477)		-
Employee benefits expense	28		57,256,371		20,981,658
Financial costs	29		9,605,120		1,457,061
Depreciation and amortization expense	30		7,807,304		2,344,211
Other expenses	31		88,591,329		22,751,157
Total Expenses			1,604,648,946		817,448,217
Profit before tax			47,859,910		20,532,729
Tax expense:					
1. Current tax (relating to earlier year)			12,269,161		3,906,976
2. Deferred tax			-		-
Deferred Tax expense			888,369		88,136
Less: Deferred Tax Reserve Withdrawn Profit(Loss) from the period from continuing operations			-		-
			34,702,381		16,537,617
Share of profit / (Loss) of associates					
Minority Interest			4,895,676		2,090,353
Net profit / (Loss) after taxes, minority interest, and share of profit / (loss) of associates		-	29,806,705		14,447,264
Profit/(Loss) for the year			29,806,705		14,447,264
Earning per equity share:					
1. Basic			0.73		0.52
2. Diluted			0.73		0.38

As per our Audit Report of even date
For Ishwar & Gopal
Chartered Accountants

For and on behalf of the Board of Directors

K V Gopalakrishnayya
Partner
Membership No. 021748
Firm Registration No 001154S

V. Ranganathan
Managing Director

Shridhar S Hegde
Whole time Director

Place: Bangalore
Date: 30th November 2012

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012

PARTICULARS	Note No	As at 30.9.2012		As at 30.9.2011	
		No. of shares	Amt. in Rs.	No. of shares	Amt. in Rs.
Share Capital	3				
Authorised					
a Equity Shares		50,250,000	502,500,000	50,000,000	500,000,000
b Issued					
Equity Shares		48,142,682	481,426,820	36,871,182	368,711,820
Subscribed and paid fully					
Equity Shares		48,142,682	481,426,820	36,871,182	368,711,820
Add: Forfeited Shares (amount originally paid on 20300 shares)		-	101,500		101,500
Total			481,528,320		368,813,320

c. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares				
Outstanding at the beginning of the period	36,921,182	369,211,820	15,945,432	159,454,320
Issued during the period	11,221,500	112,215,000	20,935,900	209,359,000
Outstanding at the end of the period	48,142,682	481,426,820	36,881,332	368,813,320

d. Terms / Rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of share holders in the Annual General Meeting. During the year, the Company has not declared any dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of shares held by the equity share holders.

e. Out of the total issued and paid up capital 19,15,153 (92,16,153) shares of Rs. 10/- each have been allotted as fully paidup pursuant to a contract without paying received in cash

f. Shares held by each shareholder holding more than 5 percent shares specifying the number of shares held

Name of the Shareholder	No. of shares held	% of holding	No. of shares held	% of holding
Scenic Overseas(S) Pte. Ltd. Singapore	3,600,000	7.49	3,600,000	9.76
Leytron Technology Pte.Ltd. Singapore	3,300,000	6.86	3,300,000	8.95
LPP Developers Private Limited	2,700,000	5.61	2,700,000	7.32
Kalisp Realty Private Limited	2,500,000	5.20	1,734,000	4.70
Cimelia Resource Recovery Pte. Ltd. Singapore	-	-	2,300,000	6.24
Horizen Ventures Management Company Private Limited	-	-	1,900,000	5.15

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012

PARTICULARS	Note No	As at 30.9.2012	As at 30.9.2011
RESERVES & SURPLUS	4		
Capital Reserve			
Balance as per last financial statement		1,143,412	-
Add : On forfeiture of warrant application money received		12,865,210	-
On Consolidation		1,586,943	1,586,943
Balance as at the end of the year		15,595,565	2,730,355
Securities Premium Account			
Balance as per last Financial Statement		419,224,131	241,013,812
Add: Received during the year		170,336,250	192,886,220
Less: Transferred to Minority Interest		(17,328,780)	
Less: Issue expenses		(8,578,725)	(14,675,901)
Balance as at the end of the year		563,652,876	419,224,131
Foreign Currency Translation Reserve		1,258,218	(12,114)
Surplus / (Deficit) in Statement of Profit & Loss Account			
Balance as per last financial statement		(249,402,892)	(263,850,156)
Profit for the year		29,806,705	14,447,264
Net surplus / (Deficit) in statement of Profit & Loss Account		(219,596,187)	(249,402,892)
Total Reserves & Surplus		<u>360,910,473</u>	<u>172,539,480</u>
LONG TERM BORROWINGS	5		
Term Loans			
- From Banks - Secured		1,414,711	1,629,545
Other Long term borrowings (Unsecured)			
Loans from Others (repayable during 2013-14)		4,855,719	399,689
Total Long term borrowings		<u>6,270,430</u>	<u>2,029,234</u>
Less: Instalments of term loan payable within a year considered as other current liability		309,309	247,000
Net Long term borrowings		<u>5,961,121</u>	<u>1,782,234</u>
Term loan from a bank is secured by hypothecation of vehicle Schedule of repayment of loan is as under:			
Year	Amount in INR		
2012-13	394,900		
2013-14	394,888		
2014-15	394,888		
2015-16	230,035		
DEFERRED TAX ASSETS/ (LIABILITIES)	6		
On account of Carry forward losses			
Temporary disallowances under Income Tax		16,676	134,490
Difference in written down value of Fixed Assets		1,552,471	(815,188)
		<u>(1,569,147)</u>	<u>(680,698)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012

PARTICULARS	Note No	As at 30.9.2012	As at 30.9.2011
LONG TERM PROVISIONS	7		
Provision for Gratuity		2,404,092	1,362,607
Provision for Leave Benefits		380,191	359,933
		<u>2,784,283</u>	<u>1,722,540</u>
SHORT TERM BORROWINGS	8		
from Banks (Secured) - Working Capital Borrowings		36,189,301	21,939,821
from others - unsecured		5,087,513	9,516,245
		<u>41,276,814</u>	<u>31,456,066</u>
Working capital loan is secured by the hypothycation of book debts & stock, repayable on demand.			
TRADE PAYABLES	9		
Due to Micro, Small and Medium Enterprises		-	-
Due to other than Micro, Small and Medium Enterprises		903,574,547	390,865,348
		<u>903,574,547</u>	<u>390,865,348</u>
OTHER CURRENT LIABILITIES	10		
Current maturities of long term debts		309,309	247,000
Other payables		100,730	-
Advances from Customers		1,428,543	1,149,507
Dues to statutory authorities		5,187,816	847,714
Liabilities for expenses		7,447,227	15,798,654
		<u>14,473,625</u>	<u>18,042,875</u>
SHORT TERM PROVISIONS	11		
Provision for bonus		1,506,175	-
Provision for Gratuity		115,837	-
Provision for Leave Benefits		67,741	58,102
Provision for Income Tax (Net of Advance Tax)		11,677,546	5,031,089
		<u>13,367,299</u>	<u>5,089,191</u>
NON CURRENT INVESTMENTS	14		
Investment in equity instruments			
Sankhya Infotech Limited			
200 (200) Equity Shares of Rs. 10 each		2,000	2,000
Less : Provision for dimunition		<u>2,000</u>	<u>2,000</u>
Reliance Power Limited			
10 (10) Shares pf Rs. 10 each		6,670	6,670
		<u>6,670</u>	<u>6,670</u>

Basis of valuation : Investments are stated at cost.

Amount in Rupees

Sl. No.	Type of Assets	GROSS BLOCK			DEPRECIATION RESERVE			NET BLOCK	
		As at 1.10.2011	Additions	As at 30.09.2012	As at 1.10.2011	For the year	As at 30.09.2012	As at 30.09.2012	As on 01.10.2011
12	Tangible assets								
i	Land	200,900	-	200,900	-	-	-	200,900	200,900
ii	Lease hold land	-	50,639,394	50,639,394	-	-	-	50,639,394	-
iii	Factory Building	4,638,187	-	4,638,187	1,631,634	154,915	1,786,550	2,851,637	3,006,553
iv	Plant & Machinery	32,800,035	699,442	33,499,477	22,369,516	1,301,976	23,671,492	9,827,986	10,430,519
v	Computer/Printers/ Software	26,523,679	26,610,057	53,133,736	21,589,050	5,243,544	26,832,594	26,301,141	4,934,629
vi	Vehicles	3,603,922	-	3,603,922	1,347,798	289,715	1,637,513	1,966,409	2,256,124
vii	Furniture & Fixtures	5,888,463	2,145,076	8,033,539	3,682,746	551,941	4,234,687	3,798,852	2,205,717
viii	Electrical Installations	2,662,214	840,329	3,502,543	522,984	103,040	626,024	2,876,519	2,139,230
ix	Equipments given on lease	1,859,011	-	1,859,011	1,241,562	84,054	1,325,616	533,395	617,449
	TOTAL	78,176,411	80,934,298	159,110,709	52,385,290	7,729,185	60,114,475	98,996,234	25,791,121
	Previous year	45,687,589	6,163,872	78,176,411	28,186,327	2,266,09	252,385,290	25,791,121	
13	Intangibles assets								
	Software	390,597	-	390,597	234,357	78,119	312,476	78,121	156,240
	TOTAL	390,597	-	390,597	234,357	78,119	312,476	78,121	156,240
	Previous year	390,597	-	390,597	312,476	78,119	234,357	156,240	

Note:

- 1 Additions to fixed assets includes Rs Nil(Previous Year Rs 2,63,24,950/-) on account of acquisition of a Company
- 2 Additions to fixed assets includes Rs 28,988/- (Previous Year Rs. Nil) on account of foreign exchange fluctuations.
- 3 Additions to depreciation during the year Rs Nil (Previous Year Rs 2,19,32,871/-) on account of acquisition of a Company

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012

PARTICULARS	Note No	As at 30.9.2012	As at 30.9.2011
LONG TERM LOANS AND ADVANCES	15		
Capital Advances		320,179,949	301156112
Security Deposits - Considered Good		7,861,751	4,752,027
Loans and Advances to related parties		-	-
Considered Good		-	950,000
Considered doubtful		-	12,113,697
			13,063,697
Less : Provision for Doubtful Advances		-	12,113,697
		-	950,000
Other Loans & Advances [Unsecured], Considered Good		982,973	-
		<u>329,024,673</u>	<u>306,858,139</u>
OTHER NON CURRENT ASSETS	16		
Long term trade receivables			
Unsecured, Considered Doubtful		-	18,036,458
Less : Provision for doubtful debts		-	18,036,458
Unsecured, Considered Good		-	-
Others		190,100	206,129
		<u>190,100</u>	<u>206,129</u>
CURRENT INVESTMENTS	17		
LIC MF Savings Plus Fund			
25,135.226 units of Rs. 10.0118		268,171	251,649
Reliance Liquid Fund			
18,568.518 units of 15.2874		30,395,951	283,864
UTI Money Market Mutual Fund			
422.268 units of Rs. 10.03		454,848	423,698
		<u>31,118,970</u>	<u>959,211</u>
NAV of Investment in Mutual Funds		<u>31,118,970</u>	<u>959,211</u>
INVENTORIES	18		
Raw Materials		6,939,511	-
Stock in Trade		110,824,548	98,577,000
		<u>117,764,059</u>	<u>98,577,000</u>
TRADE RECEIVABLES	19		
[Unsecured]			
outstanding for a period exceeding from the date they are due for payment			
Considered good	551,612,360		58,264,484
Considered doubtful	3,963,181	-	
	<u>555,575,540</u>		<u>58,264,484</u>
Less: Provision for doubtful debt	3,963,181	551,612,359	-
Others		626,788,346	488,237,979
		<u>1,178,400,706</u>	<u>546,502,463</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012

PARTICULARS	Note No	As at 30.9.2012	As at 30.9.2011
CASH AND CASH EQUIVALENTS	20		
Cash on Hand		1,346,399	4,581,933
Foreign Currency on hand		169,971	113,483
Balance with banks			
on Current Account		95,254,230	8,385,313
on Deposit Account		5,293,204	86,405,358
in Margin Deposit Account (pledged with banks against bank guarantee)		7,103,188	7,103,188
		109,166,991	99,486,087
SHORT TERM LOANS AND ADVANCES	21		
Security deposits		53,648	-
Other Loans & Advances		2,375,758	-
Advance Income Tax (net of provision for taxation)		-	3,440,978
Prepaid Expenses		311,319	14,841,977
Advance to Suppliers		11,575,227	4,272,279
Balance with statutory / Government authorities		5,568,085	835,283
Employee Advances		248,444	137,789
		20,132,481	23,528,306
OTHER CURRENT ASSETS	22		
Discount / Commission Receivable		450,000	600,000
Interest accrued but not due on deposits		618,084	2,424,418
		1,068,084	3,024,418
CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)			
Guarantees			
Guarantees issued by Bankers		7,103,188	7,103,188
COMMITMENTS			
Estimated amount of contracts remaining to be executed on capital account and not provided for		6,676,984	104,650,000
Revenue from Operations	23		
Sale of Products		1,469,965,151	787,346,068
Sale of Services		157,635,125	28,094,894
Other Operating revenues		-	1,862,804
Commission		16,606,787	11,809,340
Others		-	1,862,804
Revenue from operations (Gross)		1,644,207,063	829,113,106
Less: Excise Duty		-	-
Revenue from operations (Net)		1,644,207,063	829,113,106
Details of Products Sold			
Revenue from Trading of Computers & Accessories		1,469,426,841	787,346,068
Sale of refurbished e-Waste		538,310	-
		1,469,965,151	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012

PARTICULARS	Note No	As at 30.9.2012	As at 30.9.2011
Details of Services Rendered			
Sale of Software Services		105,331,467	4,614,136
Medical Transcription		13,055,437	12,367,196
LPO Services		39,248,221	11,113,562
		<u>157,635,125</u>	<u>28,094,894</u>
Other Income			
	24		
Interest Income on Bank Deposits		6,065,567	4,522,999
Interest Income on Others		348,407	
Dividend Income on Long Term Investments		159,759	959,211
Net gain / (loss) on foreign currency transaction and translation		915,284	1,792,610
Refund received from Statutory Authorities		-	-
Excess Provision / (Unclaimed Credit) Withdrawn		6,866	1,296,239
Others		805,910	296,781
		<u>8,301,793</u>	<u>8,867,840</u>
Cost of materials consumed			
	25		
Opening stock		-	-
Add: Purchase during the period		8,859,134	-
		8,859,134	-
Less: Closing stock		6,939,511	-
Consumption		<u>1,919,623</u>	<u>0</u>
Purchase of Stock-in-Trade			
	26		
Purchase of Goods		1,439,764,675	769,914,130
		<u>1,439,764,675</u>	<u>769,914,130</u>
Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade			
	27		
Opening Stock		-	-
Inventories at the end of the year			
Traded Goods		295,477	
Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade		<u>(295,477)</u>	<u>-</u>
Employee Benefit Expenses			
	28		
Salaries and Wages		54,820,217	19,914,940
Contribution to provident & Other Funds		1,496,714	777,292
Staff Welfare expenses		939,440	289,426
		<u>57,256,371</u>	<u>20,981,658</u>
Financial Costs			
	29		
Interest Expense *		8,088,936	1,050,214
Other Borrowing Costs		1,516,184	406,847
		<u>9,605,120</u>	<u>1,457,061</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012

PARTICULARS	Note No	As at 30.9.2012	As at 30.9.2011
Depreciation and amortisation expenses	30		
Depreciation of tangible assets		7,729,185	2,266,092
Amortisation of intangible assets		78,119	78,119
		<u>7,807,304</u>	<u>2,344,211</u>
Other Expenses	31		
Consumables		10,142	41,485
Power and Fuel		751,508	438,510
Rent		7,723,599	2,403,016
Repairs to Machinery		335,060	312,690
Repairs to Others		112,237	129,334
Insurance		663,805	114,011
Rates & Taxes, excluding taxes on income		3,226,472	1,193,764
Remuneration to Auditors		368,039	268,000
Professional Charges		22,693,176	6,109,942
Freight & Forwarding		566,321	258,527
Provision for Doubtful debts / advances		3,963,181	-
Bad Debts written off		2,251,645	-
Travelling and Conveyance		3,237,700	1,686,160
Communication expenses		1,288,688	751,701
Commission		9,594,037	-
Labour Charges		2,426,090	2,943,602
Advertisement / Sales Promotion		16,397,424	2,563,652
Net loss on foreign currency transaction and translation		3,428,961	-
Brokerage & commission		1,557,251	-
Office Expenses		635,924	-
Prior year expenses		5,723,527	1,717,725
Printing & Stationery		158,695	184,984
Miscellaneous		1,477,848	1634054
Commission			
		<u>88,591,329</u>	<u>22,751,157</u>
Remuneration to Auditor			
As auditor			
Audit fees		226,061	165,000
Tax Audit fees		75,000	65,000
VAT audit fees		50,000	25,000
Reimbursement of expenses/Service Tax		16,978	13,000
		<u>368,039</u>	<u>268,000</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012**1. SIGNIFICANT ACCOUNTING POLICIES:****a. SYSTEM OF ACCOUNTING:**

Accounts are prepared on accrual basis under historical cost convention as a going concern and comply with the mandatory Accounting Standards as specified in Companies (Accounting Standards) Rule 2006 prescribed by the Central Government. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b. PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements have been prepared on the following basis:

- i. The consolidated financial statements include the financial statements of Cerebra Integrated Technologies Ltd and all its subsidiaries, which are more than 50% owned or controlled. The financial statements of the parent Company and its majority owned / controlled subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-Company balances / transactions and resulting unrealized gain / loss.
- ii. The consolidated financial statements include the share of profit / loss of associate companies, which are accounted under the 'Equity method', wherein, the share of profit / loss of the associate Company has been added / deducted to / from the cost of investment.
- iii. Minority interest in the net assets of consolidated subsidiaries consists of:
 - a. The amount of equity attributable to the minorities at the dates on which investment in a subsidiary is made; and
 - b. The minority's share of movements in equity since the date of parent-subsidiary relationship came into existence.

Minority interest in share of net result for the year is identified and adjusted against the profit after tax. Excess of loss, if any, attributable to the minority over and above the minority interest in the equity of the subsidiaries is absorbed by the Company.

- iv. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

c. USE OF ESTIMATES:

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimate is recognized in the period in which the estimates are revised and in any future period affected.

d. TANGIBLE ASSETS, INTANGIBLE ASSETS AND CAPITAL WIP:

Fixed assets are stated at historical cost less accumulated depreciation. Costs include expenditure directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction or production of qualifying assets are capitalized as part of the cost.

Intangible assets are stated at the consideration paid for acquisition less accumulated amortization.

Cost of fixed assets not ready for use before the balance sheet date is disclosed as capital work-in-progress. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date is disclosed under long term loans and advances.

e. DEPRECIATION:

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 in the case of Geeta Monitors Private Limited written down value method is followed. Depreciation on additions/deletion during the year has been provided for on pro-rata basis. Assets purchased/installed during the year costing less than Rs. 5000/- are fully depreciated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012

f. INVESTMENTS:

Long term investments are stated at cost less other than temporary decline in the value of such investments, if any. Current investments are valued at lower of cost and fair value determined by category of investment. The fair value is determined using quoted market price/market observable information adjusted for cost of disposal. On disposal of the investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

g. RETIREMENT AND OTHER TO EMPLOYEE BENEFITS:

i. Short term employee benefits: All employee benefits falling due wholly within twelve months of rendering service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, etc. and expected cost of bonus, are recognized in the period in which employee renders the related service.

ii. Post employee benefits: Defined Contribution plans: The state governed provident fund scheme, insurance scheme, and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related services.

Defined benefits Plans: The employee gratuity fund schemes, pension scheme and provident fund schemes are defined benefits plans. Wherever applicable, the present value of obligations under defined benefit plans is determined based on actuarial valuation using the project unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up final obligation.

The obligation is measured in the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yield on the Government securities, of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

The obligations for long term employee benefits such as long term compensated absences, etc. is recognized in the similar manner as in the case of defined benefit plans mentioned above.

g. REVENUE RECOGNITION:

i. Sales include applicable excise duty but exclude Sales tax. Income from sales is recognized upon completion of sale. Warranty charges forming part of the sales are not recognized separately and expenditure incurred in this regard is accounted when incurred. Sales includes inter divisional transfer.

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

h. INVENTORY:

Inventories are valued at lower of cost or net realizable value. In respect of traded stock cost is computed under first in first out(FIFO) method whereas for Raw Materials the same is computed under weighted average method.

i. FOREIGN CURRENCY TRANSACTIONS:

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the exchange rates closely approximating those prevailing on the date of transaction.

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realized is recognized in the statement of profit and loss.

Monetary foreign currency assets and liabilities at period end are restated at the closing rate. The difference arising from the restatement is recognized in the statement of profit and loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012**j. ACCOUNTING FOR CLAIMS & CONTINGENCIES:**

All known liabilities of material value have been provided for in the accounts except liabilities of contingent in nature, which have been disclosed at their estimated value in the notes to account in accordance with accounting standard (As 29). As regards, provisions, it is only that obligation arising from past events existing independently of enterprise's future actions that are recognized as provisions. Contingent liabilities are not recognized but are disclosed in the additional information. Contingent assets are neither recognized nor disclosed in the financial statement.

k. IMPAIRMENT OF ASSETS:

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss. The amount of loss for short-term receivables is measured as the difference between the assets carrying amount and undiscounted amount of future cash flows. Reduction, if any, is recognized in the statement of profit and loss. If at the balance sheet date there is any indication that if a previously assessed impairment loss no longer exists, the recognized impairment loss is reversed, subject to maximum of initial carrying amount of the short-term receivable.

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

l. 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.

m. Taxes:***Income tax:***

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Tax liability for domestic taxes has been computed after considering Minimum Alternate Tax (MAT). The excess tax paid under MAT provisions being over and above regular tax liability can be carried forward and set off against future tax liabilities computed under regular tax provisions. Accordingly, MAT credit has been recognized, wherever applicable on the balance sheet which can be carried forward for a period of ten years from the year of recognition.

Deferred tax on account of timing differences, between taxable income and accounting income is recognized using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets are recognized to the extent there is certainty that these would be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written off to reflect the amount that is reasonable/virtually certain (as the case may be) to be realized.

n. 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.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012

2. ADDITIONAL INFORMATION:

(Amounts are in INR unless otherwise stated)

a. The enterprises considered in the consolidated financial statements are:

Name of the enterprise	Country of incorporation	Voting power	
		As on 30/09/2012	As on 30/09/2011
Cerebra LPO India Limited	India	70%	70%
Cerebra Middle East FZCO	Dubai	90%	90%
Geeta Monitors Private Limited (effective from 3rd August 2011)	India	51%	51%

b. Employee benefits:

i. Gratuity

Change in present value obligation:

Particulars	2011-12	2010-11
Present value of funded obligation	0	0
Fair value of plan asset	0	0
Present value of unfunded obligation	25,19,929	13,62,607
Unrecognized past service cost	0	0
Amount not recognized as an asset (limit in Para 59(b))	0	0
Net liability	25,19,929	13,62,607
Amounts in balance sheet		
Liability	25,19,929	13,62,607
Asset	0	0
Net liability is bifurcated as follows		
Current liability	1,15,837	56,131
Non-current liability	23,56,583	13,06,476
Net Liability	25,19,929	13,62,607
Expense recognized in the statement of profit and loss	11,57,322	13,62,607
ii. Leave salary:		
Present value of funded obligation	0	0
Fair value of plan asset	0	0
Present value of unfunded obligation	4,47,932	4,18,035
Amounts in balance sheet		
Liability	4,47,932	4,18,035
Asset	0	0
Net liability is bifurcated as follows		
Current liability	67,741	58,102
Non-current liability	3,80,191	3,59,933
Net Liability	4,47,932	4,18,035
Expense recognized in the statement of profit and loss	29,897	4,18,035

Economic Assumptions:

Particulars	Percentage
Discounting rate	8.30%
Salary escalation rate	7.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012

Demographic assumptions:

Retirement age	58 years
Mortality table	LIC(1994-96) mortality table
Leaving service rates	

Age(years)	Rates
21-30	15%
31-34	10%
35-44	5%
45-50	3%
51-54	2%
55-57	1%

c. Value of Imports on CIF basis

Raw materials -	R8,53,130 (PY- 78,000)
Machinery -	Nil (PY- 1,00,29,000)

d. Earnings in foreign exchange:

Export sales- Software-	12,34,90,921/- (PY- 1,14,04,084)
Export sales- Hardware-	4,04,827/- (PY- Nil)

e. Expenditure in foreign currency:

Foreign travel -	2,45,501/- (PY-2,76,645/-)
Others -	7135405/- (PY- 1,59,000/-)

f. Segment wise business performance:

a. Primary segment report by business segment

Particulars	2011-12	2010-11
I. Segment revenue		
a. Hardware	685,108,064	797,582,465
b. Software	941,352,474	24,537,194
Total	<u>162,646,538</u>	<u>822,119,659</u>
II. Segment result		
Profit/(loss) before tax & interest		
a. Hardware	(43,840,429)	3,167,161
b. Software	86,804,664	1,064,421
Total	<u>42,964,235</u>	<u>4,231,582</u>
III. Segment assets		
a. Hardware	1,728,565,705	1,059,437,305
b. Software	157,381,383	44,492,991
c. Unallocated	Nil	1,165,487
Total	<u>1,885,947,088</u>	<u>1,105,095,784</u>
IV. Segment Liabilities		
a. Hardware	1,722,014,532	370,979,960
b. Software	163,932,556	44,492,992
c. Unallocated	Nil	689,622,831
Total	<u>1,885,947,088</u>	<u>1,105,095,784</u>
V. Capital expenditure		
a. Hardware	80,566,747	32,226,047
b. Software	1,148,106	262,775
Total	<u>56,371,260</u>	<u>32,488,822</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012

Particulars	2011-12	2010-11
VI. Depreciation		
a. Hardware	6,882,765	1,764,890
b. Software	891,564	579,324
Total	<u>2,837,874</u>	<u>2,344,213</u>
g. Earnings per share:		
1 Profit after tax considered for calculation of basic and diluted earning per share	29,806,705	12,118,622
2 Weighted average number of equity shares considered for calculation of basic earnings per share	40,799,440	23,350,424
3 Weighted average number of equity shares considered for calculation of diluted earnings per share	40,906,434	31,970,520
4 Earnings per share- Basic	0.73	0.52
5 Earnings per share- Diluted	0.73	0.38
h. Directors Remuneration:		
Salary	41,88,000	18,96,000
Contribution to Provident Fund	2,53,440	1,20,840
Total	<u>44,75,442</u>	<u>20,16,840</u>
i. Balances of Sundry Debtors, Advances given to parties, Sundry Creditors and advances received from parties are subject to confirmation.		
j. 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.		

k) Related Party Disclosure

Kranion technologies Private Limited

Associate Company

Key Management Personnel

Name

Designation

V Ranganathan

Managing Director

K Gururaj Upadya

Director

P Vishwamurthy

Director

Shridhar S Hegde

Whole time Director

P Bharath

Director

Ashok Arjundas

Whole time Director of Geeta Monitors Private Limited

Rashmi A Chhabria

Director of Geeta Monitors Private Limited

Bharath Chhabria

Relative of director

Asit Ahuja

Director of Cerebra Middle East FZCO

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER 2012

I. The Company has following transactions with related parties:

Particulars	2011-12	2010-11
Kranion Technologies Private Limited		
Receivable	Nil	1,30,63,697
V Ranganathan		
Remuneration paid	10,47,000	4,74,000
Gururaj K Upadya		
Remuneration paid	10,47,000	4,74,000
P Vishwamurthy		
Remuneration paid	10,47,000	4,74,000
Shridhar S Hegde		
Remuneration paid	10,47,000	4,74,000
P Bharath		
Remuneration paid	10,47,000	4,74,000
Ashok Arjundas		
- Balance Payable	21,34,339	Nil
- Remuneration paid	12,00,000	7,00,000
Rashmi A Chhabria		
- Balance Payable	23,84,034	Nil
-Remuneration paid	12,00,000	5,00,000
Bharath Chhabria		
- Balance Payable	2,59,106	Nil
Asit Ahuja		
- Advance paid	1,02,310	Nil
- Reimbursement of Expenses	64,75,200	51,80,000
m. Details of non-resident share holders:		
i Number of non-resident share holders	34	39
ii Number of shares held by non-resident shareholders	95,22,865	93,85,555
iii Amount remitted during the year in foreign currency on account of dividends	Nil	Nil
n. Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.		

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED SEPTEMBER 30, 2012

Amount in Rupees

Particulars	2011-12	2011-12	2010-11	2010-11
A. Cashflow from operating activities				
Net Profit before tax and minority interest		47,859,910		20,532,729
Adjustments for:				
Depreciation (net)	7,807,304		2,344,211	
Interest expenditure	9,605,120		1,457,061	
Interest income	(6,413,974)		(4,522,999)	
Dividend Income	(159,759)		(959,211)	
Foreign Exchange (gain)/loss	<u>3,316,443</u>	14,155,135	<u>(1,792,610)</u>	(3,473,548)
Operating Profit /(Loss) before working capital changes		62,015,045		17,059,181
Adjustment for changes in :				
Increase in Inventories	(19,187,059)		(98,577,000)	
Decrease in Trade & other receivables	(652,013,031)		(275,591,684)	
Increase in Trade & Other Payable	<u>511,771,033</u>	(159,429,058)	<u>126,351,844</u>	(247,816,840)
Cash generated from operations		(97,414,013)		(230,757,659)
Income tax paid (net)		(5,622,624)		2,358,662
Net Cash flow before extraordinary items		(103,036,636)		(228,398,997)
Net cashflow from Operating Activities		(103,036,636)		(228,398,997)
B. Cash Flow from Investing activities				
Interest Income	6,413,974		4,522,999	
Dividend income	159,759		959,211	
Minority Interest on Acquisition	-		42,806,619	
Purchase of fixed assets including capital WIP	(80,934,299)		(191,034,755)	
Purchase of investments	<u>(30,159,759)</u>		<u>(965,881)</u>	
Net cash used in Investing Activities		(104,520,323)		(143,711,807)
C. Cashflow from Financing Activities		-	-	
Proceeds from issue of shares	38,879,245		209,257,500	
Share application money received	10,873,939		56,989,965	
Share premium received	170,336,250		175,557,440	
Issue expenses	(8,578,725)		(14,675,901)	
Foreign Currency Translation	1,270,332		-	
Increase in borrowings	14,061,944		33,485,300	
Interest paid	<u>(9,605,120)</u>	217,237,865	<u>(1,457,061)</u>	459,157,243
Net Increase / (Decrease) in Cash & Cash equivalents (A+B+C)		9,680,906		87,046,439
Cash & Cash equivalents				
Opening Balance		99,486,086		12,439,647
Closing Balance		109,166,992		99,486,086
Net Increase / (Decrease) in cash and cash equivalents		9,680,906		87,046,439

As per our Report attached
For Ishwar & Gopal
Chartered Accountants

For and on behalf of the Board

K V Gopalakrishnappa
Partner
Membership No: 021748
Firm Registration No 001154S

V. Ranganathan
Managing Director

Shridhar S Hegde
Wholetime Director

Place: Bangalore
Date: 30th November 2012

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

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

ATTENDANCE SLIP

Member/Proxy

Folio No.

Please tick whichever is applicable.

No. of Shares

Eighteenth Annual General Meeting on 29th December, 2012 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 Eighteenth Annual General Meeting held on 29.12.2012

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



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 Eighteenth Annual General Meeting of the company to be held on 29th December 2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012

Affix Revenue Stamp

- Electronic Manufacturing Services
- e-Waste Recycling Facility
- Enterprise Mobility Solutions
- IT-enabled Services
- Enterprise Solutions Division
- Cerebra Middle East FZCO

Cerebra Integrated Technologies Limited

Regd Off.: # S-5, off 3rd Cross, 1st Stage, Peenya Industrial Area, Bangalore - 560 058

Ph.: 91-80-2204 6969 Fax : 2204 6980 | Email: investors@cerebracomputers.com