



5th Annual Report
2000-2001

5th Annual Report

BOARD OF DIRECTORS

Mr. Anand S.K.
Managing Director

Mr. M.S. Sridhar
Joint Managing Director

Mr. Avinash Keshan
Wholetime Director

Dr. Mohan S. Kankanahalli
Director

Mr. B. Venkata Rami Reddy
Director

Mr. M. Siva Shankar
Director

Company Secretary

Mr. Krishnakant Parashar

Auditors

M/s. H.S. Arunachala & Co.
Chartered Accountants
59/3, Sree Rama Temple Building
1st Model House Street, Basavanagudi
Bangalore-560 004.

COMMITTEES OF THE BOARD

Audit Committee

Mr. B. Venkata Rami Reddy
Mr. M. Siva Shankar
Dr. Mohan S. Kankanahalli

Shareholders/Investors Grievances Committee

Mr. M. Siva Shankar
Mr. B. Venkata Rami Reddy
Mr. Anand S. K.

Share Transfer Committee

Mr. Anand S.K.
Mr. M.S. Sridhar
Mr. Krishnakant Parashar (*Secretary*)

Registered & Corporate Office:

941, 21st Main, 22nd 'A' Cross,
Opp. BDA Complex,
Banashankari II Stage,
Bangalore-560 070.
Telefax: 91-80-6714446 / 6710925
E-mail: info@cyberscapeindia.com

Branches

Mumbai, Kolkata & Bhubaneshwar

Registrars & Share Transfer Agents

Alpha Systems Pvt. Ltd.,
30, Ramana Residency,
4th Cross, Sampige Road,
Malleswaram
Bangalore-560 003
Tel: 91-80-3460815 - 818
Fax: 91-89-3460819
E-mail: alfint@vsnl.com

Bankers

ICICI Bank Ltd.
Citibank N.A.
State Bank of India
HDFC Bank Ltd.

NOTICE TO THE SHAREHOLDERS

NOTICE is hereby given that the 5th Annual General Meeting of the Company shall be held on Wednesday, the 29th day of August, 2001 at 10.00 A.M. at Mini Hall, Woodlands Hotel, # 5, Raja Rammohan Roy Road, Bangalore-560025 to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the audited accounts of the Company for the period ended 31st March, 2001 together with the Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Dr. Mohan S.Kankanahalli, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration. In this connection, to consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:

"RESOLVED THAT the retiring auditors M/s. H.S. Arunachala & Co., Chartered Accountants, Bangalore, be are hereby re-appointed as the Statutory Auditors of the Company to hold office until the conclusion of the next Annual General Meeting at a remuneration and reimbursement of out-of-pocket expenses as may be approved by the Board of Directors of the Company."

Special Business:

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

"RESOLVED THAT Mr. M. Siva Shankar, who was appointed as an Additional Director of the Company pursuant to the provisions of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, and holds office only upto the date of this Annual General Meeting, being eligible, offers himself for appointment and in respect of whom the Company has received a notice from a member, under the provisions of Sec. 257 of the Act, proposing the candidature of Mr. M. Siva Shankar for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT Mr. B.Venkata Rami Reddy who was appointed as an Additional Director of the Company pursuant to the provisions of the Articles of Association of the Company and Section 260 of the Companies Act, 1956, and holds office only upto the date of this Annual General Meeting, being eligible, offers himself for appointment and in respect of whom the Company has received a notice from a member, under the provisions of Sec. 257 of the Act, proposing the candidature of Mr. B.Venkata Rami Reddy for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

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

"RESOLVED THAT subject to the provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956 the Articles of Association of the Company be and are hereby altered in the following manner: —

(A) in Article 19 the following clauses 19 (c) to 19 (j) shall be inserted:

5th Annual Report

- 19 (c) The share certificates will be issued in market lots and where the share certificates are issued in either more or less than market lots, subdivision or consolidation of share certificates into market lots shall be done free of charge.
- (d) No certificate of any share or shares shall be issued either in exchange for those which are subdivided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been fully utilised, unless the certificate in lieu of which it is issued is surrendered to the Company. No fees shall be charged for issue of new certificates in replacement of those which are old, decrepit, worn-out or where there is no further space on the reverse of the share certificates for endorsement of transfer.
- (e) When a new share certificate has been issued in pursuance of clause (d) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "issued in lieu of share certificate No. ... sub-divided/replaced/ on consolidation of shares."
- (f) If a share certificate is lost or destroyed a new certificate in lieu thereof shall be issued only with prior consent of the Board and on such terms, if any, as to evidence and indemnity as to the payment of out of pocket expenses incurred by the Company in investigating evidence, as the Board thinks fit.
- (g) When a new share certificate has been issued in pursuance of clause (f) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is 'duplicate issued in lieu of share certificate No.'. The word 'Duplicate' shall be stamped or punched in bold letters across the face of the share certificate.
- (h) Where a new share certificate has been issued in pursuance of clause (d) or clause (f) of this Article, particulars of every such share certificate shall be entered in a Register of renewed and Duplicate Certificates indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross reference in the 'Remarks' column.
- (i) Where two or more persons are registered as the holders of any shares they shall be deemed to hold the same as joint holders with benefits of survivorship. A joint holder of a share shall be jointly and severally liable to pay all calls in respect thereof.
- In case of death of one or more of the persons named in the Register of Members as the joint holders of any share, the survivor or survivors shall be the only persons recognised by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder for any liability on shares held by him jointly with any other person.
- Notwithstanding anything contained herein above, when nomination has already been made in compliance with provisions of section 109A and 109B of the Act or any statutory modifications thereto from time to time, the Board may transfer the shares in the name of the nominee on death of all joint holders provided sufficient evidences are produced by the nominee.
- (j) **NO FEES ON TRANSFER OR TRANSMISSION:** No fees shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of

Administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

(B) Article 107 shall be substituted by the following new Article:

107. (1) No dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company and remaining undistributed or out of both, provided that,
- (a) If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;
 - (b) If the Company has incurred any loss in any previous financial year or years, the amounts of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.
- (2) No unpaid dividend shall bear interest as against the Company. No unclaimed dividend shall be forfeited by the Board, unless the claim thereto becomes barred by law, and the Company shall comply with all the provisions of section 205A of the Act in respect of unpaid or unclaimed dividend.
- (3) **UNPAID OR UNCLAIMED DIVIDEND:** Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to the shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Cyberscape Multimedia Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

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

"RESOLVED THAT pursuant to Section 372A and other applicable provisions of the Companies Act, 1956 and subject to the necessary approvals of the Central Government and Reserve Bank of India and such other statutory authorities being obtained in this behalf, where necessary and subject to such conditions/modifications, if any as may be prescribed while granting

5th Annual Report

such approvals and which may be agreed to by the Board of Directors of the Company, the consent of the Company be and is hereby accorded to the Board for investing an amount upto Rs. 200 lakhs or such sum by cash or stockswap or by way of equity or any other security as may be permissible under the relevant RBI Guidelines from time to time, or in such manner as the Board may think fit in the better interests of the Company."

By Order of the Board
CYBERSCAPE MULTIMEDIA LTD.

Place: Bangalore
Date: 27.06.2001

Sd/-
Krishnakant Parashar
Company Secretary

NOTES:

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not be the member of the Company. The proxy form duly filled in, stamped and signed must be deposited with the company, at least 48 hours before the meeting.
2. The Explanatory Statement pursuant to Section 173(2) is annexed hereto.
3. Members attending the meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall. Attendance at the Annual General Meeting will not be allowed without the production of the attendance slip duly signed. Members whose shares are in dematerialised form are requested to bring their Depository Account No. for identification.
4. Members desiring any information with regard to Accounts and Operations of the Company are requested to write to the Company at least 7 days before the date of the meeting so as to enable the management to keep the information available at the meeting.
5. The Register of Members and Share Transfer books will remain closed from 25th August, 2001 to 29th August, 2001 (both days inclusive).
6. Members are requested to bring their own copy of Annual Report along with them.
7. Members are requested to notify immediately any change in their address to the Registrars and Share Transfer Agents of the Company, M/s. Alpha Systems (P) Ltd., 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore-560 003. Phone: 91-80-3460815-818, Fax: 91-80-3460819, e-mail: alfint@vsnl.com.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4 & 5

In order to broad base the Board, the Directors of the Company at their meeting held on March 6, 2001 appointed Mr. M. Siva Shankar and Mr. B. Venkata Rami Reddy. Pursuant to the provisions of the Articles of Association and Section 260 of the Companies Act, 1956, both Mr. M. Siva Shankar and Mr. B. Venkata Rami Reddy hold their office upto the date of the Annual General Meeting. The Company has received a notice from member(s) under Section 257 of the Act, along with



the requisite deposit proposing the candidature of Mr. M. Siva Shankar and Mr. B.Venkata Rami Reddy to the office of the director of the Company.

Mr. M. Siva Shankar, aged about 30 years is a practicing Chartered Accountant having about seven years of experience in the field of finance, audit and corporate taxation.

Mr. B. Venkata Rami Reddy, aged about 47 years holding the qualification of B.Com., LL.B., PM & IR, ACS, having served the corporate sector at several senior positions has a rich experience in top level management of corporate business.

The Board considers it desirable that the Company should continue to retain the above directors and recommends these resolutions for adoption. Both the directors are deemed to be interested in their respective appointment. Save as above none of the Directors is interested in these resolutions and the Board recommends your approval of these resolutions.

Item No. 6

The Stock Exchanges at Bangalore, Mumbai and Kolkata at the time of listing of the shares of the Company suggested amendments to the Articles of Association of the Company according to the requirement of the listing agreement and stock exchange regulations. The proposed alterations are in accordance with the requirements of the Stock Exchanges.

A copy of the Memorandum and Articles of Association, together with the proposed alterations is available for inspection by the members of the Company at the Registered Office of the Company on all the working days between 10.00 A.M. and 12.00 noon until the date of Annual General Meeting.

None of the directors of the Company are interested or concerned in the said resolution.

The Board recommends this resolution for the approval of the members.

Item No. 7

The Company plans to expand its business operations in India and abroad and is looking for strategic alliance and investments in the regions where it expects growth of market for its products / services. In view of the expanding growth opportunities in its field of operations, your Company may desire to invest by cash or stockswap in Joint Ventures / wholly owned subsidiaries / acquisitions as may be decided by the Board based on the prevailing circumstances of business.

None of the Directors of the Company is interested or concerned in the said resolution.

The Board recommends this resolution for the approval of the members.

The documents referred to in this Notice are available for inspection at the Registered Office of the Company on all the working days between 10.00 A.M. and 12.00 noon until the date of Annual General Meeting.

By Order of the Board
CYBERSCAPE MULTIMEDIA LIMITED

Sd/-

Place: Bangalore
Date: 27.06.2001

Krishnakant Parashar
Company Secretary

5th Annual Report

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors present the Fifth Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended March 31, 2001.

Financial Results

(Rs. in Lakhs)

No.	Particulars	Year ended	
		31.03.2001	31.03.2000
1.	Total Income	554.15	254.94
2.	Operating Profit (PBIT)	174.49	19.14
3.	Interest	6.42	0.44
4.	Depreciation	57.80	1.26
5.	Profit Before Taxation	110.27	17.44
6.	Provision for tax	9.26	6.45
7.	Profit after tax	101.01	10.99
8.	Prior period Income	—	0.03
9.	Reserves & Surplus	112.02	11.02
10.	Proposed Dividend	—	—

Operations & Outlook

The Company recorded an increase of 217.36% in the total income over the previous year. The Profit after Tax has increased from 10.99 lakhs to 101.01 lakhs registering a growth of 819.10% in the year under review.

To counter the global slowdown for software services, the Company emphasised on product development with IP creation and has launched the following products which promise significant increase in revenue of the Company in future:

AKRUTI-SWADESH - Multilingual Software with over 1,000 fonts.

cyBANK - Multilingual Integrated Banking Software

cyCRED - Multilingual Financial Software for Credit Societies

cyWEFT - Web based Electronic Fund Transfer Software

cyDocs - Electronic Document Management Software

Share Capital

The Company came out with an IPO during July, 2000 of Rs. 3.40 Crore. The shares of the Company are listed at Bangalore, Mumbai and Kolkata Stock Exchanges. The total subscribed capital has increased from Rs. 6.41 crore to Rs. 10.10 crore.

Investor Relations

Alpha Systems Pvt. Ltd., a SEBI registered transfer agent, is the company's share transfer agent. All correspondence regarding our securities and investor redressal are being attended to at the Registered Office or at the Share Transfer Agent's office located at Malleswaram, Bangalore. The Company, with an objective of friendly investor relations has set up a Shareholders / Investors' Grievances Committee. This Committee ensures that all the queries and suggestions are promptly attended to.

Projections Vs. Actuals

The following are the projected and the actual performance:

(Rs. in Lakhs)

Particulars	Projected Rs.	Actuals Rs.
Total Income	983.60	554.15
PAT	284.00	101.01
EPS	2.81	1.00
Dividend %	15	—
Utilisation of funds	1122	744

The Company had projected export sales of Rs. 365 lakhs but could not achieve the target due to global slowdown in the software industry. To counter the slowdown in software services the Company emphasised on product development with IP creation during the year, hence could not achieve the projected sales. Consequently, the Profits and EPS have also come down. As regards utilisation of funds, the Company's plans for deployment of funds are need based.

Dividends

The Board has not recommended any dividend for the year ending March 31, 2001.

Corporate Governance

The Report on Corporate Governance and the Auditor's Certificate on Corporate Governance form part of this Annual Report.

Fixed Deposits

The Company has not accepted any deposits and as such no amount of principal or interest was outstanding as at the date of Balance Sheet.

Particulars of Employees' Remuneration

None of the employees was in receipt of remuneration in excess of limits specified in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Particulars regarding conservation of energy, technology absorption and foreign exchange earnings and outgo:

The Company's operations do not involve high-energy consumption. However, an effort to conserve energy goes on a continual basis. Particulars related to technology absorption is not applicable in our case. The information related to foreign exchange earnings and outgo during the year under review is provided in notes on Accounts.

Directors

With a view to obtain high calibre guidance from eminent personalities who are proficient in their respective fields, during the period under review, Mr. M. Siva Shankar and Mr. B. Venkata Rami Reddy were appointed as Additional Directors effective from March 6, 2001. Being eligible, Mr. M. Siva Shankar and Mr. B. Venkata Rami Reddy are seeking re-appointment. Dr. Mohan

5th Annual Report

S. Kankanhalli, Director retires by rotation and being eligible offer himself for re-appointment. Dr. Mohan is an M.S. and Ph.D. in Computer & Systems Engg. and currently a Senior Lecturer, School of Computing, National University of Singapore. He is not interested in any other company/firm in any capacity.

Mr. Suresh S.G. resigned w.e.f. 30.10.2000.

Auditors

M/s. H.S. Arunachala & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment and having furnished a certificate under Section 224(1B) of the Companies Act, 1956, they are eligible for re-appointment.

Directors' Responsibility Statement

In the preparation of the Annual Accounts, the Generally Accepted Accounting Principles have been followed. All the Accounting Standards as applicable to the Company have been followed. The Directors have selected accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the period. Proper and sufficient care was also ensured to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956.

Proper steps are taken to safeguard the assets of the Company. The Directors have prepared the Annual Accounts on a 'Going Concern Basis'.

Acknowledgment

Your Directors acknowledge with thanks the support and valuable co-operation extended by the shareholders, vendors and bankers of the company. Your Directors place on record their appreciation of the contribution made by the employees at all levels. Your Directors also thank the Software Technology Parks of India, Karnataka, Reserve Bank of India and other government agencies for their support during the year and look forward to their continued support.

For and on behalf of the Board of Directors

M.S. Sridhar
Jt. Managing Director

Anand S.K.
Managing Director

