CYBER MEDIA

# 25th

annual report

**2006-2007**



Mr. Pradeep Gupta, Chairman & Managing Director, receiving the award for cost management from Mr. Prem Chand Gupta, Minister for Corporate Affairs.

## DIRECTORS

Pradeep Gupta
Ashok Agarwal
Rohitasava Chand
Kulmohan Singh Mehta
Shyam Malhotra
Krishan Kant Tulshan

## BANKERS

State Bank of Mysore

## AUDITORS

N. K. Goel & Co.



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CYBER MEDIA

# CYBER MEDIA (INDIA) LTD.

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Tel: 00-63369142, Fax: 00-63369145

# NOTICE

Notice is hereby given that **Twenty Fifth Annual General Meeting** of the members of the Company is scheduled to be held on Wednesday, the Eighth day of August, 2007 at 10.30 a.m. at the Singhania Hall, PHD Chambers of Commerce, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110 016 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2007 and the Balance Sheet as on 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. Krishan Kant Tulshan who retires by rotation and being eligible offers himself for reappointment.

4. To appoint a director in place of Mr. Pradeep Gupta 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.

By the order of the Board

Place: New Delhi
Date: June 6, 2007

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. The register of members and Share Transfer Books of the Company will remain closed from August 1, 2007 to August 8, 2007 (both days inclusive).

3. Members / proxies should bring the attendance slips duly filled in for attending the meeting.

**Dear Members,**

Your Directors are pleased in presenting the **Twenty Fifth** Annual report on the business and operations of your company together with the audited Annual Accounts of the company for the financial year ended on 31st March, 2007.

**FINANCIAL RESULTS**

The comparative financial position of the company for the year under report and the previous year is as follows in accordance with the provisions of clause (a) of sub-section 1 of section 217:

*Rupees Million*

| | Standalone | | Consolidated | |
|---|---|---|---|---|
| **Particulars** | **FY 07** | **FY 06** | **FY 07** | **FY 06** |
| **Total Income** | 682.45 | 546.57 | 970.73 | 805.52 |
| **Expenditure** | | | | |
| - Direct Expenses | 349.15 | 283.86 | 493.67 | 414.50 |
| -Personnel Expenses | 136.17 | 97.41 | 201.86 | 156.01 |
| -Other Expenses | 99.20 | 79.29 | 129.99 | 111.82 |
| -Financial Expenses | 13.52 | 8.06 | 18.74 | 12.48 |
| -Depreciation | 16.85 | 12.61 | 22.16 | 18.43 |
| **Profit Before tax for the year** | **67.54** | **75.56** | **104.31** | **92.28** |
| Provision for taxation | 24.55 | 24.90 | 37.07 | 31.54 |
| **Profit After Tax for the Year** | **42.99** | **50.66** | **67.24** | **60.74** |

**DIVIDEND**

The company has a policy to share its growth with the shareholders by way of distributing its profits as dividend among the shareholders. This year witnessing positive performance, your directors have decided to recommend a dividend of Re.1/- per share, @ 10%, amounting to a total payment of Rs.10,001,242/-

**RESERVES**

The Board of directors recommend Rs.2,75,00,000/- to be transferred to general reserves.

**LISTING AT STOCK EXCHANGES**

The shares of the company are listed on the National Stock Exchange and Bombay Stock Exchange. The annual listing fee for the financial year 2007-08 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. The company uses latest equipment and state of the art technology to provide a sophisticated and tech friendly environment to its employees.

**FOREIGN EXCHANGE EARNINGS AND EXPENDITURES**

As per the requirements of clause (e) of sub-section 1 of section 217 of the Companies Act, 1956 read with Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988, the detail of foreign earnings and outgo is as follows:

| **Foreign Exchange Particulars** | **(Rs. In '000)** |
|---|---|
| a) Foreign Exchange Earnings | 67,845 |
| b) Foreign Exchange Expenditure | 5,079 |

**MATERIAL CHANGES AFTER THE BALANCE SHEET DATE**

There are no such material changes/events after the date of the balance sheet.

**CONSERVATION OF ENERGY**

The detail of conservation of energy in accordance with the provisions of Section 217 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is not applicable on your company.

**DIRECTOR'S RESPONSIBILITY STATEMENT**

Directors Responsibility Statement prepared in accordance with sub-section 2AA of Section 217 of the Companies Act, 1956 regarding compliance with the accounting standards, accounting policies while preparing the financial results of the company.

The directors hereby state:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- That the Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities.
- That the Directors had prepared the annual accounts on an ongoing basis.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956, Mr. Pradeep Gupta, Chairman and Managing Director and Mr. Krishan Kant Tulshan, Executive Director of the Company retire by rotation at the ensuing annual general meeting and being eligible offers themselves for re-appointment.

Your directors recommend their re-appointment

**HUMAN RESOURCE DEVELOPMENT**

Your Company has always valued its employees. The HR department is geared towards ensuring recruitment, retention and development of the best talent in the industry.

The HR department has conducted a salary survey and in accordance with the market scenario, the company has revised its remuneration structure. Performance based remuneration scheme has been successfully implemented.

Your company has conducted various training programs across departments for enhancing the Sales, Edit and Managerial skills of the employees. Your company has also conducted various interactive sessions on Team Building, Motivation and on Stress Management to keep them motivated and improve their work style.

Your company has facilitated the annual awards ceremony and the star performers of the year 2006 were awarded Gold and Silver awards for their contributions to their particular group or function.

**INDUSTRIAL RELATIONS**

The relation between the company and its employees remained cordial throughout the year. Not a single day was spent idle due to any strike or bad relations with the employees.

**CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

A detailed report on Corporate Governance as per Clause 49 of the Listing Agreement and Management Discussion and Analysis is set out in the Annexure forming part of this report.

**AUDITORS**

M/s N. K. Goel & Co., Chartered Accountants and auditors of the company retire at the ensuing Annual General Meeting. Being eligible, they offer themselves for re-appointment.
Your Directors recommend their re-appointment.

**AUDITORS REPORT**

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

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

The information required to be furnished under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is as under:

| **Name** | **Pradeep Gupta** | **Shyam Malhotra** | **Krishan Kant Tulshan** |
|---|---|---|---|
| Designation | Chairman and Managing Director | Executive Director | Executive Director |
| Age | 52 | 52 | 44 |
| Remuneration | 3,049,284 | 3,041,323 | 2,518,000 |
| Qualifications | B.Tech, MBA | B.Tech, MBA | B Com (Hons) FCA |
| Experience | 25 | 25 | 20 |
| Date of commencement of Employment | 10.09.1982 | 01.10.1995 | 01.10.1997 |
| Last Employment | - | Eicher Goodearth Limited | - |

**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**

| | | |
|---|---|---|
| **Place: New Delhi** | **Pradeep Gupta** | **Krishan Kant Tulshan** |
| **Date: June 6, 2007** | **Managing Director** | **Executive Director** |

**1. Industry Performance & Outlook**

Your company is engaged in two segments of business activity. These are:

- Media
- Media Services

Media

The India media market generates revenues of in excess of US$6.5 billion across all media (broadcast, print and entertainment). The three largest categories are television, filmed entertainment and newspapers. A number of categories are still very underdeveloped even when compared to other developing markets, for example, radio, internet and directories.

The filmed entertainment, music and live events segments account for approximately a quarter of the market. The bulk of subscription revenues are generated by the television sector (with newspaper accounting for most of the remainder)

Most industry estimates forecast annual double digit growth for the next five years. The PWC-FICCI study forecasts growth in the film, music and broadcast markets at CAGR 17.7% up to 2009 with television and print segments leading the growth.

Internet in India has 25 million users. The year-on-year growth in internet advertising in India has been 150 per cent. Of the total ad spend on the online space, 40 per cent has been from the financial sector. The medium works very well with a premium audience.

Little wonder then that the banks are the biggest spenders online, closely followed by insurance companies and mutual funds, followed by IT and travel and tourism. The advantage these industries get online is of more clearly defined target groups, mostly educated and belonging mostly (approx 40 per cent) to SEC AB. The internet reaches a sizeable population (approx. 50 per cent) in the metros.

For industries with high-value products, addressing premium audiences online makes great sense. One hurdle for the medium is the constraint of reach. The moment it reaches critical mass here, FMCG may be the biggest spenders.

**Media Services**

India is well on its way to emerge as a destination for high quality, low cost, back office work. Though the pace of growth of media Services has been slower than expectation, a close look at the entry of a number of foreign publishers of print and electronic media points to a high level of confidence and future demand. The current size of the Business Process Outsourcing (BPO) in the "content" related area from India is estimated at $500 million and growing at a CAGR of appx. 12%.

**II. Opportunities And Threats.**

Opportunities

- High level of private ownership and cross media holdings
- A sophisticated marketing services industry
- A transparent regulatory environment
- Minimal government interference in editorial
- Increasing foreign investment

Threats

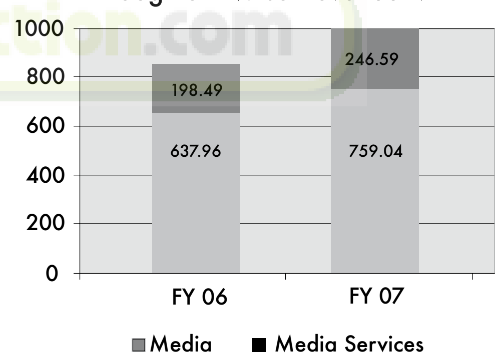
- High level of competition
- Entry of foreign media a challenge to domestic titles
- Increase in paper prices & manpower costs
- Dependence of Media on Ad-Spends as subscription levels remain low

**III. Segment–wise Performance.**

In its media business, CyberMedia is a clear domain leader having a domomant market shate in the four verticals that it is present in, namely, Information Technology, Telecom, Bio-Technology and Outsourcing Services. Each of these sectors have witnessed a robust fiscal year in 2006-07 and riding this buoyancy in the four target verticals, CyberMedia's media operations have seen a 19% year-on-year growth in its top-line with this Media segment accounting for 76% and the Media Services segment accounting for 24%of the company's 2006-07 revenues.

The company's Media business has three sub-segments; print, online and events. Print commands the largest share of the Media revenue stream. In 2006-07 it accounted for Rs. 659.25 million or 87% of the Media business of the company.

Segment Wise Revenue Mix





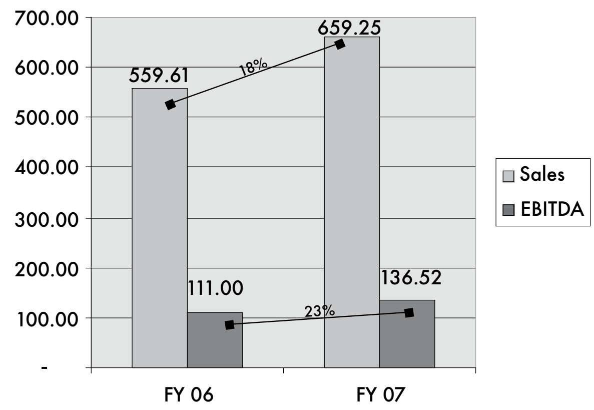

Media sales are up 19% YoY from Rs 638mn in FY'06 to Rs 759mn in FY'07 (gross of inter-segment adjustments). Revenue contribution of Media Segment remained pegged at 76%.

Media

The media business grew from Rs. 638 mn to Rs. 759 mn a top line growth of 19%. The EBITDA moved up from Rs. 128 mn to Rs 155 mn.

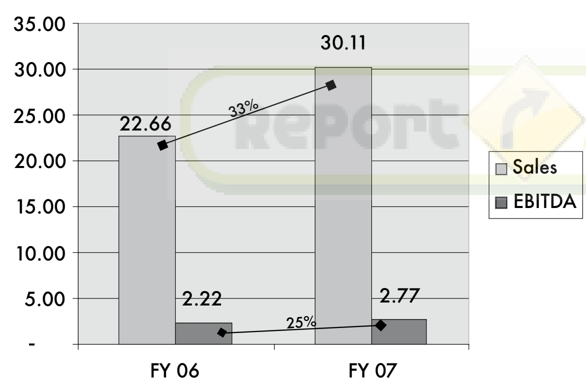
a. Print: Print continues to be the chief source of revenue for the company. In this sub-segment, the top-line grew from Rs. 560 mn to Rs. 659 mn while the EBITDA moved up from Rs 111 mn to Rs.137 mn. This growth was on the basis of an increase in number of ad pages from 6181 pages to 7080 pages and an increase in ad rates. Along with maintaining its dominant market share position, the company launched a new print title "Voice & Data Connect".

Publications



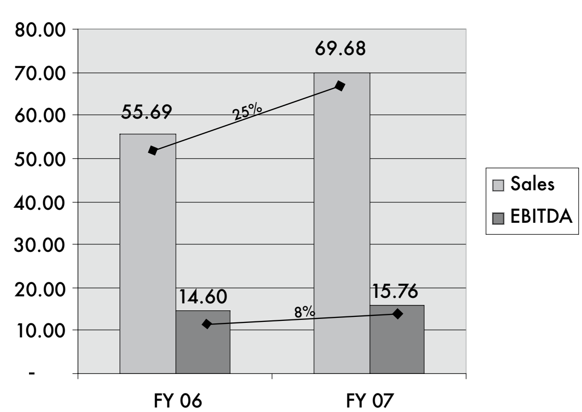

b. Events: The Events business of your company, responded well to the strategy shift of 2006 of moving away from low-margin third party event management business. It witnesses an increase of 25% in EBITDA margins from Rs. 2.21 mn in FY-06 to Rs. 2.77 mn in FY-07.

Events




c. Internet: During the period under review the Online business witnessed a robust 25% growth in Sales with EBITDA rising from Rs. 14.60 mn to Rs. 15.76 mn.

Online




### Media Services

a. Content Services: The acquisition of a stake in a US front end was completed in Jan 2007. With all sales activity now being headed by this entity, the Content Services is expected to show a smart growth in 2007-08. In FY-07 the topline increased from Rs. 16.64 mn to Rs. 51.75 mn. The EBITDA remained negative at Rs. 36 mn ( FY07 – Rs. 26 mn). During FY07, the Content Services division was awarded the ISO-9001 certification.

b. Market Research: IDC (India) Limited, remains the most frequently quoted source of information for the IT and Telecom industry. Its topline grew from Rs. 121.85 mn to Rs. 134 mn. The industry outlook for IT and Telecom industries remains strong indicating a continued state of healthy demand. During FY07, IDC (India) was awarded the ISO-9001 certification

c. Content Distribution: Cyber Media Digital Limited, a wholly owned subsidiary of the company, saw its top-line remain steady at Rs. 61 mn with EBITDA margin improving slightly from 5.4% in FY-05 to 5.7% in FY-06. This uptrend in EBITDA margins improving from Rs. 3.3mn to Rs. 4.3mn, a Y-on-Y growth of 28%.

   Cyber Media Digital Limited is proposed to be merged with the Company. A draft scheme of amalgamation has been approved by the respective boards. The amalgamation is subject to the subject to the approval and directions of the High Court of Delhi and approval of stock exchanges, creditors and shareholders.

### IV. Future Outlook

Media portfolios expansion will see CyberMedia extend its reach into newer verticals in FY08 and improve its dominant market share in the niche media segment. The overall business parameters are expected to remain stable and consistent for period under review despite the investments into newer media portfolios.

### Overall Outlook for CyberMedia:

#### Media

– At least 2 new media portfolios are expected to be launched
– BioSpectrum Asia is expected to reach near break even levels.
– The international GlobalServices portfolio is expected to decrease its losses in its second year of operation and head towards a breakeven in its third year of operation.

#### Media Services

– Capacity utilization of the Content Services business to increase greatly with the US front end becoming fully integrated & active.

– Growth of CyberMedia Dice Careers expected to enhance business value

### V. Internal Control Systems And Their Adequacy

The company has adequate control procedures commensurate with its size and nature of business. The internal control systems are well documented, policies, guidelines, authorizations and approval procedures. The company has an audit committee, which comprises three non-executive independent directors – Dr. Ashok Agarwal (Chairman), Mr. Rohitasava Chand and Mr. K.S. Mehta. The audit committee's observations are acted upon by the management.

### VI. Human Resources

During the period under review, the company has revamped its management designation structure across all levels. The year 2006-07 saw first full year of operation of the new performance based remuneration scheme. The company decided to upgrade its HR processes & software to become more effective in its employee recruitment, appraisal and movement.

The total employee strength at the end of financial year 2006-07 was 515.

### VII. Risks & Concerns

- Paper Price– Paper prices have caused concerns for the print media industry. The company has been able to increase both ad pages and ad rates, as a result rising costs have been adequately covered.
- Advertisement– Advertising constitutes a substantial share of the revenues. The company has started nurturing revenue streams that do are not cyclical in nature and thus reduce dependence on one stream.
- Competition– Media sector is gradually opening to foreign investment. As a result several international players are eying the Indian markets for expansion. The company has performed very well in the wake of competition from foreign players and maintained its market share.
- Human Resources– The Company continues to have a good track record of retaining people. The company conducts an annual salary survey. Increased outlays resulting from action based on the survey's findings have already been absorbed. The management does not perceive substantial risk on the human Resources front.

### Cautionary Statement.

Statements in the Management discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.