

# 10th Annual Report

**CYBERSCAPE**  
**MULTIMEDIA LIMITED**

Report Junction

# 10<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. M. Siva Shankar  
Director

Mr. T.S. Ramachandran  
Director

## **Company Secretary**

Mr. Krishnakant Parashar

## **Auditors**

Manish D. Ladage & Co.,  
Chartered Accountants  
2124, 2nd Floor, Oberoi Garden Estates,  
Chandivli Farms Road, Off Saki Vihar  
Road, Chandivli, Mumbai-400072.

## **COMMITTEES OF THE BOARD**

### **Audit Committee**

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

### **Shareholders/Investors Grievances Committee**

Mr. M. Siva Shankar  
Mr. T.S. Ramachandran  
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: 91-80-26714446 / 26710925

## **Branches**

Mumbai & New Delhi

## **Registrars & Share Transfer Agents**

Alpha Systems Pvt. Ltd.,  
30, Ramana Residency  
4th Cross, Sampige Road  
Malleswaram  
Bangalore-560 003.  
Tel: 91-80-23460815 - 818  
Fax: 91-80-23460819  
E-mail: [alfint@vsnl.com](mailto:alfint@vsnl.com)

## **Bankers**

ICICI Bank Ltd.  
Vijaya Bank



## NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 10th Annual General Meeting of the Shareholders of the Company will be held on Friday, the 29th day of September, 2006 at 10:30 a.m. at Suchitra Main Hall, Suchitra Film Society, # 36, 9<sup>th</sup> Main Road, Banashankari 2nd Stage, Bangalore-560070 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, 2006 together with the Reports of Auditors and Directors thereon.
2. To appoint a Director in place of Mr. M. Siva Shankar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Statutory Auditors and to fix their remuneration. The retiring auditors **M/s Manish D. Ladage & 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 **Manish D. Ladage & Co.**, Chartered Accountants, Mumbai, 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 of the Company, at a remuneration as may be decided by the Board of Directors in negotiation with the said M/s Manish D. Ladage & Co., Chartered Accountants, Mumbai."

By Order of the Board of Directors

Place: Bangalore

**KRISHNAKANT PARASHAR**

Date : July 31, 2006

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. 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.
3. 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.
4. The Register of Members and Share Transfer books will remain closed from 25th September, 2006 to 29th September, 2006 (both days inclusive).
5. 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.
6. 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: 080-23460815/6/7/8, Fax: 080-23460819, e-mail: alfnit@vsnl.com.

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

## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors take pleasure in presenting the Tenth Annual Report on the business and operations of the Company together with the audited Statement of Accounts for the year ended March 31, 2006.

### Financial Results

(Rs. in lakhs)

Particulars	Financial Year ended March 31, 2006	Financial Year ended March 31, 2005
Total Income	420.47	518.28
Operating Profit (PBIDT)	(2.37)	(5.75)
Interest	1.81	1.92
Depreciation	29.59	36.25
Prior Period Income/(Loss)	-	2.29
Profit before Taxation	(33.77)	(41.63)
Provision for Deferred Tax	6.37	12.99
Profit after Tax	(27.40)	(28.64)
Reserves & Surplus	(204.67)	(177.27)
Proposed Dividend	-	-

### Review of Operations

The Company recorded a decrease in the total income from Rs. 518.28 lakhs to Rs. 420.47 lakhs over the previous year and incurred a loss of Rs. 33.77 lakhs (including depreciation of Rs. 29.59 lakhs and cash loss of Rs. 4.19 lakhs) as against a net loss of Rs. 41.63 lakhs in the previous year. The dip in turnover is on account of reduction in non-profit generating activity like trading in computer software, however, it has improved the profitability slightly. The Management is hopeful of reducing the cash loss to zero in the current year.

### 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, your Directors regret their inability to recommend any dividend for the year under consideration.

### 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 us, 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**

Mr. B. Venkata Rami Reddy resigned during the year owing to his preoccupation elsewhere. Mr. M. Siva Shankar retires by rotation and being eligible offers himself 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 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.

#### **Replies to Auditors' observations**

With regard to the observations of the Auditors in the notes appearing in Annexure 2 to the Auditors Report and referred to by the Auditors in their report, we have to state as under:

As regards the investments in M/s. Forethought Technologies Pvt. Ltd. (FTPL) the provision for diminution in investments has already been made as advised by the auditors on the basis of revaluation based on the Balance Sheet of FTPL for the financial year 2003. The I.P. rights have been further amortised by FTPL in the financial year ending March 31, 2004 to the extent of Rs. 19,98,000/-. Further such provision can be considered in consultation with the management of that Company and only after their audited Balance Sheet for the financial year ending March 31, 2006 is ready. Your Directors are hopeful of improving marketing of e-Karyalaya, a product of FTPL from which realisation of its investment would be achieved.

#### **Auditors**

M/s Mahesh D. Ladage & Co., Chartered Accountants, Mumbai, 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

Bangalore  
July 31, 2006



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

## REPORT ON CORPORATE GOVERNANCE

- 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.
- Board of Directors:** The Board comprises of five 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. Mr. B. Venkata Rami Reddy resigned during the year. A report on the Board meetings and Directors' other interests is enclosed.
- 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.
- 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.
- General Body Meetings:** Details of Annual General Meetings held during the last 3 years are as under:

Meeting	Day, Date and Time of the Meeting	Venue
7th Annual General Meeting	Saturday, September 27, 2003 at 10:30 A.M.	Mini Hall, Woodlands Hotel, # 5, Raja Rammohan Roy Road, Bangalore-560025
8th Annual General Meeting	Monday, September 27, 2004 at 10:30 A.M.	Sri Lakshmi Venkateswara Hall # 3, 6th Main Road, 23rd Cross Road, Karesandra, BSK 2nd Stage, Bangalore-560070
9th Annual General Meeting	Friday, September 30, 2005 at 10:30 A.M.	Suchitra Main Hall Suchitra Film Society, # 36, 9th Main Road, Banashankari 2nd Stage, Bangalore-560070

- Means of Communication:** The Company's quarterly / half yearly and yearly financial results are forwarded to the Stock Exchange immediately after they are approved by the Board. They are also published in leading English and vernacular dailies, normally in Business Standard or Financial Express and Hosadigantha. The Management Discussion and Analysis section is a part of the Annual Report.

Electronic Data Information Filing and Retrieval (EDIFAR) System, which has 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](http://www.sebi.gov.in)

- General Shareholder Information:** The Company's shares are listed at Stock Exchanges at Bombay Stock Exchange (BSE). 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 : 29th September, 2006
First Quarter Results : July end	Time : 10:30 a.m.
Second Quarter Results : October end	Venue : Suchitra Main Hall, Suchitra Film Society,
Third Quarter Results : January end	# 36, 9th Main Road, Banashankari 2nd Stage,
Last Quarter Results : July end (audited)	Bangalore-560 070.
<b>Book Closure</b> : 25th September to 29th September, 2006 (both days inclusive)	

**Listing on Stock Exchanges:**

The shares of the Company are listed at Bombay Stock Exchange (BSE).

Name of the Stock Exchange	Address	Scrip Code
Bombay Stock Exchange	P.J. Towers, Dalal Street Mumbai-400 001	For Demat Segment 532364 For Normal Segment 32364

**Market Price Data**

Month	Bombay Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume (Nos.)
Apr 2005	4.39	2.89	34,578
May	5.49	3.11	47,358
June	4.90	2.23	6,46,073
July	4.18	2.10	4,13,095
Aug	6.10	2.75	8,92,827
Sept	5.73	3.07	4,02,020
Oct	3.25	2.49	99,888
Nov	2.99	2.56	51,420
Dec	2.80	2.50	76,245
Jan 2006	3.02	2.41	60,957
Feb	2.79	2.19	42,933
Mar	2.20	1.19	86,495

**Registered Office**

941, 21st Main, 22nd 'A' Cross, Opp: BDA Complex  
Banashankari 2nd Stage, Bangalore-560 070  
Phone / Fax: 26710925, 26714446

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## Registrars & Share Transfer Agents for Physical as well as Electronic Transfers

### Alpha Systems Pvt Ltd.,

# 30, Ramana Residency  
4th Cross, Sampige Road,  
Malleswaram,  
Bangalore-560 003  
Phone: 23460815 - 818  
Fax: 23460819  
E-mail: alfint@vsnl.com

### Share Transfer System

The authority relating to transfer of shares has been delegated to a share transfer committee which meets as often as may be necessary to ensure that the transfer process is completed without any delay. Shares sent for transfer in physical form are generally registered and returned within 30 days from the date of receipt of documents. The total number of shares transferred in physical form during the period 1.4.2005 to 31.03.2006 is as follows:

	No. of Transfer Deeds	No. of Shares
Transfer Requests Received	9	1,300
Accepted for Transfer	9	1,300

### International Securities Identification Number (ISIN)

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

### Shareholding Pattern as at March 31, 2006

Category	No. of Holders	No. of Shares	% Shareholding
Promoters*	8	31,12,200	30.80
NRIs	27	68,401	0.68
Bodies Corporate	138	42,24,982	41.82
Public - Individuals	3,505	26,96,917	26.70
Total	3,678	1,01,02,500	100.00

\* Promoters include all individuals in the promoter group



**Distribution of Shareholding as at March 31, 2006**

Holding (No. of Shares)	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
Less than 500	2869	77.97	5,88,652	5.83
501 - 1000	338	9.18	2,92,589	2.90
1001 - 2000	190	5.16	3,08,960	3.06
2001 - 3000	84	2.28	2,24,648	2.22
3001 - 4000	35	0.95	1,27,542	1.26
4001 - 5000	41	1.11	1,97,346	1.95
5001 - 10000	47	1.28	3,37,418	3.34
10001 and above	76	2.07	80,25,345	79.44
Total	3680	100.00	1,01,02,500	100.00

**Dematerialisation of Shares**

The Company's equity shares have been admitted into both the depositories viz. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Trading of Equity Shares of the Company is under compulsory dematerialised form. As on 31.03.2006, 84,74,165 Equity Shares of the Company representing 83.88% of the total subscribed capital of the Company were dematerialised.

**Branches:**
**Mumbai**

Unit No. 108, Sector No. 3, Building No. 3,  
 Millennium Business Park, Mahape-400 701, Navi Mumbai.  
 Phone: (022) 27782779 / 80 / 81

# 1, Manohar Park, Opp: Geeta Society, Charai, Thane (W) - 400 601.  
 Phone: (022) 25340239

**Delhi**

M-5, Swastik Bhawan, Ranjeetnagar Complex,  
 Near Satyam Cinema, New Delhi-110008.

**Address for Correspondence**

The Corporate Secretarial Department is located at the Company's Registered Office at  
 941, 21st Main, 22nd 'A' Cross, Opp: BDA Complex,  
 Banashankari 2nd Stage  
 Bangalore-560 070.  
 Tele/Fax: 26710925 / 26714446

**Registrars and Share Transfer Agents**

Shares for transfer in physical form and other communication regarding share certificates, change of address, demat, remat, annual report etc. should be sent to our Share Transfer Agents at the following address:

Alpha Systems Private Limited  
 30, Ramana Residency  
 4th Cross, Sampige Road, Malleswaram  
 Bangalore-560 003  
 Phone: 23460815 to 818, Fax: 23460819  
 E-mail: alfint@vsnl.com

**Annexure****Board of Directors****Composition and Category of Directors:**

Name	Category	Designation	No. of meetings held during the last financial year	No. of meetings attended	No. of memberships in Boards of other Companies	Attendance of each Director at last AGM
Mr. Anand S.K.	Promoter & Executive Director	Managing Director	4	4	3	Yes
Mr. M.S. Sridhar	Promoter & Executive Director	Joint Managing Director	4	-	3	Yes
Dr. Mohan S. Kankanahalli	Non-Executive Director	Director	4	1	-	No
Mr. B. Venkata Rami Reddy *	Independent & Non-Executive Director	Director	4	4	-	Yes
Mr. M. Siva Shankar	Independent & Non-Executive Director	Director	4	4	-	Yes
Mr. T.S. Ramachandran	Independent & Non-Executive Director	Director	4	3	-	Yes

\* Resigned during the year