

18<sup>th</sup>

ANNUAL REPORT  
2013-14



**CYBERSCAPE**  
**MULTIMEDIA LIMITED**

## BOARD OF DIRECTORS

Anand S.K.  
Managing Director

M.S. Sridhar  
Joint Managing Director

Milind Mehta  
Director

Sukirti Sogal  
Director

Prashanth Kamath  
Director

Vijayakumar N.A.  
Director

### Auditors

Shabbir & Rita Associates  
Chartered Accountants  
63, Narayan Niwas,  
Aarey Road, Goregaon (West)  
Mumbai - 400 062.  
Tel: 91-22-28739939, 28720555  
Email: shabbir.rita@gmail.com

## COMMITTEES OF THE BOARD

### Audit Committee

Sukirti Sogal, Chairman  
Milind Mehta  
Prashanth Kamath

### Shareholders/Investors Grievances Committee

Vijayakumar N.A., Chairman  
Prashanth Kamath  
Anand S.K.

### Share Transfer Committee

Anand S.K.  
M.S. Sridhar

## Registered & Corporate Office

1456, 23rd Main, 30th Cross  
Banashankari II Stage  
Bangalore-560 070.  
Tele/Fax: 91-80-26714446 / 26710925  
Email : info@cyberscapeindia.com  
Website : www.cyberscapeindia.com  
CIN : L22130KA1996PLC020728

## Mumbai Branch :

A-302, "A" Wing, Raj Darshan Building  
Dada Patil Wadi, Opp. Platform No. 1  
Thane (W)-400602  
Tel.: 91-22-25450959  
Fax : 91-22-25454742

## Registrars & Share Transfer Agents

Integrated Enterprises (India) 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

## Bankers

Indian Overseas Bank  
ICICI Bank Ltd.  
Vijaya Bank  
The CKP Co-operative Bank Ltd.

## NOTICE TO SHAREHOLDERS



**NOTICE** is hereby given that the **18<sup>th</sup> Annual General Meeting of the shareholders of Cyberscape Multimedia Limited** will be held at **10:00 a.m. on Thursday, the 25<sup>th</sup> September 2014** at the Registered Office # 1456, 23<sup>rd</sup> Main, 30<sup>th</sup> Cross, Banashankari 2<sup>nd</sup> Stage, Bangalore-560070 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended March 31, 2014 and the Balance Sheet as at that date together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Milind Mehta (DIN 03154414), who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Vijayakumar N.A. (DIN 03596768), who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s Shabbir & Rita Associates, Chartered Accountants, Mumbai, (Registration No. 109420W) retiring auditors, 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 pursuant to section 139 of the Companies Act, 2013 and Rules made thereunder, M/s Shabbir & Rita Associates, Chartered Accountants, Mumbai, (Registration No. 109420W) be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting, on such remuneration as may be determined by the Board of Directors in consultation with the Auditors."

By Order of the Board

**ANAND S.K.**

Managing Director

Bangalore, May 26, 2014

### NOTES:

1. **A member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of himself/herself. The proxy need not be a member of the Company. Proxies to be effective must be deposited with the Company not later than 48 hours before the commencement of the meeting.**
2. The Register of Members and Share Transfer Books of the Company will remain closed from 21<sup>st</sup> September, 2014 to 25<sup>th</sup> September, 2014 (both days inclusive).
3. Members holding shares in physical form are requested to intimate immediately any change in their address to the Registrar and Share Transfer Agents and the members holding shares in dematerialised form may inform the same to their respective depository participants.
4. Members desirous of getting any information in respect of accounts are requested to send their queries in writing to the Company at the Registered Office so as to reach the Company 7 days before the meeting.
5. As members are aware, equity shares of the Company are traded in electronic form for all shareholders. Members who hold equity shares in physical form may dematerialise the same. ISIN allotted to the Company for this purpose is INE519B01019 (Fully Paid-up) and INE9519B01017 (Partly Paid-up).
6. Members/Proxies are requested to bring their copy of the Annual Report and the Attendance Slip sent herewith duly filled in to the Annual General Meeting.
7. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrars and Share Transfer Agents M/s Integrated Enterprises (India) Limited, for consolidation into a single folio.
8. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. The Nomination Form SH13 prescribed by the Government can be obtained from the Registrar and Transfer Agent or from the Company's Registered Office. In respect of shares held in electronic/demat form, the nomination form may be filed with the respective Depository Participant.
9. Company will be disclosing to the Stock Exchange(s), as per Clause 35A of the Listing Agreement, the details of results of voting on each of the resolutions proposed in this Notice.
10. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Companies (Management and Administration Rules), 2014, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company are requested to submit their request with their valid e-mail address to M/s Integrated Enterprises (India) Limited. Members holding shares in demat form are requested to register/update their email address with their Depository Participant(s) directly. Members of the Company, who have registered their email address, are entitled to receive such communication in physical form upon request.
11. Pursuant to General Circular No. 20/2014 dated June 17, 2014 issued by the Ministry of Corporate Affairs, Government of India, the e-voting process has not been considered as mandatory till December 31, 2014. Pursuant to Clause 35B of the Listing Agreement, we are providing facility of e-voting to all

members as per applicable regulations relating to e-voting. The business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL). Mr. Krishnakant Parashar, practicing Company Secretary (CP No. 9734) has been appointed as scrutinizer in this regard. Such e-voting facility is in addition to voting that may take place at the meeting venue on September 25, 2014.

Procedure / Instructions for e-voting are as under:

- (i) The voting period begins on 18/09/2014 (from 9 a.m.) and ends on 20/09/2014 (upto 6.00 p.m.). During this period shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 22/08/2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) (during the voting period).
- (iii) Click on "Shareholders" tab.
- (iv) Now, select "CYBERSCAPE MULTIMEDIA LIMITED" from the drop down menu and click on "SUBMIT"
- (v) Now enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</p> <p>* In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two</p>

DOB#	<p>characters of the name in CAPITAL letters. e.g. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN filed.</p> <p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <p>* Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.</p>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN of Cyberscape Multimedia Limited.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done

by you by clicking on "Click here to print" option on the Voting page.

(xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xix) Note for Institutional Shareholders:

○ Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.

○ They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

○ After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

○ The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.

○ They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

12. The results of the e-voting along with the scrutinizer's report shall be placed in Company's website [www.cyberscapeindia.com](http://www.cyberscapeindia.com) and on the website of CDSL within two days of passing of the resolution at the AGM of the Company. The results will also be communicated to Bombay Stock Exchange where the shares of the Company are listed.

13. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative(s) to attend and vote (if casted at the AGM) on their behalf at the meeting.

14 Statement pursuant to Section 102 of the Companies Act, 2013 and brief resume of the Directors proposed to be re-appointed vide Item Nos. 2 & 3 under Ordinary Business in the Notice as required under Clause 49 of the Listing Agreement:

i. Mr. Milind Mehta (54) holds professional qualification as a Chartered Accountant since 1992 and has wide ranging experience in Corporate Finance, Accounts, Corporate Laws, Taxation, Audit, Treasury, Budgeting and MIS.

Mr. Mehta has more than 22 years of experience in the corporate sector working at different levels. He was Chief Financial Officer of a listed public limited company. Mr. Mehta was responsible for managing all the finances and monetary operations of the Company, preparation of budgets, establishing internal control procedures to safeguard the assets of the Company, financial planning, reporting, interpretation and evaluation of operating results. Presently he is practising in the field of Audit, Taxation & Corporate Laws.

He is a member of the Audit Committee.

Apart from Cyberscape Multimedia Limited he is not holding Directorship in any other company.

ii. Mr. Vijayakumar N.A. (46) holds a Diploma in Electricals and Electronics and has done an Advanced Certificate Course in Software Engineering (IBM) and has done an Entrepreneurial Development Program at IIT Chennai. He has more than 23 years of experience in the corporate sector especially in business development, Account Management, Sales and Partnership Management, creating franchise network, Sales and Product training etc. He also worked as a maintenance engineer for 3 years handling preventive maintenance of electrical and electronic components and general maintenance of machines. He has also handled market surveys, created proto-types and deployed the products in pilot sites.

He is a member of the Shareholders/Investors Grievances Committee.

Apart from Cyberscape Multimedia Limited he is not holding Directorship in any other company.

By Order of the Board

**ANAND S.K.**

Managing Director

Registered Office :  
1456, 23rd Cross, 30th Main,  
Banashankari 2nd Stage  
Bangalore - 560 070.

Bangalore, May 26, 2014

To the Members,

Your Directors have pleasure in presenting the 18<sup>th</sup> Annual Report together with the audited accounts of the Company for the year ended March 31, 2014.

**FINANCIAL RESULTS**

(Rupees in lacs)

<b>PARTICULARS</b>	<b>2013-14</b>	<b>2012-13</b>
Total Income	3.27	118.72
Total Expenses including Depreciation, Financial Cost and other expenses	65.09	182.71
Profit / (Loss) before Tax	(61.82)	(63.99)
Deferred Tax	(1.77)	(2.13)
Profit / (Loss) after Tax	(60.05)	(61.86)

During the year, the Company has recorded a considerable decrease in the total income from Rs. 118.72 lacs to Rs. 3.27 lacs over the previous year. Including interest and depreciation the Company has incurred a loss of Rs. 61.82 lacs as against loss of Rs. 63.99 lacs in the previous year. Due to paucity of funds the Company could not strengthen its marketing team to push its software products in the market.

**DIVIDEND**

Your Directors do not recommend any dividend for the year in view of the accumulated losses in the Company.

**INVESTORS RELATIONS**

Integrated Enterprises (India) Ltd., a SEBI registered Transfer Agent, is the Company's Share Transfer Agent. All correspondence regarding 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' Grievances Committee. The Committee ensures that all the queries and suggestions are properly attended to.

**CORPORATE GOVERNANCE**

Your Company adheres to all the mandatory recommendations of Corporate Governance Code laid down under Clause 49 of the Listing Agreement with Bombay Stock Exchange. A report on Corporate Governance is provided in this Report. The Auditors' Certificate on Corporate Governance forms part of this Annual Report.

**PUBLIC DEPOSITS**

Your Company has not accepted any deposits from the public during the year under review.

**PARTICULARS OF EMPLOYEES**

None of the employees of the Company employed through out the year or part of the year was in receipt of remuneration in excess of limits specified in Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended.

**ADDITIONAL INFORMATION**

Particulars pursuant to Section 217(1)(e) of the Companies Act, 1956 and Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988.

**a. Conservation of energy and technology absorption**

The Company's operations are not energy intensive. However, adequate measures have been taken to reduce energy consumption by using energy efficient computers with latest technologies. An effort to conserve energy goes on a continual basis.

**b. Foreign Exchange Earning and outgo**

The information related to foreign exchange earnings and outgo during the year under review is given in notes on accounts.

## **GREEN INITIATIVES IN CORPORATE GOVERNANCE**

In line with the changes in law permitting companies to send electronic copies of full Annual Report, notices, quarterly results etc., to the e-mail IDs of shareholders, the Company has arranged to send the soft copies of the documents to the e-mail IDs of shareholders available with us or the depositories. In case any of the shareholder would like to receive physical copy of the Annual Report, the same shall be forwarded on written request to the Registrars M/s Integrated Enterprises (India) Limited.

## **DIRECTORS**

Mr. Milind Mehta and Mr. Vijayakumar N.A. retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting (AGM). Brief profile of the Directors is given in the notes to the Notice of the ensuing AGM.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- i. In the preparation of annual accounts 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 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 on a 'going concern' basis.

## **AUDITORS**

M/s Shabbir & Rita Associates, Chartered Accountants, Mumbai, Statutory Auditors of the Company retire at the forthcoming AGM and have expressed their willingness to continue as Statutory Auditors for the financial year 2014-15 and accordingly a resolution proposing their appointment is being submitted to the AGM. Members are requested to re-appoint them and fix their remuneration.

## **STATUTORY DISCLOSURE**

None of the Directors of the Company is disqualified under the provisions of Section 274(1)(g) of the Companies Act, 1956. Your Directors have made necessary disclosures as required under various provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Management Discussion and Analysis forming part of this Annual Report is attached.

## **APPLICABILITY OF THE COMPANIES ACT, 1956**

With reference to the Circular No. 08/2014 dated 04/04/2014 issued by Ministry of Corporate Affairs, the information given in this report are governed by the Companies Act, 1956.

## **ACKNOWLEDGEMENTS**

The Directors place on record their gratitude for all the guidance and co-operation received from all its clients, vendors, bankers, advisors, regulatory and Government authorities.

On behalf of the Board of Directors

**M.S. Sridhar**  
Joint Managing Director  
Bangalore  
May 26, 2014

**Anand S.K.**  
Managing Director

**Management's View**

We had indicated clearly in our last year's review that our company's outlook was very bleak and the only possible way to avoid a complete shutdown would be for some entity to acquire the stakes from the promoters and other major stakeholders and pump in enough funds and pursue a fresh agenda and business plan for revival. The search is still on but due to the completely negative business environment which existed till the new government was sworn in, all such potential investors were shying away till the scenario was clear. Hopefully the GDP growth rate which had dipped perilously close to 4% is expected to slowly start bouncing back as a result of the new government's initiatives. While it is too early to predict when the turnaround will happen, some early green shoots can be seen and this could bring some fruition to the search. Meanwhile, we have managed to just scrape thru for another year and are still looking out for such potential white knights to rescue us. We only hope this happens before the only remaining IP assets wither away due to technological obsolescence.

The management is still trying to outsource the marketing activity of whatever few products that still remain relevant and saleable since we just cannot bear the overheads of marketing, but none of these tie-ups have so far yielded any results and as of now we are still in negative territory where our revenues do not even cover the bare minimum costs of remaining a listed entity. We are still struggling to be compliant with all listing requirements and have barely managed to do so, and going forward unless a miraculous rescue stated above happens soon, our existence as a listed, compliant and live public limited company may be in grave danger.

**Depleted Strengths:**

Almost all residual strength of CML left in our product IP has been eroded because of the rapidly changing IT scenario which is moving away from desktops to mobile devices and cloud based offerings:

- a. **Multilingual Software:** The **Akruti** product line has already reached its end of life and unless significant investments are made to revamp it and make it applicable to the mobile device platforms like Apple, Android and Windows 8, in its current forms it is more or less obsolete.
- b. **E-Governance and Office Administration:** **e-Karyalaya** a product for e-Administration too is virtually obsolete, because of the above stated paradigm shift and while with a well funded development program it may be still be possible to make it relevant in the changed technical landscape of cloud computing and mobile deployments, without adequate resources we are just not able to take this up.

**Weaknesses:**

With no aggressive attempt to counter technological obsolescence and lack of serious marketing effort, our products and services are unable to complete in the changed technological landscape and so revenues have whittled away to almost nothing. We are left with no staff to arrest the dissipation of the residual IP of our products. The IT industry being highly dynamic, competitive and obsolescent has seen the demise of once great companies like Nokia, Blackberry and Kodak. So without external support and funds to re-ignite development and marketing of our products we see a similar fate staring at us if not reversed immediately. Another handicap of having a DNA as a product company, operating in a very narrow niche of multilingual products makes us highly susceptible to free products from large entities like Microsoft and Google who have a completely different business model. Also without resources we cannot even transform ourselves to become a solution provider in the mainstream IT market where there is still opportunity and growth.

**Receding Opportunities:**

As stated earlier, in our niche area of multilingual software, big players like Apple, Google and Microsoft are



carving out major chunks of the market share, because instead of charging for products like us, they are bundling it for free into their operating systems or services and recover their costs by advertisements or enterprise licensing. We can only watch while the local language application market with a compounded growth of over 79% worth millions of dollars, are grabbed by these MNCs while we remain mere spectators.

Also the real shift from desktop computing to web and cloud based environment with mobile access thru devices like smart phones and tablets are causing small, medium and large enterprises to shift to virtualized cloud platforms, dumping traditional servers and datacenters. Businesses are going mobile and online at the same time with the smart phone or a tablet as the access device and the cloud platforms hosting the backend applications.

#### **Challenges**

Unable to straddle this new scenario, we remain desktop focused and are fast losing relevance. Only big players, who provide products as a pay-per-use service available online hosted on cloud platforms or as mobile apps downloadable from various App-Stores for the leading mobile operating systems like the Apple iOS and Google Android and the Microsoft Windows Mobile are thriving and without such offerings our situation looks dismal.

We need to somehow keep afloat till we are acquired by some stronger entity that can fund the move to adapt to the above mentioned paradigm of mobile computing and cloud based delivery systems. Only by moving our technologies to these platforms and also by switching to online marketing to avoid the high cost of traditional marketing can we hope to innovate out of the situation. This calls for bold investment and the right thrust only then it may still be possible to regain lost ground. Acquiring such a partner is our biggest challenge.

#### **Financial scenario**

The total income of the company has plummeted from Rs. **118.71** lakhs in 2012-2013 to Rs. **3.27** lakhs in

2013-2014 and the company has a net loss of Rs. **61.82** lakhs (after considering a depreciation of 6.31 lakhs and a diminution of investment of Rs. 42.52 lakhs) as compared to a net loss of Rs. **63.99** lakhs in the previous year. The company's bottom line is drastically sliding down due to rising costs and inadequate revenue. As indicated earlier we are finding it difficult to even meet the bare minimum compliance requirements for listed entities and are looking for external infusion by stakeholders to help the executive directors with infusion of capital and working funds to revive the company.

#### **Human resources**

The nose-diving revenues and lack of opportunities have caused exit of all our staff and made it difficult to attract even trainees. The two executive directors of the board have stopped drawing salaries since January 2013 and are still trying to salvage the situation by trying for strategic investors to revive the company. We are fortunate to have guidance, suggestions and support of our independent directors who are helping us combat the crisis with an objective and neutral perspective and our sincerest thanks to them for sticking with us in the moment of need.

#### **Cautionary Statement**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward-looking' statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

Corporate Governance is about commitment to values and ethical business conduct. It is about how an organization is managed viz. its corporate and other structures, its culture, policies and the manner in which it deals with various stakeholders. Timely and accurate disclosure of information regarding the financial situation of the Company, its performance and ownership forms part of the Corporate Governance.

The Company's activities are carried out in accordance with good corporate practices and the Company is constantly striving to better them and adopt the best practices. It is firmly believed that good corporate governance practices would ensure efficient conduct of the affairs of the Company and help the Company achieve its goal of maximizing value for all its stakeholders. The Company is in compliance with the requirements of the guidelines on corporate governance stipulated under Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited.

#### **CORPORATE GOVERNANCE PHILOSOPHY**

The corporate governance philosophy of the Company is driven by the following fundamental principles:

- i. Adhere to corporate governance standards beyond the letter of law.
- ii. Maintain transparency and high degree of disclosure levels.
- iii. Maintaining a clear distinction between the personal interest and corporate interest.
- iv. Transparent corporate structure driven by business needs and
- v. Ensuring compliance with applicable laws.

#### **BOARD OF DIRECTORS**

The corporate governance principles of the Company ensure that the Board remains informed, independent and involved in the company and that there are ongoing efforts towards better corporate governance to mitigate "non business" risks. The Board is fully aware of its fiduciary responsibilities and recognizes its responsibilities to stakeholders to uphold the highest standards in all matters concerning Cyberscape and has empowered responsible persons to implement its broad policies and guidelines and has set up adequate review process.

Cyberscape's commitment to ethical and lawful business conduct is a fundamental shared value of the Board of Directors, the senior management and all other

employees of the Company. Consistent with its values and beliefs, the Company has formulated a Code of Conduct applicable to the Board and senior management. Further, the Company has also adopted an insider trading code for prevention of insider trading.

- i) As on March 31, 2014, the Company has 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.
- ii) All major policy decisions are taken at the Board Meetings. The Board Meetings constitute a very important and significant aspect of Company's functioning. The meetings are governed by a detailed agenda. All issues included in the agenda are backed by comprehensive background information to enable the Board to take decisions. All decisions are arrived at after due deliberations by the members of the Board. The Board plans, monitors and controls the business of the Company and ensures compliance with applicable laws and regulations.
- iii) None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2014 have been made by the Directors.
- iv) The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and at the last Annual General Meeting and number of directorships and Committee Chairmanships/Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship/Membership of Board Committees include only Audit and Shareholders/Investors Grievance Committees.
- v) Four Board Meetings were held during the financial year and the time gap between any two consecutive meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

1) 28-05-2013	2) 13-08-2013
3) 13-11-2013	4) 14-02-2014