

CYBER MEDIA



ANNUAL REPORT
2004-2005

Vision

To expand globally
in the knowledge
domain through quality
media products and
services

Excellence

Customer delight by
maximizing value for time,
money and efforts and
making distinctive, substantial
and lasting contribution

Innovation

Be change leaders and
pioneers through
continuous learning

Integrity

Fair, unbiased, honest and
committed to highest
ethical, moral and legal
standards & statutes

Value System

Influential

Making a positive impact
on society leading to
strong brand equity

Caring Meritocracy

Attracting and retaining
the best, respect for
individuals, their ideas
and contributions

Directors

Pradeep Gupta

Shyam Malhotra

Krishan Kant Tulshan

Ashok Agarwal

Rohitasava Chand

Kulmohan Singh Mehta

Bankers

State Bank of Mysore

ICICI Bank Limited

Auditors

N.K. Goel & Co.

Report  junction.com**Company Secretary**

Manhar Kapoor

Index

Particulars	Page
Notice	1
Directors' Report	2
Management Discussion & Analysis Report	7
Report on Corporate Governance	12
Consolidated Accounts	17
Accounts of Cyber Media	37
Accounts of Subsidiary Companies	63
Proxy Form & Attendance Slip	191

NOTICE

Notice is hereby given that Twenty Third Annual General Meeting of the members of the Company is scheduled to be held on Thursday, the 4th day of August, 2005 at 10.30 a.m. at the Singhanian Hall, PHD Chambers of Commerce, 4/2, Siri Fort Institutional Area, August Kranti Marg, New Delhi 110016 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2005 and the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Mr. Shyam Malhotra who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a director in place of Mr. Rohitasava Chand who retires by rotation and being eligible offers himself for reappointment.
5. To appoint auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s N K Goel & Co, retiring auditors are eligible for re-appointment.

SPECIAL BUSINESS

6. To consider and if thought fit to pass with or without modification the following resolution as a special resolution:

"RESOLVED THAT pursuant to Section 31 and other applicable provisions of the Companies Act, 1956 and subject to such conditions and approvals as may be necessary, the following clause 12A be inserted after clause no. 12 in the Articles of Association of the Company

12 A. Option or right to call of shares shall not be given to any person except with the sanction of the issuer in the General meeting."

By the order of the Board

Place: New Delhi
Date: June 21, 2005

Manhar Kapoor
Company Secretary

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the company. The proxy should be submitted to the company so as to reach the company's registered office not later than 48 hours before the commencement of the meeting. Form of proxy is enclosed.
2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 is attached herewith, and forms part of the notice.
3. The register of members and share transfer books of the Company will remain closed from July 28, 2005 to August 4, 2005 (both days inclusive).
4. Members / proxies should bring the attendance slips duly filled in for attending the meeting.

Explanatory Statement u/s 173 of the Companies Act, 1956

ITEM NO. 6

The Company has entered into listing agreements with The Stock Exchange, Mumbai and The National Stock Exchange of India. In its endeavour to bring the Articles of Association of the Company in sync with the listing agreement, the Board proposes to amend the same by inserting clause 12A therein.

The Board of Directors recommends the resolution for members' approval, as a special resolution.

None of the Directors are interested in the proposed resolutions, except to the extent of their shareholding.

By the order of the Board

Place: New Delhi
Date: June 21, 2005

Manhar Kapoor
Company Secretary

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty Third Annual Report on the business and operations of your Company together with the Audited Annual Accounts of the Company for the financial year ended 31st March 2005.

FINANCIAL RESULTS

The comparative position of the working results for the year under report vis-à-vis the previous year is as under:

Particulars	Standalone		Consolidated	
	FY 05	FY 04	FY 05	FY 04
Total Income	384.83	309.67	667.68	581.23
Expenditure				
- Direct Expenses	201.11	160.93	391.95	345.30
- Personnel Expenses	65.97	52.84	110.21	90.81
- Other Expenses	51.45	41.61	75.65	68.45
- Financial Expenses	8.34	11.28	11.89	13.20
- Depreciation	8.46	5.94	12.36	8.43
Profit Before Tax for the year	49.50	37.07	65.62	55.04
Provision for taxation	16.00	11.29	22.37	17.56
Profit After Tax for the year	33.50	25.78	43.25	37.48

DIVIDEND

Your Company's policy has always been to share its growth with its shareholders. In view of the positive performance and encouraging financial results of the Company for the year 2004-05, your Directors are pleased to recommend a dividend of 10% on equity shares of Rs. 10 each of the Company as on 31st March 2005. Since the record date is after the fresh shares issued as part of the IPO, this dividend will be shared pari-passu with the new shareholders of the company as on the record date. This will entail an outflow of Rs. 8.18 million.

CONSOLIDATED FINANCIAL STATEMENTS

Audited Consolidated Financial Statements for the year ended March 31, 2005 form part of the Annual Report. The summary results are provided in the table above.

In FY 05, the advertisement revenues grew from 258.6 million to 347.7 million, a growth of 34.3%. The strengthening market scenario fuelled this growth as a result of which the EBITDA margins moved up from 76.66 million to 89.86 million.

The flagship of the company Dataquest grew in advertising, circulation and stature this year. It continued to gain market share as did the other well established brands – PC Quest and Voice&Data.

BioSpectrum achieved break-even this year. The industry and readers have accepted the product very well. This resulted in good revenue build-up. All CyberMedia publications are now profitable except for Living Digital, which was repositioned from its earlier title Computer@Home and was in the investment phase with a marginal impact on the profitability.

The reach of DQ Weeks was extended by launching a Kolkata edition. It now covers the whole of India through its four editions out of Chennai, Delhi, Mumbai and Kolkata.

DQ Channels India was repositioned and retitled DQ Channels to address the emerging global solutions market.

The company also launched a sample copy of Global Outsourcing in August 2004. It has tested the acceptance of this product by distributing a limited edition supplement since November 2004.

Please refer to the Management Discussion and Analysis Report for a detailed assessment of the business and the future outlook.

SUBSIDIARIES AND ASSOCIATES

Cyber India Online Ltd: The key highlights of FY 05 are that the market and economic factors continued to grow steadily. The online business saw a growing interest among advertisers in line with the global trend. CIOL grew 34.7% with revenues of 39.3 million and EBITDA of 6.5 million.

The company expanded its online community by increasing its reach in three focused communities - enterprise users, software developers, and small & medium businesses (SMB). For the enterprise users, the company successfully organized, for the second year, a three-day residential mega annual conclave for India's top CIOs. It also created a set of awards for the CIO community to recognize the excellent work done in domestic IT.

The growth of the online advertising has been very visible in the US. Indian market has started to follow suit. CIOL is well poised to capture and capitalize on this growth trend since it deals with major domestic and international clients. The company also commenced custom publishing for its customers thereby leveraging its content strength. The customers for custom publishing include clients like Infosys, SAP, IBM, etc.

Cyber Media Events Ltd: This subsidiary experienced a setback in FY05. As a result, the revenue growth declined from 80.6 million to 62.5 million while EBITDA dropped from 0.3 million to 0.1 million.

The 7th Bangalore IT.Com 2004 was awarded to the company. Boycott threats by the industry affected the revenue, yet the event was successfully conducted in November 2004. The event conference had partners like CII, IDC, ISA, Nasscom, and TIE with participation by more than 300 companies. The event saw the participation from more than 14 countries.

The other major events done by the company include

- The 8th national e-governance conference, at Bhubaneswar
- A digital lifestyle pavilion at IITF 2004, Pragati Maidan, Delhi
- TIEcon India, Delhi

CyberMedia Events got very little work from one of its major clients, the Govt. of Kerala. The client has again empaneled the company for this year.

IDC (India) Ltd: This subsidiary has shown commendable growth in 2004-05, from Rs. 61.0 million in FY04 to Rs. 83.1 million in FY05, a growth rate of 36.2%. The EBITDA of the company has grown to 10.5 million from 7.7 million. This was on account of growth in both domestic operations as well as the international reports subscription sales.

Apart from the healthy business in the research & consulting business with regular as well as new clients, the company focused heavily on Go-to-Market Services, which grew by more than 200% over the previous year. This included events focused at CIOs as well as industry meets. IDC India conducted three successful events for CIOs on new emerging areas of Security, Storage and Infrastructure management and two industry events, Directions (for the domestic vendor community) and Global Outsourcing Forum (for the IT & ITes exports community).

During the FY04, IDC focused on streamlining the internal business processes, which enabled it to align appropriately with the market opportunities. One such area was Field Operations where one of the studies it conducted this year spanned across 100 urban & 356 rural locations of the country.

Cyber Media Digital Ltd: During this year the company was renamed as Cyber Media Digital Ltd from Cyber Multimedia (India) Ltd as part of the overall branding strategy of the company. From the second half of the year this unit began to shift its focus to high margin software products reducing its dependence on hardware. This resulted in a flat turnover for the company from 109.5 million in FY 04 to 111.8 million in FY 05. The repositioning strategy also meant that EBITDA came under pressure and dropped marginally from 7.7 million to 6.0 million.

With its increased focus on software, this unit has tied up with leading global multimedia publishers such as DK Multimedia, Dream Catcher, Empire and Greenstreet as exclusive partners for India to offer the best multimedia content in the country. Its earlier relationship with Britannica continues to grow stronger. There was an increase of 30% in the sales of Britannica products over the previous year.

LISTING AT STOCK EXCHANGES

The Equity Shares of the Company are listed at The Stock Exchange, Mumbai and the National Stock Exchange. The annual listing fee for the year 2005-06 has been paid.

TECHNOLOGY ABSORPTION AND ADAPTATION

The company's business is informing the users about the latest trends in various technologies. Consequently, the company is itself an early adopter of technology.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURES

As per the requirement of clause (e) of subsection (1) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988, the particulars are given as under:

Foreign Exchange Particulars (Rs. in '000)

a) Foreign Exchange Earnings	-	Rs. 67.75
b) Foreign Exchange Expenditure	-	Rs. 55.53

CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance along with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Shyam Malhotra, Director and Mr. Rohitasava Chand, Director, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

AUDITORS' REPORT

The observations made by the Auditors with reference to notes on accounts for the year under report are self-explanatory.

AUDITORS

M/s N.K. Goel & Co., Chartered Accountants and Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

PARTICULARS OF EMPLOYEES IN TERMS OF SECTION 217(2A) OF THE COMPANIES ACT, 1956

Name : Shyam Malhotra	Designation: Executive Director	Qualification: B.Tech, PGBDM
Age: 50 years	Date of Joining: 16th May '85	Experience: 27 years
Gross Remuneration: Rs.25,14,596/-	Previous Employment: Eicher, Goodearth Ltd.	

ACKNOWLEDGEMENT

Your Directors would like to take this opportunity to express sincere thanks to the valued members and associates of the Company with a special reference to the valuable services and support of The State Bank of Mysore.

The Directors would also like to express their deep sense of appreciation to all the employees who are committed to strong work ethics, excellent performance and commendable teamwork and have thrived in a challenging environment.

The Directors thank the valued customers for the continued patronage extended by them to your Company. Finally, the Directors wish to express their gratitude to the valued shareholders for their unwavering trust and support.

For and on behalf of the Board of Directors of
Cyber Media (India) Ltd

Date : June 21, 2005
Place: New Delhi

Pradeep Gupta
Managing Director

Krishan Kant Tulshan
Executive Director

STATEMENT PURSUANT TO SECTION 212(3) OF THE COMPANIES ACT,1956

	Name of the subsidiary companies				The net aggregate amount of the Subsidiary Company's Profit/(Loss) so far as it concerns the members of the holding company:			
		Subsidiaries financial year ended on	No of shares held	% of total paid-up capital	Not Dealt with in the company's accounts		Dealt with in the company's accounts	
					For the year ended 31.03.2005	For the previous financial years since it became the holding company's subsidiary	For the year ended 31.03.2005	For the previous financial years since it became the holding company's subsidiary
1	Cyber Media Digital Limited-shares of Rs. 10 each fully paid.	31.03.2005	100,070	100	1,878,471	8,886,769		1,350,945
2	Cyber India Online Limited-shares of Rs. 1 each fully paid.	31.03.2005	11,435,700	91.96	2,748,781	27,083,594		Nil
3	IDC (India) Limited-shares of Rs. 10 each fully paid.	31.03.2005	150,000	100	4,798,285	8,236,018		2,325,000
4	Cyber Media Events limited-shares of Rs. 10 each fully paid. (Formerly known as Cyber Expo Limited)	31.03.2005	50,070	100	121,536	643,704		100,140
5	Cyber Holdings Limited-shares of Rs. 10 each fully paid.	31.03.2005	50,000	100	(851)	(5,959)		-
6	Cyber Media Singapore Ltd.-Shares of Rs. 10 each paid up	31.03.2005	30,000	100	(42,987)	-		-

Date: June 21, 2005
Place: New Delhi

Krishan Kant Tulshan
Executive Director

Pradeep Gupta
Managing Director

Manhar Kapoor
Company Secretary

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the Listing Agreements with Stock Exchanges forms part of this Annual Report.

1. BUSINESS REVIEW

The Company's performance during the year ended March 31st 2005 and the Management views on future outlook are discussed below:

MEDIA

Global Outlook

As per the PWC Global Entertainment & Media Outlook (E&M) 2004-08 report, the global E&M industry spending will increase from \$1.2 trillion in 2003 to \$1.7 trillion in 2008 at a CAGR of 6.3%. The major trends are:

- Strong growth in Asia Pacific of 9.8% p.a. The major growth markets within Asia Pacific would be India and China.
- Major shift in the way E&M is distributed. New distribution channels such as Internet and Wireless Communication are driving significant growth in the Industry.
- Global advertising spend will remain solid at 5.3% CAGR rising to \$412 billion in 2008 from \$318 billion in 2003.
- CAGR projection for different sectors are - Television (6.5%), Magazines (4.3%), Newspapers (3.3%).

India Outlook

The media industry in India is today characterized by the following trends:

- (i) Content delivery through multiple channels:

The media industry leverages content across multiple delivery channels. The vertical specialization of the past has changed to delivery of the content through multiple media including TV, Print, Internet, Events, etc.

- (ii) Liberalization of the Indian media:

The entire media sector is getting liberalized. This therefore, is the time for unmatched opportunities in the Indian media sector.

- (iii) Strong resurgence in advertising:

FY05 saw a steady recovery in the media business in India. The advertising revenues grew due to buoyancy in the economy. Ad prices also firmed up as a consequence of the same.

The advertising industry during 2004 grew at 9% and is expected to grow at 15% in 2005 (Source Pitch-Madison Media Outlook Survey 2005). The overall advertising spend was Rs.95 billion which will go up to 107 billion as under.

	(figs in millions)				
	2003	2004	2005	Growth 2004	Growth 2005
Television	41,040	43,500	47,420	6%	9%
Print	36,610	41,000	47,150	12%	15%
Radio	1,250	1,500	1,880	20%	25%
Outdoor	7,270	8,000	9,200	10%	15%
Internet	500	700	980	40%	40%
Cinema	190	230	300	18%	30%
Total	86,860	94,930	106,920	9%	13%

In 2004, print growth (12%) outstripped TV ad spend (6%). The survey also shows that the growth in internet is going to be the fastest in 2005.

(iv) Growth of specialty sector:

With more media choices available, the consumer is today faced with numerous options that tend to create content clutter. The media customer now looks for choices, which delivers the best value for his area of specialization and expertise. This has resulted in a growth of the specialty sector in India.

The Company is very well positioned to take advantage of these trends. The company has multiple channels of delivery of its content; is a strong player in the specialty sector; has highly respected brand names; and therefore, is well positioned to take advantage of the future growth in this business.

a. Print: The major source of revenue for this business is advertising and circulation. Advertising has shown resurgence over the past two years and company's ad revenue grew from Rs. 258.6 million in FY 04 to Rs. 347.7 million in FY 05, a growth of 34.3%.

The circulation of the magazine also grew in this period. As per the latest NRS 2005 report, there was a proliferation in specialty magazine readership while the overall reach of general-purpose magazines remained stagnant. The company's publications are focused in the IT, Telecom, Biotech, and Consumer Electronics segment which are all high growth industries and are expected to be more than Rs. 5000 billion by the end of this decade. Buoyancy in our target market means that advertisement revenues and circulation would also remain buoyant.

The year 2004-05 saw the company extend its reach by launching DQWeek in Kolkata. It also renamed DQ Channels India to DQ Channels to give it a more global focus.

The Company expects the healthy trend in advertising and circulation growth to continue in the next year as well. It is also poised to launch its international products to further strengthen its media business.

- (i) **Global Outsourcing** - The company came out with a prototype of the magazine in August 2004. Since November 2004, the company has published a supplement with this title for limited circulation. It is now ready to launch this product globally. It is in talks with foreign publishing companies for distribution arrangements. It is expected that the magazine would be launched within this year.
- (ii) **BioSpectrum Asian Edition** - BioSpectrum has been a very successful product in India and has become the voice of the biotech industry, evidenced by the fact that Prime Minister Dr. Manmohan Singh contributed an article in the March 2005 issue of BioSpectrum. The company will now extend this brand by launching an Asian edition later this year out of Singapore.
- (iii) **Business Week** - In light of the recent policy announcements limiting the foreign content to 20%; or allowing 100% foreign content with no Indian content or advertising; the company and its partner The McGraw Hill Companies are re-examining the right entry strategy for the product.

b) **Events**: Below the line (BTL) advertising is a growing trend. Customers include a significant portion of their communication budget for BTL advertising which includes events, mailers, in-product advertising etc. Consequently, media companies must have an events strategy to leverage their brands. 15-20% of the communication spend of a company is now devoted to events. CyberMedia has positioned itself as a major player in this segment. Besides branded events leveraging on the Company's own brands, the Company has conducted most of the major IT events in India including BangaloreIT.Com, National E-Governance seminar at Bhubaneswar, Digital Life pavilion at Pragati Maidan, TieCon, etc.

There was a decline in the business coming from one of its major clients, the Government of Kerala. However, the company has been empanelled once again by this client this year.

c) **Internet**: The online business has been showing a strong resurgence worldwide. The advertising spend on online advertising in FY 04 amounted to 500 million which grew to Rs. 700 million in FY 05. This is still under 1% of the overall ad spend. It is expected that internet ad spend would be between 2-5% of the total ad spend in two to three years. This would mean a ten-fold increase in online advertisement business. CIOL is very well positioned for this growth.

The company has also entered into a joint venture with Dice Inc., the world's largest technology job board to form CyberMedia Dice Careers Ltd with a capitalization of Rs. 50 million out of which 51% equity is held by Dice Inc. and 49% by CyberMedia. The company's contribution has been formed out of capitalizing the company's online job board asset (www.cioljobs.com).

The online job market has been growing rapidly. The market size is 800 million, growing up to 1200 million. CyberMedia Dice Ltd. is targeting a 10% market share of the online recruitment market over the next two years.

It is expected that the online business will contribute significantly to the bottom line of the company.

d) **Television**: The Company currently has a very small presence in the television business, as a producer of television software. With DTH and broadband strategies likely to come into play over the next few years, the company would examine the possibility of delivering knowledge based content through these emerging channels.