

**6<sup>th</sup>**  
**Annual Report**  
**2001-2002**



## 6<sup>th</sup> Annual Report

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### **BOARD OF DIRECTORS**

Mr. Anand S.K.  
*Managing Director*

Mr. M.S. Sridhar  
*Joint Managing Director*

Dr. Mohan S. Kankanahalli  
*Director*

Mr. B. Venkata Rami Reddy  
*Director*

Mr. M. Siva Shankar  
*Director*

Mr. T.S. Ramachandran  
*Director*

### **Company Secretary**

Mr. Krishnakant Parashar

### **Auditors**

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. T.S. Ramachandran  
Mr. M. Siva Shankar

#### **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. M. Siva Shankar  
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

### **Branches**

Mumbai, Bhubaneshwar, Kolkata & New Delhi

### **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: 91-80-3460819  
E-mail: alfint@vsnl.com

### **Bankers**

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

## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 6th Annual General Meeting of the Shareholders of the Company will be held on Thursday, the 19th day of September, 2002 at 10:30 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 March 31, 2002 together with the Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. B. Venkata Rami Reddy, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. Siva Shankar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remuneration. The retiring auditors M/s H.S. Arunachala & Co., Chartered Accountants are eligible for re-appointment. The declaration under Section 224(1B) of the Companies Act, 1956 has been received. In this connection, to consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** the retiring auditors M/s H.S. Arunachala & Co., Chartered Accountants, Bangalore, be and 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 as may be approved by the Board of Directors of the Company."

### Special Business:

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

**"RESOLVED THAT** Mr. T.S. Ramachandran, 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 hold 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. T.S. Ramachandran for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

*By Order of the Board of Directors*  
for **CYBERSCAPE MULTIMEDIA LIMITED**

Place: Bangalore  
Date: June 26, 2002

**Sd/-**  
**Krishnakant Parashar**  
Company Secretary

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**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 a member of the Company. The proxy form duly filled in, stamped and signed must be deposited at the Registered Office of the Company at least 48 hours before the commencement of the meeting.
2. The Explanatory Statement pursuant to Section 173(2) is annexed hereto.
3. For the convenience of Members and for proper conduct of the Meeting, entry to the place of Meeting will be regulated by an Attendance Slip, which is annexed to the Proxy Form. Members are requested to kindly complete the same, affix the signature at the place provided on the Attendance Slip and hand it over at the entrance of the meeting hall. Attendance at the Annual General Meeting will not be allowed without production of the Attendance Slip duly filled in and 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 15th September, 2002 to 19th September, 2002 (both days inclusive).
6. Members are requested to bring their own copy of Annual Report along with them to the Annual General Meeting. Extra copies of the Annual Report will not be supplied at the Meeting.
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: 080-3460815/6/7/8, Fax: 080-3460819, e-mail: [alfint@vsnl.com](mailto:alfint@vsnl.com).



**ANNEXURE TO THE NOTICE****EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 5**

In order to broaden the Board, the Directors of the Company at their meeting held on August 30, 2001 appointed Mr. T.S. Ramachandran on the Board. Pursuant to the provisions of the Articles of Association and Section 260 of the Companies Act, 1956, he holds office upto the date of the forthcoming Annual General Meeting of the Company. Notice in writing along with deposit of Rs. 500/- has been received from a member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Ramachandran as a candidate for the office of Director.

Mr. T. S. Ramachandran is a graduate in Science, Associate Member of the Institute of Chartered Accountants of India, New Delhi and Associate Member of the Indian Institute of Bankers, Mumbai. Aged about 44 years, Mr. Ramachandran has vast experience in the fields of banking, merchant banking, treasury operations, finance, accounting, general management and administration. He has held senior positions in banks and is presently working as Vice President of The Vysya Bank Limited, Bangalore.

The Board considers that his appointment as a Director will be beneficial to the Company.

Mr. Ramachandran is deemed to be interested in the Resolution at item 5 since it relates to his appointment. Save and except Mr. Ramachandran, none of the Directors is interested in this resolution and the Board recommends your approval of this resolution.

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 of Directors*  
for **CYBERSCAPE MULTIMEDIA LIMITED**

Place: Bangalore  
Date: June 26, 2002

**Sd/-**  
**Krishnakant Parashar**  
Company Secretary

## **DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting the Sixth Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended March 31, 2002.

### **Financial Results**

(Rs. in lakhs)

<b>Particulars</b>	<b>Financial Year ended March 31, 2002</b>	<b>Financial Year ended March 31, 2001</b>
Total Income	607.59	554.15
Operating Profit (PBIDT)	74.62	174.49
Interest	3.25	6.42
Depreciation	68.04	57.80
Profit before Taxation	3.33	110.27
Provision for Tax	0.25	9.26
Prior Period Income/(Loss)	(0.96)	-
Profit after Tax	2.12	101.01
Reserves & Surplus	114.14	112.02
Proposed Dividend	-	-

### **Review of Operations**

The Company recorded a marginal increase in the total income from Rs. 554.15 lakhs to Rs. 607.59 lakhs over the previous year but the Profit after Tax has drastically decreased from Rs. 101.01 lakhs to Rs. 2.12 lakhs as the cost of development, marketing and infrastructure has increased. Though there was hope that after the last year's global slowdown the economy would look up in the financial year 2001-02 but it did not happen. Rather the economy continued to be on a decline throughout the year. The year proved to be a challenging one for the Company in the context of the continuing global slowdown. In the overseas markets, the already adverse economic conditions were aggravated by the terrorist attack on the World Trade Centre, New York on September 11, 2001. Then came the anthrax scare in the US and the war in Afghanistan, collapse of major global corporations like Enron, Arthur Andersen and Worldcom and bankruptcies of domestic co-operative banks. These tragedies were like blows one after the other for the already crippled economy. Despite this scenario, the Company has managed to be in black.

### **Investors Relations**

Alpha Systems Pvt Ltd, a SEBI registered transfer agent, is the Company's share transfer agent. All correspondence regarding our securities and investor grievances are being attending 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' Grievance Committee. This Committee ensures that all the queries and suggestions are properly attended to.

### Projections Vs. Actuals

The following are the projected and the actual performance:

Rs. in lakhs

Particulars	Projected	Actuals
Total Income	1593.40	607.59
Profit after Tax	478.31	2.12
EPS	4.74	0.02
Dividend %	25	-
Utilisation of Funds	1122	1001

The Company had projected Export Sales of Rs. 609 lakhs but could not achieve the target due to continuing global slowdown in the 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 drastically 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 ended March 31, 2002.

### Corporate Governance

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

### Fixed Deposits

The Company has not accepted 'deposits' from the public during the period under review.

### 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, 1957.

### 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. As regards particulars related to technology absorption, though it is not strictly applicable to us, there are ongoing efforts to refine techniques and technologies resulting in enhancement of overall quality and productivity. The information related to foreign exchange earnings and outgo during the year under review is given in notes on accounts.

### **Directors**

At the Board meeting held on 30th August, 2001, your Board appointed Mr. T.S. Ramachandran as an Additional Director. Being eligible, he is seeking re-appointment.

Mr. B. Venkata Rami Reddy and Mr. M. Siva Shankar retire by rotation and being eligible offer themselves for re-appointment.

Mr. Avinash Keshan tendered his resignation on 31.03.2002 which was accepted by the Board on 26.06.2002.

### **Directors' Responsibility Statement**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby confirm that:

- i. in the preparation of the annual accounts, the Generally Accepted Accounting Principles (GAAP) and the applicable accounting standards have been followed.
- ii. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 profits of the Company for the year under review.
- iii. 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 preventing and detecting fraud and other irregularities.
- iv. the Directors have prepared the annual accounts for the financial year on a 'going concern' basis.

### **Auditors**

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

### **Acknowledgments**

The Directors wish to thank the Company's esteemed customers, bankers, suppliers, shareholders and investors and the Government for their continued support and co-operation. The Directors also thank the employees for their valued contribution at all levels.

*On behalf of the Board of Directors*

**Anand S.K.**  
Managing Director

**M.S. Sridhar**  
Joint Managing Director

Place : Bangalore

Date : June 26, 2002



## REPORT ON CORPORATE GOVERNANCE

1. **Corporate Philosophy:** Cyberscape is committed to Corporate Governance. The Company's philosophy in establishing a good corporate governance is to ensure accountability, transparency and investors' protection.
2. **Board of Directors:** There were six Directors on the Board at the commencement of the accounting period. The Board was expanded by inducting one professional and non-executive Director. During the year one of the Whole-time Directors Mr. Avinash Keshan tendered his resignation from the Board. A report on the Board meetings and Directors' other interests is enclosed.
3. **Board Committees:** The Company has constituted Audit Committee and Shareholders' / Investors' Grievances Committee in order to establish good corporate governance. A report on Committees of the Board is given elsewhere in this Annual Report.
4. **Disclosures:** There are no materially significant related party transactions i.e. transactions, material in nature, with its promoters, Directors, their relatives or the Management etc. having potential conflict with the interests of the Company at large. The remuneration to the Whole-time Directors is enumerated in the Notes on Accounts. There have not been any non-compliance by the Company and no penalties or strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets during the last two years.
5. **Means of Communication:** The Company's quarterly / half yearly and yearly financial results are sent to the Stock Exchanges immediately after they are approved by the Board. They are also published in leading English and vernacular dailies, normally in Business Standard and Sanjevani. The results are also posted on the Company's website [www.cyberscapeindia.com](http://www.cyberscapeindia.com). The Management Discussion and Analysis forms part of this Annual Report and is provided elsewhere in this Report.
6. **General Shareholder Information:** The Company's shares are listed at Stock Exchanges at Bangalore, Mumbai and Kolkata. The Company's shares are tradable in 'Demat' form only, where the transfers are on-line. In order to facilitate the physical certificate holders, the Share Transfer Committee meetings are held within a fortnight of receipt of the documents for transfer and the certificates are despatched to the transferees within 30 days of receipt.

### Financial Calendar:

Year ending :	March 31
First Quarter Results :	July end
Second Quarter Results :	October end
Third Quarter Results :	January end
Last Quarter Results :	June end (audited)

### Annual General Meeting

Date: 19th September, 2002

Time: 10:30 a.m.

Venue: Mini Hall, Woodlands Hotel, # 5, Raja Rammohan Roy Road, Bangalore-560 025.

**Date of Book Closure:** 15th September to 19th September, 2002 (both days inclusive)

**Payment of Dividend:** No Dividend

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## Listing on Stock Exchanges:

The shares of the Company are listed at Bangalore, Mumbai and Calcutta Stock Exchanges.

Name of the Stock Exchange	Address	Scrip Code
The Stock Exchange, Mumbai	P.J. Towers, Dalal Street Mumbai-400 001	For Demat Segment 532364  For Normal Segment 32364
Bangalore Stock Exchange Ltd.	51, Stock Exchange Towers 1st Cross, J.C. Road Bangalore-560 027	
The Calcutta Stock Exchange Association Ltd.	7, Lyons Range Kolkata-700 001	13338

The listing fee for the years 2001-02 and 2002-03 has been paid to all the stock exchanges where the Company's shares are listed.

## International Securities Identification Number (ISIN)

Fully Paid-up                      INE519B01019 (NSDL & CDSL)  
Partly Paid-up                      IN9519B01017 (NSDL & CDSL)

## Market Price Data

The monthly high and low stock quotations and the volumes traded during the last financial year are given below:

Month	Bombay Stock Exchange			Bangalore Stock Exchange			Calcutta Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr 2001	20.20	10.25	1,15,030	13.30	13.30	25	18.80	11.00	6,88,726
May	19.40	12.10	51,875	15.00	14.00	185	19.00	12.10	1,17,142
June	15.00	10.00	34,726	*	*	*	14.40	9.50	32,374
July	14.70	7.85	40,902	-	-	-	13.50	7.20	23,425
Aug	10.50	6.50	17,316	-	-	-	10.00	5.80	2,62,657
Sept	7.00	3.95	9,293	-	-	-	8.10	8.00	1,200
Oct	7.40	4.20	6,018	-	-	-	6.80	4.25	60,670
Nov	12.15	6.00	1,11,911	-	-	-	13.00	5.05	1,61,104
Dec	10.45	5.60	32,002	-	-	-	12.10	6.45	65,476
Jan 2002	8.80	5.00	44,882	-	-	-	9.55	5.55	27,324
Feb	7.00	5.10	13,406	-	-	-	6.90	4.15	45,104
Mar	7.00	4.60	1,18,219	-	-	-	5.95	3.85	1,74,883

\*There is no trading taking place at Bangalore Stock Exchange .