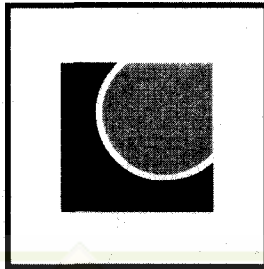


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CYBERSCAPE
MULTIMEDIA LIMITED

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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 & 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

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 7th Annual General Meeting of the Shareholders of the Company will be held on Saturday, the 27th day of September, 2003 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, 2003 together with the Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Dr. Mohan S. Kankanhalli, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. T.S. Ramachandran, 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 a Special Resolution:

"RESOLVED THAT subject to the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable laws, rules, guidelines, regulations, if any, which may become applicable hereafter, governing the matter, approval of the Company be and is hereby accorded to the delisting of the equity shares of the Company from the Bangalore Stock Exchange Limited and the Calcutta Stock Exchange Association Limited at such time as the Board of Directors (whether acting through the Board, a Committee of the Board or any Director or any person authorised by the Board) may, in their absolute discretion, consider appropriate and proper without giving an exit option to the shareholders of the regions where the aforesaid Stock Exchanges are situated and on the terms and conditions as may be stipulated and mutually agreed to in the best interests of the Company, after taking into account various factors such as but not limited to the incidence, impact or burden of the cost of the listing fees payable to the Stock Exchanges and to the volume of trading on the relevant Stock Exchange."

6. 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 163 and all other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves that the Register of Members, Index to the Register of Members and copies of Annual Returns prepared under Section 159 of the Act, together with copies of the certificates and documents required to be annexed thereto or any one or more of them be kept either at the Registered Office of the Company and/or at the office of the Company's Registrars and Share Transfer Agents presently M/s Alpha Systems Private Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore-560003 or as may be decided by the Board of Directors from time to time and that the foregoing Registers, Certificates and documents be kept open for inspection by the persons entitled thereto except when such Registers are closed as per the provisions of the Companies Act, 1956."

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

"RESOLVED THAT pursuant to Section 228 and other applicable provisions of the Companies Act, 1956, if any, the accounts for the year ending March 31, 2004 of the branches of the Company, be audited by the Company's Statutory Auditors or such other person or persons, other than the Company's Statutory Auditors and as are qualified for appointment as Auditors under Section 228 of the Companies Act, 1956, and that the Board of Directors be and is hereby authorised to decide and appoint such Branch Auditors in consultation with the Company's Statutory Auditors and fix their remuneration."

By Order of the Board of Directors

Place : Bangalore
Date : July 29, 2003

KRISHNANANT 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 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. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 relating to Special Business to be transacted at the meeting 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 23rd September, 2003 to 27th September, 2003 (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-560 008. Phone: 080-3460815/6/7/8, Fax: 080-3460819, e-mail: alifint@vsnl.com.

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT UNDER SECTION 178(2) OF THE COMPANIES ACT, 1956****Item No. 5**

The equity shares of the Company are listed on the stock exchanges at Bangalore, Mumbai and Calcutta. Under the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, it is open to the Company to voluntarily delist its securities from stock exchanges (including the regional stock exchange) if the securities continue to remain listed on a stock exchange having nationwide trading terminals i.e. the Stock Exchange, Mumbai (BSE) or the National Stock Exchange of India Ltd. (NSE). Besides BSE, some trading has taken place at the Calcutta Stock Exchange but there was no trading at Bangalore Stock Exchange in Company's shares during the whole financial year 2002-03. The Company's shares are mandated to be traded under compulsory demat form by all investors from the beginning itself. Since BSE has nationwide trading terminals allowing access to the investors to trade in the Company's equity shares, it is proposed to delist the equity shares of the Company from the Bangalore Stock Exchange Limited and the Calcutta Stock Exchange Association Limited.

As per the applicable SEBI Guidelines, no exit option is required to be given to the shareholders of the regions where the aforesaid Stock Exchanges are situated as the Company's shares are listed on the Stock Exchange, Mumbai (BSE). It is accordingly proposed to give the authority to the Board of Directors (whether acting through the Board, a Committee of the Board or any Director or any person authorised by the Board) to delist the shares of the Company from the Bangalore Stock Exchange Limited and the Calcutta Stock Exchange Association Limited.

Your Directors recommend the passing of this resolution. None of the Directors is interested in the resolution.

Item No. 6

As per the provisions of Section 163 of the Companies Act, 1956, certain documents such as register and index of members and debenture holders and copies of Annual Returns together with copies of certificates and documents required to be annexed thereto, may instead of being kept at the Registered Office of the Company, be kept at any other place within the city, town or village in which the Registered Office is situate.

The resolution proposed at item No. 6 of the notice is to afford flexibility to the Company to maintain the registers, returns, certificates and documents either at the Registered Office of the Company or at the office of the Registrars and Share Transfer Agents.

Your Directors recommend the passing of the resolution. None of the Directors is interested in the resolution.

Item No. 7

The Company's branches are situated at diverse locations. In view of this, it is proposed to authorise the Board of Directors of the Company to appoint, in consultation with the Statutory Auditors, such persons as are qualified for appointment as Auditors under Section 226 of the Companies Act, 1956, to audit the accounts for the year ending March 31, 2004 and to fix their remuneration.

The resolution gives the necessary authority to the Board of Directors in this behalf.

Your Directors recommend the passing of the resolution. None of the Directors is interested in the resolution.

By Order of the Board of Directors

Place : Bangalore
Date : July 29, 2003

KRISHNAKANT PARASHAR
Company Secretary

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DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors take pleasure in presenting the Seventh Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended March 31, 2003.

Financial Results

(Rs. in lakhs)

Particulars	Financial Year ended March 31, 2003	Financial Year ended March 31, 2002
Total Income	528.63	607.59
Operating Profit (PBIDT)	(21.96)	74.62
Interest	2.19	3.25
Depreciation	59.03	68.04
Profit before Taxation	(83.18)	3.33
Provision for Tax	-	0.25
Prior Period Income/(Loss)	5.88	(0.96)
Profit after Tax	(77.30)	2.12
Reserves & Surplus	36.83	114.14
Proposed Dividend	-	-

Review of Operations

The Company recorded a decrease in the total income from Rs. 607.59 lakhs to Rs. 528.63 lakhs over the previous year and the Company incurred a Loss of Rs. 77.30 lakhs (including depreciation of Rs. 59.03 lakhs and cash loss of Rs. 18.27 lakhs) as against Profit after Tax of Rs. 2.12 lakhs in the last year as the cost of development, marketing and infrastructure could not be controlled beyond a point. An imbalanced monsoon leading to drought in some areas and a sharp decline in the agriculture sector output, continued sluggishness in the world economy and the stand off in the gulf resulted in low growth. In fact, the year proved to be a challenging one for the Company in the context of the continuing global slowdown, geo-political disturbances, Indo Pak hostilities, Iraq war, SARS disease and many such factors. Demand for IT products and services remained very weak especially for the small and medium IT companies like yours. Signs of recovery are still not in sight in the gloomy economic landscape.

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 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' Grievance Committee. This Committee ensures that all the queries and suggestions are properly attended to.

Dividends

In view of the loss for the period under review, the Board has not recommended any dividend for the year ended March 31, 2003.

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, 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. As regards particulars related to technology absorption, though it is not strictly applicable to the Company, there are continuous 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

Dr. Mohan S. Kankanahalli and Mr. T.S. Ramachandran retire by rotation and being eligible offer themselves for re-appointment.

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 along with proper explanation relating to material departures.
- 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/losses 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.

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Replies to Auditors' observations

With regard to the observations of the Auditors in the notes appearing in Schedule 18 of the accounts and referred to by the Auditors in their report, we have to state as under:

- i. As regards the investments in M/s. ITR Interactive Edusoft Pvt. Ltd., we are in touch with the management of the company and have asked for a refund of Rs. 5 lakhs of our share application money. We have also demanded the audited financials of the company for the periods when we are investors, failing the furnishing of which we shall take appropriate steps as advised by our legal department.
- ii. The investment in M/s. Forethought Technologies Pvt. Ltd. (FTPL) is expected to bear fruit in sales commissions and share of profits through the sales of its product, which has been taken up for exclusive distributorship by the Company. The amount paid by the Company on behalf of FTPL for enhancement of the product shall be recovered from that company, possibly with interest, once its operations result into profits.
- iii. As regards the inventory of slow moving stock amounting to Rs. 27.05 lakhs at our Mumbai branch, the non-disposal is primarily due to resignations of some marketing personnel who were entrusted with the same and steps are being taken to dispose them off by the end of the current quarter.
- iv. As regards the fixed assets in the former office of our Kolkata branch, since its closure and resignation of the key personnel connected with the branch, steps are being taken to dispose of the assets through the owner of the premises on as-is-where-is basis. Due to the disconnection of electricity and the damp nature of the premises, no reasonable offers have been received and the search is still on for better offers to minimise the loss.
- v. Steps have been taken to initiate legal action against ITR Graphics Systems Pvt. Ltd, and a case has been filed against Mr. Jagadish S.G for recovery of the advances.

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.

Acknowledgements

The Directors wish to thank the Company's esteemed customers, bankers, suppliers, shareholders and investors, regulatory and Governmental authorities 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 : July 29, 2003

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** : The Board comprises of six Directors. Mr. Anand S.K. is the Managing Director and Mr. M.S. Sridhar is the Joint Managing Director of the Company. The rest of the Directors are non-executive Directors. 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** : The remuneration to the Whole-time Directors is enumerated in the Notes on Accounts. There are no instances of non-compliance, penalty etc. from SEBI/Stock Exchange or any statutory authority on any matter relating to the capital market.
5. **Means of Communication** : The Company's quarterly / half yearly and yearly financial results are forwarded 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 Management Discussion and Analysis section is a part of the Annual Report.

Electronic Data Information Filing and Retrieval (EDIFAR) System, which has recently been mandated by SEBI, is an automated system for filing, retrieval and dissemination of time sensitive corporate information, which till recently was being filed in physical form alone by the listed companies with the stock exchanges. EDIFAR has been launched by SEBI in collaboration with National Informatics Centre (NIC). With effect from quarter ending 30th June, 2003 the Company is required to upload the financial statements comprising of balance sheet, profit and loss account and full version of annual report; half yearly financial statements including cash flow statements and quarterly financial statements, corporate governance reports, quarterly shareholding pattern statements and any action taken against the company by any regulatory agency on EDIFAR website and the data would also be filed simultaneously with the information being filed with the stock exchanges as provided in Clause 51 of the Listing Agreement. The EDIFAR website can be accessed through a hyper link in SEBI's website www.sebi.gov.in

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		Annual General Meeting	
Year ending	: March 31	Date	: 27th September, 2003
First Quarter Results	: July end	Time	: 10:30 a.m.
Second Quarter Results	: October end	Venue	: Mini Hall, Woodlands Hotel
Third Quarter Results	: January end		# 5, Raja Rammohan Roy Road
Last Quarter Results	: July end (audited)		Bangalore-560 025.

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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

Book Closure : 23rd September to 27th September, 2003 (both days inclusive)

Payment of Dividend : No Dividend

Market Price Data

Month	Bombay Stock Exchange			Calcutta Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume (Nos.)	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr 2002	6.00	3.90	30,127	7.00	3.30	11,750
May	6.80	4.50	35,949	7.00	4.90	1,050
June	5.70	4.00	30,757	6.10	3.90	1,03,192
July	5.65	4.10	52,827	5.50	3.75	7,548
Aug	4.95	3.70	15,318	6.50	4.50	2,17,300
Sept	4.50	3.05	7,221	3.65	3.00	400
Oct	2.80	2.00	6,100	3.00	1.65	13,100
Nov	3.00	2.40	4,160	3.25	3.25	17,500
Dec	3.65	2.00	3,871	-	-	**
Jan 2003	2.50	1.65	12,020	2.15	1.60	5,800
Feb	2.15	2.00	6,255	1.75	1.75	3,000
Mar	1.70	1.10	3,990	2.40	0.94	60,610

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

** There was no trading during the month of December, 2002 at Calcutta Stock Exchange.