

# 31<sup>st</sup> annual report 2012-13

## **DIRECTORS**

Pradeep Gupta  
Ashok Agarwal  
Rohit Chand  
Kulmohan Singh Mehta  
Krishan Kant Tulshan

## **BANKERS**

State Bank of Mysore

## **AUDITORS**

Arun Dua & Co.  
Chartered Accountants

# **C O N T E N T S**

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Notice is hereby given that **Thirty First Annual General Meeting** of the members of Cyber Media (India) Limited will be held on Monday, the 30th day of September, 2013 at 10.30 a.m. at the India Islamic Cultural Centre, 87-88, Lodhi Road New Delhi-110003, India, to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2013 and the Audited Balance Sheet and Audited Cash Flow Statement as on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Pradeep Gupta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Krishan Kant Tulshan who retires by rotation and being eligible offers himself for re-appointment.
4. 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 Arun Dua & Co., Chartered Accountants, retiring auditors is eligible for re-appointment.

**By the order of the Board  
For Cyber Media (India) Limited**

**Place : New Delhi**  
**Date : May 29, 2013**

**Sd/-  
Shilpi Gupta  
Company Secretary**

#### NOTES:

- 1) ***A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on his/her behalf and the proxy need not be a member of the Company. The instrument of proxy, duly filled and stamped, should be deposited at the Registered Office of the Company not later than 48 hours before the***

***commencement of the meeting. Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolution/authority, as applicable. Form of proxy is enclosed.***

- 2) *A proxy may not vote except on a poll.*
- 3) *The register of Members and Share Transfer Books of the Company will remain closed from September 23rd, 2013 till September 30th, 2013 (both days inclusive).*
- 4) *Members/Proxies should bring their Attendance Slips along with copy of the Annual Report to the meeting.*
- 5) *Members who are holding Company's shares in dematerialized form are required to bring details of their Depository Account Number for identification.*
- 6) *Members holding equity shares in physical form are requested to notify the change of address/ dividend mandate, if any, to the Company's Registrar and Share Transfer Agent, Link Intime India Private Ltd., Narang Tower-44, Community Centre, Naraina Industrial Area, Phase I, New Delhi- 110028.*
- 7) *As per the provisions of the Companies Act, 1956, facility for making nomination is available to the Shareholders in respect of shares held by them. Nomination forms can be obtained from the Company's Registrar and Share Transfer Agent.*
- 8) *In terms of Articles of Association of the Company, Mr. Pradeep Gupta and Mr. Krishan Kant Tulshan, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Brief resume of these Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships/chairmanships of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company recommends their respective re-appointments.*

# DIRECTORS' REPORT

## Dear Members,

Your Directors are pleased to present the **Thirty First 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, 2013.

## 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 of the Companies Act, 1956:

(Rupees Million)

Particulars	Consolidated		Standalone	
	FY 13	FY 12	FY 13	FY 12
<b>Total Income</b>	<b>726.01</b>	<b>763.27</b>	<b>319.05</b>	<b>445.73</b>
<b>Expenditure</b>				
- Direct Expenses	30.85	45.72	27.16	45.29
- Personnel Expenses	239.54	210.79	92.32	103.67
- Other Expenses	399.05	423.73	182.35	241.77
<b>EBITDA</b>	<b>56.57</b>	<b>83.03</b>	<b>17.22</b>	<b>55.00</b>
- Financial Expenses	46.42	35.60	35.94	23.86
- Depreciation	46.16	44.98	14.35	16.53
- Exceptional Expenses	—	—	—	—
<b>Profit Before Tax for the Year</b>	<b>(36.01)</b>	<b>2.45</b>	<b>(33.07)</b>	<b>14.61</b>
Provision for Taxation	(18.33)	0.99	(8.98)	10.48
<b>Profit After Tax for the Year</b>	<b>(17.68)</b>	<b>1.46</b>	<b>(24.09)</b>	<b>4.13</b>

## FINANCIAL/OPERATION PERFORMANCE REVIEW

Financial Year 2012-13 has indeed been a challenging year not just for the Indian Media & Entertainment Industry, or even the Indian economy, but for the larger world economy. With a view to this, the Company put hard efforts to achieve its targets and consequently, managed to pull in consolidated revenue of Rs. 726.01 million for the financial year ended March 31, 2013 as against previous year's revenue of Rs. 763.27 million. The EBITDA on consolidated basis for the financial year ended March 31, 2013 stands at Rs. 56.57 million against Rs. 83.03 million for the last year. The EBITDA on standalone basis has fallen to Rs. 17.22 million against the last year's figure of Rs. 55.00 million. Further, the net loss figures both on consolidated basis as well as standalone basis were Rs. 17.68 million and Rs. 24.09 million respectively.

## CONSOLIDATED FINANCIAL STATEMENT

As stipulated by Clause 32 of the Listing Agreement with the Stock Exchanges, the consolidated financial statements have been prepared by the Company in accordance with applicable Accounting Standards notified under section 209 of the Companies Act, 1956 and other applicable pronouncements of the Institute of Chartered Accountants of India. The Audited consolidated financial statements together with Auditors Report form part of the Annual Report.

## DIVIDEND

Your Directors have not declared any dividend for the year 2012-13.

## RESERVES

No amount has been transferred to the reserves.

## SUBSIDIARIES AND ASSOCIATE COMPANIES

Your Company has eight subsidiaries, out of which three are Indian Companies and five are foreign Companies.

Indian Subsidiaries include Cyber Media Research Limited, Cyber Media Services Limited and Cyber Astro Limited.

Foreign subsidiaries include Cyber Media Singapore Pte Limited and Cyber Media India LLC. Further Cyber Media India LLC has three subsidiaries viz: TDA Group LLC., Content Matrix LLC, and Global Services Media LLC.

A gist of the financial performance of the subsidiaries is contained in the report. The annual accounts of the subsidiaries companies are open for inspection by any member/investor and the Company will make available these documents/details upon request by any Member/investor of the Company or its subsidiaries interested in obtaining the same.

The companies which are associates to the Company are Cyber Media Careers Limited, Cyber Media Foundation Limited and Any Time Media Private Limited.

The Ministry of Corporate Affairs, Government of India, issued a General Circular No.2/2011 dated February 8, 2011 and granted a general exemption for complying with the provisions of Section 212 of the Companies Act, 1956 subject to certain conditions. Accordingly, the Board of Directors of the Company at its meeting held on May 29, 2013 decided to comply with the conditions as stipulated in the said circular. A brief of the conditions are given hereunder for reference:

- The annual accounts of the subsidiary(s) and other related information shall be made available to Shareholders of the holding and subsidiary Companies and on demand the copies of the same shall also be furnished to the shareholders.
- The annual accounts of the subsidiary(s) shall be kept for inspection to the shareholders in the Registered Office of the Company and/or the subsidiaries concerned.
- The statement of financials of the subsidiaries will form part of the abridged Annual Report.

## PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits under the provisions of Section 58A of the Companies Act, 1956, and Rules made there under.

## BUY BACK OF SHARES

The Company has not exercised the buy back of its equity shares during the year under review.

## LISTING AT STOCK EXCHANGES

The shares of the Company are listed on the National Stock Exchange of India Ltd. and BSE Ltd. The annual listing fee for the financial year 2013-14 has been paid.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information relating to conservation of energy, technology absorption, research and development and foreign exchange earning and outgo forming part of directors' report in terms of 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 as amended, has been given in Annexure A to this report.

## **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 is as follows:

The Directors hereby state:

- That in the preparation of the annual accounts, the applicable accounting standards had 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 had 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 preventing and detecting of fraud and other irregularities.
- That the Directors had prepared the annual accounts on a going concern basis.

## **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Pradeep Gupta and Mr. Krishan Kant Tulshan, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

## **DIRECTORS IDENTIFICATION NUMBER**

Mr. Pradeep Gupta: 00007520; Mr. Krishan Kant Tulshan: 00009764; Mr. Rohitasava Chand: 00011150; Dr. Ashok Agarwal: 00019511; Dr. Kulmohan Singh Mehta: 00034726.

## **HUMAN RESOURCE DEVELOPMENT**

The Company has always valued its employees. The HR department is geared towards ensuring recruitment, retention and development of the best talent in the industry with focus to contribute, strive towards excellence continuously.

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

## **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**

A detailed report on Corporate Governance as per Clause 49 of the Listing Agreement alongwith the certificate of the Auditor's of the Company confirming compliance of the various practices of Corporate Governance is set out in the Annexure forming part of this Report.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report as required under the Listing Agreement is annexed to this report.

## **AUDITORS**

M/s Arun Dua & Co., Chartered Accountants, the Statutory Auditors of the Company, retire at the ensuing Annual General Meeting. Being eligible, they offer themselves for re-appointment. They have furnished a certificate stating that their re-appointment would be within the limits specified under section 224(1B) of the Companies Act, 1956.

Your Directors recommend their re-appointment.

## **AUDIT COMMITTEE RECOMMENDATION**

During the year there was no such recommendation of the Audit Committee which was not accepted by the Board. Hence there is no need for the disclosure of the same in this Report.

## **AUDITORS REPORT**

The observations made by the Auditors with reference to notes on accounts for the year ended 31st March 2013 are self-explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

## **MATERIAL CHANGES AND COMMITMENTS FROM THE END OF FINANCIAL YEAR TO THE DATE OF BALANCE SHEET**

There are no material changes / events after the date of the Balance Sheet.

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

No employee of the Company is covered under the limits pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended.

## **ACKNOWLEDGMENT**

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

Pradeep Gupta      Krishan Kant Tulshan  
Chairman &      Director

Place : New Delhi  
Date : May 29, 2013

Managing Director

## **ANNEXURE – A TO THE DIRECTOR'S REPORT AS PER SECTION 217 (1) (e) OF COMPANIES ACT, 1956.**

Information relating to conservation of energy, technology absorption, research and development and foreign exchange earning and outgo forming part of directors' report in terms of 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 as follows:-

### **A. Conservation of Energy**

The operations of the Company are not energy-intensive. However, significant measures are taken to reduce energy consumption by using energy - efficient equipment. The

Company constantly evaluates and invests in new technology to make its infrastructure more energy efficient and also under cost reduction measure the management has internally issued different circulars for use of natural light in place of tube lights; Administration keep a regular check on whether the Computer systems provided to the employees have been shut down properly at the time of closure of office etc.

No new investment is made on such energy saving devices during the financial year.

Further since energy costs comprise a very small part of your Company's total expenses, the financial implications of these measures are not material.

## B. Technology absorption

### Research and Development (R & D)

#### i) Specific areas in which R & D carried out by the Company

The Company firmly believes in that research and development of new techniques and processes will help the Company grow and thus it is taking steps to upgrade and modernize its processes by adopting latest technology developments in the field. However presently Research & Development costs comprise a very small part of your Company's total expenses and hence the financial implications of these measures are not material.

The Company uses latest equipment and state of the art technology to provide a sophisticated and tech friendly environment to its employees.

- Company uses a diverse mix of technology platforms across its national and regional headquarters that's partly driven by business need; partly by its publications' need to test a lot of technologies they write about both within its extensive test labs and in a real business environment; and finally, by its need to use a number of the technology areas that it evangelizes, such as intranet applications and the Linux platform.

- CyberHouse and all three CyberMedia regional headquarters are also wireless-enabled, with Wi-Fi access points deployed, and wireless-enabled laptops with editors and managers. Virtually every employee has a PC in a fully networked environment.

The applications include Circulation, Accounts, CRM and HR.

#### ii) Benefits derived as a result of the above R&D

By virtue of the above initiatives, the Company is able to adopt appropriate technology for rendering better services at competitive prices.

#### iii) Future plan of action

The Company continues to evaluate and adopt innovative and high quality products and technologies to meet the dynamic consumer needs and drive growth. Continuous focus on reducing costs to fund the growth and reduce the operating costs.

#### iv) Expenditure on R & D

a) Capital	-N.A.
b) Recurring	-N.A.
c) Total	-N.A.
d) Total R & D expenditure	-N.A.

as a percentage of total turnover

Due to nature of the business of the Company, the Company is not into any specific research, therefore, all the expenditures incurred for the activities mentioned in B(i) above, are charged to the respective expenditures accounts and cannot be separately identified.

No imported technology is required by the Company.

## C. Foreign Exchange Earnings and Outgo

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	10575
b) Foreign Exchange Expenditure	6772

**Efforts and Initiatives in relation to Exports:** The Company's publications are well accepted globally. Company is continuously putting efforts for more global recognition.

#### **Development of new export markets for products and services and export plans:**

Since the year 2012-13 has been a challenging year not just for the Indian Media & Entertainment Industry, or even the Indian economy, but for the larger world economy, it is an ambitious task for the Company to upgrade its products in the international market.

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

Pradeep Gupta      Krishan Kant Tulshan  
Chairman &      Director

Managing Director

Place : New Delhi  
Date : May 29, 2013



## I. INDUSTRY STRUCTURE AND DEVELOPMENT

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

1. Media
2. Media Services

### 1. Media

The Indian Media & Entertainment (M&E) industry grew from INR 728 billion in 2011 to INR 821 billion in 2012, registering an overall growth of 12.6%. The industry is estimated to achieve a growth rate of 11.8% in 2013 to touch INR 917 billion. The sector is projected to grow at a healthy CAGR of 15.2% to reach INR 1661 billion by 2017, says FICCI-KPMG report.

The report further states that the overall Indian economy slowed down in 2012 due to both domestic and external factors. Domestically, the monetary and fiscal stimulus

provided by the Government of India post financial-crisis led to strong growth in demand and consumption in 2009-10 and 2010-11. However, this resulted in higher inflation and a powerful monetary response that slowed consumption demand. Moreover, corporate and infrastructure investment were also pulled down by the tightened monetary policy as well as the policy bottlenecks. Externally, a slowing global economy weighed down by the continued crisis in the Euro area and uncertainty in the US fiscal policy also increased risks to growth. However, the recent policy measures taken by the government can pave the way for gradual recovery for the Indian economy. Further, with some improvement also likely in the global economy in 2013, the prognosis for the Indian economy looks somewhat better and real GDP growth is expected to be in the range of 6.1 to 6.7 percent in 2013-14.

### Overall industry size and projections

Overall industry size (INR Billion) (For Calendar years)	2008	2009	2010	2011	2012	Growth in 2012 over 2011	2013p	2014p	2015p	2016p	2017p	CAGR (2012-17)
TV	241.0	257.0	297.0	329.0	370.1	12.5%	419.9	501.4	607.4	725.0	847.6	18.0%
Print	172.0	175.2	192.9	208.8	224.1	7.3%	241.1	261.4	285.6	311.2	340.2	8.7%
Films	104.4	89.3	83.3	92.9	112.4	21.0%	122.4	138.3	153.6	171.7	193.3	11.5%
Radio	8.4	8.3	10.0	11.5	12.7	10.4%	14.0	15.4	18.7	22.7	27.4	16.6%
Music	7.4	7.8	8.6	9.0	10.6	18.1%	11.6	13.1	15.3	18.3	22.5	16.2%
OOH	16.1	13.7	16.5	17.8	18.2	2.4%	19.3	21.1	23.0	25.0	27.3	8.4%
Animation and VFX	17.5	20.1	23.7	31.0	35.3	13.9%	40.5	46.8	54.3	63.1	73.4	15.8%
Gaming	7.0	8.0	10.0	13.0	15.3	17.7%	20.1	23.8	30.9	36.2	42.1	22.4%
Digital Advertising	6.0	8.0	10.0	15.4	21.7	40.9%	28.3	37.1	48.9	65.1	87.2	32.1%
<b>Total</b>	<b>580</b>	<b>587</b>	<b>652</b>	<b>728</b>	<b>821</b>	<b>12.6%</b>	<b>917</b>	<b>1059</b>	<b>1238</b>	<b>1438</b>	<b>1661</b>	<b>15.2%</b>

\*Source: KPMG in India analysis and industry discussion.

Total advertising spend across media was INR 327.4 billion in 2012, contributing to 40 percent of M&E industry revenues. In the light of continued economic slowdown, advertising revenues saw a growth of 9 percent in 2012 as against 13 percent in 2011 and 17 percent in 2010. Print continued to be the largest beneficiary, accounting for 46 percent of the advertising pie at INR 150 billion. However, the high dependence on advertisement revenues resulted in the growth of print industry being dampened by poor macro economic performance of the country. The advertisers are adopting a cautious approach towards their marketing initiatives-leading to relatively muted growth in overall advertising spends.

In such challenging times, the Indian print industry has adopted a pragmatic approach with most print players now focusing on consolidating their position in core markets and penetrating them further through the launch of new editions rather than entering newer territories and aims to increase circulation / subscription revenue as much as possible. The industry has also made efforts to save the bottom line by effectively managing operating costs. The INR 13 billion magazine segment continued to decline in share due to decline in readership of general category magazines. Niche magazines with their defined readership and advertiser base continued to perform better.

Further, the Indian print industry continues to be a promising long term growth story. However, in 2013 the growth of the industry is expected to be subdued and from mid 2014 onwards it will gradually gain momentum and will be worth 340 billion by 2017 registering CAGR of 8.7 percent. The industry's future performance will be a factor of the macroeconomic environment stabilizing and print players achieving greater operational efficiencies and connecting with readers through delivery of high quality content. The industry is expected to focus on profitable growth by implementing cost control initiatives and adopting technology across key business performance areas such as planning, budgeting, customer relationship management, strategic outsourcing, etc.

### 2. Media Services:

As per Nasscom, uptake of IT-BPO in India is steadily increasing, with demand coming from both consumers and enterprises, government's technology infrastructure initiatives, unified communications and availability of world class telecom infrastructure and services IT services is the fastest growing segment in the Indian domestic market, growing by 18 per cent to reach Rs 589 billion, driven by increasing adoption from all customer segments - government, enterprise, consumers and SMBs.

However, India still accounts for less than 5 per cent of global technology spending and thus there is tremendous untapped potential for growth of Indian IT-BPO sector, in both core as well as emerging opportunities. To achieve this growth, the sector has to continue to re-invent itself - through new business models, global delivery, partnerships and transformative focus. Further, IT-BPO sector will need to build on its strengths and address challenges around competition, talent, security and business environment. The sector needs to increase its operational efficiencies, reinvent and embrace new business models which will offer customers a transformed business proposition. The sector should continue the use of ICT for inclusive growth and ensure that the basic necessities like education for masses, quality healthcare and employment and skill generation is benefited by ICT.

Direct employment within the domestic IT-BPO sector is expected to cross 600,000 employees with the industry creating immense job opportunities in Tier II and Tier III cities.

## II OPPORTUNITIES AND THREATS

### Opportunities:

- Digitalization
- Rapid increase in mobile and wireless connections

- Traditional Media still going strong
- Greater sophistication of and segmentation in content
- Regionalisation
- Growth in Out of Home Advertising
- Convergence and impact of new media
- Innovation across products, process, marketing and distribution.

### Threats:

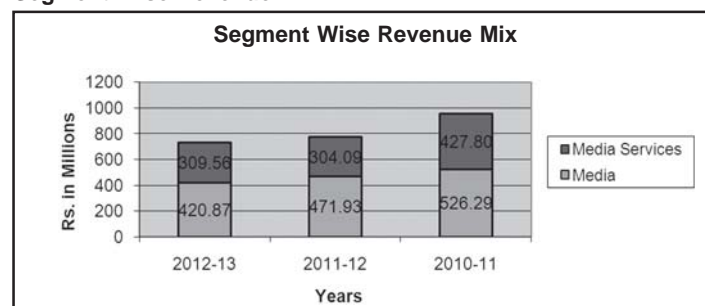
- Media consumption habits.
- Gaps in availability of skilled media and entertainment professionals.
- Revenue model still advertising dependent.

## III SEGMENT WISE PERFORMANCE:

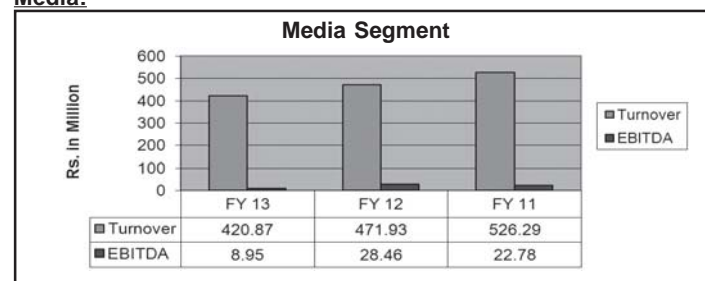
During the year the Company faced a lot of challenges and put hard efforts to achieve its target. On consolidated basis, in FY13 EBITDA stood at Rs. 56.57 million as against EBITDA of Rs. 83.03 million in FY12. Further, EBITDA of the Company on standalone basis has been Rs. 17.22 million in FY13 against Rs. 55.00 million in FY12. In FY13, Profit after tax both on consolidated as well as standalone basis have been Rs. (17.68) million and Rs. (24.09) million respectively.

The Company continues to focus on both of its segments. With respect to share in total revenue, both Media and Media Services contribute in nearly equal proportion.

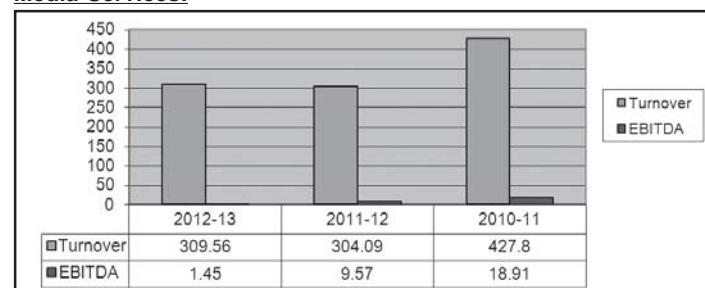
### Segment Wise Revenue Mix



### Media:



### Media Services:



**Note:** The figures given in brackets ( ) relate to previous year 2011-12.



#### IV. OUTLOOK

The vision set out for the sector, of engaging communities, entails reaching out and understanding multiple segments, creating greater connect, and leveraging this connect to influence for the greater social good. The industry is undergoing transformation, driven by digital technologies, opportunities for further penetration of the billion strong markets, and an enabling regulatory framework. At the same time, it remains sensitive to the economic situation, and a lot will depend on its ability to manage the risks of continued shortage of skilled manpower, and ability to spur end user pricing across segments. It is a time for introspection, and a time for innovation, to see how companies can harness the powers of new technologies and convergence to realize its vision. The Company is proactively planning to place its readers and advertisers at the cutting edge of technology.

#### V. RISKS AND CONCERNS

##### 1. Competition

The industry is hampered by a talent crunch across sectors. At the same time, changes including digitization, growth in multilingual markets, new technologies and convergence, require additional skill sets. The industry has successfully experimented with bringing in people from other industry backgrounds. Key stakeholders have expressed a need for investments in credible media institutes, with quality faculty and a relevant and dynamic curriculum.

##### 2. Advertisement

M&E is still an advertising dependent industry in India. Hence it remains sensitive to the impact of business cycles. While the print sector saw some increases in circulation revenues, and increases in cover price in some areas, cover prices still remain significantly lower than global counterparts. Established practices, competitive pressures from within the sector and from TV, and the threat of digital migration, are likely to keep prices under pressure.

#### VI. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The company has adequate internal control systems to monitor internal business process, financial reporting and compliance with applicable laws. The company periodically reviews the adequacy and effectiveness of the internal control systems. The company has an audit committee, which comprises of three non-executive independent directors - Dr. Ashok Agarwal (Chairman), Mr. Rohit Chand and Dr. K.S. Mehta. The Audit Committee at their meetings regularly reviews the significant observations of the compliance and audit reports. The audit committee's observations are acted upon by the management.

#### VII. Performance Review

(Rupees Million)

Particulars	Consolidated	
	FY 13	FY 12
<b>Total Income</b>	<b>726.01</b>	<b>763.27</b>
<b>Expenditure</b>		
- Direct Expenses	30.85	45.72
- Personnel Expenses	239.54	210.79
- Other Expenses	399.05	423.73
<b>EBITDA</b>	<b>56.57</b>	<b>83.03</b>
- Financial Expenses	46.42	35.60
- Depreciation	46.16	44.98
- Exceptional Expenses	—	—
<b>Profit Before Tax for the Year</b>	<b>(36.01)</b>	<b>2.45</b>
Provision for Taxation	(18.33)	0.99
<b>Profit After Tax for the Year</b>	<b>(17.68)</b>	<b>1.46</b>

Certain factors resulted in a challenging year for the Media & Entertainment industry, with reductions in advertising budgets across sectors. However, the Company has managed to collect, on consolidated basis, in FY13 EBITDA of Rs. 56.57 million as against EBITDA of Rs. 83.03 million in FY12. Further, EBITDA of the Company on standalone basis has been Rs. 55.00 million in FY12 in comparison to Rs. 17.22 million in FY13. In FY13, Profit after tax both on consolidated as well as standalone basis have been Rs. (17.68) million and Rs. (24.09) million respectively.

#### VIII. HUMAN RESOURCES

The Company has always valued its employees. The HR department is geared towards ensuring recruitment, retention and development of the best talent in the industry with focus to contribute, strive towards excellence continuously.

The Company practices various interactive sessions on Team Building, Motivation and on Stress Management to keep the employees motivated and improve their work style. The Company has also conducted various training programs across departments for enhancing the Sales, Edit and Managerial skill of the employees. The total employee strength at the end of financial year 2012-13 was 244.

##### Cautionary Statements

*Certain statements in this Annual Report may be forward-looking statement. Such forward-looking statements are subject to certain risks and uncertainties like regulatory changes. Local political or economic developments, technological risks and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. Cyber Media (India) Limited will not be in anyway responsible for any action taken based on such statements and undertakes no obligations to publicly update these forward-looking statements to reflect subsequent events or circumstances.*

# CORPORATE GOVERNANCE REPORT

## 1. Company's Philosophy on Code of Governance

The Company believes that in order to create wealth for all stakeholders it is imperative to adhere to the norms of good corporate governance.

The management believes that in order to be one with the corporate as well as the social environment, an enterprise must conform to ethical business principles, processes and methodologies, so as to construct a robust structure, which besides generating value for its investors ensures effective discharge of its social obligations.

## 2. Board of Directors

### (i) Composition

The Board of Directors of the Company consists of persons who are professionally sound and competent in their respective field.

The composition of the Board as on 31st March, 2013 is as follows:

Name	Category	No. of Other Directorships*	Committee Membership/ Chairmanship in other companies	
			Chairman	Member
Mr. Pradeep Gupta	Promoter Chairman and Managing Director	6	Nil	Nil
Mr. Krishan Kant Tulshan	Non-Executive Director	4	Nil	Nil
Dr. K. S. Mehta	Non-Executive Independent Director	1	Nil	Nil
Dr. Ashok Agarwal	Non-Executive Independent Director	1	Nil	Nil
Mr. Rohit Chand	Non-Executive Independent Director	4	Nil	2

\* Number of Directorships in other Companies excludes directorships held in private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956.

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as per requirement of Clause 49) across all Companies in which he is a Director.

The following Non-Executive Directors of the Company hold equity shares of the company

1: Mr. Krishan Kant Tulshan holds 96,261 (0.92%) equity shares, 2: Dr. K. S. Mehta holds 47,173 (0.45%) equity shares, 3: Dr. Ashok Agarwal holds 21,000 (0.20%) equity shares, 4: Mr. Rohit Chand holds 27,250 (0.26%) equity shares.

The Constitution of the Board as well as of the various Committees of the Board conforms to the requirements of the Code of Corporate Governance.

**Brief resume of the Directors who are proposed to be re-appointed at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of Companies in which they hold Directorship and the membership of the Committees of the Board is as under:**

a) **Mr. Pradeep Gupta:** aged about 58 years is a B.Tech from IIT - Delhi and an MBA from IIM Calcutta. He is a highly qualified technocrat and has over 30 years of experience in a wide variety of functional areas. His thorough understanding of the IT industry, excellent vision, a good understanding of the market and a great ability to delegate and empower

others has resulted in a consistent healthy growth of the Company over the years. He is a Director in the following companies:-

Cyber Astro Limited, Cyber Media Research Limited, Cyber Media Foundation Limited, Kaleidoscope entertainment Private Limited, Cyber Media Singapore Pte Ltd., Cyber Media Services Limited, Cyber Media India LLC, SX2 Media LLC, Cyber Media Careers Limited, Indian Newspaper Society, UTI Asset Management Company Ltd, Indian Angel Network Services Private Limited, UTI Capital Pvt. Ltd.

b) **Mr. Krishan Kant Tulshan:** aged about 50 years is a fellow member of the Institute of Chartered Accountants of India. He has over 28 years of professional experience and is a Fellow Member of The Institute of Chartered Accountant of India. He has been associated with various companies as tax and management consultant besides the core area of a Chartered Accountant. He is renowned in the industry for his adept handling of tax matters. He has also successfully handled numerous complex cases at Income Tax Tribunals. He has experience in handling a number of public issues in various capacities. He is a Director in the following Companies:-

Cyber Astro Limited, Cyber Media Research Limited, Cyber Media Careers Limited, Cyber Media Services Limited.

### (ii) Board Meetings

The Board met 6 times during the year 2012-2013 and the gap between two meetings did not exceed four months. The Meetings were held on 28.05.2012, 25.06.2012, 08.08.2012, 09.11.2012, 06.02.2013 and 22.03.2013, for which the Agenda was circulated to all the Directors well in advance.

The information as required under Annexure IA to Clause 49 of the Listing Agreement was made available to the Board. Further, the Board periodically reviewed the compliance reports of laws applicable to the Company.

The Company did not have any pecuniary relationship or transactions with Non Executive Independent Directors during 2012-2013 except for payment of sitting fees for the Board Meetings and Committee Meetings attended by them.

Attendance of Directors at the Board Meetings and Annual General Meeting:

Name of Director	No. of Board Meeting attended	Whether attended the Annual General Meeting held on September 25 <sup>th</sup> , 2012
Mr. Pradeep Gupta	6	Yes
Mr. Shyam Malhotra	3	No
Mr. Krishan Kant Tulshan	6	Yes
Dr. K. S. Mehta	5	Yes
Dr. Ashok Agarwal	5	Yes
Mr. Rohit Chand	6	No

The Board periodically reviews the compliance report of all laws applicable to the Company as well as steps taken by the Company to rectify the instances of non-compliances.

### Code of Conduct

The Code of Conduct of the Company is applicable to all the Directors and Senior Management of the Company and the same is available on the website of the Company viz.