

CYBER MEDIA (INDIA) LIMITED

(Regd No: 55-14334)

[The Company was incorporated as a "Public Limited Company" on September 10, 1982 under the Companies Act, 1956 and obtained a certificate for commencement of business on October 20, 1982.]

Registered Office: D-74 Panchsheel Enclave, New Delhi – 100017

Tel: 91-11-51752154 Fax: 91-11-26496765

(The Registered Office of the Company was shifted from 810, Meghdoot, 94, Nehru Place, New Delhi – 110019, to the present address w.e.f. April 16, 1998)

Corporate Office: B-35, Institutional Area, Sector 32, Gurgaon, Haryana – 122002

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PUBLIC ISSUE OF 2,822,500 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PRICE BAND OF RS. 50-60/- EACH AGGREGATING RS. 141,125,000 AT THE MINIMUM PRICE AND RS. 169,350,000 AT THE MAXIMUM PRICE IN THE BAND (HEREINAFTER REFERRED TO AS THE 'ISSUE'). THE ISSUE PRICE IS FIVE TIMES AT LOWER PRICE BAND AND SIX TIMES AT HIGHER PRICE BAND, OF THE FACE VALUE (THE COMPANY SHALL DETERMINE THE FINAL PRICE BEFORE FILING THE PROSPECTUS WITH ROC.)

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of equity shares of CYBER MEDIA (INDIA) LIMITED (the "Company"), there has been no formal market for equity shares of the Company. The face value of the shares is Rs.10/- and the issue price is five times at lower price band and six times at higher price band, of the face value. The issue price (as determined by the Company in consultation with the Lead Managers and on the basis of assessment of market demand for the equity shares) should not be taken to be indicative of the market price of the equity shares after the equity shares are listed. No assurance can be given regarding an active and/or sustained trading in the equity shares of the Company nor regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the issuer and the issue including the risks involved. The equity shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. **The attention of the investors is drawn to the statement of risk factors appearing on page number 'i' of this draft Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

"CYBER MEDIA (INDIA) LIMITED having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to CYBER MEDIA (INDIA) LIMITED and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

LISTING ARRANGEMENTS

The equity shares offered through this Prospectus are proposed to be listed on The National Stock Exchange, Mumbai (NSE) (Designated Stock Exchange) and The Stock Exchange, Mumbai (BSE). Applications are being made to these stock exchanges for permission to deal in and for official quotation in respect of the equity shares arising out of the present public issue. The in-principle approvals from these stock exchanges are yet to be received for listing of the equity shares.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 KHANDWALA SECURITIES LIMITED (SEBI Regn. No.: INM000001899) Vikas Building, Ground Floor Green Street, Fort Mumbai – 400023 Tel: 91-22-22642300; Fax: 91-22-22615172 E-mail: ibg@kslindia.com	 INTIME SPECTRUM REGISTRY LIMITED (SEBI Regn No.: INR000003761) C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (W) Mumbai 400078 Tel : 91-22-55555491-4; Fax : 91-22-55555353 E-mail: cybermedia@intimespectrum.com

ISSUE PROGRAMME

ISSUE OPENS ON : -----DAY, DD-MM-2004

ISSUE CLOSES ON : -----DAY, DD-MM-2004

INDEX

	Particulars	Page Nos.
	I. Definitions/Abbreviations	
	II. Forward Looking Statements	i
	III. Risk Factors and Management Perceptions	i
Part I	I. General Information	1
	A) Name and Address of the Company	1
	B) Authority for the Present Issue	1
	C) Government/ Statutory Approvals	1
	D) Prohibition by SEBI	2
	E) Eligibility for the Issue	2
	F) Disclaimers	3
	G) Filing	5
	H) Listing	5
	I) Undertaking from Promoters and Directors	5
	J) Corporate Governance	5
	K) Application in Fictitious Names	5
	L) Minimum Subscription	6
	M) Utilisation of Issue Proceeds	6
	N) Allotment Letters/Refund Orders	6
	O) Issue Schedule	6
	P) Undertaking by the Issuer Company	6
	Q) Issue Management Team	7
	II. Capital Structure of Company	9
	III. Terms of Present Issue	16
	A) Authority for the Present Issue	16
	B) Principal Terms and Conditions	16
	C) How to Apply	17
	D) Utilisation of Issue Proceeds	23
	E) Tax Benefits to the Company and its Members	23
	IV. Particulars of the Issue	26
	A) Objects of the Issue	26
	B) Cost of the Project and Means of Finance	26
	V. Company and the Management	29
	A) History and Background	29
	B) Main objects of the Company	33
	C) Subsidiaries of the Company	34
	D) Other Group Companies and Venture Companies	37
	E) The Promoters of the Company	40
	F) Board of Directors	42
	G) Organization Structure	46
	H) Key Managerial Personnel	47
	I) Corporate Governance	49
	J) New Projects	51
	VI. Industry Overview	55
	VII. Business Overview	63
	VIII. Management Discussion and Analysis	78
	A) Analysis of Financial Statements	78
	B) Basis of Issue Price	84
	C) Stock Market Data	85
	IX. Outstanding Litigations/Disputes/Defaults	86
	X. Material Developments	89
	XI. Risk Factors & Management Perceptions Thereof	90
Part II	A. General Information	98
	B. Financial Information	103
	i) Restated Consolidated Financial Statements as per Indian GAAP	104
	ii) Restated Unconsolidated Financial Statements as per Indian GAAP	118
	C. Statutory and Other Information	178
	D. Main Provisions of the Articles of Association of the Company	181
	E. Material Contracts and Documents for Inspection	186
Part III	Declaration	187

I. DEFINITIONS AND ABBREVIATIONS

Act	The Companies Act, 1956
Applicant	Any prospective investor who makes an application for shares in terms of this Prospectus.
Application Form	The form in terms of which the investors shall apply for the equity shares of the Company
Articles	Articles of Association of CYBER MEDIA (INDIA) LIMITED
ASP	Application Service Provider/ Active Server pages
ASSOCHAM	Associated Chambers of Commerce
AY	Assessment Year
Board	Board of Directors of CYBER MEDIA (INDIA) LIMITED or a committee thereof
BPO	Business Process Outsourcing
BSE	The Stock Exchange, Mumbai
CAGR	Compound Annual Growth Rate
CAPS	Content and Publishing Services
CAT-5	Category 5 Structured Cabling System
CD-ROM	Compact Disk – Read only memory
CDSL	Central Depository Services (India) Limited
CII	Confederation of Indian Industries
CIO	Chief Information Officer
CLB	Company Law Board
CSI	Computer Society of India
CXO	Common reference term for CEO/CIO/CFO
DCA	Department of Company Affairs
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participant) Regulations, 1996 as amended from time to time
DLD	Domestic Long Distance
DP	Depository Participant
DSL	Digital Subscriber link
DVD	Digital Video Disk
EPS	Earnings Per Share
Equity Shares	Equity Shares of the Company
ESOP	Employees Stock Option Plan
ESOS	Employees Stock Option Scheme
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999
FI	Financial Institution
Financial Year or Fiscal Year	The twelve months ended March 31st of a particular year
FMCG	Fast Moving Consumable Goods
Fresh Issue/Issue	The issue of 2,822,500 equity shares of Rs. 10/- each at a premium of Rs. 40 to 50 per share as per this Prospectus
GDP	Gross Domestic Product
GOI	Government Of India
HUF	Hindu Undivided Family
ICT	Internet, Communication and Telecom
IDC	International Data Corporation
IRS	Indian Readership Survey
Issue Closing Date	The date on which the issue closes for subscription
Issue Opening Date	The date on which the issue opens for subscription
Issue Period	The period between the Issue Opening Date and Issue Closing Date and includes both these dates
Issue Price	The price at which the equity shares will be issued by the Company under this Prospectus
Issuer/Company/Cyber Media	CYBER MEDIA (INDIA) LIMITED
IT	Information Technology
IT Act	Income Tax Act, 1961
ITES	Information Technology Enabled Service
LAN	Local Area Network
Lead Manager/LM	Lead Managers to the Issue i.e. Khandwala Securities Limited
Memorandum	Memorandum of Association of CYBER MEDIA (INDIA) LIMITED

NASSCOM	National Association of Software and Services Companies
NAV	Net Assets Value
NRI(s)	Non-Resident Indian(s)
NRS	National Readership Survey
NSDL	National Securities Depository Limited
NSE/ Designated Stock Exchange	The National Stock Exchange of India Limited, Mumbai
OEM	Original Equipment Manufacturer
Offer Document/Prospectus	The Prospectus filed with the ROC containing inter alia the Issue price and the number of equity shares to be issued, issue price and other incidental information
PAN	Permanent Account Number
PAT	Profit After Tax
PBDT	Profit Before Depreciation and Tax
PBIDT	Profit Before Interest, Depreciation and Tax
PBT	Profit Before Tax
PCQ	PCQuest
RBI	Reserve Bank of India
Registrars	Registrar to the Issue, i.e., InTime Spectrum Registry Limited
RNI	Registrar of Newspapers for India
ROC	Registrar of Companies, NCT of Delhi and Haryana at New Delhi
ROI	Return on Investment
SBU	Strategic Business Unit
SCRR	Securities Contracts (Regulation) Rules, 1957 as amended from time to time
SE / Stock Exchange (s)	NSE & BSE
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Guidelines	Means the extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000
SEI-CMM	Software Engineering Institute - Capability Maturity Model
SME/SMB	Small and Medium Enterprise
TRAI	Telecom Regulatory Authority of India
VAR	Value Added Reseller
WLL	Wireless in local loop

II. FORWARD-LOOKING STATEMENTS; MARKET DATA

Statements included in this Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company's expectations with respect to, but not limited to, the Company's ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

For further discussion of factors that could cause the Company's actual results to differ, see the section entitled “Risk Factors” beginning on page no. ‘i’ of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. In accordance with SEBI requirements, the Company will ensure that investors are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

Market data used throughout this Prospectus was obtained primarily from internal company reports. The information contained in this Prospectus has been obtained from sources believed to be reliable, but that their accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, the Company believes that the market data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed to be reliable, have not been verified by any independent source.

III. RISK FACTORS AND MANAGEMENT PERCEPTIONS THEREOF

The Investor(s) should consider carefully the following risks factors, together with other information contained in this draft Prospectus before they decide to buy the Company's equity shares. Risks have been quantified, wherever possible. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's equity shares could decline and you may lose all or part of your investment.

Internal Risk Factors

1. A major contribution of the Company's revenues comes from advertisements. Consequently, future successes of the Company are dependent upon its continued market leadership and readership of the Company's publications. In the event of a change in preferences of the readers and advertisers or other related factors, such as increased competition, there may be a reduction in the readership of the Company's publications. Consequently this could have an adverse effect on the Company's business, financial condition and the results of its operations.

Management Perception

All the publications of CyberMedia have wide readership base. Its dependence on advertisements has reduced with the steady growth of the non-print media and media services income of its business units. Advertising accounts for 44.5% of the consolidated revenue of the Company resulting in lower exposure to changes in advertisement revenue.

2. The main business of the Company is publication. The income of the Company is dependent on sustaining and increasing readership base which may not follow a consistent pattern.

Management Perception

The Company has expanded its base from a purely print media focused business to a more diversified one spanning multimedia, web presence, events and content BPO services.

3. Some of the projects for which the Company intends to raise funds are in areas in which the Company does not have a track record.

Management Perception

The Company has, in the past, explored and tapped new streams of revenue. With this past track record, the Company feels that its management team has the ability to identify and tap profitable avenues.

4. The success of the Company's business depends on its management team. Loss of any key managerial person can adversely affect its business.

Management Perception

The Company provides an extremely challenging, open and professionally satisfying work environment to its employees. The Company expects to handle such situations dexterously

5. The project cost has been estimated by the Company and has not been appraised / assessed by any bank / financial institution/ Merchant Banker. The deployment of funds is at the entire discretion of the Issuer and is not subject to any monitoring by any independent agency.

Management Perception

The estimates on the project cost have been estimated by the management based on its past experience and these are believed to be fair and reasonable

6. The Working Capital limits sanctioned to the company by State Bank of Mysore was for a period of one year, the said period of validity of the sanction has since expired (w.e.f.28th September 2004) Inability to renew the sanctioned working capital limits could adversely affect the working of the company and consequently its profitability.

Managements Perception

The Company has applied to the Bank for the renewal of the credit facilities. The same is being processed by the bank. The Company has in the past been able to renew its working capital and does not foresee any problems in the renewal of its existing working capital limits.

7. The Company has not placed firm orders for acquisition of any of the equipment/infrastructure for which an amount of Rs. 29.13 million has been included in the objects of the issue.

Management Perception

The majority of the equipments required for the project are computers and related IT equipments/accessories that are readily available and have a short set-up and implementation time besides having a high obsolescence rate. Thus, placement of firm order closer to the date of actual installation ensures the availability of the latest technology at the most optimum costs.

8. The Company has pledged brand "DataQuest" and the brand name of business magazine being launched with a negative lien on all other magazine brands owned by Cyber Media (India) Limited to secure the Term Loan and working capital facilities sanctioned by State Bank of Mysore, Nehru Place, New Delhi.

Managements Perception

The Pledge has been offered as a collateral security for the Term Loan and working capital facilities in the ordinary course of business.

9. The Ministry of Information and Broadcasting, Government of India regulates the media and publications business. The Company may need to obtain certain approvals from the Ministry of Information and Broadcasting for any of its existing or new venture from time to time. This may cause delay or abandoning of any project. A proposal to publish the Indian Edition of Business Week is pending with the Ministry for its approval.

Management Perception

The proposal submitted to the Ministry of Information and Broadcasting complies with all the norms and guidelines set up by the ministry in terms of foreign investment, indigenous management and editorial control etc. The Government of India has a policy of case-by-case consideration for each of the proposals submitted to it.

10. Publication continues to be one of the main businesses of the Company. While reporting on certain issues inadvertent errors may occur. This may lead to litigation against the Company.

Management Perception

The Company has built a good track record for all its publications based on unbiased and analytical reporting. Due care is taken to ensure that the facts reported in its publications are free from errors and inaccuracies. Despite such due diligence of skill and process, the risk of litigation is common to most forms of media businesses.

11. Entry barriers to IT Media publication are low in cost.

Management Perception

The Company enjoys credibility for its fair and analytical reporting. The expertise in generating IT and related content has been acknowledged by the industry. The Company believes that it can maintain and improve its market share given the loyalty of its readers that have been demonstrated in the past and its segmented approach in the area of niche media publications.

12. Some of the Company's publications are dependent on the IT industry for their content and advertisements. It has not been able to sustain margins during the past due to slowdown in the IT Industry and the resultant pricing pressures. Further the Company's business as a whole has been affected adversely in the past due to slow down in the IT industry.

Management Perception

In the past most of the Company's publications depended on the IT industry for their content and revenue. Bottom lines had shrunk across the industry as a result of the market pressures and this had forced many competing publications to close. CyberMedia has sustained itself during these periods and has emerged with a strong base as it has since diversified into other areas like biotechnology, telecommunications, consumer electronics and media services. This has reduced its exposure to any one industry.

13. The Company's income may vary from quarter to quarter and may not be predictable. Some streams of its revenue are not consistent throughout the year. Similarly the realization of revenues from the event business may also vary from year to year.
14. The Company has entered into several fixed price contracts, which may expose it to additional risk and reduce its profitability.

Management Perception

All the contracts are entered into after following an elaborate process of financial and operational analysis.

15. Advertisement release orders by the clients can be cancelled at a short notice. This can expose the Company to financial loss and consequently affect its revenues and profitability.

Management Perception

The Company has an extensive client base. The revenue base is therefore widespread. Consequently, the Company has low exposure to cancellation of a contract by a client.

16. The unsold stocks of print products only have scrap value.

Management Perception

According to the estimates made by the Company, the average unsold stocks from every print run is in consonance with industry standards. This factor is taken into account while determining the pricing strategy of its products.

17. The Company plans to publish its BioSpectrum magazine at Singapore. The applications for necessary permissions from Singapore Government have not been applied for as yet.

Management Perception

As a publishing Company at Singapore, the Company is required to seek a permit from the Media Development Authority of Singapore. The application for this permit will be made by the Company in due course of time. The Company has already initiated the process of a wholly owned subsidiary in Singapore for this permit.

18. The Company has entered into a new business of providing BPO services to overseas clients in the area of generating and managing content for their publishing business. It may face difficulties in providing new offerings.

Management Perception

The Company has built a management team with an extensive experience in the content and publishing BPO business. Besides this very important factor of skill sets, it has at its disposal strong industry relationships with other publishing houses using which it is confident of emerging as a strong player in the BPO space of content and publishing services.

19. The Company has not entered into any tie-up for the purpose of arranging working capital for the projects enumerated in the 'objects of the issue'.

Management Perception

The Company has never faced problems in raising working capital due to fundamental strength of its business model and strong asset base. The pre-issue debt equity ratio is 0.61, gives the Company inherent borrowing capabilities. However, the working capital required for the new projects has been factored in as part of the objects of the current issue.

20. Promoters hold 41.29% of the post issue share capital of the Company. Accordingly, the promoters have the ability to exercise significant influence over matters requiring shareholder approval. This could conflict with the interests of other shareholders.

Management Perception

The Company operates in an open and professional manner and decisions are taken by experienced and seasoned professionals who head each business unit. The board of the Company comprises of professional and independent directors and important corporate decision making is taken on a joint, consultative basis and where applicable by a committee of directors.

21. The Company may offer equity shares under the Employee Stock Option Scheme/ Employee Stock Purchase Scheme. The Board is authorized to administer the stock options. Exercise of such options by the employees may lead to dilution of the shareholding or affect the market price of Equity Shares.

Management Perception

Any ESOP scheme serves as a strong motivational value for employees, which in turn contributes towards enhancement of shareholder value.

22. Cyber India Online Limited, which is a subsidiary of the Company, has reported losses to the tune of Rs. 428,652 for the financial year ending 31st March, 2003 and a profit of Rs. 2,693,055 for the financial year ending 31st March, 2004 and a profit of Rs. 1,067,292 for the 4 month period ended 31-July-2004. Currently Cyber Media (India) Limited holds 80.42% of the paid up equity capital in Cyber India Online Limited. Reserve Bank of India has approved the acquisition by Cyber Media (India) Limited, of 1,435,000 equity shares of Re. 1/- each, comprising 11.54% of the total paid-up equity of the Company from Intel Pacific Inc. at an agreed consideration of Rs. 2,496,900/-. Though the payment has already been effected, the shares are still in the process of transfer. Consequent upon the completion of transfer formalities, the abovementioned shareholding will increase to 91.96%. The accounts for the 4 month period ended 31-July-2004 have been prepared with the Company's share holding at 91.96%.
23. There may be delays in obtaining the statutory approvals from the Government and this in turn may lead to disturbances in the project implementation schedules, causing cost overruns and consequent losses.
24. The Company depends to a certain extent upon the knowledge base of its associates/ employees. Any break of relationship could have an adverse impact on the performance.

Management Perception

Most of the Intellectual Property generated by the Group, whether by associates or by employees, belongs to the Group. Content is generated by a large number of associates and employees. Therefore, the exposure due to a break in relationship is low. Also, Intellectual Property (IP) protection clauses are part of associate contracts/ terms of employment.

25. The Company has five subsidiaries and two associate companies. A negative performance of any of these entities may adversely affect the Company's performance.
26. Inability to manage Company's growth could disrupt business and reduce the profitability.

Management Perception

While the Company successfully executed its business strategies in the past, there can be no assurance that it will be able to execute all its strategies on time and within budget. The Company expects its rapid growth pattern to place significant demands on its management and other resources and this will require it to develop and strengthen operational, financial and other internal controls.

27. The Company's business is dependent upon its ability to keep pace with rapid industry and environment changes. If the Company fails to keep pace with such changes, the revenue and performance of the Company may suffer.

Management Perception

The Company has maintained its leadership based on its ability to foresee and prepare for changes. It has well defined processes to periodically evaluate and anticipate forthcoming changes. Its presence in the market research area enables it to predict changes. It can then shift its focus accordingly on developing and enhancing its existing or new product/ service offerings

28. IDC (India) has a franchise license from IDC, USA for conducting business in India under the name and style of IDC since 1987. The latest agreement drawn on 1st September 2002, is renewable automatically each year. If for any reason the renewal of this license arrangement fails, the sales of the Company's subsidiary, IDC (India) Ltd. would suffer and have a consequent adverse impact on the group performance.

Management Perception

The relationship between the Company and IDC is 17 year old. The Company does not foresee any scenario for cancellation of license

29. The Company's expansion plans are proposed to be funded by this current issue of shares. The failure of the current issue, would adversely impact the Company.
30. The Company's initiative into content and publication services has culminated into a new project presently under implementation. The pilot operation of this business unit is now housed at the Company's corporate office at Gurgaon. The project entails set-up of a new infrastructure and finds inclusion in the objects of the current issue. If for any reason the set-up of the required infrastructure, as envisaged in the project, is delayed, there would be a negative impact on the performance of this business unit and consequently the performance.
31. The Company has allotted 31763 Equity Shares (Face Value Rs.10/-) to the employees at less than the issue price within last twelve months other than ESOPs.
32. Mr. Pradeep Gupta, the promoter of the Company is also a Co-promoter of SQL Star International Ltd, a listed company. The shares of this company are presently quoted below issue price.

33. Litigation

The Company has commercial disputes with certain parties in respect of non-payment/ short payment of sums due. A summary of these cases is given below. The details are provided in the document under the section on 'Litigation':

Cases by the Company		
Civil Cases	18 Cases	Amount involved Rs. 4,056,175
Under sections 138/142 of the Negotiable Instruments Act	2 Cases	Amount involved Rs. 557,858
Criminal Cases	NIL	
Cases against the Company		
Civil Cases	NIL	
Criminal Cases	1 Case	Defamation case u/s 500 IPC
Cases by the Company's Subsidiaries		
Civil Cases	NIL	
Under sections 138/142 of the Negotiable Instruments Act	4 Cases	Amount involved Rs. 260,790
Criminal Cases	NIL	
Cases against the Company's Subsidiaries		
Civil Cases	NIL	
Criminal Cases	NIL	
Cases against the Promoters		
Civil Cases	1 Case	Pertaining to ownership and possession rights of a piece of agricultural land
Criminal Cases	2 Cases	-Defamation case u/s 500 IPC -CC1644/2002 before Chief Metropolitan Magistrate, Mumbai

Cases against the Directors of the Company	
Civil Cases	NIL
Criminal Cases	NIL

Besides these there are certain matters under the Income Tax Act, 1961. Details of these cases have been provided in the section on 'Litigation'.

34. Contingent Liabilities of the Company as on 31st July, 2004 are:

- a) Guarantees given to State Bank of Mysore aggregating to Rs. 20 million to secure facilities of around Rs 10 million each for IDC (India) Limited and CyberMedia Digital Limited (formerly Cyber Multimedia (I) Limited.)
- b) Bank Guarantees outstanding, (with a 10% margin money), amounting to Rs. 1,234,338/-
- c) Bank Guarantee outstanding, (with 100% margin money), amounting to Rs. 78,000/- given to Prasara Bharti
- d) Company is disputing at various appellate levels additions to the tune of Rs.45.45 million made by the Income Tax Authorities in different assessment years primarily based on the assessment framed for 1989-90. As per the latest notice of demand issued by the Income Tax Authorities, a demand of Rs.199,998/- has been claimed as pending while as per the company records, this has been paid.
- e) The Company has received legal notices of claims/ lawsuits filed against relating to defamation amounting to Rs.2.50 million. In the opinion of the management no liability is likely to arise on account of such claims/ law suits.

External Risk Factors

1. The Company uses high quality paper for its publications, for which there are a limited number of suppliers in India.

Management Perception

The Company has always imported bulk of its paper requirements. It has an option to import paper directly from foreign suppliers or by using services of local indenters who represent the suppliers. Being a bulk consumer, the Company expects no problem whatsoever in meeting its paper needs. The Company maintains an adequate stock of paper for any contingencies.

2. Significant technological advances have been made in the printing technology over the past few years. Implementing the latest technology may prove to be an expensive proposition and may affect the Company's profitability in the short run.

Management Perception

The Company has outsourced the printing processes to some of the leading printers in India. This acts as a cushion against direct impact of any cost increase due to technological changes in the printing industry.

3. **Competition**

The Company faces competition from the English mass media which offers greater reach and attraction for the advertisers.

Management Perception

In the last decade, advertising spends have shifted from mass media publications to niche magazines. The Company's publications focus on niche industry segments which require a higher understanding of the operating domain and are more focused on the target audience needs. This specialized focus is what an advertiser seeks in the vehicle that carries an advertisement, as opposed to non-focused reach offered by the mass media.

4. Any economic slowdown may result in reduced spending by the advertisers. It can also put pressures on the billing rates, resulting in reduced volumes/margins and may impair the financial results.
5. The Company may face increased exposure to exchange rate fluctuations in its business of exports of services.

6. Wars, natural disasters and terrorist attacks may adversely affect the markets, investor confidence, exchange rates and world economy in general and may result in loss of business and assets.
7. Political instability in India, South Asia, USA, UK and other countries where the company's customers are based, can adversely affect the Company's business.

NOTES

1. The net worth of the Company before the issue is Rs.105.74 million (Rs. 127.06 million consolidated) as at 31st July, 2004 and the size of the issue is between Rs.141.125 million at the minimum issue price of Rs. 50 and Rs. 169.350 million at the maximum issue price of Rs.60/-.
2. The cost per share to the promoters is Rs.2.28 per share and the book value per share is Rs. 14.73 (17.70 consolidated).
3. The promoters/directors/key managerial personnel of the Company are interested in the company to the extent of reimbursement of expenses incurred, normal remuneration or benefits, sitting fees and their respective shareholding in the company.(Please refer interest of Promoters / Directors discussed elsewhere in the Prospectus)
4. The investors are advised to refer to the para on "Basis of Issue Price" before making any investment in the issue.
5. Please read this draft Prospectus and the instructions contained herein before taking any action.
6. Investors may note that in case of over-subscription in the Public Issue, allotment shall be on a proportionate basis (refer to "Basis of Allotment" on page 19) in consultation with the Designated Stock Exchange (NSE)
7. The details of the related party transactions for the last three years are as under.

Description & Name of Related Parties with respect to above transactions	
Description	Name
Subsidiaries	IDC (India) Limited Cyber Media Digital Limited (Cyber Multimedia (I) Ltd.) Cyber India (Online) Limited Cyber Media Events Limited (formerly Cyber Expo Limited) Cyber Holdings Limited
Associates	Cyber Media Foundation Limited Cyber Astro Limited
Directors	Mr. Pradeep Gupta Mr. Shyam Malhotra Mr. K K Tulshan
Relative of Directors	Mrs Sudha Bala Gupta (mother of Mr. Pradeep Gupta)

Related Party Transactions for the year ended 31st July, 2004 (Amount in Rs. Mn)				
Nature of Transaction	Subsidiaries	Associates	Directors	Relatives of Directors
Current Liabilities@	-	0.19	-	-
Investments @	13.50	3.25	-	-
Sundry Debtors @	9.68	-	-	-
Loans and Advances@	15.38	4.23	-	-
Loans Given	-	-	-	-
Loans returned	0.48	-	-	-
Investment in Share Capital	-	-	-	-
Share Application Money	-	-	-	-
Sales & Services Income	1.42	0.26	-	-
Purchase of goods & services	1.74	0.15	-	-
Recovery of Common Expenses	4.26	-	-	-
Rent Paid	-	-	0.04	0.05
Managerial Remuneration	-	-	1.86	-

Related Party Transactions for the year ended 31st March, 2004 (Amount in Rs. Mn)				
Nature of Transaction	Subsidiaries	Associates	Directors	Relatives of Directors
Investments @	13.50	3.25	-	-
Sundry Debtors @	10.06	0.25	-	-
Loans and Advances@	15.86	4.23	-	-
Loans Given	-	1.09	-	-
Loans returned	0.05	-	-	-
Investment in Share Capital	-	-	-	-
Share Application Money	2.55	0.80	-	-
Sales & Services Income	3.26	0.95	-	-
Purchase of goods & services	4.91	0.10	-	-
Recovery of Common Expenses	14.66	-	-	-
Rent Paid	-	-	0.12	0.15
Managerial Remuneration	-	-	5.20	-

Related Party Transactions for the year ended 31st March, 2003 (Amount in Rs. Mn)				
Nature of Transaction	Subsidiaries	Associates	Directors	Relatives of Directors
Investments @	13.50	3.25	-	-
Sundry Debtors @	6.86	-	-	-
Loans and Advances@	15.91	3.14	-	-
Loans Given	-	0.22	-	-
Loans returned	0.19	-	-	-
Investment in Share Capital	0.50	1.50	-	-
Share Application Money	-	-	-	-
Sales & Services Income	1.06	-	-	-
Purchase of goods & services	2.78	0.07	-	-
Recovery of Common Expenses	10.54	-	-	-
Rent Paid	-	-	0.12	0.15
Managerial Remuneration	-	-	5.01	-

Related Party Transactions for the year ended 31 st March, 2002 (Amount in Rs. Mn)				
Nature of Transaction	Subsidiaries	Associates	Directors	Relatives of Directors
Investments @	13.00	1.75	-	-
Sundry Debtors @	2.37	-	-	-
Loans and Advances@	16.09	2.92	-	-
Loans Given	8.53	1.32	-	-
Investment in Share Capital	-	1.00	-	-
Sales & Services Income	0.29	-	-	-
Share Application	2.55	-	-	-
Recovery of Common Expenses	10.17	-	-	-
Rent Paid	-	-	0.12	0.15
Managerial Remuneration	-	-	4.05	-

@: closing balance

PART – I**I. GENERAL INFORMATION****A. NAME AND ADDRESS OF THE COMPANY****CYBER MEDIA (INDIA) LIMITED**

(Regd No: 55-14334)

[The Company was incorporated as a “Public Limited Company” on September 10, 1982 under the Companies Act, 1956 and obtained a certificate for commencement of business on October 20, 1982.]

Registered Office: D-74 Panchsheel Enclave, New Delhi – 100017

Tel: 91-11-51752154 Fax: 91-11-26496765

(The Registered office of the Company was shifted from 810, Meghdoot, 94, Nehru Place, New Delhi – 110019, to the present address w.e.f. April 16, 1998)

Corporate Office: B-35, Institutional Area, Sector 32, Gurgaon, Haryana – 122001

Tel: 91-124-2384816 Fax: 91-124-2380694

E-mail: ipo@cybermedia.co.in Website: <http://www.cmil.com>

PUBLIC ISSUE OF 2,822,500 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PRICE BAND OF RS. 50-60/- EACH AGGREGATING RS. 141,125,000 AT THE MINIMUM PRICE AND RS. 169,350,000 AT THE MAXIMUM PRICE IN THE BAND (HEREINAFTER REFERRED TO AS THE ‘ISSUE’). THE ISSUE PRICE IS FIVE TIMES AT LOWER PRICE BAND AND SIX TIMES AT HIGHER PRICE BAND, OF THE FACE VALUE. (THE COMPANY SHALL DETERMINE THE FINAL PRICE BEFORE FILING THE PROSPECTUS WITH ROC.)

B. AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorised vide Special Resolution passed at the Extra-ordinary General Meeting held on February 17, 2004.

C. GOVERNMENT/STATUTORY APPROVALS

The Company has applied to the Ministry of Information and Broadcasting for publication of Indian edition of Business Week.

The Company is yet to apply/obtain the following approvals:

- The approval of the Media Development Authority of Singapore for the launch of BioSpectrum magazine in that country.
- Registration of Global Outsourcing magazine with the Registrar of Newspapers in India.

Other than the above, the Company has received all the necessary consents, licenses, permissions and approvals from the Government and various government agencies required for its present business and no further approvals are required for carrying on the present as well as the proposed business of the Company except as stated elsewhere in this Prospectus. It must, however, be distinctly understood that in granting the above consents/ licenses/ permissions/ approvals, the Government does not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

Approvals received from the various Government agencies:

Registration with Registrar of Newspapers for India

BioSpectrum	MAHENG/2003/10739 dated September 16, 2003
The DQ Week, Chennai	TNENG/2003/10873 dated September 30, 2003
The DQ Week, Mumbai	MAHENG/2003/11090 dated October 29, 2003
DQ Channels India	71000/99 dated June 29, 1999
Living Digital	DELENG/2003/10082 dated June 16, 2003
PC Quest	45949/87 dated October 31, 2001
Data Quest	40432/82 dated October 18, 2001
The DQ Week, Delhi	66909/97 dated February 28, 2003
Voice and Data	59233/94 dated October 18, 2001

Global Outsourcing

The title 'Global Outsourcing' has been made available by the Registrar of Newspapers in favour of the Company vide its letter no. DELENG14253/29/1/2004-TC.

BusinessWeek India

The title 'BusinessWeek India' has been made available by the Registrar of Newspapers in favour of the Company vide its letter no. DELENG13953/29/1/2003-TC.

D. PROHIBITION BY SEBI

The Company, its subsidiaries, its associates, its directors and companies with which the directors of the issuer are associated as directors or promoters, its subsidiaries, its associates have not been prohibited from accessing the capital market under any order or direction passed by SEBI. The listing of any securities of the issuer has never been refused at anytime by any of the stock exchanges in India.

E. ELIGIBILITY FOR THE ISSUE

According to Clause 2.2.1 of the SEBI (Disclosure and Investor Protection) Guidelines 2000, an unlisted company shall make a public issue of any equity share or any security convertible into equity shares at a later date subject to the following:

- i. The Company has a net tangible asset of at least Rs. 30 million in each of the preceding 3 full years (of 12 months each) of which, not more than 50% is held in monetary assets.
- ii. The Company has a pre-issue net worth of at least Rs. 10 million in each of the preceding 3 full years (of 12 months each).
- iii. The Company has a track record of distributable profits in terms of Section 205 of the Companies Act, for at least three (3) out of the immediately preceding five (5) years.

Provided that the issue size (i.e., issue through Prospectus + firm allotment + promoters' contribution through the Prospectus) does not exceed five (5) times its pre-issue net worth as per last available audited accounts, either at the time of filing Prospectus with SEBI or at the time of opening of the issue.

The pre-issue Net worth and distributable profits of the Company (Stand-alone basis) as per the Restated Financial Statements are as under:

In Rs million

Financial Year	1999-00	2000-01	2001-02	2002-03	2003-04	2004-2005 (4 months)
Net Worth	71.81	72.84	83.88	85.17	99.68	105.74
Distributable Profit	5.94	3.15	2.90	7.35	25.78	13.42
Net Tangible Assets	192.71	189.76	192.00	210.46	230.34	251.33
% of monetary assets in terms of net tangible assets	0.93	1.51	0.47	0.60	2.53	1.92

The Company is fulfilling the criteria of eligibility norms for public issue by unlisted company as specified in the Clause 2.2.1 of SEBI Guidelines 2000. Therefore, the Board of Directors of the Company resolved to go for the proposed public issue through IPO route pursuant to Clause 2.2.1 of SEBI Guidelines 2000.

F. DISCLAIMERS**SEBI DISCLAIMER CLAUSE**

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR FOR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE LEAD MANAGERS, KHANDWALA SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT, WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS KHANDWALA SECURITIES LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 21ST OCTOBER, 2004 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- i. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE;
- ii. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- a. THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- b. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AND ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- c. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE
- d. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID

THE FILING OF PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER(S) ANY IRREGULARITIES OR LAPSES IN PROSPECTUS."

DISCLAIMER FROM THE ISSUER

Investors may note that Cyber Media (India) Limited accepts no responsibility for statements made other than in this Prospectus or in the advertisement or any other material issued by or at the instance of the issuer company and that anyone placing reliance on any other source of information would do so at their own risk

DISCLAIMER IN RESPECT OF JURISDICTION

This issue is made in India to Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks and co-operative banks (subject to RBI permission), trust registered under the Societies Registration Act, 1860, or any other trust law and who are authorised under their constitution to hold and invest in shares. This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself about and to observe any such restrictions. Any disputes arising out of this offer will be subject to the jurisdiction of appropriate courts. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted to the SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of Cyber Media (India) Limited since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF STOCK EXCHANGES**(a) National Stock Exchange of India Limited**

As required, a copy of this Prospectus has been submitted to National Stock Exchange of India Limited (NSE). NSE has given vide its letter dated _____ permission to the Company to use the Exchange's name in this Draft Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one relating to paid up capital (i.e., the capital shall not be less than Rs. 100 million and market capitalization shall not be less than Rs. 250 million at the time of listing). The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding of the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify, endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

(b) The Stock Exchange, Mumbai

As required, a copy of this Prospectus has been submitted to The Stock Exchange, Mumbai (BSE). BSE has given vide its letter dated _____ permission to the Company to use the Exchange's name in this Draft Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed. The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding of the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by BSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by BSE; nor does it in any manner warrant, certify, endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

GENERAL DISCLAIMER OF THE ISSUER COMPANY

The issuer accepts full responsibility for the accuracy of the information given in this Prospectus and confirm that to the best of their knowledge and belief, there are no other facts the omission of which make any statement in the Prospectus misleading, and they further confirm that they have made all reasonable inquiries to ascertain such facts.

G. FILING

1. Copy of this Prospectus along with the documents required to be filed under Section 60 of the Act having attached thereto, shall be delivered for registration to the Registrar of Companies, NCT of Delhi and Haryana at New Delhi.
2. Copy of the Prospectus has been filed with SEBI, Delhi and SEBI, Mumbai.
3. A copy of the Prospectus has also been filed with The National Stock Exchange, Mumbai (Designated Stock Exchange) and The Stock Exchange, Mumbai.
4. A copy of the documents referred to elsewhere in this Prospectus has been kept open for public inspection at the Registered Office of the Company.

H. LISTING

Initial Listing Applications have been made to The National Stock Exchange, Mumbai (NSE) and The Stock Exchange, Mumbai (BSE) for permission to deal in and for an official quotation of the equity shares of the Company being offered in terms of this Prospectus as well as the existing equity shares of the Company.

In case the permission to deal in and for official quotation of the shares is not granted by these stock exchanges, the issuer shall forthwith repay, without interest, all monies received from applicants in pursuance of this Prospectus and if such money is not repaid within eight days after the day from which the Company is liable to repay it, the Company shall pay interest as prescribed under Section 73(2) of the Act.

I. UNDERTAKING FROM PROMOTORS AND DIRECTORS

The Issuer accepts full responsibility for the accuracy of the information given in this Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, the omission of which make any statement in this Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The issuer further declares that the stock exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this offer or for the price at which the equity shares are offered or for the correctness of the statements made or opinions expressed in this Prospectus.

The promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement/misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case be, that any information/material has been suppressed/withheld and/or amounts to a misstatement/misrepresentation, the promoters/directors undertake to refund the entire application monies to all the subscribers within seven days thereafter without prejudice to the provisions of Section 63 of the Companies Act, 1956.

J. CORPORATE GOVERNANCE

The SEBI Guidelines in respect of corporate governance shall be applicable to the Company immediately upon listing of its shares on the various stock exchanges. The Company undertakes that it shall take necessary steps to comply with all the requirements of the guidelines on Corporate Governance as would be applicable to it upon listing of shares. The Company has already constituted various committees in accordance with the requirements of the Code of Corporate Governance under the Listing Agreement to be entered into with the stock exchanges prior to listing.

K. APPLICATIONS IN FICTITIOUS NAMES

As a matter of abundant caution attention of applicants is specifically drawn to the provisions of Sub-section (1) of Section 68-A of the Act, which is reproduced below:

"Any person who:

- (a) Makes in a fictitious name an application to a company for acquiring, or subscribing for, any shares therein, or***

(b) Otherwise induces a company to allot or register any transfer of shares therein to him or any other person in a fictitious name,

...shall be punishable with imprisonment for a term which may extend to five years."

L. MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue or if the subscription level falls below 90% after the closure of the issue on account of cheques having been returned un paid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

M. UTILISATION OF ISSUE PROCEEDS

The Board of Directors certifies that:

- a. All monies received out of the issue of shares to the public shall be transferred to a separate bank account other than the bank account referred to in Sub-section (3) of Section 73 of Companies Act, 1956;
- b. Details of all monies utilized out of this issue referred to in item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilized;
- c. Details of all unutilised monies out of this issue of shares, if any referred to in item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilised monies have been invested;

N. ALLOTMENT LETTERS/REFUND ORDERS

Refund orders of value over Rs. 1,500/-, if any, to allottee and Letter(s) of Regret together with refund orders of value over Rs. 1,500/- to non-allottees will be dispatched by registered post and refunds of value Rs. 1,500/- and less will be dispatched Under Certificate of Posting at the applicant's sole risk within 10 weeks from the date of closure of the subscription list.

Adequate funds for the above purpose will be made available to the Registrar to the issue to ensure dispatch of refund orders, allotment letters and share certificates by Registered Post/Certificate of Posting.

The Company agrees that:

- a. As far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the public issue.
- b. It shall pay interest @ 15% per annum if the allotment has not been made and the refund orders are not dispatched to the investors within 30 days from the date of closure of the issue.

Despatch of refund orders and demat credit would be completed and listing documents shall be submitted to the stock exchanges within 2 working days of the finalization of the basis of allotment. Formalities pertaining to the listing and trading of securities offered through this prospectus shall be completed at the stock exchanges where they are proposed to be listed, within 7 working days from the date of finalization of the basis of allotment. The Company shall ensure that "at par" arrangement is provided for the encashment facility on all refund orders.

O. ISSUE SCHEDULE

The subscription list will open at the commencement of banking hours and will close at the close of banking hours on the dates as mentioned below:

Issue Opens On	: -----DAY, DD-MONTH-2004
Issue Closes On	: -----DAY, MONTH DD-2004

P. UNDERTAKING BY THE ISSUER COMPANY

The Company undertakes that:

1. The Company has not made any earlier Public Issue of Equity Shares through Prospectus.
2. Investors' complaints received in respect of proposed public issue shall be attended expeditiously and satisfactorily.

3. All steps for completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the equity shares are to be listed are taken within seven working days of finalisation of the basis of allotment.
4. The Company will provide adequate funds to the Registrars to the Issue to dispatch the Allotment Letters/Refund Orders by registered post/certificate of posting as the case may be.
5. No further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application monies are refunded on account of non-listing, under-subscription, etc.
6. At any given time that there shall be only one denomination of the shares of the Company and the Company shall comply with such disclosures and accounting norms specified by SEBI from time to time.
7. All information shall be made available to the Lead Managers and the Issuer to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research and sales reports etc.

Q. ISSUE MANAGEMENT TEAM**LEAD MANAGERS TO THE ISSUE****KHANDWALA SECURITIES LIMITED**

(SEBI Regd. No.: INM000001899)

Vikas Building, Ground Floor,

Green Street, Fort

Mumbai – 400023

Tel: 91-22-22642300

Fax: 91-22-22615172

E-mail: ibg@kslindia.com

REGISTRARS TO THE ISSUE**INTIME SPECTRUM REGISTRY LIMITED**

(SEBI Regn No.: INR000003761)

C-13, Pannalal Silk Mills Compound

LBS Marg, Bhandup (W)

Mumbai 400078

Tel : 91-22-55555491-4; Fax : 91-22-55555353

E-mail: cybermedia@intimespectrum.com

AUDITORS OF THE COMPANY**M/s N.K. Goel & Co.**

Chartered Accountants

32 Regal Building

Sansad Marg

New Delhi – 110001

BANKERS TO THE COMPANY**State Bank of Mysore**

Nehru Place Branch

3-4& 5 DDA Building

Nehru Place

New Delhi – 110019

ICICI Bank Ltd.

K-6, 7 & 12 DLF Qutub Plaza

DLF City, Phase I

Gurgaon

BANKERS TO THE ISSUE**ICICI Bank Limited**

Capital Markets Division

30, Mumbai Samachar Marg, Fort

Mumbai 400001

Registration No. : INBI 00000004

IDBI Bank Limited

11th Floor, Surya Kiran Building

19, Kasturba Gandhi Marg

New Delhi 110 001

Registration No. INBI 00000076

LEGAL ADVISOR TO THE COMPANY

Mr. Sanjay Grover
E 500, Greater Kailash II
New Delhi

CREDIT RATING/DEBENTURE TRUSTEE

This being an equity issue, no appointment of credit rating agency or debenture trustee is required

UNDERWRITERS TO THE ISSUE

The Issuer is not proposing for the underwriting of the Issue.

COMPLIANCE OFFICER/COMPANY SECRETARY

Mr. Manhar Kapoor
Company Secretary
Cyber Media (India) Limited
B-35 Institutional Area
Sector 32, Gurgaon
Haryana – 122002
Tel: 91-124-5031234
Fax: 91-124-2380694
E-mail: manhark@cmil.com

Investors may note that in case of any pre-offer/post offer related problems such as non-receipt of letters of allotment / share certificates / refund orders etc., they should contact the Compliance Officer.

II. CAPITAL STRUCTURE OF THE COMPANY

No of Shares	Nominal Value (Rs.)	Aggregate Value (Rs.)
A. AUTHORISED CAPITAL 11,000,000 Equity Shares of Rs. 10/- each	110,000,000	110,000,000
B. ISSUED, SUBSCRIBED and PAID UP CAPITAL 7,177,500 Equity Shares of Rs. 10/- each, fully paid up. Of the above shares, 6,185,938 Equity Shares are issued as Bonus Shares by way of capitalization of Reserves.	71,775,000	71,775,000
C. PRESENT ISSUE 2,822,500 Equity Shares of Rs. 10/- each at a price band of Rs.50/- - Rs.60/-	28,225,000	At a price of Rs.50/- Rs.141,125,000 At a price of Rs.60/- Rs.169,350,000
D. PAID UP CAPITAL AFTER THE PRESENT ISSUE 10,000,000 Equity Shares of Rs. 10/- each fully paid up	100,000,000	100,000,000
E. SHARE PREMIUM ACCOUNT - Before the issue - After the issue At an Issue Price of Rs.50/- per share At an Issue Price of Rs.60/- per share	2,115,810 115,015,810 143,240,810	2,115,810 115,015,810 143,240,810

NOTES FORMING PART OF THE CAPITAL STRUCTURE

*The shareholders in the Extra-ordinary General Meeting (EGM) held on March 22, 2004 had approved the sub-division of equity shares of face value of Rs.10/- each into equity shares of face value of Rs. 5/- each. As per the latest amendments to SEBI (DIP) guidelines, the Company has consolidated the face value of its equity shares to Rs.10/- vide special resolution passed at the EGM held on 23rd June, 2004. Consequently, the numbers of shares have been re-cast to reflect the change.

1. The Share Capital History of the Company is as follows:

Date of allotment	Date when fully paid	No. of Shares	Face Value* (Rs.)	Issue Price (Rs.)	Consideration	Mode	Cumulative Shares	% of post issue capital	Lock-in [®]
16.09.82	16.09.82	7	10	10	Cash	MoA & AoA	7	Negligible	One year
13.11.82	18.07.83	16000	10	10	Cash	Original allotment	16007	0.16	Do
14.03.91	14.03.91	16007	10	Nil	Nil	Bonus	32014	0.16	Do
03.08.91	03.08.91	16007	10	10	Cash	Rights	48021	0.16	Do
28.03.92	28.03.92	48021	10	Nil	Nil	Bonus	96042	0.48	Do
17.02.93	17.02.93	500	10	10	Cash	ESOP	96542	0.01	Do
28.03.93	28.03.93	96542	10	Nil	Nil	Bonus	193084	0.96	Do
15.02.94	15.02.94	96766	10	10	Cash	Rights	289850	0.97	Do
30.03.94	30.03.94	144925	10	Nil	Nil	Bonus	434775	1.45	Do
12.10.95	12.10.95	217391	10	Nil	Nil	Bonus	652166	2.17	Do
30.08.96	30.08.96	2750	10	10	Cash	ESOP	654916	0.03	Do
31.10.96	31.10.96	1000	10	10	Cash	ESOP	655916	0.01	Do
31.03.97	31.03.97	655916	10	Nil	Nil	Bonus	1311832	6.56	Do

09.06.97	09.06.97	2000	10	10	Cash	ESOP	1313832	0.02	Do
17.11.97	17.11.97	1000	10	10	Cash	ESOP	1314832	0.01	Do
05.01.98	05.01.98	750	10	10	Cash	ESOP	1315582	0.01	Do
07.01.98	07.01.98	750	10	10	Cash	ESOP	1316332	0.01	Do
30.01.98	30.01.98	500	10	10	Cash	ESOP	1316832	0.01	Do
15.12.98	15.12.98	2500	10	10	Cash	ESOP	1319332	0.02	Do
01.01.99	01.01.99	2000	10	10	Cash	ESOP	1321332	0.02	Do
09.03.99	09.03.99	4000	10	10	Cash	ESOP	1325332	0.04	Do
15.03.99	15.03.99	6000	10	10	Cash	ESOP	1331332	0.06	Do
31.03.99	31.03.99	665668	10	Nil	Nil	Bonus	1997000	6.66	Do
03.12.99	03.12.99	2000	10	10	Cash	ESOP	1999000	0.02	Do
05.05.00	05.05.00	1500	10	10	Cash	ESOP	2000500	0.01	Do
01.12.00	01.12.00	7000	10	10	Cash	ESOP	2007500	0.07	Do
31.03.01	31.03.01	750	10	10	Cash	ESOP	2008250	0.01	Do
14.06.01	14.06.01	500	10	10	Cash	ESOP	2008750	0.01	Do
30.08.01	30.08.01	221250	10	10	Cash	ESOP	2230000	2.21	Do
08.11.01	08.11.01	11000	10	10	Cash	ESOP	2241000	0.11	Do
01.03.02	01.03.02	54625	10	10	Cash	ESOP	2295625	0.55	Do
04.03.02	04.03.02	54500	10	10	Cash	ESOP	2350125	0.54	Do
01.05.02	01.05.02	137254	10	10	Cash	ESOP	2487379	1.37	Do
01.05.02	01.05.02	59222	10	35	Cash	Rights	2546601	0.59	Do
08.11.02	08.11.02	636657	10	Nil	Nil	Bonus	3183258	6.37	Do
08.11.02	09.01.04*	16500	10	10	Cash	ESOP	3199758	0.16	Do
29.10.03	29.10.03	319985	10	Nil	Nil	Bonus	3519743	3.19	Do
29.10.03	29.10.03	16450	10	10	Cash	ESOP	3536193	0.16	Do
10.02.04	10.02.04	224718	10	10	Cash	ESOP	3760911	2.25	43971 for 3 years and balance for One year
18.02.04	18.02.04	3384826	10	Nil	Nil	Bonus	7145737	33.85	1956029 for 3 years and balance for one year
10.03.04	10.03.04	31600	10	30	Cash	Issue to Employees	7177337	0.32	One year
16.04.04	16.04.04	163	10	30	Cash	Issue to Employees	7177500	Negligible	One year

Note:

***Of the 16500 shares allotted on 08.11.02, 14625 shares were made fully paid-up on 9th January, 04.**

@ The shares will be locked in for a period of 3 years or one year from the date of allotment in the present issue.

2. Details of increase in Authorised Share Capital

Sl. No.	Date of Resolution	Increase in Authorized Capital
1	Incorporation	0.5 million
2	23/03/1992	0.5 million to 5 million
3	30/09/1995	5 million to 25 million
4	25/09/2000	25 million to 35 million
5	30/09/2002	35 million to 40 million
6	17/02/2004	40 million to 110 million

3. Details of Promoters shareholding and lock in are as follows:

PRADEEP GUPTA

Sl. No.	Date of Allotment/ Date of acquisition through transfer or sale	No. of Shares Allotted or Transferred	Consideration cash/bonus	Face Value *	Issue Price	% to Post Issue Capital	Lock-in
1	16.09.82	1	Cash	Rs.10/-	Rs.10/-	Negligible	1 year
2	13.11.82	3000	Cash	Rs.10/-	Rs.10/-	0.03%	1 year
3	05.06.87	501	Cash	Rs.10/-	Rs.10/-	0.01%	1 year
4	30.11.87	500	Cash	Rs.10/-	Rs.20/-	0.01%	1 year
5	14.03.91	4002	Bonus	Rs.10/-	Nil	0.04%	1 year
6	03.08.91	2502	Cash	Rs.10/-	Rs.10/-	0.03%	1 year
7	28.03.92	10506	Bonus	Rs.10/-	Nil	0.11%	1 year
8	15.04.92	596	Cash	Rs.10/-	Rs.10/-	0.01%	1 year
9	28.03.93	21608	Bonus	Rs.10/-	Nil	0.22%	1 year
10	15.02.94	13634	Cash	Rs.10/-	Rs.10/-	0.14%	1 year
11	30.03.94	28425	Bonus	Rs.10/-	Nil	0.28%	1 year
12	12.10.95	42638	Bonus	Rs.10/-	Nil	0.43%	1 year
13	30.08.96	1000	Cash	Rs.10/-	Rs.10/-	0.01%	1 year
14	07.02.97	750	Cash	Rs.10/-	Rs.10/-	0.01%	1 year
15	31.03.97	129663	Bonus	Rs.10/-	Nil	1.30%	1 year
16	09.06.97	94500	Cash	Rs.10/-	Rs.10/-	0.95%	1 year
17	18.03.98	54155	Cash	Rs.10/-	Rs.10/-	0.54%	1 year
18	15.03.99	5000	Cash	Rs.10/-	Rs.10/-	0.05%	1 year
19	31.03.99	206491	Bonus	Rs.10/-	Nil	2.06%	1 year
20	30.08.01	220000	Cash	Rs.10/-	Rs.10/-	2.20%	1 year
	15.03.02	(150000)	Cash	Rs.10/-	Rs.10/-	1.50%	--
21	04.03.02	54500	Cash	Rs.10/-	Rs.10/-	0.54%	1 year
	15.03.02	(31500)	Cash	Rs.10/-	Rs.10/-	0.31%	--
22	01.05.02	134254	Cash	Rs.10/-	Rs.10/-	1.34%	1 year
23	08.11.02	211682	Bonus	Rs.10/-	Nil	2.12%	1 year
24	29.10.03	105841	Bonus	Rs.10/-	Nil	1.06%	1 year
25	10.02.04	146000	Cash	Rs.10/-	Rs.10/-	1.46%	43971 shares are locked in for 3 years and balance for 1 year
26	18.02.04	1179224	Bonus	Rs.10/-	Nil	11.79%	3 years
	Total	2489473				24.89%	

SUDHA BALA GUPTA

SI No	Date of Allotment/ Date of acquisition through transfer or sale	No. of Shares Allotted or Transferred	Consideration Cash/Bonus	Face Value*	Issue price	% to Post Issue Capital	Lock-in
1	05.03.93	6000	Cash	Rs.10/-	Rs.10/-	0.06%	1 year
2	28.03.93	6000	Bonus	Rs.10/-	NIL	0.06%	1 year
3	15.02.94	6000	Cash	Rs.10/-	Rs.10/-	0.06%	1 year
4	30.03.94	9000	Bonus	Rs.10/-	NIL	0.09%	1 year
5	22.07.94	1000	Cash	Rs.10/-	Rs.10/-	0.01%	1 year
6	12.10.95	14000	Bonus	Rs.10/-	NIL	0.14%	1 year
7	31.03.97	42000	Bonus	Rs.10/-	NIL	0.42%	1 year
8	18.03.98	48144	Cash	Rs.10/-	Rs.10/-	0.48%	1 year
9	31.03.99	66072	Bonus	Rs.10/-	NIL	0.66%	1 year
10	30.08.01	12000	Cash	Rs.10/-	Rs.10/-	0.12%	1 year
11	15.03.02	112000	Cash	Rs.10/-	Rs.10/-	1.12%	1 year
12	01.05.02	9911	Cash	Rs.10/-	Rs.35/-	0.10%	1 year
13	08.11.02	83032	Bonus	Rs.10/-	NIL	0.83%	1 year
14	29.10.03	41516	Bonus	Rs.10/-	NIL	0.42%	1 year
15	18.02.04	411008	Bonus	Rs.10/-	NIL	4.11%	3 years
	Total	867683				8.68%	

ANURADHA GUPTA

SI No	Date of Allotment/ Date of acquisition through transfer or sale	No. of Shares Allotted or Transferred	Consideration Cash/Bonus	Face Value*	Issue price	% to Post Issue Capital	Lock-in
1	15.02.94	8000	Cash	Rs.10/-	Rs.10/-	0.08%	1 year
2	30.03.94	4000	Bonus	Rs.10/-	NIL	0.04%	1 year
3	22.07.94	1500	Cash	Rs.10/-	Rs.10/-	0.02%	1 year
4	12.10.95	6750	Bonus	Rs.10/-	NIL	0.07%	1 year
5	31.03.97	20250	Bonus	Rs.10/-	NIL	0.20%	1 year
6	18.03.98	19582	Cash	Rs.10/-	Rs.10/-	0.20%	1 year
7	31.03.99	30041	Bonus	Rs.10/-	NIL	0.30%	1 year
8	15.03.02	26000	Cash	Rs.10/-	Rs.10/-	0.26%	1 year
9	01.05.02	4506	Cash	Rs.10/-	Rs.35/-	0.05%	1 year
10	08.11.02	30157	Bonus	Rs.10/-	NIL	0.30%	1 year
11	29.10.03	15079	Bonus	Rs.10/-	NIL	0.15%	1 year
12	18.02.04	149279	Bonus	Rs.10/-	NIL	1.49%	3 years
	Total	315144				3.15%	

DHAVAL GUPTA

SI No	Date of Allotment/ Date of acquisition through transfer or sale	No. of Shares Allotted or Transferred	Consideration Cash/Bonus	Face Value*	Consideration paid	% to Post Issue Capital	Lock-in
1	03.08.91	1500	Cash	Rs.10/-	Rs.10/-	0.02%	1 year
2	28.03.92	1500	Bonus	Rs.10/-	NIL	0.02%	1 year
3	28.03.93	3000	Bonus	Rs.10/-	NIL	0.03%	1 year
4	15.02.94	3000	Cash	Rs.10/-	Rs.10/-	0.03%	1 year
5	30.03.94	4500	Bonus	Rs.10/-	NIL	0.05%	1 year
6	22.07.94	1500	Cash	Rs.10/-	Rs.10/-	0.02%	1 year
7	12.10.95	7500	Bonus	Rs.10/-	NIL	0.08%	1 year
8	31.03.97	22500	Bonus	Rs.10/-	NIL	0.23%	1 year
9	18.03.98	9302	Cash	Rs.10/-	Rs.10/-	0.09%	1 year
10	31.03.99	27151	Bonus	Rs.10/-	NIL	0.27%	1 year
11	05.05.00	6000	Cash	Rs.10/-	Rs.15/-	0.06%	1 year
12	31.08.00	1500	Cash	Rs.10/-	Rs.10/-	0.02%	1 year
13	15.03.02	35000	Cash	Rs.10/-	Rs.10/-	0.35%	1 year
14	01.05.02	4448	Cash	Rs.10/-	Rs.35/-	0.04%	1 year
15	08.11.02	32100	Bonus	Rs.10/-	NIL	0.32%	1 year
16	29.10.03	16050	Bonus	Rs.10/-	NIL	0.16%	1 year
17	18.02.04	158896	Bonus	Rs.10/-	NIL	1.59%	3 years
	Total	335447				3.35%	

KRITI GUPTA (Minor)

SI No	Date of Allotment/ Date of acquisition through transfer or sale	No. of Shares Allotted or Transferred	Consideration Cash/Bonus	Face Value*	Issue price	% to Post Issue Capital	Lock-in
1	15.02.94	1000	Cash	Rs.10/-	Rs.10/-	0.01%	1 year
2	30.03.94	500	Bonus	Rs.10/-	NIL	0.01%	1 year
3	22.07.94	6000	Cash	Rs.10/-	Rs.10/-	0.06%	1 year
4	12.10.95	3750	Bonus	Rs.10/-	NIL	0.04%	1 year
5	31.03.97	11250	Bonus	Rs.10/-	NIL	0.11%	1 year
6	31.03.99	11250	Bonus	Rs.10/-	NIL	0.11%	1 year
7	29.02.00	2500	Cash	Rs.10/-	Rs.20/-	0.03%	1 year
8	15.03.02	8500	Cash	Rs.10/-	Rs.10/-	0.09%	1 year
9	01.05.02	1813	Cash	Rs.10/-	Rs.35/-	0.02%	1 year
10	08.11.02	11641	Bonus	Rs.10/-	NIL	0.12%	1 year
11	29.10.03	5820	Bonus	Rs.10/-	NIL	0.06%	1 year
12	18.02.04	57622	Bonus	Rs.10/-	NIL	0.58%	3 years
	Total	121646				1.22%	

4. The Promoters/Directors, their relatives and associates have not purchased or sold or financed, directly or indirectly, any equity shares during a period of six months preceding the date on which the draft Prospectus is filed with SEBI.

5. Particulars of top ten shareholders as on (being the date of filing of the Prospectus with the Registrar of Companies)

Sl. No.	Name	No. of Shares (of Rs.10/- each)	% of post issue capital
1	Pradeep Gupta	2489473	24.89
2	Sudha Bala Gupta	867683	8.68
3	Yukti Securities Pvt. Ltd.	522500	5.22
4	Dhaval Gupta	335447	3.35
5	Deepa Agarwal	330482	3.30
6	Anuradha Gupta	315144	3.15
7	Sunil Aggarwal	296259	2.96
8	Swarn Kaur	265405	2.65
9	Six Sigma Software Pvt. Ltd.	215074	2.15
10	V.Mahajan	166647	1.66

6. Particulars of top ten shareholders as on (two years prior to the date of filing of the Prospectus with the Registrar of Companies)

S No.	Name	No. of Shares (of Rs.10/- each)	% of post issue capital
1	Pradeep Gupta	846726	8.47%
2	Sudha Bala Gupta	332127	3.32%
3	Deepa Agarwal	206500	2.07%
4	Dhaval Gupta	128401	1.28%
5	Six Sigma Software Pvt. Ltd.	122325	1.22%
6	Anuradha Gupta	120629	1.21%
7	K S Mehta	98057	0.98%
8	Sunil Aggarwal	88594	0.89%
9	Swarn Kaur	60920	0.61%
10	V.Mahajan	63788	0.64%

7. Particulars of top ten shareholders as on (10 days prior to the date of filing of the Prospectus with the Registrar of Companies)

S No.	Name	No. of Shares (of Rs.10/- each)	% of post issue capital
1	Pradeep Gupta	2489473	24.89
2	Sudha Bala Gupta	867683	8.68
3	Yukti Securities Pvt. Ltd.	522500	5.22
4	Dhaval Gupta	335447	3.35
5	Deepa Agarwal	330482	3.30
6	Anuradha Gupta	315144	3.15
7	Sunil Aggarwal	296259	2.96
8	Swarn Kaur	265405	2.65
9	Six Sigma Software Pvt. Ltd.	215074	2.15
10	V.Mahajan	166647	1.67

8. The pre and post issue shareholding pattern is as under:

Category	Pre-issue		Post-issue	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoter Group	4,129,393	57.53	4,129,393	41.29
Directors, their friends, relatives and associates	1,535,285	21.39	1,535,285	15.35
Employees	325,549	4.54	325,549	3.26
Others	1,187,273	16.54	1,187,273	11.87
Indian Public	--	--	2,822,500	28.23
Total	7,177,500	100.00	10,000,000	100.00

9. The post issue promoters holding will be 41.29%. In terms of the guidelines, 20% of the post issue capital will be in lock-in for 3 years and the balance holding will be in lock-in for 1 year.
10. The Company/Promoters/Director/Merchant Bankers have not entered in to buyback/standby or similar arrangements for purchase of securities being issued by the Company through this Prospectus.
11. There are no "Bridge loans" from any Bank taken by the Company for any purpose whatsoever or for the proposed project.
12. The Shareholders of the Company do not hold any warrant, options, convertible loan or any debenture, which would entitle them to acquire further shares of the Company.
13. As per SEBI guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to retail investors applying for equity shares for a value of not more than Rs.50,000/-. The remaining 50% of the offer to the public is reserved for individuals applying for equity shares for a value more than Rs.50,000/- and corporate bodies/institutions etc. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.
14. In the event of over-subscription, the process of rounding off to the nearest multiple of 100 shares during allotment may result in the actual allocation being higher than the equity shares being offered. Final allotment may therefore be increased by a maximum of 10% of the net offer to the public.
15. The equity shares to be held by the Promoters under the lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, inter-se transfers between the promoters named as such in the Prospectus would be permitted, provided that the requirement of the lock-in period guidelines continue to apply, to the extent initially prescribed.
16. No single applicant can make an application for number of securities, which exceeds the net offer to the public.
17. The Company has not revalued its assets since inception.
18. In terms of the clause 6.4.2.1 (g) of SEBI Guidelines 2000, The Securities offered through this Public Issue shall be made fully paid up or may be forfeited with in 12 months from the date of the allotment of the Securities.
19. The Company has 172 Shareholders as on 30th September, 2004.
20. There shall be only one denomination of the equity shares of the Company unless otherwise permitted by law. The Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.
21. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the draft Prospectus with SEBI until the equity shares offered through this Prospectus have been listed.
22. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the issue, by way of split/consolidation of the equity shares or further issue of equity shares (including issue of Securities convertible into exchangeable, directly or indirectly for equity shares) whether preferential or otherwise, or if the Company goes in for Acquisition and Joint Ventures, the Company might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such Joint Ventures.
23. The Company had granted options to its employees based upon various eligibility criteria from time to time. **There are no pending options and all the ESOP schemes have lapsed.**
24. The Company has not issued any equity shares out of revaluation reserves or for consideration other than cash except for the bonus shares issued out of free reserves as described in "Share Capital History" above.

III. TERMS OF THE PRESENT ISSUE**A. AUTHORITY FOR THE PRESENT ISSUE**

The present issue of equity shares is being made pursuant to a special resolution passed by the shareholders under Section 81 (1A) of the Act at the Extra Ordinary General Meeting held on 17th February, 2004.

B. PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The equity shares now being offered are subject to the terms of this Prospectus, the Application Form and Memorandum and Articles of Association of the Company, the guidelines for listing of Securities issued by Government of India and guidelines issued by the Securities and Exchange Board of India (SEBI) from time to time, the Depositories Act, 1996 and the provisions of the Companies Act, 1956.

In addition, the equity shares shall also be subject to such other terms and conditions as may be incorporated in the Letter of Allotment, Share Certificates, as per guidelines, notifications and other regulations for the issue of the capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of equity shares.

Face Value:

Each equity share shall be of Face value of Rs.10/-

Terms of Payment:

The Applications should be for minimum of 100 equity shares and in multiples of 100 equity shares thereafter. Full amount is payable on application.

The amount payable is as under

	Towards Share Capital	Towards Share Premium		Total Amount Payable	
		At lower end of Price Band (Rs.50)	At Higher end of the Price Band (Rs.60)	At lower end of Price Band (Rs.50)	At Higher end of the Price Band (Rs.60)
On Application	10.00	40.00	50.00	50.00	60.00
Total	10.00	40.00	50.00	50.00	60.00

Where an applicant is allotted lesser number of equity shares than he/she has applied for, the excess amount paid on application, if any remaining thereafter will be refunded to the applicant.

No interest would be payable on application money pending allotment up to 30 days from the date of closure of the issue.

Rights of the Equity share holders

1. To receive dividend, if declared.
2. To attend general meeting and exercise voting rights unless prohibited by law.
3. To vote either personally or by proxy.
4. To receive offer for rights shares and be allotted bonus shares, if announced.
5. To receive surplus on liquidation.
6. The right to free transferability.
7. Such other rights as may be available to the shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association of the Company.

Ranking of equity shares

The equity shares to be issued shall be subject to the Memorandum and Articles of Association of the Company and shall rank *pari-passu* with the existing equity shares of the Company including rights in respect of dividends.

Interest In Case of Delay On Allotment/Dispatch

The Company agrees that –

- a. As far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the public issue.
- b. It shall pay interest @ 15% per annum if the allotment has not been made and the refund orders have not been dispatched to the investors within 30 days from the date of the closure of the issue.

C. HOW TO APPLY**GENERAL INSTRUCTIONS****a. Availability of Application Forms and Prospectus**

Application forms with Memorandum containing salient features of the Prospectus and copies of the Prospectus under Section 56(3) of the Act may be obtained from the Registered Office of the Company, the Lead Managers to the issue and the Bankers to the issue named herein or from their branches as stated on the reverse of the application form.

b. Who can apply?

Applications may be made by:

1. Indian nationals resident in India who are not minor, in single or joint names (not more than three)
2. Hindu undivided families (HUF) through the Karta of the HUF
3. Companies, corporate bodies and societies registered under the applicable law in India and authorised to invest in the shares
4. Scientific and/or Industrial research organisations, which are authorised to invest in shares
5. Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks may also apply subject to permission from RBI
6. Indian financial Institutions and banks
7. Trusts or societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and which are authorised under their constitution to hold and invest in equity shares of a company

Application not to be made by:

- Minors
- Foreign Nationals
- Partnership firms or their nominees
- Trusts (except as stated above)
- HUFs (except as stated above)
- NRIs
- Foreign Institutional Investors (FIIs)
- OCBs

A single application can be made only for the number of equity shares that are being offered to each respective category.

Procedure for Application**Application by Resident Indian Public**

Application must be:

1. Made only in the prescribed application form accompanying the memorandum.
2. Completed in full in block letters in English except signatures in accordance with the instructions contained herein and in the application form. Applications not so made are liable to be rejected.
3. For a minimum of 100 equity shares and in multiples of 100 thereafter.

4. In the name of Resident Indian Individuals, Limited Companies, Statutory Corporations / Institutions Incorporated in India, Indian Mutual Funds registered with SEBI and Banks. Applications in the name of minors; foreign nationals; trusts not registered under the Societies Registration Act, 1860 or any other trust laws; partnership firms or their nominees; FIIs; OCBs; NRIs; FDIs will be treated as invalid.
 5. Applicants residing at places where no collection centres have been opened may submit/mail their applications at their sole risk along with application money due thereon by Demand Draft to the Registrar to the Issue, **Intime Spectrum Registry Limited** superscribing the envelope "**CyberMedia - Public Issue**" so as to reach the Registrar on or before the closure of the Subscription List. Such demand drafts should be **payable at Mumbai only**. The charges, if any, for purchase of the demand draft will have to be borne by the applicant.
 6. **Application by Mutual Funds:** A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided the applications made by the Mutual Funds/Trustees/the Custodians clearly indicate their intention as to each Scheme concerned for which application has been made.
 7. All cheques/bank drafts accompanying the application should be crossed "A/c payee only" and made payable to any of the Bankers to the Issue and lodged at any of their nominated branches and should bear the words "**CyberMedia - Public Issue**".
 8. Applicants should indicate the application numbers on the reverse of the instrument through which the payment is made.
 9. All application forms duly completed together with cash/cheques/demand draft drawn on any of the Bankers to the issue mentioned on the prescribed application form for the amount payable on application at the rate of Rs. 50 (at lower end of the price band) and Rs 60/- (at higher end of the price band) per equity share, should be lodged with the bankers to the issue mentioned in the prescribed application form.
- d. **Instructions for Payment:** Payments should be made in cash or cheque or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member or a sub-member of the Bankers' Clearing House located at the centres (indicated in the Application Form) where the application is accepted. A separate cheque/demand draft should accompany each application.
- Money orders, postal orders, outstation cheques or demand drafts, cheques/draft drawn on banks not participating in the "clearing" will not be accepted and applications accompanied by such instruments may be rejected.
- In case payment is effected in contravention of the conditions mentioned herein, the application money will be refunded and no interest will be paid thereon.

Investors will not have facility of applying through stockinvest instrument in the issue as RBI has withdrawn the stockinvest scheme vide notification no.DBOD.NO.FSC.BC.42/24.47.001/2003 – 04 dated 5/11/2003

APPLICATION(S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS OR REGISTRAR TO THE ISSUE EXCEPT AS MENTIONED IN POINT 5 ABOVE.

Particulars of Bank Account

All the applicants should mention particulars relating to savings bank/current account number and the name of the bank and branch with whom such account is held in the appropriate place in the application form to enable the Registrar to print the said details in the refund orders after the name of the payee.

Please note that it is mandatory to provide the aforementioned details. Applications without these details would be treated as incomplete and applications are liable to be rejected.

Note

Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for equity shares. For further instructions, please read the Application Form carefully.

Disposal of Application and Application Money:

No receipt will be issued for application money. However, the Bankers to the issue receiving the application will acknowledge the receipt of the application by stamping and returning the detachable acknowledgment slip appended to each application.

The sum received in respect of the issue will be kept in separate bank accounts and the Company will not have any access to the funds, unless approval of the designated stock exchange(s) is obtained for the basis of allotment and listing approval from the stock exchanges where listing is proposed.

The Company reserves the full unqualified and absolute right to accept or reject any application in whole or part and in either case without assigning any reason thereof.

Basis of Allotment:

In the event of the public issue being oversubscribed, the allotment will be done on a proportionate basis, subject to market lots as explained below:

- a. A minimum 50% of the net issue to the Indian public will be made available for allotment in favour of those retail applicants who have applied for equity shares of or for a value not more than Rs. 50,000/-. This percentage may be increased in consultation with NSE (Designated SE) depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance equity shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI guidelines.

The Executive Director/Managing Director of The National Stock Exchange, Mumbai along with the Post Issue Lead Manager and the Registrars to the Issue shall be responsible in ensuring that the basis of allotment is finalised in a fair and proper manner in accordance with the guidelines.

- b. The balance of Net Issue to the Indian public shall be made available to investors including corporate bodies/institutions and individual applicants who have applied for equity shares for a value more than Rs. 50,000/-.
- c. The unsubscribed portion of the net issue to any of the categories specified in (a) or (b) shall be made available for allotment to applicants in the other category, if so required.
- d. Applicants will be categorized according to the number of equity shares applied for.
- e. The total number of equity shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, i.e., the total number of shares applied for in that category (number of applications in the category multiplied by the number of equity shares applied for) multiplied by the inverse of the over subscription ratio.
- f. Number of equity shares to be allotted to the successful allottees will be arrived at on a proportionate basis, i.e., total number of equity shares applied for by each applicant in that category multiplied by the inverse of the over-subscription ratio.
- g. In all the applications where the proportionate allotment works out to less than 100 equity shares per applicant, the allotment shall be made as follows:
 - i. Each successful applicant shall be allotted a minimum of 100 equity shares, and
 - ii. The successful applicants out of the total applicants of that category shall be determined by drawal of lots in such a manner that the total number of equity shares allotted in that category is equal to the number of equity shares worked out as per (b) above.
- h. If the proportionate allotment to an applicant works out to a number that is more than 100, but is not a multiple of 100 (which is the marketable lot), the number in excess of the multiple of 100 would be rounded off to the higher multiple of 100 if that number is 50 or higher. If that number is lower than 50, it would be rounded off to the lower multiple of 100. All applicants in such categories would be allotted equity shares arrived at after such rounding off.
- i. The drawal of lots (wherever necessary) to finalise the basis of allotment shall be done in the presence of a public representative on the Governing Board of the designated stock exchange. The basis of allotment shall be signed as correct by the Executive Director/Managing Director of the designated stock exchange and the public representative (wherever applicable) in addition to the Lead Manager, Registrar to the Issue and the Company.

If the equity shares allocated on a proportionate basis to any category is more than the equity shares allotted to the applicants in the category, the balance available equity shares for allotment shall be first adjusted against any other category where the allotted equity shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.

In the event of over-subscription, in the process of rounding-off to ensure allotment in marketable lots, the Company may make such adjustments in the basis of allotment as may be necessary, in consultation with SEBI/stock exchanges. As the basis of allotment is on proportionate basis, in the process of rounding off to the nearest multiple of 100, the issue size may increase by a maximum of 10% of the net offer to Indian Public.

Note: The term 'Retail Individual Investor' means an investor who applied for securities of or for value not more than Rs. 50,000/-

Issue of Certificates:

In terms of Sec 68B the Company will not issue any share certificates instead, the Company shall give credit to the beneficiary account with the depository participant within two working days of finalization of allotment of shares.

Allotment Letters, Share Certificates and Refund Orders:

In accordance with the Companies Act, 1956 and the requirement of stock exchanges, the Company shall pay interest @ 15% per annum on the entire amount if the allotment of the equity shares has not been made within 30 days from the date of closure of the issue. This interest will be paid from the 31st day from the closure of the Issue until the actual date of allotment. Alternatively, in case of any delay in the dispatch of refund orders beyond 30 days from the closure of the Issue, interest @ 15% per annum will be paid on the refund amount from the 31st day from the closure of the Issue until the date of dispatch of the refund orders.

The Company shall ensure dispatch of refund orders of value up to Rs. 1,500/- under certificate of posting/Allotment advice and/or regret letters together with refund orders over Rs. 1,500/- by registered post only.

The Company has undertaken to make available necessary funds to the Registrar for the purpose of dispatch of allotment letters/refund orders as stated above.

Interest on Excess Application Money:

Payment of interest @15% per annum on excess application money (after adjusting the amount due on allotment) will be made to the applicants, if refund orders are not dispatched within 30 days from the date of the closure of the Issue as per the Guidelines issued by the Government of India, Ministry of Finance vide their letter no. F-8/6/SE/79 dated July 21, 1983, as amended vide their letter no. F/14/SE/85 dated September 27, 1985 addressed to the stock exchanges, and as further modified by SEBI's circular SMD/RCG/33/1819/96 dated May 15, 1996.

Despatch of refund orders and demat credit would be completed and listing documents shall be submitted to the stock exchanges within 2 working days of the finalization of the basis of allotment. Formalities pertaining to the listing and trading of securities offered through this prospectus shall be completed at the stock exchanges where they are proposed to be listed, within 7 working days from the date of finalization of the basis of allotment. The Company shall ensure that "at par" arrangement is provided for the encashment facility on all refund orders.

Interest in case of Delay in Allotment and Despatch:

- a. As far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of this Issue.
- b. The issuers shall pay interest @ 15% per annum for the period of delay beyond 30 days if the allotment has not been made and/or refund orders have not been dispatched to the investors within 30 days from the date of closure of the Issue.

Scope of Activities of the Registrars to the Issue:

The Registrars to the Issue shall also be the Share Transfer Agent and would also be responsible for all the post-issue activities pertaining to this issue.

Undertaking by the Company in terms of SEBI Clause 6.5.6 of SEBI Guidelines

The Company hereby undertakes:

- a. That the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily.
- b. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed shall be taken within seven working days of finalisation of the basis of allotment.

- c. That the issuer company shall apply in advance for the listing of equities on the conversion of debentures / bonds, if applicable.
- d. That the funds required for dispatch of refund orders/allotment letters/ certificates by registered post shall be made available to the Registrar to the Issue by the Issuer Company.
- e. That no further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.
- f. That necessary cooperation with the credit rating agency(ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding, if applicable.
- g. The Company, its promoters, any of the Company's associates of group companies, and other Companies with which directors of the Company are associated as directors or promoters have neither been suspended by SEBI or been prohibited from accessing the capital market nor has any disciplinary action been taken by any order or direction passed by SEBI.
- h. At any given time that there shall be only one denominator of the shares of the Company and the Company shall comply with such disclosures and accounting norms specified by SEBI from time to time.
- i. All information shall be made available to the Lead Managers and the issuer to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research of sales reports etc.

GENERAL INFORMATION

1. Joint Applications:

An application may be made in single or joint names (not more than three) as mentioned elsewhere in the Prospectus. In case of a joint application, refund pay order (if any) and dividend/warrants, etc., will be made out in favour of the first applicant.

All communications will be addressed to the applicant whose name appears first and will be dispatched to the first applicant's address stated in the application form.

2. Multiple Applications:

An applicant should submit only one application (and not more than one) for the total number of equity shares required. Applications may be made in single or joint names (not more than three). Two or more applications, in single and/or in joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same. The Company, in its absolute discretion reserves the right to accept or reject all or any multiple applications.

3. Application under Power of Attorney:

In case of applications under Power of Attorney or by limited companies or corporate bodies or societies, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with a certified true copy thereof along with a copy of Memorandum and Articles of Association and /or byelaws must be attached to the Application Form at the time of making the application or lodged for scrutiny separately indicating the Serial No. of the Application Form with the Registrar to the Issue at their address, within 10 days from the closure of the Issue, failing which, the Issuer reserve the full, unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

- 4. Thumb impression or signature in language other than English, Hindi or any other language specified in the 8th Schedule of the Constitution of India must be attested by a magistrate or public notary or a special executive magistrate under his official seal.
- 5. All communications should be addressed to the Registrar to the Issue.
- 6. The applicant should mention the Application Form number on the reverse of the instrument through which payment is made.
- 7. Applicants are advised that it is mandatory for them to indicate in the space provided in the application form, details regarding their savings bank/current account numbers and the name of

the branch of the bank to which they want the proceeds of refund to be credited. Applications not containing such details are liable to be rejected.

8. Where an application is for allotment of equity shares for a total value of Rs. 50,000 or more, i.e., the total number of securities applied for multiplied by the Issue price is Rs. 50,000/- or more, the applicant or in the case of applicants in joint names, each of the applicants should mention his permanent account number (PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR number and the Income Tax Circle/Ward/District should be mentioned. In case where neither the PAN nor the GIR number has been allotted, the fact of non-allotment should be mentioned in the application form. Application forms without this information will be considered incomplete and will be liable to be rejected.
9. Having regard to provisions of Section 269SS of the Income Tax Act, 1961, the subscription against the equity shares application for an amount of Rs. 20,000 or more should not be effected in cash and must be offered only by an A/c payee cheque/bank draft. In case payment is effected in contravention of the provisions, the application is liable to be rejected and application money will be refunded without interest.
10. A separate cheque/bank draft must accompany each application form.
11. **Rejections on Technical grounds:**
 - a) If age is not mentioned
 - b) If bank account details are not mentioned
 - c) Applications without PAN/GIR no (i.e.: for applications for Rs. 50,000 and above)
 - d) Corporate applications without documents (Board resolution, certified copy of memorandum and articles of association)
 - e) More than one application with a single cheque
 - f) Applications made with cash exceeding Rs. 20,000/-

12. Depository Option to Investors

In terms of Section 68B of the Companies Act, the equity shares in this Issue shall be allotted only in dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

The Company through the registrars i.e. Intime Spectrum Registry Limited has applied to CDSL for the requisite connectivity vide letter dated 19th October 2004. The Tripartite agreement between the company, the registrar and CDSL would be entered into before the opening of the issue. Tripartite agreement dated 8th December 2003 has been signed between the Company, the Registrar and NSDL.

The ISIN No allotted to the Company: INE278G01037.

Applications from any investor without the following details of his or her depository account are liable to be rejected:

- An applicant applying for equity shares must have at least one beneficiary account either of the depository participants of NSDL or CDSL prior to making the Application.
- The applicant must necessarily fill in the details (including the beneficiary account number and depository participants identification number) appearing in the application form.
- Equity shares allotted to applicant will be credited in electronic form directly to the beneficiary account (with the depository participant) of the applicant.
- Names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the -applicants(s).
- If incomplete or incorrect details are given under the heading 'Applicant Depository Account Details' in the Application Form, it is liable to be rejected.
- The applicant is responsible for the correctness of his or her demographic details given in the application form vis-à-vis those with his or her depository participant.
- It may be noted that equity shares in electronic form can be traded only on stock exchanges having electronic connectivity with NSDL and CDSL. All the stock exchanges where the company's equity shares are proposed to be listed are connected to NSDL and CDSL.

- The trading of the equity shares would be in dematerialised form only for all investors.

MARKETABLE LOT

The Company shall allot the equity shares in dematerialised form only. The trading in the equity shares of the Company shall only be in dematerialised form for all investors, where the marketable lot is one equity share. Allotment of the equity shares will be done in electronic form in lots of one (1) equity share.

ARRANGEMENT FOR DISPOSAL OF ODD LOTS

The Company has not made any arrangements for disposal of odd lot of shares arising out of this Issue as the marketable lot is ONE.

NOMINATION FACILITY TO INVESTORS

In accordance with Section 109A of the Act, applicants may nominate any one person with whom, in the event of the death of the applicants as the case may be, the equity shares allotted if any, shall vest. A person being a nominee entitled to the equity shares by reason of death of the original holder(s), shall in accordance with Section 109A of the Act be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity shares. Where the nominee is a minor, the holder may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made on a prescribed form available on request at the registered office of the Company or to the Registrar and transfer agents of the Company. In accordance with Section 109B of the Act, any person who becomes nominee by virtue of 109A of the Act shall upon production of such evidence as may be required by the Court, elect either:

- a) To register himself or herself as holder of equity shares or
- b) To make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirement of the notice have been complied with.

Since the allotment/ transfer of equity shares in the offer will be made only in the dematerialized form, there is no need to make separate nomination with the company. Nominations registered with respective depository participants of the applicant would prevail. If the Investors require to change the nomination they are required to inform their respective depository participants.

D. UTILISATION OF ISSUE PROCEEDS

The Board of Directors states that:

- a. All monies received out of the issue of shares to the public shall be transferred to a separate bank account other than the bank account referred to in Sub-section (3) of Section 73 of the Companies Act, 1956.
- b. Details of all monies utilized out of this issue referred to in Item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilized.
- c. Details of all unutilised monies out of this issue of shares, if any referred to in item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilised monies have been invested;

E. TAX BENEFITS TO THE COMPANY AND ITS MEMBERS

The Company has been advised by M/s. N.K.Goel & Co., Chartered Accountants, New Delhi, Auditors of the Company vide their letter dated 30-September-2004 under the current provision of the Income Tax Act, 1961 and the existing laws for the time being in force, the following benefits, *inter-alia*, will be available to the Company and the members. A member is advised to consider in his / her / its own case the tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

Under the Income-tax Act, 1961 ('Act')**Benefits available to the Company****Tax holiday under Section 10A of the Act**

As per the provisions of Section 10A of the Act, the Company is eligible to claim a benefit with respect to profits derived by its undertaking/s from the export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to manufacture or produce such articles or things or computer software. However, the benefit is available subject to fulfillment of conditions prescribed by the Section and no benefit under this Section shall be allowed with respect to any such undertaking for the assessment year beginning on the 1st day of April, 2010 and subsequent years. The eligible amount would be the proportion that the profits of the undertaking/s bear to the export turnover of the undertaking/s vis-à-vis the total turnover of the undertaking/s.

Tax holiday under Section 10B of the Act

As per the provisions of Section 10B of the Act, the Company is eligible to claim a benefit with respect to profits derived from a hundred percent export oriented undertaking/s setup for export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to manufacture or produce such articles or things or computer software. However, the benefit is available subject to fulfillment of conditions prescribed by the Section and no benefit under this Section shall be allowed with respect to any such undertaking for the assessment year beginning on the 1st day of April, 2010 and subsequent years. The eligible amount would be the proportion that the profits of the undertaking/s bear to the export turnover of the undertaking/s vis-à-vis the total turnover of the undertaking/s.

Dividends exempt under Section 10(34)

Dividends received by the Company from other domestic companies are exempt in the hands of Company as per the provisions of Section 10(34) of the Act

Benefits available to resident shareholders***Dividends exempt under Section 10(34)***

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

Computation of capital gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a Company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently, capital gains arising on sale of Shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units held for more than 12 months are considered as "long term capital gains".

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

Under section 10(38) of the Act, long term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized Stock Exchange in India, on or after the date on which Chapter VII of the Finance Act, 2004 comes into force, such transaction chargeable to Securities Transaction Tax shall be exempt from tax.

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company that are not exempt under section 10(38) of the Act, shall not be chargeable to tax if the whole or any part of the capital gains is invested in certain notified bonds within a period of six months after the date of such transfer. However if the said bonds are transferred or converted into money within three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company that are not exempt under section 10(38) of the Act, shall not be chargeable to tax if the whole or any part of the capital gains is invested in acquiring equity shares of Indian Company forming part of an “eligible issue of share capital” within a period of six months after the date of such transfer. However if the said shares are transferred within a period of one year from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the shares are transferred. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

Under section 54F of the Act, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company, will be exempt from tax subject to other conditions specified therein, if the sale proceeds from such shares are used for the purpose of purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

Under section 111A of the Act, short term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after the date on which Chapter VII of the Finance Act, 2004 comes into force shall be subject to tax at a rate of 10% (plus applicable surcharge and education cess).

Under section 112 and other relevant provisions of the Act, long term capital gains arising on transfer of shares of the company not covered by section 10(38) of the Act, shall be subject to tax at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder. However, as per the proviso to section 112(1) of the Act, if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and education cess).

Benefits available to Mutual Funds

Under section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income-tax on all their income, including income from investment in the equity shares of a company.

Benefits available to Venture Capital Companies / Funds

Under section 10(23FB) of the Act, all venture capital companies / funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income-tax on all their income, including income from investment in the equity shares of a company.

Benefits available to resident shareholders under the Wealth Tax Act, 1957

Shares of the Company held by the shareholders will not be treated as an asset within the meaning of section 2(ea) of the Wealth Tax Act, 1957 and hence Wealth Tax will not be applicable.

Benefits available to resident shareholders under the Gift Tax Act, 1958

Gift of shares of the Company made on or after October 1, 1998 would not be liable to Gift Tax provided the gift is made to related persons. Gift of shares of the company to unrelated persons exceeding Rs 25,000/- would however be taxed as income in the hands of the recipient as per amendment made by the Finance Act, 2004.

Notes:

All the above benefits are as per the current tax laws as amended by the Finance Act, 2004 and will be available only to the sole / first named holder in case the shares held by joint holders. Legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time and these may have a bearing on the advice that has been given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this note.

In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific consequences of his / her participation in the scheme.

IV. PARTICULARS OF THE ISSUE**A. OBJECTS OF THE ISSUE**

The proceeds of this Issue shall be deployed for the following:

- To meet the equipment, infrastructure, pre-operatives and launch expenses of new projects.
- To meet additional working capital requirement.
- To meet general corporate purposes.
- To meet the expenses of the issue.

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum of Association of the Company, enable the Company to undertake its existing activities and the activities for which the funds are being raised through this Issue.

B. COST OF THE PROJECT AND MEANS OF FINANCE

The cost of the project and the means of finance has not been appraised by any Bank or Financial Institution or Merchant Banker and are company's own estimates.

Cost of the Project*Rs. Million*

Particulars	Total Cost
Equipment, Infrastructure, Pre-Operatives and Launch Expenses of New Projects	73.28
Additional Working Capital Requirement	54.07
General Corporate Purposes	27.60
Issue Expenses	14.40
Total	169.35

Means of Finance*Rs. Million*

Particulars	Amount (At an issue price of Rs.50/- per share)	Amount(At an issue price of Rs.60/- per share)
IPO—Equity Shares	28.23	28.23
Share Premium	112.90	141.12
Internal Accruals	28.22	---
Total	169.35	169.35

Proposed Deployment of Funds in the Project

The quarter-wise break-up of proposed deployment of fund is mentioned below:

Rs. Million

Particulars	Jan-Mar 05	Apr-Jun 05	Jul-Sep 05	Oct-Dec 05	Jan-Mar 06	Apr-Jun 06
Equipment, infrastructure, pre-operatives and launch expenses of new projects	7.00	59.28	--	--	--	7.00
Additional working capital requirement	--	29.86	11.86	8.91	3.44	--
General corporate purposes	--	7.60	7.00	7.00	6.00	--
Issue Expenses	14.40	--	--	--	--	--
Total	21.40	96.74	18.86	15.91	9.44	7.00

DETAILS OF CAPITAL EXPENDITURE AND LAUNCH /PRE-OPERATIONAL EXPENSES

SI No	Description of Expenditure Head	Name of Supplier	Date of Quotation	Amount In Rs. million	Validity of Quotation	Order Placed
1.	Servers for file, print, proxy and other workgroup services from IBM.	Computer Network & Telecom (India) Private Ltd.	5-Sept-2004	2.15	120 days	No
2.	Desktop computers from IBM and Apple Macintosh and Notebook computers from IBM	Computer Network & Telecom (India) Private Ltd.	5- Sept-2004	10.58	120 days	No
3.	Printers including color printers from Xerox and HP	Computer Network & Telecom (India) Private Ltd.	5- Sept-2004	2.70	120 days	No
4.	Networking & Communication Equipment, including routers, switches, bandwidth and structured cabling	Computer Network & Telecom (India) Private Ltd.	5- Sept-2004	2.05	120 days	No
5.	Software	Computer Network & Telecom (India) Private Ltd.	5- Sept-2004	6.78	120 days	No
6.	Storage bays with complete media archival solution and file transfer systems	Computer Network & Telecom (India) Private Ltd.	5- Sept-2004	1.37	120 days	No
7.	Complete civil and interior work for office premises	Mahendru Consultants	5-Sept-2004	3.50	Open	No
8.	Launch and pre-operative costs for media and content BPO projects	NA	NA	44.15	NA	NA
	TOTAL			73.28		

Additional Working Capital Requirement

The Company intends to raise funds to meet part of its working capital requirements. The Company's working capital requirement arises primarily from newsprint stocks, sundry debtors, security deposits and advance income tax. The Company anticipates that it would require Rs. 54 million for working capital requirements.

The norms assumed for the consolidated working capital requirement for the Company are based on the historical norms that emerge for the consolidated financial statements of the Company:

Particulars	Basis	Actual Norms for 2003-04	Norm Assumed for 2004-05
Inventories	In days	22	22
Sundry Debtors	In days	80	80
Loans & Advances	In Rs. Million	15.05	26.81
Sundry Creditors	In days	61	60
Provisions	In Rs. Million	2.70	5.36

The Company's consolidated requirement of working capital for the financial year 2004-2005 has been arrived as under:

In Rs. million

Particulars	Estimated Working Capital Requirement for the Year Ended 31-Mar-2005	Actual Working Capital deployed for the Year Ended 31-Mar-2004
CURRENT ASSETS		
- Inventories	24.64	20.82
- Sundry Debtors	169.30	129.28
- Loans & Advances	26.81	15.05
<i>Sub Total</i>	<i>220.75</i>	<i>165.15</i>
<u>Less:</u>		
Sundry Creditors	107.25	85.34
Provisions	5.36	3.80
<i>Sub Total</i>	<i>112.61</i>	<i>89.14</i>
Net Working Capital	108.14	76.01
Less:		
Consolidated Bank finance of Working Capital	54.07	44.98
Additional Working Capital Requirement	54.07	31.03

General Corporate Expenses

The Company intends to use Rs. 27.60 million of the proceeds for general corporate purposes including acquisitions, marketing and promotional expenses to strengthen its businesses and brands.

Issue Expenses

The expenses for this Issue include management fees, brokerage, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees payable to the stock exchanges, among others. The total expenses for this Issue are estimated to be approximately 10.20% at the lower price band and 8.50% at the higher price band of the total proceeds of this Issue.

Interim Use of Proceeds

Pending any use as described above, the Company intends to invest the proceeds of this Issue in high quality, interest/dividend-bearing short-term/long-term liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by the Company's Board or a duly authorised committee thereof.

Notes

- All suppliers relating to purchase of new equipments and other accessories are in no way related / connected to the promoters/directors of the Company.
- The Company is yet to place firm orders with the suppliers.
- The Company intends to place orders after the issue is completed.

V. COMPANY AND THE MANAGEMENT**A. HISTORY AND BACKGROUND**

Established in 1982, Cyber Media (India) Limited is a specialty media house, with nine publications in the infotech, telecom, consumer electronics and biotech areas; and an end-to-end media value chain including the internet, events and television. The Company has five subsidiaries and two associate companies. These companies as a group are engaged in media services which include market research, content outsourcing, multimedia, gaming and media education.

The group's Media business includes the print titles Dataquest, PCQuest, Voice&Data, BioSpectrum, Living Digital, DQ Channels India, DQ Week (Chennai, Delhi and Mumbai). Cyber India On-Line (www.ciol.com) is India's largest technology website, and includes online editions of all CyberMedia titles. CyberMedia Events, the region's largest organizer of IT events, conducts over 100 events every year, including Bangalore IT.com, Nasscom exhibition, IT Kerala, Hi-Tech Pune, etc. CyberMedia TV develops knowledge-oriented general interest programs on mass channels.

Media Services include IDC India, the leading IT and telecom research company in the region and amongst global leaders in technology research; CyberMedia Services (content and publishing BPO services); CyberMedia Research, which focuses on the media and entertainment sectors; CyberMedia Digital, the multimedia and gaming development and distribution company; and the School of Convergence, for content creators and media managers.

Mr. Pradeep Gupta, a first generation entrepreneur, along with his family members promoted CyberMedia in 1982.

The Group has the following tie-ups:

- McGraw Hill, the publishers of the world's largest business magazine, BusinessWeek, to publish an Indian edition of BusinessWeek. This agreement has been submitted to the Ministry of Information and Broadcasting for its approval.
- International Data Corporation, one of the world's largest IT market research companies for its operations in India. IDC India is a wholly owned subsidiary of Cyber Media.
- Kaleidoscope Entertainment, producer of acclaimed films like Bandit Queen, Saathiya etc., for media education i.e. the School of Convergence.
- Dice Careers Inc., the world's largest tech job board for the establishment of an tech job board in India, through a new joint venture company Cyber Media Dice Careers Limited (A Company proposed to be incorporated for the purpose).

Vision

To expand globally in the knowledge domain through quality media products and services

Key Points**➤ Track Record**

Since inception, the Company has done 10 bonus and 3 rights issue. 100 equity shares of Face Value of Rs.10/- in 1982 have grown to 33,329 equity shares of Face Value of Rs.10/- today. CyberMedia is an existing profit-making company with consistent dividend payments over the last 15 years.

➤ A De-risked Business Model

With a balance in the print and non-print business as well as a balance between the media products and media services, CyberMedia straddles the complete value chain and therefore is not dependant upon the decline of any one part of its business.

➤ Market Leadership Position

CyberMedia's publications reach out to 1.2 million readers and 0.5 million online community. Its publications are considered leaders in their respective categories and enjoy strong brand equity in the Indian Information, Communication & Technology (ICT) industry. CyberMedia gives prestigious awards to key industry performers and also ranks companies annually e.g., DQ Man of the Year, DQ Top 20, PCQuest Users' Choice and Voice&Data Man of the Year, Biotech etc. These awards have been benchmarks for corporates in the respective IT, telecom and technology areas.

➤ **Focussed Strategy**

CyberMedia has always looked at a focussed strategy. It started off in IT, expanded into ICT area and is now expanding in the “knowledge” domain. Due to this focus, CyberMedia has been one of the media groups that has withstood the downturn in the ICT industry in the year 2001 and 2002. This is primarily due to the distinct segmentation of each of the publications and clear focus on the target audience. These two factors have assisted the Company in maintaining its readership and advertising rates for each of the publications.

➤ **Intellectual property**

CyberMedia has substantial intellectual property through the content that it has been generating primarily in-house over the last 22 years across a variety of sectors and various media including Internet content.

CyberMedia has an extensive database of the key players in the IT, telecom and biotechnology industries in India to whom it circulates its publications. This ensures a qualified readership and helps it in attracting and charging a premium for advertising.

One of the core strengths of the Group is the quality of original content generation. Apart from in-house research, content is also generated through CyberMedia News and CyberMedia Labs.

➤ **Industry Relationships**

With diversification and strong industry position in publications, research, events, multimedia, TV and new initiatives in education and BPO publishing, CyberMedia has developed strong relationships with companies, both Indian and multinationals, in the IT industry. The Company has the ability to leverage these relationships to address various client needs including advertising, event participation and recruitment among others. This has enabled the Company to be a one-stop content and service entity for the entire Indian IT, telecom and now biotechnology and consumer electronics industries.

➤ **Professional Management**

The Company is professionally managed with an extensive management structure and enjoys a very low employee turnover. Most of CyberMedia's senior personnel have been with the Company for over 5 years. Each of the heads of businesses enjoys flexibility in business decision-making and is also responsible for growth and profitability of each business segment.

➤ **Marketing and Distribution Network**

The Company enjoys a wide distribution network across the entire country. CyberMedia has arrangements with established distributors across India including:

- India Book House (IBH), the country's largest distributor of print titles
- AH Wheeler & Co (AHW) covering all railway stations across India
- Malik News Agency in Dubai

Recognitions and Testimonials

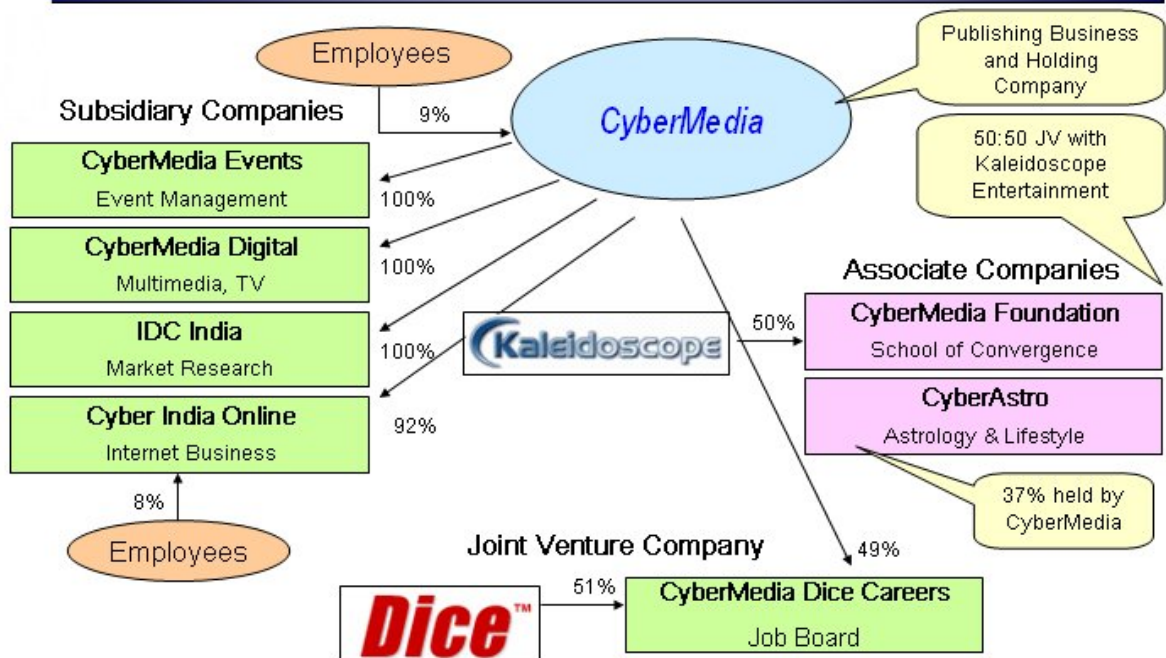
- ✓ “One of the most eagerly awaited issues is the July issue of Dataquest every year. The annual survey helps position various companies in terms of how they are doing, how they are not doing, where they are winning, where they are not winning”- Azim Premji, Chairman Wipro Ltd
- ✓ “I have been reading Dataquest for the last 20 years. I think it had done a great job in chronicling the travails, the achievements, and the challenges of the Indian IT and software industry”- Nandan Nilekani, MD, Infosys Ltd
- ✓ “Dataquest has been the first journal in IT and it has remained on the top all these years. And it will remain at the top because it has been very sensitive to the needs of the IT industry”- FC Kohli, Deputy Chairman, TCS Ltd
- ✓ “I look forward to reading Voice&Data. It's played a very positive role in the Indian communications industry”- Sunil Mittal, CMD, Bharati Group
- ✓ “Voice&Data has been very attentive to the telecom operators, and has been successfully able to project their many concerns and desires”- Vinod Vaish, former DoT Secretary

- ✓ "Voice&Data has played a pioneering role in monitoring and promoting telecom scenario in India"- Prithipal Singh, former CMD, BSNL
- ✓ "BioSpectrum has had a great beginning, wish you an exciting future"- Dr R A Mashelkar, CSIR
- ✓ "BioSpectrum has played a pioneering role in raising the profile of Indian Biotechnology. BioSpectrum comes across as a responsible and a well researched publication that compares well with its international counterparts. Cybermedia must be congratulated on taking this bold initiative of bringing out a monthly dedicated to a nascent sector like Biotechnology which today enjoys a large readership across industry, government and academia"- Kiran Mazumdar Shaw, CMD, Biocon
- ✓ "BioSpectrum has excellent content and get up"- Dr M S Swaminathan, Father of Green Revolution
- ✓ "BioSpectrum is fulfilling biotech information gap with excellent content"- Dr Manju Sharma, ex-Secretary, Department of Bio Technology (DBT)
- ✓ "The DQ Week is an excellent publication which highlights the problems and areas of concerns for the channel community very effectively"- JP Modi, Chairman, Delhi Computer Traders Association:
- ✓ "These days, cases of frauds are happening quite regularly. By highlighting these cases, The DQ Week is doing a noble cause for the channel community"- Shivkumar Bajaj, President, Coimbatore Computer Dealer's Association:
- ✓ "It's a huge event, a very impressive one, so I think we can see many more opportunities and further cooperation, further links and that's why, the British Government is taking this event so seriously and regarding it as so important"- Stephen Timms, Minister for eCommerce & Competitiveness, UK on Bangalore IT.com event
- ✓ SOC @ IMI ranked as India's eighth-best niche school in the Outlook annual survey of top 50 management schools in India - 15 September 2003
- ✓ PCQuest, launched in 1987, is India's most influential IT magazine (IMRB I-Tops survey 2003)
- ✓ "CIOL is India's largest IT related portal in terms of content and the business potential that it offers" - Mediaturf Worldwide

Group Structure

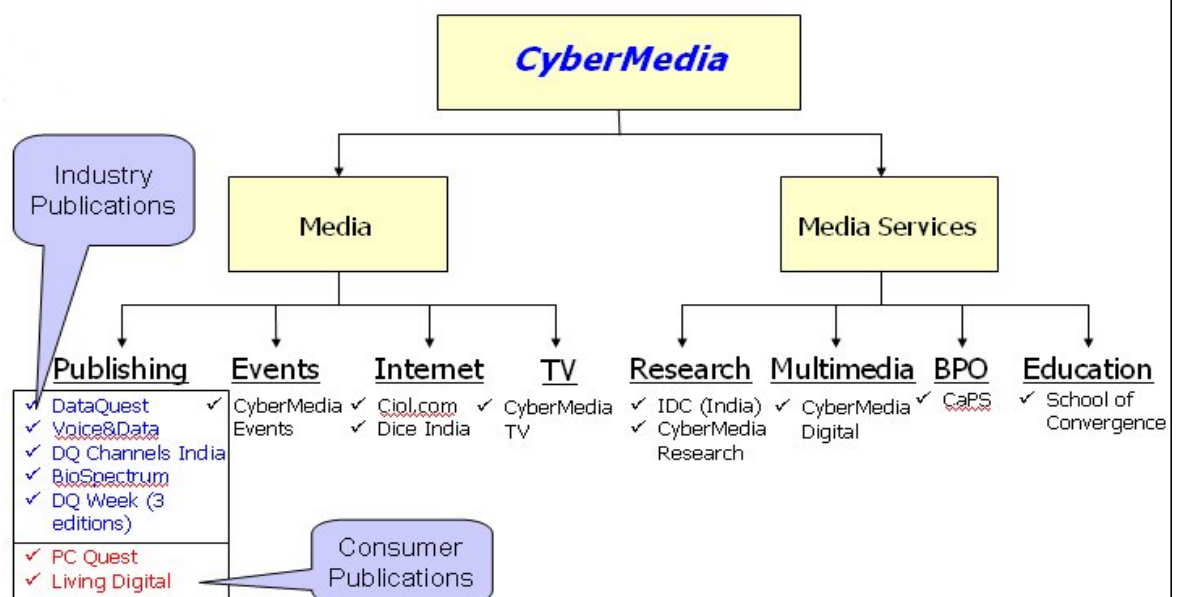
Each of the businesses has been segregated into various SBUs, primarily to retain business focus and understand and retain profitability of each unit. Besides the information provided here, CyberMedia also has a 100% subsidiary named Cyber Holdings Ltd., which is yet to carry out any substantial activity.

Group Structure



Products and Services

Products and Services



Key Milestones

Key milestones of CyberMedia over the years are set out below:

Year	Milestone
1982	Founded Dataquest, the first computer magazine in India
1987	Founded IDC (India) in association with IDC USA Launched PCQuest, one of the leading PC user magazines in India
1991	Began Events to provide direct contact between users and vendors
1994	Launched Voice&Data, leading magazine in India for the telecom and data communications industry
1995	CyberMedia TV prepares TV programmes on IT
1996	Began Cyber India Online, www.ciol.com, the leading IT portal in India Set up first IT newspaper in India, the DQ Week Chennai Initiated an IT magazine for the family, Computers@Home
1997	Started CyberMedia Digital (formerly known as Cyber Multimedia), a leading distributor and publisher of multimedia in India
1999	Launched DQ Channels India to serve the distributors, resellers and IT dealers
2001	Established School of Convergence, the first institute of converging media education in India
2003	Launched BioSpectrum, India's leading magazine in the biotechnology space Repositioned Computers@Home as Living Digital Launched CyberMedia Services for Content BPO Services CyberMedia Research focuses on the entertainment industry
2004	JV with Dice Inc.

Source: Management

B. MAIN OBJECTS OF THE COMPANY

The main objects set out in the Memorandum of Association of the Company are:

1. To carry on business of proprietors, publishers, printers, designers, distributors, buyers, sellers, exchangers of books, pamphlets, newspapers, journals, magazines, periodicals, pamphlets, leaflets, comics and other literary works and undertakings.
2. To purchase or otherwise acquire, either wholly or in part and to print, publish edit, newspapers, magazines, pamphlets, journals, dailies, reviews, pictorials, annuals, supplements, biographies, autography, books, treaties, pictures, circulars, encyclopaedias and other literature or works and publication and to deal In pictures, photographs paintings, pictorial post cards, calendars, diaries, stationery, artistic goods.

To carry on all or any of the business of printers, publishers, stationer, lithographers, offset printers, type setters, tin, metal, cloth, rubber, parchment, celluloid, glass, bottles, tubes, printers, stereo-types, electro-types, photographic printers, photo lithographers, lithographers, engravers, die sinkers, book-binders, designers, name plates printers, toy printers, tin box printers, tin and metal sheet folders, Vandyke, cello-type, photographic workers and printers, calendars, pictures and advertising novelties printers, playing card printers, cloth label printers, numerical printers, paper bag and account book makers, box makers, card board printers, ticket manufactures and book sellers.

To organise and carry out the business of advertisers, advertising agents, publicity consultants and to organise propaganda and advertising campaign by means of press advertisements, pamphlets, hand bills, circulars, advertisement reels, posters, cinema slides or by any other means or through the means of radio, television, video or any other media.

To organise, develop, produce, promote, sell, let-on-hire or otherwise deal in audio visuals, seminars, films, television and radio features, workshops, teaching aids, slides, video-tapes, advertising and promotion materials.

To carry on the business of designing, creating, producing, editing, proof reading, validating, publishing, typesetting, conversion of data from one format to another, animations, gaming, archival, re-purposing of content for various media and any other process or a combination of two or more processes connected with printing, electronic publishing and/or data conversion, on job work basis or otherwise, and also providing software solutions, consulting, technical support, training, project management services, subscription management and/or business

process outsourcing for domestic and/ or foreign customers, in India or abroad, through the use of internet, CDs or any other delivery mechanism.

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum and Articles of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are being raised through the present issue.

Alterations to the Memorandum and Articles of Association

Since incorporation of the Company following changes have been made in the Memorandum and Articles of Association:

1. Increase in the Authorized Share Capital of the Company has been made in five steps, from Rs. 0.5 million to Rs. 110 million in the following manner:

Sl. No.	Date of Resolution	Increase in Authorized Capital
1	23/03/1992	0.5 million to 5 million
2	30/09/1995	5 million to 25 million
3	25/09/2000	25 million to 35 million
4	30/09/2002	35 million to 40 million
5	17/02/2004	40 million to 110 million

2. Addition of a clause authorizing buy-back of the shares of the Company in terms of the resolution of the Members of the Company on 30th September 2002.
3. Amendment to Article 11 of the Articles of Association providing for joint holding from two to three members, in terms of resolution of the Members of the Company on 30th September 2002.
4. Addition of a clause in respect to de-materialization of securities of the Company in terms of resolution of the members of the Company on 17th February 2004.
5. Division of equity shares of Face Value of Rs. 10/- each into equity shares of Face Value of Rs. 5 each, in terms of resolution of the Members of the Company on 22nd March 2004.
6. Consolidation of equity shares of Face Value of Rs.5/- each into equity shares of Face Value of Rs.10/- each, in terms of resolution of the Members of the Company on 23rd June 2004.
7. Deletion of clause No 6 and No 7 of main objects of the company and insertion of a new Clause no 6 in its place to incorporate the content management service business of the company vide special resolution passed at the EGM of the company held on 11-Aug-2004.
8. Insertion of clauses 26 to 30 to the objects incidental or ancillary to the attainment of the main objects vide special resolution passed at the EGM of the company held on 11-Aug-2004.

C. SUBSIDIARIES OF THE COMPANY

The Company has five subsidiary companies. The names of the subsidiaries and the shareholding of Cyber Media in each of these are:

Sl. No.	Name of Company	% Holding by CyberMedia
1.	IDC (India) Limited	100%
2.	CyberMedia Digital Ltd. (formerly Cyber Multimedia (India) Ltd)	100%
3.	Cyber India Online Limited	92%
4.	Cyber Media Events Ltd (formerly Cyber Expo Ltd)	100%
5.	Cyber Holdings Limited	100%

IDC (INDIA) LIMITED

This Company was incorporated on 29th August 1996. This Company has a strategic tie-up with IDC Inc, one of the world's largest market research and consulting organization focussing on the ICT

industry. It renders services ranging from supply-side research, consumer research, software and services research, corporate research and continuous Information Service.

The Board of Directors of this Company comprises of Mr. Pradeep Gupta, Mr. Shyam Malhotra and Mr. Krishan Kant Tulshan.

The shareholding structure of this Company is as follows:

Name of Shareholder	% Holding
Cyber Media (India) Limited	100%

Financial Highlights

The financial highlights for the last four financial periods, on a restated basis, are as follows:

In Rupees

Particulars	Apr – July 04	March 2004	March 2003	March 2002
Total Income	30,931,557	61,021,906	44,077,983	42,999,068
Profit after Tax	1,762,534	4,092,206	2,636,489	1,507,705
Share Capital	1,500,000	1,500,000	1,500,000	1,500,000
Share Application Money	---	---	2,550,000	2,550,000
Reserves and Surplus	11,281,333	9,518,799	6,692,218	4,393,229
Earnings per Share	35.25*	27.28	17.58	10.05
Book Value per Share	85.18	73.43	54.58	39.25
Face Value per Share	10/-	10/-	10/-	10/-

(*) Annualized

CYBERMEDIA DIGITAL LIMITED (formerly Cyber Multimedia (India) Limited)

This Company was incorporated on 15th April 1997 as Cyber MultiMedia (India) Limited. The name of the company was changed to its present name on 11th October 2004. This Company is engaged in the business of developing, publishing and marketing high quality multimedia products. The Board of Directors of this Company comprises of Mr. Pradeep Gupta, Mr. Shyam Malhotra and Mr. Krishan Kant Tulshan.

The shareholding structure of this Company is as follows:

Name of Shareholder	% Holding
Cyber Media (India) Limited	100%

Financial Highlights

The financial highlights for the last four financial periods, on a restated basis, are as follows:

In Rupees

Particulars	Apr – Jul 04	March 2004	March 2003	March 2002
Total Income	42,628,338	109,526,833	97,719,321	100,045,493
Profit after Tax	1,313,162	3,690,196	3,156,642	2,696,783
Share Capital	1,000,700	1,000,700	1,000,700	1,000,700
Reserves and Surplus	11,055,717	9,742,555	6,896,699	4,077,794
Earnings per Share	39.37*	36.88	31.54	26.95
Book Value per Share	120.35	107.23	78.77	50.58
Face Value per Share	10/-	10/-	10/-	10/-

(*) Annualized

CYBER INDIA ONLINE LIMITED

This Company was incorporated on 1st July 1999 with an objective of creating and delivering information over the Internet to Indian Infotech industry professionals, end-users and others in India and across the globe. The Board of Directors of this Company comprises of Mr. Pradeep Gupta, Mr. Shyam Malhotra and Mr. Krishan Kant Tulshan.

The shareholding structure of this Company is as follows:

Name of Shareholder	% Holding
Cyber Media (India) Limited	91.96%
Intel Pacific Inc.	(*)
CIOL ESOP Trust	6.11%
Employees	1.93%

(*) Currently Cyber Media (India) Limited holds 80.42% of the paid up equity capital in Cyber India Online Limited. Reserve Bank of India has approved the acquisition by Cyber Media (India) Limited, of 1,435,000 equity shares of Re. 1/- each, comprising 11.54% of the total paid-up equity of the Company from Intel Pacific Inc. at an agreed consideration of Rs. 2,496,900/-. Though the payment has already been effected, the shares are still in the process of transfer. Consequent upon the completion of transfer formalities, the abovementioned shareholding will increase to 91.96%. The accounts for the 4 month period ended 31-July-2004 have been prepared with the Company's share holding at 91.96%.

The value of online technology job board (CIOL job board) for posting technology related jobs and job boards related assets would be transferred to a Joint Venture between Dice India Holdings Inc., USA and Cyber Media (India) Limited (the Company), being Companys contribution to the Joint Venture in terms of Joint Venture Agreement dated 2nd September, 2004.

Financial Highlights

The financial highlights for the last four financial periods, on a restated basis, are as follows:

In Rupees

Particulars	Apr – Jul 04	March 2004	March 2003	March 2002
Total Income	9,940,415	29,168,741	16,565,017	10,005,308
Profit after Tax	1,067,291	2,693,055	(428,652)	(6,257,243)
Share Capital	12,435,700	12,435,700	12,435,700	12,435,700
Reserves and Surplus	24,755,750	24,755,750	13,560,750	13,560,750
Earnings per Share	0.26*	0.22	--	--
Book Value per Share	0.71	0.62	0.40	0.44
Face Value per Share	1/-	1/-	1/-	1/-

(*) Annualized

CYBER MEDIA EVENTS LIMITED (formerly Cyber Expo Limited)

This Company was incorporated on 27th January 2000 as Cyber Expo Limited. The name of the Company was changed to its present name on 19th December 2003. This Company is in the business of organizing conventions, seminars, exhibitions etc., and is one of the successful platforms for bringing the channel in touch with users and vendors. The Company has to its credit more than 100 events each year, which include international events such as Bangalore IT.com, Nasscom exhibition and TiEcon; national events such as IT Kerala, Hi-Tech Pune, Services @ India at Pragati Maidan; regional events like PCQuest Series. The Board of Directors of this Company comprises of Mr. Pradeep Gupta, Mr. Shyam Malhotra and Mr. Krishan Kant Tulshan.

The shareholding structure of this Company is as follows:

Name of Shareholder	% Holding
Cyber Media (India) Limited	100%

Financial Highlights

The financial highlights for the last four financial periods, on a restated basis, are as follows:

In Rupees

Particulars	Apr – Jul 04	March 2004	March 2003	March 2002
Total Income	4,902,954	80,561,259	78,546,203	17,066,633
Profit after Tax	121,858	1,461,787	162,282	(1,828,557)
Share Capital	500,700	500,700	500,700	500,700
Reserves and Surplus	1,641,000	1,641,000	750,000	750,000
Earnings per Share	7.30*	29.19	3.24	--
Book Value per Share	24.92	22.49	(7.02)	(10.31)
Face Value per Share	10/-	10/-	10/-	10/-

(*) Annualized

CYBER HOLDINGS LIMITED

This Company was incorporated on 11th July 2000 with an objective of making strategic investments. There is no substantial activity that has been undertaken by the Company. The Board of Directors of the Company comprises of Mr. Pradeep Gupta, Mr. Shyam Malhotra and Mr. Krishan Kant Tulshan.

The shareholding structure of this Company is as follows:

Name of Shareholder	% Holding
Cyber Media (India) Limited	100.00%

Financial Highlights

The financial highlights for the last four financial periods, on a restated basis, are as follows:

In Rupees

Particulars	Apr – Jul 04	March 2004	March 2003	March 2002
Total Income	--	--	--	--
Profit after Tax	(480)	(2,144)	(2,215)	(1,100)
Share Capital	500,700	500,700	500,700	700
Reserves and Surplus	--	--	--	--
Earnings per Share	--	--	--	--
Book Value per Share	9.02	9.03	9.07	-621.76
Face Value per share	10/-	10/-	10/-	10/-

D. OTHER GROUP COMPANIES AND VENTURE COMPANIES**COMPANIES UNDER THE SAME MANAGEMENT**

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956. However, as per Indian GAAP, there are two Associate Companies. These are:

CYBER MEDIA FOUNDATION LIMITED

This Company was incorporated in on 5th September 2000 as a strategic investment made in view of CyberMedia's long-term commitment to the media sector and to provide a source of fresh talent for the future. The Board of Directors of the Company comprises of Mr. Pradeep Gupta, Mr. Sundeep Singh Bedi, Mr. Paranjay Guha Thakurta and Mr. Anil Agarwal.

CyberMedia along with Kaleidoscope (India) Pvt. Ltd., one of the few corporate players in the Indian film industry has set up CyberMedia Foundation Limited (CMFL), a company that will focus on education and training in media. Kaleidoscope has been promoted by Sundeep Singh (Bobby) Bedi, producer of critically acclaimed and commercially successful films such as Bandit Queen, Fire, Saathiya, Maqbool and The Rising. CMFL aims to set up Schools of Convergence both in India and overseas.

Currently, SoC is operational in three centres at Delhi, IMI, St. Stephens' College, and Jesus and Mary College (JMC). The fourth batch at IMI, the second batch at St. Stephen's, and the first batch at JMC have been enrolled. SoC has a 100% placement record.

School of Convergence @ IMI ranked as India's sixth best sectoral B-school in the Outlook annual survey (27 Sep 2004) of India's Top 50 B-schools.

The shareholding structure of this Company is as follows:

Name of Shareholder	% Holding
Cyber Media (India) Limited	50%
Kaleidoscope Entertainment Limited	50%

Financial Highlights

The financial highlights for the last four financial periods, on a restated basis, are as follows:

<i>In Rupees</i>				
Particulars	Apr – Jul 04	March 2004	March 2003	March 2002
Total Income	2,494,452	7,933,139	4,002,078	1,424,516
Profit after Tax	46,237	34,095	(2,528,219)	(2,384,858)
Share Capital	5,000,000	5,000,000	5,000,000	2,000,000
Share Application Money	1,600,000	1,600,000	1,000,000	500,000
Reserves and Surplus	--	---	---	---
Earnings per Share	0.28*	0.07	--	--
Book Value	1.98	1.89	1.81	(2.13)
Face Value per Share	10/-	10/-	10/-	10/-

(*) Annualized

CYBER ASTRO LIMITED

This Company was incorporated on 13th April 1997 as a Private Limited Company and was converted into a Public Limited Company on 31st July 2002. The Company is engaged in investment in the B2C online, lifestyle e-commerce space. The Company owns and manages a website cyberastro.com. The Board of Directors of the Company are Mr. Pradeep Gupta, Mr. Satrajit Majumdar, Mr. Krishan Kant Tulshan and Mrs. Runa Chatterjee.

Name of Shareholder	% Holding
Cyber Media (India) Limited	37.50%
Satrajit Majumdar	11.74%
Pradeep Gupta	11.25%
Anuradha Gupta	7.50%
Runa Chatterjee	3.26%
Poorva Malhotra	1.87%
Subhash Arora Investments Pvt. Ltd.	1.87%
CAPL – ESOP Trust	25.00%

The shareholding structure of this Company is as follows:

Financial Highlights

The financial highlights for the last four financial periods, on a restated basis, are as follows:

<i>In Rupees</i>				
Particulars	Apr – Jul 04	March 2004	March 2003	March 2002
Total Income	2,611,953	8,537,417	2,921,605	2,550,843
Profit after Tax	84,330	58,160	(376,741)	(457,151)
Share Capital	2,000,000	2,000,000	2,000,000	2,000,000
Reserves and Surplus	--	---	---	---
Earnings per Share	1.26*	0.29	---	---
Book Value	(7.36)	(7.78)	(8.08)	(15.25)
Face Value per Share	10/-	10/-	10/-	10/-

(*) Annualized

JOINT VENTURE COMPANY

CYBERMEDIA DICE CAREERS LIMITED (A Company Proposed to be Incorporated)

This Company is being incorporated with an objective of establishing a technical job board, as per the joint venture agreement between Cyber Media (India) Ltd. and Dice India Holdings Inc. The name of the company has been approved by the Registrar of Companies NCR. CyberMedia (India) Ltd.

shall be represented on the board of the company by Mr. Shyam Malhotra and Mr. Krishan Kant Tulshan.

The proposed shareholding structure of this Company is as follows:

Name of Shareholder	% Holding
Cyber Media (India) Limited	49.00%
Dice India Holdings Inc.	51.00%

Financial Highlights – Not Applicable

DETAILS OF OTHER COMPANIES / FIRMS WITH WHICH PROMOTERS ARE ASSOCIATED: NIL

VENTURES WITH WHICH PROMOTERS HAVE DISASSOCIATED IN THE LAST 3 YEARS.

Inca Systems Pvt Ltd.

The Company was incorporated in 1984. The Company was not carrying on any significant business since 1995. The directors of the Company were Mrs. Anuradha Gupta and Mr V.C Gupta. An application has been filed on 24.12.2003 under the Simplified Exit Scheme 2003 for getting the name of the Company struck from the Register maintained by the Registrar of Companies.

LISTED VENTURES OF THE PROMOTERS

There are no other ventures of the promoters that are listed on any stock exchange of India except for SQL Star International Ltd., in which Mr. Pradeep Gupta is one of the five promoters.

Name of the Company **SQL Star International Limited**

Date of Incorporation July 1, 1987

Mr. Pradeep Gupta is one of the five promoters of the company. He is a non-executive Director of the Company.

Nature of activities: Software Development and e-Governance Projects; e-Learning Services and Hi-End IT education services through instructor led training (ILT) and technology led training (TLT) mediums.

The financial highlights for the last three financial years are as follows:

In Rupees

Particulars	December 2003	December 2002	December 2001
Paid-up equity capital	135,224,535	134,119,306	104,075,000
Reserves (excluding revaluation reserves)	134,867,403	199,903,800	199,564,253
Sales	326,857,695	338,679,549	473,625,258
Profit after Tax	2,251,018	339,547	2,849,872
EPS	0.17	0.03	0.27

Highest Market price during past six months Rs.10.95 on 11-10-2004 at BSE

Lowest Market price during past six months Rs.5.06 on 18-05-2004 at BSE

Statement on changes in capital structure during preceding six months, (if any): None

The Company had made a rights issue in 2002 (9th February 02 - 11th March 02) for 3,120,000 equity shares of Rs.10/- each at par. Currently the shares are quoting on BSE at Rs. 8.87 each. (as on 15.10.2004)

Changes in capital structure since the rights issue → No Change

Statement on cost and progress of implementation of project in comparison with the cost and implementation schedule given in the offer document. Shortfalls, if any to be quantified.

Utilization of Rights Issue Proceeds

Rs. Million

Sl. No.	Particulars	Project Cost	Amount Utilised
1.	Repayment of Unsecured Loans	6.745	3.200
2.	Working Capital requirements	22.800	26.200
3.	Expenses of the Issue	1.655	1.700
	Total	31.200	31.100

Rs.0.052 million are outstanding on account of Call Money due on Allotment against Rights Issue.

(Whether the Company has become sick.) **NO**

(Whether the Company has made a loss in the immediately preceding year. If so, profit/loss figures for immediately preceding three years.) **NO**

E. THE PROMOTERS OF THE COMPANY

Pradeep Gupta

Mr. Pradeep Gupta is a B.Tech. from IIT Delhi (1975) and PGDIM from IIM Calcutta (1977).

He is the main promoter and Chairman and Managing Director of Cyber Media (India) Ltd. He is an industry veteran of 27 years, and is highly reputed in the IT Industry. Some of Pradeep Gupta's past and current memberships and/or office holdings are:

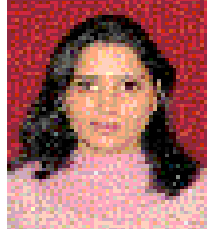
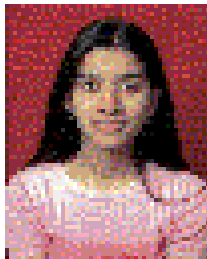
- General Partner, Infinity Ventures
- Investment Management Committee of Punjab Venture Capital Ltd
- Ex-Chairman of eGurucool.com
- Founder Member, Association of Indian Magazines
- Charter Member, TIE
- Co-Chair: Pan IIT Executive Council, India
- Trustee India Sponsor Foundation
- Member, IT Vision Board, Amity Centre for Information Technology
- Member of the "Information Technology Group" for Government of Delhi.
- Member of the "Information Technology Vision Group" for Government of Punjab.
- Member of the "Study Team on Microelectronics", for Department of Electronics, Govt. of India to recommend Microelectronic strategies for India.
- Former President, IIT Delhi Alumni Association
- Former President, IIM Calcutta Alumni Association, Delhi
- Member, Board of Advisors, AIESEC, Delhi University
- Fellow of Institute of Electronics and Telecommunication Engineers
- Ex-member Board of Governors, Maharishi Institute of Management
- Ex-member, Academic Advisory Council, Aravali Institute of Management, Jodhpur
- Ex- member, Board of Governors, Institute of Management Studies, Roorkee

Awards

- Distinguished Alumni Award of IIT Delhi, 2001
- Helen Keller Award for working in the Disability Sector.
- Award for Outstanding Contribution towards National Development by IIT Delhi Alumni Association.
- Bharat Vikas Award by International Business Council

Other promoters of CyberMedia are Mrs. Sudha Bala Gupta, Mrs. Anuradha Gupta, Mr. Dhaval Gupta and Ms. Kriti Gupta.

PROFILE OF PROMOTERS:

Name and Age	Qualification and Experience	Directorships Held	Identifications	Photograph
Pradeep Gupta 49 years	B.Tech (IIT Delhi) PGDIM (IIM Calcutta) 27 years	• Cyber Holdings Ltd • Cyber India Online Ltd • Cyber Media Events Ltd • Cyber Media Digital Ltd. • IDC (India) Ltd • Cyber Astro Ltd • Cyber Media Foundation Ltd • Banyan Netfaqs Pvt. Ltd • India Games Ltd • Kaleidoscope Entertainment Pvt. Ltd • SQL Star International Ltd	Driving License No P 90111865 Voter ID No DL/02/008/219261	
Mrs. Sudha Bala Gupta 71 years	M.A. (Hindi)	Nil	Driving Licence No. P03052001261941 Voter ID No. DL/02/008/219254	
Mrs. Anuradha Gupta 43 years	B.A. (Honours), Diploma in Interior Designing	Nil	Driving Licence No. P03062001267776 Voter ID No. DL/02/008/219255	
Mr. Dhaval Gupta 21 years	Student	Nil	Driving Licence No. Nil	
Ms. Kriti Gupta 17 years	Student	Nil	Driving Licence No. Nil Voter ID No. NA	

We confirm that Permanent Account Number, Bank Account Numbers and passport number of the promoters have been submitted to NSE and BSE at the time of filing of the draft Prospectus with them.

F. BOARD OF DIRECTORS

The Company is managed by a Board of Directors comprising qualified and experienced professionals.

Name, Age Address, Occupation, Date of appointment and expiry of the current term	Other Directorships
Mr. Pradeep Gupta Son of : Late R S Gupta Age: 49 years D-74, Panchsheel Enclave, New Delhi 110017 Occupation: Business Date of Appointment: 10.09.1982 Date of Expiry of term: In 2007 AGM	Cyber Holdings Ltd Cyber India Online Ltd Cyber Media Events Ltd CyberMedia Digital Ltd. (formerly Cyber Multimedia (India) Ltd) IDC (India) Ltd Cyber Astro Ltd Cyber Media Foundation Ltd Banyan Netfaqs Pvt. Ltd India Games Ltd Kaleidoscope Entertainment Pvt. Ltd SQL Star International Ltd.
Mr. Rohit Asava Chand Son of : Late Krishan Chand Age: 58 years B-19, Defence Colony, New Delhi 110024 Occupation: Business Date of Appointment: 09.01.2004 Date of Expiry of term: In 2005 AGM	IT&T Technologies Inc. IT&T Global Services Ltd. IT&T Learning Solutions Ltd. TRAK Services (P) Ltd. Yukti Securities (P) Ltd. AXIS Inc. Gyanada Software (P) Ltd. Gyanada Holdings (P) Ltd. Ikhlas Investment & Services (P) Ltd. IT&T Ltd.
Dr. Ashok Agarwal Son of : Late Satya Prakash Agarwal Age: 60 years 6-3-1113/3, BS Makta, Medha Building, Hyderabad 500016 Occupation: Business Date of Appointment: 10.09.1982 Date of Expiry of term: In 2006 AGM	ACS Technologies Ltd. Era Software Systems Pvt. Ltd. International SQL Star Pte. Ltd., Singapore Reliance Cellulose Products Ltd. SQL Star International Limited SQL Star International Inc., USA
Mr. K S Mehta Son of : Late Kulwant Singh Mehta Age: 50 years G-2, Kailash Colony, New Delhi 110048 Occupation: Business Date of Appointment: 10.09.1982 Date of Expiry of term: In 2006 AGM	Knowledge-based Systems and Management Pvt. Ltd.
Mr. Shyam Malhotra Son of : Late T R Malhotra Age: 50 years B-73, Soami Nagar, New Delhi 110017 Occupation: Service Date of Appointment: 01.10.1995 Date of Expiry of term: In 2005 AGM	Cyber India Online Limited IDC (India) Limited CyberMedia Digital Ltd. (formerly Cyber Multimedia (India) Limited) Cyber Media Events Limited Cyber Holdings Limited
Mr. Krishan Kant Tulshan Son of : Late S N Tulshan Age: 42 years 8/2, Shamnath Marg, New Delhi 110054 Occupation: Service Date of Appointment: 07.02.1997 Date of Expiry of term: In 2007 AGM	IDC (India) Limited Cyber Media Digital Limited Cyber Media Events Limited Cyber Holdings Limited Cyber India Online Limited Cyber Astro Limited

Profile of the Directors**Mr. Pradeep Gupta**

Has over 27 years of experience in IT industry. Well networked in the IT and media industry in India. Provided strategic consultancy to Indian Government to formulate India's software export strategy. General Partner of Infinity Venture Fund. Graduate in Electrical Engineering from I.I.T. Delhi and a PGDIM from I.I.M. Kolkata.

Mr. Rohit Asava Chand

With over 30 years of experience in the IT Industry, Rohit Asava Chand is the founder of Xansa (formerly known as IIS Infotech Ltd.) a leading software development and IT education company. He is also the promoter of the IT&T Group of companies, engaged in engineering design and BPO services. Rohit Chand is the co-founder of Foundation for Innovation and Technology Transfer at IIT Delhi; the General partner of Infinity Venture Funds; founder of Global Business School, which runs a prestigious MBA programme in collaboration with one of the top French Universities. He has served on the boards of several public companies and has also been on the working committees of several industry bodies. Has been Managing Editor of Indian Management (an AIMA publication). A graduate in mechanical engineering from IIT Delhi, Rohit Chand did his MBA from the Katz Graduate School of Business, University of Pittsburgh, USA in 1970.

Dr. Ashok Agarwal

Has over 33 years of IT industry experience. Mechanical engineering graduate from BITS, Pilani, postgraduate degree in Industrial engineering from University of Minnesota, USA and Ph.D. in Operation Research from University of Minnesota, USA. He was a professor at IIM Kolkata. He left academics to set up SQL Star International of which he was the Managing Director till 2003.

Mr. K.S. Mehta

With over 25 years of experience in the area of computers, software consultancy and computer education, K.S. Mehta is a graduate in electrical engineering from I.I.T., Delhi.

Mr. Shyam Malhotra

Executive Director and Editor-in-chief of all CyberMedia publications. Associated with CyberMedia since 1985 in varied capacities and has over 25 years of experience in the IT industry. He is a graduate in Electrical Engineering from IIT Delhi and has a PGDIM from IIM Kolkata.

Mr. K. K. Tulshan

Executive Director and Head Infrastructure Group. He has over 21 years of wide and varied professional experience. Mr. Tulshan is a Fellow member of the Institute of Chartered Accountants of India.

Shareholding and Other Details of Directors of the Company, as on 31-March-2004:

S No.	Name	Shares	Compensation Paid (Rs.)	Service Contracts	Other Benefits (Rs.)
1	Mr. Pradeep Gupta	2,489,473	1,435,200	Nil	21,600
2	Mr. K.S. Mehta	47,173	Nil	Nil	Nil
3	Mr. Shyam Malhotra	165,895	2,380,000	Nil	21,600
4	Mr. Krishan Kant Tulshan	86,803	1,368,000	Nil	21,600

Shareholding and Other Details of Directors of the Company, as on 31-July-2004:

S No.	Name	Shares	Compensation Paid (Rs.)	Service Contracts	Other Benefits (Rs.)
1	Mr. Pradeep Gupta	2,489,473	440,000	Nil	7,200
2	Mr. K.S. Mehta	47,173	Nil	Nil	Nil
3	Mr. Shyam Malhotra	165,895	660,000	Nil	7,200
4	Mr. Krishan Kant Tulshan	86,803	660,000	Nil	7,200

Interest of Promoters and Directors

All the directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The directors may also be deemed to be interested to the extent of:

- a) The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively. The shares, if any, out of the present issue that may be subscribed for and allotted to them or their relatives or any company in which they are directors/members of, to firms in which they are partners.
- b) Remuneration of Managing Director and Executive Director

Pursuant to the resolution passed at the meeting of the Remuneration Committee on January 9, 2004 and further approved by the shareholders in Extra-ordinary General Meeting on March 22, 2004. The detailed terms and conditions of the appointment are as under:

Name	Pradeep Gupta	Shyam Malhotra	K. K. Tulshan
Designation	Chairman and Managing Director	Executive Director	Executive Director
Period	March 1, 2004 to February 28, 2007		
Overall Maximum – per annum	Rs. 3,000,000	Rs. 2,940,000	Rs. 2,880,000
Overall remuneration not to exceed the limits provided in Schedule XIII to the Companies Act, 1956			
Basic Salary	Up to a maximum of Rs. 100,000/- per month		
House Rent Allowance per month	Up to a maximum of 75% of basic salary		
Utility Allowance per month	Up to a maximum of 20% of basic salary		
City Compensatory Allowance per month	Up to a maximum of 20% of basic salary		
Special Allowance per month	Up to a maximum of 20% of basic salary		
Annual Bonus	Up to a maximum of 20% of basic salary		
Performance linked Incentive	Up to a maximum of Rs. 1,200,000/- per annum in accordance with the scheme framed by the Company from time to time.		

Perquisites	Perquisites (evaluated as per Income tax Rules, wherever applicable and at actual cost to the Company in other cases) like the benefit of furnished accommodation, gas, electricity, water and furnishings, club fees, personal insurance, medical insurance, credit card fees and expenses, use of cars and drivers and telephones at residence or reimbursement of expenses in lieu thereof, payment of income tax on perquisites by the Company to the extent permissible under the Income Tax Act, 1961 and rules framed there under, medical reimbursement, leave and leave travel concession, education benefits, provident funds, asset scheme, loan schemes, super annuation funds, gratuity and other retirement benefits in accordance with the schemes and rules applicable to members of the staff from time to time.
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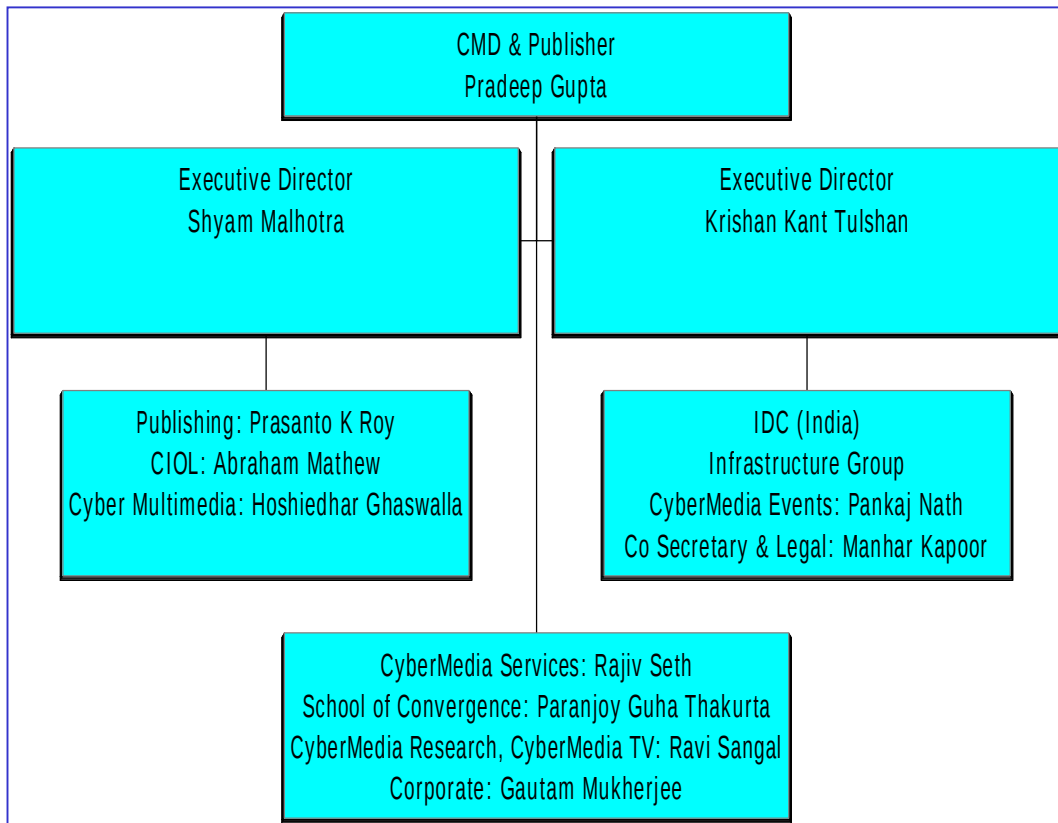
- c) Mr. Pradeep Gupta is a Director in Kaleidoscope Entertainment Private Limited wherein he holds around 5% shares of the said company. Kaleidoscope Entertainment Private Limited holds 50% stake in Cyber Media Foundation Limited an associate company of Cyber Media (India) Limited.
- d) Mr. Rohit Asava Chand was appointed on as an Additional Director on the Board of Directors of Khandwala Securities Limited on 26th December 2003. He has resigned from the said directorship w.e.f 5th May, 2004.

Details of Companies where the Directors have been signatory to the Memorandum & Articles of Association of the Companies during last five years.

Serial No.	Name of the Director(s)	Company where Signatory to MOA
1	Dr. Ashok Agarwal	Nil
2	Mr. Rohit Asava Chand	Infrastructure Management Services Ltd. IT & T Global Services Ltd. IT & T Entertainment Services (P) Ltd. IT & T Learning Solutions Ltd. Gyanada Holdings (P) Ltd. Gyanada Software (P) Ltd. AXIS Infoway (India) Pvt. Ltd.
3.	Mr. Shyam Malhotra	Cyber Media Events Ltd. Cyber India Online Ltd Cyber Media Foundation Ltd. Cyber Holdings Ltd.
4	Mr. Pradeep Gupta	Cyber India Online Ltd Cyber Media Foundation Ltd Cyber Holdings Ltd Cyber Media Events Ltd.
5	Mr. K K Tulshan	Cyber Media Events Ltd. Cyber India Online Ltd. Cyber Media Foundation Ltd. Cyber Holdings Ltd.
6	Mr. K S Mehta	Nil

G. ORGANIZATION STRUCTURE

The Company is managed by the Chairman and Managing Director, Mr. Pradeep Gupta, assisted by the Executive Directors, Mr. Shyam Malhotra and Mr. K. K. Tulshan, subject to the control and superintendence of the Board of Directors. The Directors are assisted by a group of professionals who have wide experience in specific areas that they oversee and over diverse management functions. All these key personnel are permanent employees on the rolls of the Company or its subsidiaries or associate companies.



H. KEY MANAGERIAL PERSONNEL

As on 30.09.2004, CyberMedia employs 436 personnel in various capacities, including 106 personnel in Subsidiary Companies and 17 personnel in Associate Companies. The key personnel who head all business units and management functions possess adequate qualifications and experience in their respective fields. The summarized data on existing managerial personnel is given below:

Name	Age	Qualification	Designation	Responsibility and employee of:	Total Experience in the Industry	Date of Joining
Mr. Paranjay Guha Thakurta	48	BA (Eco), MA (Eco)	Director	Education – Cyber Media Foundation Ltd	27 Years	02-Apr-01
Mr. E Abraham Mathew	42	BA, MBA	President	Online – Cyber India Online Ltd.	19 Years	20 Apr-87
Mr. Prasanto Kumar Roy	37	B.Sc. (Phy.)	President	Publications – CyberMedia India Ltd	14 Years	01-May-90
Mr. Ravi Sangal	48	BE, M.Tech	President	Entertainment – CyberMedia India Ltd.	24 Years	10-Jun-91
Mr. Hoshiediar Ghaswalla	38	B.A, PGDBM	President	Marketing & Sales – CyberMedia India Ltd.; CyberMedia Digital Ltd.	17 Years	27-Oct-99
Mr. Rajiv Seth	51	B.Tech, PGDBM	President	Content BPO – Cyber Media India Ltd.	26 Years	09-Sep-03
Mr. Pankaj Nath	36	BA(Hons, MA	Vice President	Events – Cyber Media Events Ltd.	14 Years	01-Apr-95
Mr. Gautam Mukherjee	40	B.Com(Hons), FCA	Vice President	Corporate & Cyber Astro Limited	17 Years	22-May-00
Mr. Manhar Kapoor	25	B.Com(Hons), ACS, L.L.B.	Company Secretary	Legal and Secretarial	3 Years	12-Mar-03

We confirm that all the key personnel mentioned above are on the rolls of the Company or its subsidiaries/associate companies.

Profile of Key Managerial Personnel

Mr. Paranjay Guha Thakurta is Director, School of Convergence. A journalist with 27 years of experience in various media – print, radio, television and the internet – his areas of specialization are the Indian economy, politics and the media. Mr. Guha Thakurta joined Cyber Media Foundation Ltd in April 2001 after his employment as an anchor with Television Eighteen-CNBC India. He has co-authored the book, “A Time of Coalitions: Divided We Stand” and directed the documentary: “Idiot Box or Window of Hope”.

Mr. E Abraham Mathew holds an MBA and has 19 years of experience in the IT and media industries. He is President in charge of CyberMedia's online and Life Sciences business. He has

been with CyberMedia since April 1987. Mr. Mathew's last employment was with Usha Microprocessor Controls Ltd. He has worked with CyberMedia Group in various capacities and is a member on various industry panels. He has been awarded by Computer Society of India for the revival of the CSI exhibition.

Mr Prasanto Kumar Roy is the President of the Business Magazines Group. He is the chief editor of *Dataquest*, *DQ Channels India*, *DQ Weeks* and *Voice&Data*. He joined CyberMedia in May 1990, bringing with him many years of experience as a technology writer. Subsequently, he created India's first electronic bulletin board and online magazine (PCQ Online), the first magazine-run test labs, the first cover-mounted CD-ROM in Asia. He graduated in Physics (Hons) from St Stephen's College, Delhi. He is the recipient of the Madhu Valluri Tech Journalism award.

Mr. Ravi Sangal is an engineer with B.E., M.Tech.. As President, he has the responsibility of developing CyberMedia's initiatives in media and entertainment space. Before taking up this responsibility, he successfully managed IDC (India) for a number of years. He has been a consultant to many large organizations in India and has also been engaged by ITC/UN. He has also been an active IT committee member with organizations like FICCI and CII. He joined CyberMedia in June, 1991 from Uptron India Limited.

Mr. Hoshiediar Ghaswalla is the President in charge of the consumer publications and overall publication marketing. He has over 17 years of working experience in marketing, in various capacities of which an aggregate of 14 years have been with CyberMedia. Prior to joining CyberMedia, he was working as Asst General Manager with Midday Multimedia Ltd. He holds a bachelors degree in arts from Mumbai University and a Post Graduate Diploma in Business Management.

Mr. Rajiv Seth has joined CyberMedia in Sept 2003 assuming charge of the Company's newly started Content BPO business. He brings with him more than two decades of experience. He was the former MD of Tech Books India, where he was responsible for taking the operations from 100 seats to 1200 seats from 1998 to 2000. Before joining CyberMedia, Mr. Seth was employed with Ezode Technologies. An engineering graduate, Mr. Seth holds a postgraduate diploma in business management.

Mr. Pankaj Nath is the Vice President of Cyber Media Events Limited. He has an experience of 14 years. He joined CyberMedia in April, 1995. He has worked four years for CyberMedia in new projects and then in the events business. Before joining CyberMedia, he was employed by IMT, Ghaziabad. He holds a BA (H) and MA (Social Sciences) from Delhi School of Economics. He is also the Fellow of Royal Geographical Society, UK.

Mr. Gautam Mukherjee is a Chartered Accountant with over 17 years of working experience spanning functions of audit, management consulting, software development and project implementations. He joined CyberMedia in May 2000. He is currently Vice President-Corporate in charge of new projects and corporate initiatives. Prior to joining the CyberMedia Group, Mr. Mukherjee was employed as Director - Basic Control Systems (P) Ltd., Kolkata.

Mr. Manhar Kapoor is a Company Secretary and a Law graduate from Delhi University. He has 3 years of post qualification experience.

None of the key employees/directors are related to each other.

There is no arrangement or undertaking between the major shareholders, customers, suppliers and others pursuant to which any of the personnel/director were selected as a Director or member of senior management personnel.

Changes in Key Managerial Personnel in last 12 months

The following table describes changes in key personnel in the last 12 months:

Reason for Change	Name of Person	Designation	Date of Change
Resigned	Mohd. Hussain	Vice President	30-Nov-2003
Resigned	Venayak Bhatnagar	President	30-Sept-2004

Details of Shares Held by and compensation paid/benefits in kind granted to Key Personnel as at 31-March-2004

S. No.	Name	Share Holding FV: 10/-	Compensation paid	Benefits provided in kind
1	Mr. Paranjay Guha Thakurta	9,500	794,000	4,800
2	Mr. E. Abraham Mathew	81,381	1,490,600	4,800
3	Mr. Prasanto Kumar Roy	29,741	915,156	4,800
4	Mr. Ravi Sangal	28,402	1,467,500	4,800
5	Mr. Hoshiediar Ghaswalla	21,090	953,250	
6	Mr. Rajiv Kumar Seth	10,000	656,300	Nil
7	Mr. Pankaj Nath	10,558	600,564	14,400
8	Mr. Gautam Mukherjee	1,900	585,000	Nil
9	Mr. Manhar Kapoor	200	189,968	Nil

Details of Shares Held by and compensation paid/benefits in kind granted to Key Personnel as at 31-July-2004

S. No.	Name	Share Holding FV: 10/-	Compensation paid	Benefits provided in kind
1	Mr. Paranjay Guha Thakurta	9,500	234,000	4,800
2	Mr. E. Abraham Mathew	81,381	444,600	4,800
3	Mr. Prasanto Kumar Roy	29,741	337,352	4,800
4	Mr. Ravi Sangal	28,402	432,900	4,800
5	Mr. Hoshiediar Ghaswalla	21,090	349,052	4,800
6	Mr. Rajiv Kumar Seth	10,000	390,000	Nil
7	Mr. Pankaj Nath	10,558	196,948	4,800
8	Mr. Gautam Mukherjee	1,900	175,500	4,800
9	Mr. Manhar Kapoor	200	87,864	Nil

HUMAN RESOURCES INITIATIVES:

The Company has an online HR manual that is available to all the employees and makes certain that they are aware of the company's HR policies. The company's policies are designed to encourage trust, transparency and equity. As a social security measure, the company offers accident insurance to all employees.

The Company's appraisal and incentive scheme addresses and encourages multi-skilling and multi-tasking.

For all employees the company has bi-annual performance appraisal and these appraisal are based on goals achieved and demonstrated competitiveness.

I. CORPORATE GOVERNANCE

The Company undertakes that it shall upon listing take all necessary steps to comply with all the regulatory requirements on Corporate Governance. The Company has already constituted three committees and framed their terms of reference.

Composition of the Board of Directors

The Composition of the Board of the Directors is given below:

Sl No	Name	Representing	Type of Directorship
1.	Mr. Pradeep Gupta	Promoter Group	Managing Director
2.	Mr. Shyam Malhotra	-	Executive
3.	Mr. K. K. Tulshan	-	Executive
4.	Dr. Ashok Agarwal	Independent	Non-Executive
5.	Mr. K. S. Mehta	Independent	Non-Executive
6.	Mr. Rohit Chand	Independent	Non-Executive

Audit Committee

The Board of Directors of the Company constituted an Audit Committee in their meeting held on 09-01-2004.

The Audit Committee shall have the following powers:

- i) To investigate into any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.
- ii) To investigate any activity within its terms of reference.
- iii) To seek information from any employee.
- iv) To obtain outside legal or other professional advice.
- v) To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee shall have the following role :

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with the management, the annual financial statements before submission to the Board, focusing primarily on :
 - a. Any changes in accounting policies and practices.
 - b. Major accounting entries based on exercise of judgment by management.
 - c. Qualifications in draft audit report.
 - d. Significant adjustments arising out of audit.
 - e. The going concern assumption.
 - f. Compliance with the Accounting Standards
 - g. Compliance with Stock Exchange and legal requirements concerning financial statements
 - h. Any related party transaction i.e. transactions of the Company of material nature, with promoters or the management, the subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large.
 - i. Financial Statements and Draft Audit Report.
 - j. Management Discussion and Analysis of financial condition and results of operations.
 - k. The appointment, removal and terms of remuneration of Chief Internal Auditor.
4. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
5. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
6. Discussion with the internal auditors any significant findings and follow up thereon.
7. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity of failure of internal control systems of a material nature and reporting the matter to the Board.
8. Discussion with the external auditors before the audit commences nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
9. Reviewing the Company's financial and risk management policies.
10. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.

11. To have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half yearly and annual financial statements before submissions to the Board.
12. To ensure compliance of internal control systems.

The present members of the Committee are:

- Mr. Ashok Agarwal (Chairman)
- Mr. Rohit Chand
- Mr. KS Mehta

Remuneration Committee

The Board of Directors of the Company constituted a Remuneration Committee in their meeting held on 09-01-2004. Its terms of reference are to decide Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

The Present members of the Committee are:

- Mr. Rohit Chand (Chairman)
- Dr. Ashok Agarwal
- Mr. KS Mehta

Investor Grievances Committee

The Board of Directors of the Company constituted an Investor Grievance Committee in their meeting held on 09-01-2004 with the following terms of reference:

1. To look into complaints received from shareholders like transfer of shares, non-receipt of balance sheet, non-receipt of dividend or any other complaint.
2. To look into the action taken by the Company for the redressal of grievances.
3. To consider and approve transfer of shares.
4. To consider and approve transmission of shares.
5. To consider and approve transposition of shares.
6. To consider issue of duplicate share certificate in lieu of lost, misplaced or stolen share certificate.
7. To consider the issue of split share certificates.
8. To consider the issue of consolidated share certificate.
9. To consider and approve re-materialisation of shares and issue of physical share certificate."

The Present members of the Committee are:

- Mr. KS Mehta (Chairman)
- Mr. Pradeep Gupta

J. NEW PROJECTS

CyberMedia as an organization has always been quick to spot opportunities very much ahead of others. For example, Dataquest was founded in 1982, when the IT industry in India was not even properly defined or structured. The number of players were limited and PCs had not invaded the market. Given its many strengths and supporting infrastructure, CyberMedia is planning investments into a number of new areas in line with its vision **"To expand globally in the knowledge domain through quality media products and services"**.

The following new projects have been planned:

Table: New Projects

Media	Media Services
• BusinessWeek India • BPO Magazine • BioSpectrum Singapore	• Content BPO

BusinessWeek India

Economic liberalization has led to higher degree of competitiveness in all spheres of life, especially the business environment. The rapid rate of change has affected the urgency with which decision-making is done. Therefore, there is a need to know more about the business environment faster.

Business information is disseminated through all mass media vehicles i.e. TV, Web, Radio and Press. The two formats available in press i.e. business dailies and business periodicals serve different needs. While the dailies are a habit and are used for news and updates the periodicals are used for features, trends and analyses.

Magazine readership, in India, decreased by 8% from 1999 to 2002 but business magazine readership increased by 15%. There are major business magazines existing in India viz. Business India, Business Today and Business World. But today's business professional in India needs a global perspective to make informed business decisions, particularly financial & technological in an Indian context. Neither the Indian business magazines nor the imported foreign business magazines, available at a very high price, fulfill this need.

BusinessWeek is the largest business magazine in the world published by McGraw Hill, which has licensed CyberMedia for BusinessWeek India (permission from Ministry of I&B awaited). Its content is focused on money, technology and people. We propose to create a relevant blend of global and Indian content to give Indian professionals operating worldwide, the insight, information and inspiration they need to make smarter decisions about business, finance and careers and keeping them current on a wide variety of issues and events; financial trends and projections and technology and its applications. It will be the only international business magazine to give its readers a global perspective for India. It'll aim to provide actionable inputs to make faster, smarter decisions for managing money, technology or people. The publication will have an easy-to-take-in format and will help its readers profit from business, imaginatively and ethically.

Target Audience

- Professional, Senior/Top Management
- Global interest/orientation
- SEC A1+, Residing in the metros
- Decision maker
- Finance orientation
- Thinks of himself as sharp & astute
- Net and tech savvy

BPO Magazine

Continuing pressure on cost at the time of growing competitiveness is driving companies to look at offshore outsourcing as a strategic alternative. In 2002, the global business process outsourcing (ITES-BPO) market was approximately US\$773 billion. By 2006, the potential ITES-BPO market may increase to US\$1 trillion. In terms of regions, North America will continue to be a dominant market (62%) followed by Western Europe (23%) and Asia Pacific (15%). Offshoring by US companies will continue over the next few years, driven by margin pressures and the need to remain globally competitive. Among *Fortune 1000* companies, about 55% were offshoring one or more business processes in 2002.

A few of the important factors driving the global demand are:

- Maturity of the ITES-BPO Market
- Competitive Pressures
- Enhancement and Reengineering of Business Processes
- Extension of Traditional IT Outsourcing
- Extension of Existing Vendor Relationships
- Technological Advances and Infrastructure Maturity

- Resource Flexibility
- Speed of Operation
- Access to Skills and Technology

The Indian ITES-BPO industry is estimated to grow strongly from its current base of \$3.6 Billion at a 40-50% CAGR over the next decade. India has maintained its global competitiveness by providing a winning combination of cost, quality and scalability better than other competing destinations.

Some of the facts fuelling the growth of the Indian industry are as follows:

- Focus on Margins and Cost Pressures
- Growing Demand for High Quality, Skilled Workforce
- Increasing Focus on Core Competencies
- Customer Demand for Quality

But there is no publication serving this area. CyberMedia proposes to address this space to foster the growth of this industry. The magazine would initially focus on the Indo-US axis with readership in both countries.

BioSpectrum Singapore

Singapore is likely to emerge as Asia's global hub for biomedical sciences. The Singapore government has committed over \$1.7 billion in investments over the next five years to help make this happen. Two lead government agencies, Agency for Science, Technology and Research (A*STAR) and Economic Development Board Biomedical Sciences Group (EDB BMSG) are working together to develop and promote Singapore's capabilities.

Apart from funds channelled towards investments, Singapore's National Science and Technology Board has allocated US\$ 852 million for R&D in the biotech sector. And a further US\$ 1.14 billion has been set aside to attract leading research organizations in Singapore to invest in local and foreign biotech start-ups.

In terms of its biomedical sciences manufacturing output, Singapore has set itself a target of \$7 billion by 2005 and appears well on track to achieving it. For 2002, the sector maintained strong growth, with manufacturing output increasing by 48% to \$5.5 billion. Knowledge-driven and innovation-based industries, particularly the biomedical sciences, are seen as key to sustaining the country's future economic growth. Government investments and incentives, a skilled workforce, robust intellectual property laws, an ambitious regulatory system, world-class public sector research, state-of-the-art communication systems, and efficient immigration procedures are helping to attract multinational giants to set up R&D centres in Singapore. These elements are also fostering a variety of local biotech start-ups.

CyberMedia plans to address the growing opportunity through the launch of a publication in Singapore. While doing so it would leverage on the strengths of its existing publication in this area namely, BioSpectrum.

Content BPO

BPO would be the main thrust area for the Company in the coming years. CyberMedia would like to leverage on its IT, content development, publishing and other strengths to carve a niche for itself in the growing BPO space. The business strategy for CyberMedia Services is to enter into arrangements with local country agents to address the European market. These local agents will be made responsible for spearheading the front-end activities such as marketing and sales and CyberMedia Services provide the back-end support in terms of people, process and technologies.

CyberMedia services offer integrated outsourcing services to create, update and convert content across multiple media formats to meet specific needs of the customers.

Service offerings are based around 5 core competencies:

- Content Creation Services
- Production Services
- Data Conversion Services
- Digital Asset Management
- BPO Services

Existing customers include such well-known names as Thames & Hudson, BBC Worldwide, Geddes and Grosset, Simon & Schuster, Hylas Publishing, Mitchell Beazley, Ingenta, Exevo, Compset Inc. among others.

It's a rapidly growing area in which the Company has already commenced activities. It wants to leverage its domain strength in the content area to avail of this emerging opportunity. There is a strong expansion proposed for this activity

Infrastructure

Three of the new projects of CyberMedia are part of its Media business line while, the fourth, BPO Content, is a Media Services business.

The new Media Business projects will share the common infrastructure available within the company for the print media publications at its corporate office in Gurgaon and major metropolitan cities in India. The international nature of the Global Outsourcing magazine and the BioSpectrum Singapore managing will require the set-up of a representative arrangements at Singapore. The specific infrastructural facilities that have to be provided for these three new publications are:

- a) Office space
- b) Desktop computers with internet connectivity facilities
- c) Printers
- d) File and Print servers
- e) Software

For the new media services business in BPO Content, the provision of infrastructure includes:

- a) Office Space
- b) Desktop computers with internet connectivity facilities
- c) Printers, including colour printers
- d) Network and communication equipments
- e) Scanners
- f) Software, both general and specialty

The Office space being proposed herein will be at the Company's premises at Gurgaon and leasehold ITES enabled facilities in the National Capital Region of New Delhi.

Schedule of Implementation

Media Business Projects

Global Outsourcing – April/May 2005

BioSpectrum Singapore – March/April 2005

BusinessWeek India – 90 days from receipt of GOI permission.

Media Services Project

BPO Content – By May 2005

Manpower Requirement

The manpower requirements for the new projects of the company are given below:

Project	Managerial	Skilled	Unskilled	Total
Global Outsourcing	1	6	--	7
BioSpectrum Singapore	2	11	--	13
BusinessWeek India	4	14	--	18
Content BPO	20	193	--	213
Totals	27	224	--	251

The above estimate of manpower requirement does not take into account the marketing, technology and administrative support staff required for the Media projects as these will be part of the common business support services that are available to all business units in the Company.

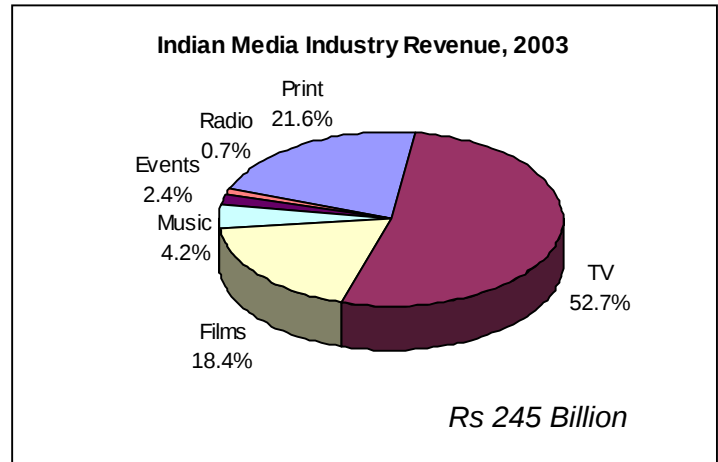
VI. INDUSTRY OVERVIEW

a. The Indian Media Industry

The Indian media industry is amongst the most exciting industries in the country today. With 50,000 newspapers and magazines; a rapidly growing base of Cable & Satellite (C&S) households; a whopping 28 million mobile phone subscribers; an installed base of nearly 11 million PCs; and an estimated 13 million Internet users, the media industry is expected to move ahead strongly in the coming years. As a nation, India is nowhere near media saturation. Being a relatively younger nation in terms of demographics, potential to consume media is enormous. Factors such as general improvement in lifestyle and education would also drive growth of the media industry.

The industry employs several million people and generated Rs. 245 billion in revenues in 2003. TV and print are the two biggest components, accounting for approximately 74.3% share of the 2003 revenues.

The print industry is about 175 years old in India. The aim in the earlier years was not so much to make money, but to fight for a cause, revolt or spread a message. After independence, many businessmen kept running their publications in spite of making losses because of the power and influence these brought them. The situation is different today when media, print or electronic, is viewed like any other business and is there to make profit for the shareholders.



Source: The Indian Entertainment Industry: Emerging Trends and Opportunities, FICCI, Estimates

In India the media and entertainment market is on the upswing following three years of sluggish growth. Spending in the Asia/Pacific is projected to have an average of 9% average annual growth registering the highest growth rate globally. India and China are the principal growth catalyst in this region. Entertainment and media tends to grow slightly faster than the nominal GDP during all phases in the economic cycle due to income elasticity

Current Publishing Scenario in India

Particulars	31 st March 2003
Total Number of registered Newspaper & periodical	55,780
Number of new newspaper released in last year	3820
% Growth in registered publication over last year	7.35%
Number of newspaper & periodicals reported published (submitted annual statement)	7,156
Total circulation of newspaper & magazines	142,005,543
% Growth in circulation	23.21%
Number of newspaper and periodicals registered in English	8141

Source: Management

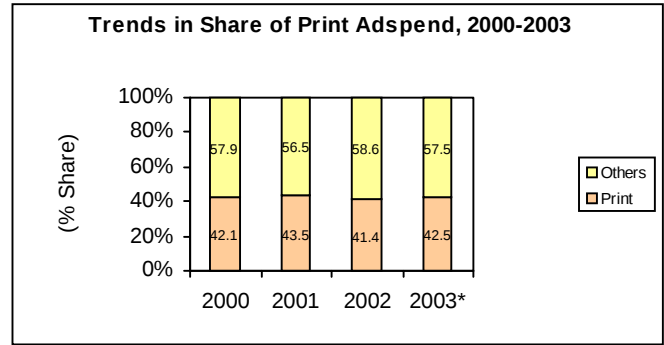
Compared to many developed countries and even some developing countries, the ad spending in India, as a percentage of GDP, is quite low at about 0.40% of its GDP. Denmark at 0.59% and UK at 0.97% have the lowest and the highest proportions in Europe respectively. US average is approximately 1.32%. There is scope of significant growth in TV advertising in India. With increased consumerism, and continued entry of global brands, there is a significant potential for the advertisement pie to grow further.

Ad spending also experienced considerable slow down in 2001 and 2002 due to the prevailing economic situation. The situation started improving in 2003 and is steadily improving with the growth of the industry. A plethora of brands, both MNC and Indian, and stiff competition can be expected to drive spending on ads in the coming years.

The ad spending in India is the highest on print/TV followed by outdoor and radio. In 2003, print accounted for 42.5% share of total ad spending in the country. With the revival of the economy, this share is expected to improve in coming years. The importance of print in Indian advertising cannot be underestimated. On analysis of the number of brands advertised, print witnessed an increase of 34% in 2002. From 37,000 brands in 2001, 49,560 were advertised in 2002. This number is far more than the number of brands advertised in television

Within print, the share of magazines was estimated at roughly 16% in 2002

(Source: Pitch Magazine) i.e. Rs. 7000 million. The survey also revealed that magazine readers have the highest affluence level and therefore provide the best return-on-investment to an advertiser.

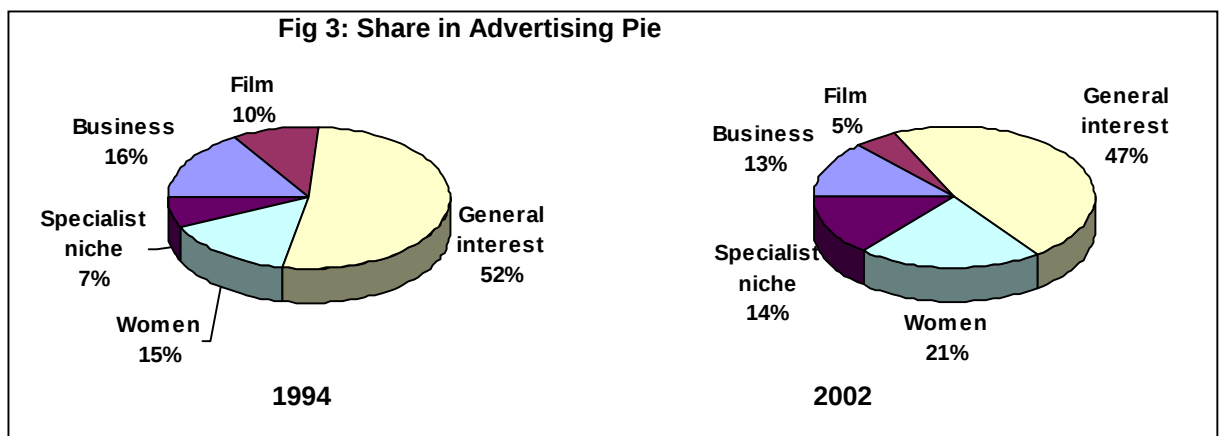


(Source: TAM Adex).

Pitch-MindShare
Study, Oct 2003
* 2003 Projections

- As per the Readership Survey 2001, among top 50 publications (newspapers and magazines) sorted by total net worth, magazines have an 80% share and only 20% is accounted for by dailies. Also only nine dailies figure in the top 50 list of publications arranged by net worth, remaining are magazines. A conclusion, which can be safely drawn from this analysis, is that while newspapers have more readers, it is the magazines that have better profile of readers.
- The Indian magazine market comprises consumer titles and business and professional titles. Consumer titles include 'general consumer' titles and 'consumer specialist' titles. Specialist titles target people with particular interests (such as music, home, lifestyle, information technology, sports, music and others), or specific gender and age categories (women, men, teenagers, children etc). The changing share of the advertising pie between various segments of the Indian magazine industry from 1994 to 2002 is given below (Source: TAM Adex)

There has been a distinct shift in advertising from general interest magazines to specialist and women magazines.



Source: TAM Adex

b. Specialty Media Business

CyberMedia is a specialty integrated business house. Its publications cater to the requirements of information technology, telecom, biotech and consumer electronic industries. The size for the four industries put together was Rs. 1975 billion (\$42.0 billion) in 2003–04 and is expected to grow to Rs. 5353 billion (\$116.3 billion) by 2008–09 at a CAGR of 22%. Thus the space in which CyberMedia publications are operating is not only huge; it is also growing at a fast pace. Each of the four industries-IT, telecom, consumer electronics and biotech is forecasted to have high growth rates in the next few years. Table below provides the details.

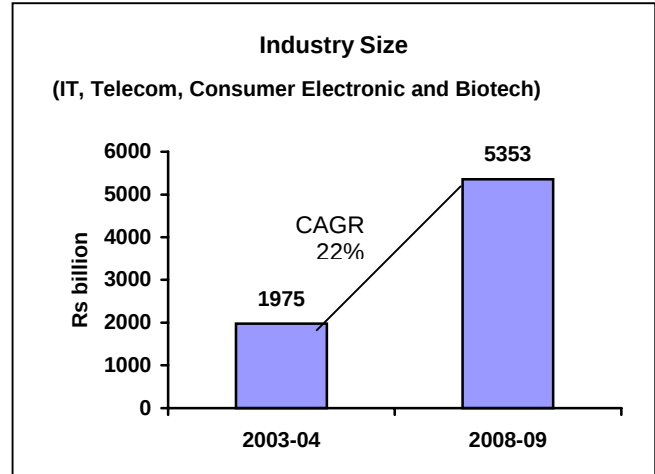


Table: Industry Outlook

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	CAGR %
IT*	907	1155	1496	1929	2460	3059	27.51
Telecom	840	1008	1190	1390	1615	1855	17.17
Consumer Electronics	195	220	249	279	312	350	12.40
Bio- Tech	33	40	49	60	73	89	22.00
Total	1975	2423	2984	3657	4460	5353	22.07

(Rs Billion)

Source: IDC, Voice&Data, BioSpectrum, CyberMedia Research Estimates

* Calendar year

Information Technology

Ever since the wave of economic liberalization in 1991, the Indian IT industry has grown many folds both in terms of its size and also in terms of its status. In many ways, the IT industry has put India prominently on the global map. From a handful of organizations in early 1990's, the industry can now boast of more than 1500 organizations, Indian and MNCs, and as many as two million people directly or indirectly employed. With its huge base of English-speaking and professionally qualified manpower, India has become a destination of choice for most global organizations. Today, nearly all of the Fortune 500 organizations source their software development requirements from India, which is becoming a key destination for outsourced software solutions. A number of organizations in India have adopted ISO 9001 certifications. Of the 74 organizations that are certified for SEI-CMM Level 5 worldwide, 50 are present in India.

The Indian IT industry would grow from Rs. 907 billion in 2003 to Rs. 3059 billion in 2008 at a CAGR of 27.5%. The growth driver would however be the exports of IT Services, which would grow at a robust 32% during the period.

Telecom

The Government has taken many initiatives to improve the telecom scenario in India. The announcement of the National Telecom Policy 1999 was one such initiative.

The key features of NTP 99 were:

- Strengthening the role of the telecom regulator and separating its policy and licensing functions from its role as a service provider
- Transitioning service providers from license fee-based models to revenue-sharing models
- Opening the domestic long distance (DLD) market to private competition.

The telecom policy and other initiatives have given a boost to the sector. Since its liberalization in 1993, the telecom sector in India has received total foreign direct investment (FDI) of Rs. 96 billion (US\$ 2,234 million) until August 2003. FDI inflow increased after 2000, when the domestic long distance (DLD)

segment was opened to foreign players. According to the Department of Telecommunications (DoT), the total FDI inflow in the telecom sector since 2000 has been Rs. 54 billion (US\$ 1,121 million).

According to the Telecom Regulatory Authority of India (TRAI), India's teledensity reached 4.18 (including fixed-line and WLL-fixed) in end-September 2003 from 3.9 in 2001. The Government has set a goal of reaching a teledensity of 15 by 2010. Although the Government has taken steps to improve the telecom infrastructure in India, the country still lags behind other Asia Pacific nations such as China, Singapore, South Korea, etc., in telephone, PC and Internet penetration.

The total size of the telecom market in India would grow from Rs. 840 billion in 2003–04 to Rs. 1855 billion in 2008–09 at a CAGR of 17.1%.

Consumer Electronics

The consumer electronics industry grew at 8.7% in 2002–03 to a value of Rs. 174 billion. The colour TV segment contributes over 60% of the industry turnover and grew at 25% over the previous year. Mega sporting events like the FIFA World Cup and ICC Champions Trophy have contributed to the growth of this industry. The market is expected to touch Rs. 350 billion by 2008–09, showing a CAGR of 12.4% during 2003–04 to 2008–09.

Biotech

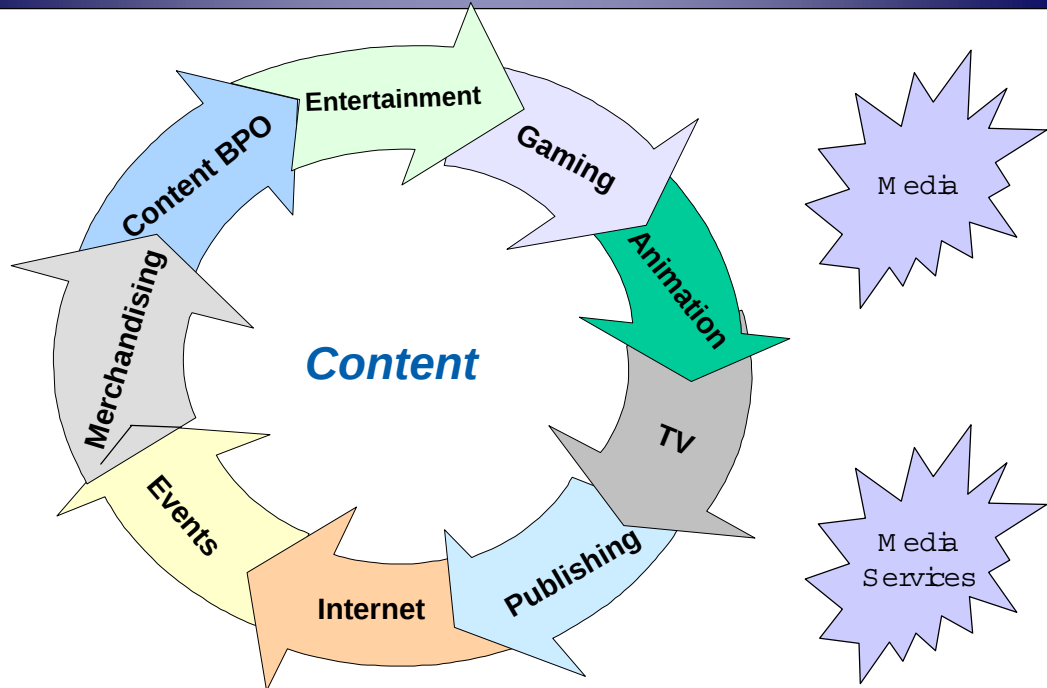
A late starter in the new sunrise sector, Indian biotech industry is on the threshold of rapid growth. The industry took shape in 1999 and has seen the emergence of over 100 promising start-ups, launched by leading scientists from top-rated research centres. Almost all the major pharma companies have started biotech divisions. The bulk of the industry is concentrated in six bio-clusters represented by Bangalore, Hyderabad, Chennai, Mumbai-Pune, Ahmedabad-Vadodara, and Delhi-Chandigarh. It employs over 6000 biotechnologists and 28 top universities in the country provide the highly qualified manpower that is needed. The industry is expected to grow at a CAGR of 22% during the next few years to reach Rs. 89 billion market size by 2008–09.

Though India is among the 18 top global biotech clusters, Indian companies are making a mark in the world. India is already the second largest supplier of essential vaccines in the world market after the US. With a large and diverse disease population, India is likely to become a major global hub for clinical trials of the new crop of vaccines from around the world. The market for clinical services is about \$ 103 billion now. Similarly, India is also being seen as a major centre for contract manufacturing of biotech products. The bio-agri sector is the second largest with the approval of first BT cotton variety in March 2002. A dozen more seed companies plan to introduce BT cottonseeds in 2004. Bioinformatics companies are among the other promising segments that make up the biotech industry.

c. The De-risked Business Model

In the words of Time Warner's President, "When power is moving between different bits of the value chain, you need to own the whole value chain". In line with this thinking, most large media houses in the world and India operate on complete or on major part of the value chain, that include print as well as non-print media.

The industry has grown by leveraging content, brand & multimedia presence

**d. The Non-Print Media Business**

The non-print media where CyberMedia has a presence includes the following:

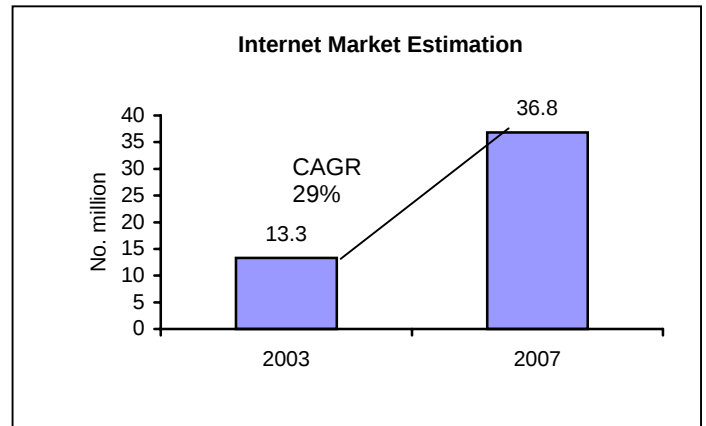
Events

The live entertainment and event-management industry in India is at an evolutionary stage. A greater marketing thrust and regulatory support can help this industry realize its potential of becoming a significant player in the Indian entertainment industry.

An estimation of the industry size may not necessarily be accurate due to the unorganised nature of the different segments it comprises. This makes data collection and gathering difficult. However, according to industry players, gross earnings from entertainment and event management aggregated over Rs. 3.3 billion. Event management of promotions and launches constituted the major part of the sector's earnings, clocking revenues of Rs. 1.7 billion

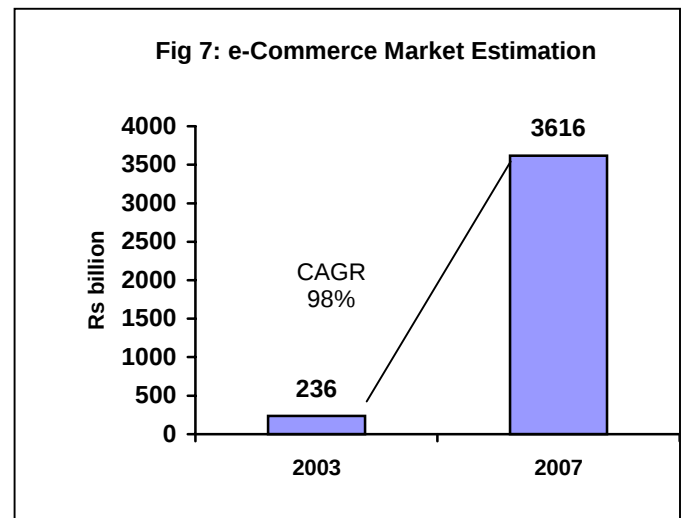
Internet

India's Internet user base is rapidly picking up pace with the reduction in Internet access charges, increasing PC and telephone penetration and growing competition amongst the ISPs. According to an estimate made by the Internet Service Providers Association of India (ISPAI), approximately 360 towns in India have access to the Internet. The number of unique users was 13.3 million in 2003, which will grow to 36.8 million by 2007 as shown. Maximum growth will come from home and small businesses.



Source: IDC

E-commerce spending was estimated at Rs. 236 billion in 2003 by IDC. This is expected to grow to Rs. 3616 billion by 2007 at a CAGR of 98%. It is estimated that B2B will account for 90% of the total revenue. Estimates for the e-commerce market were also deliberated at the National Conference on Expanding Exports Through e-commerce, organised by CII in 2003. Many participants opined that e-commerce spending would grow to Rs. 690 billion by the year 2006. In either case, the size of the opportunity is large and CyberMedia is present to take advantage of the same.



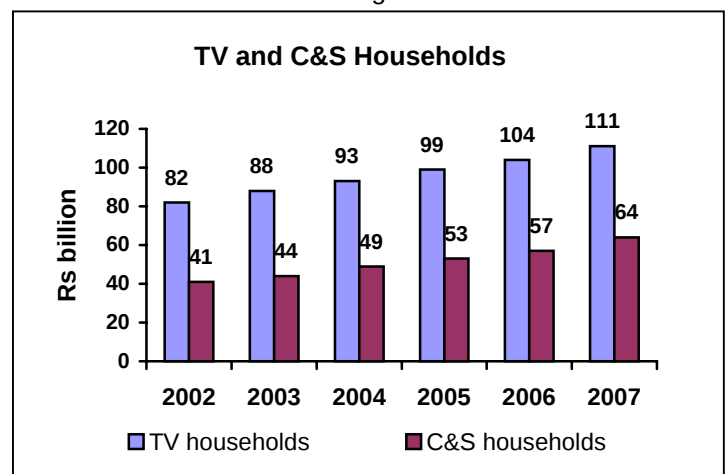
Source: IDC

Television Software Industry

Over the last five years, the number of TV households and C&S households has grown at 9% and

17% respectively. It is expected that during the next five years, TV households would increase from 82 million to 111 million at a CAGR of 6.2%. During the same period C&S households would increase from 41 million to 64 million at a CAGR of 9.3%. C&S is no longer an urban phenomenon. The rural areas show a huge potential for growth and conversion.

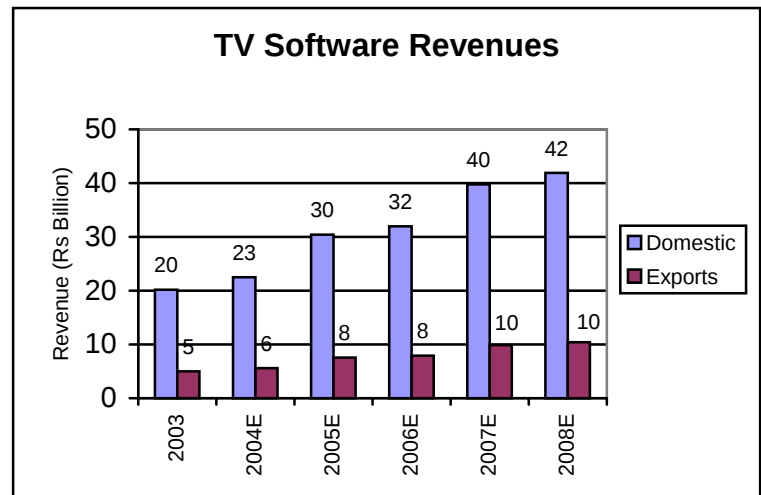
The medium has undergone a significant change from the days of one black and white viewing channel to the more colourful multi-channel viewing experience.



Source: The Entertainment Sector, KPMG

By and large, it is the general entertainment channels (Regional and National) that are the bread and butter for software producers.

The television content industry is pegged at Rs 25.16 billion (US\$ 559 million) for the year 2003. Revenues from regional programming continued to be the largest slice of the pie at 38% of the year's total revenues



e. Media Services Business

Various value-added media services allow a media house to address a wider spectrum of the media business. This helps addressing customers' needs by providing them a wider range of services under one roof besides creating synergies within the business. These services contribute positively to the bottom-line. Some of these value-added services related to the business space in which CyberMedia operates are:

Market Research

Corporates, governments, NGOs and other organizations spend a substantial amount of money on market research. For large and medium-sized organizations, regular market research inputs are a must to understand current and potential customers better, identify emerging segments/opportunities, understand competition, validate data and identify gaps amongst many others. The total size of the market is estimated at Rs. 3.0 billion growing at 12–15% per annum (*Source: Management estimate; published data not available*).

Multimedia

Multimedia includes a range of services such as development and distribution. Being fragmented, it is difficult to put a precise size to this activity. Given India's proven strengths in IT-related development work, foreign organizations outsource development work to India. Indian organizations are also outsourcing their requirements. Distribution again is a very big area. Market potential for a few multimedia related devices and products such as digital cameras, Web cameras, CD-ROM and gaming devices is estimated at Rs. 3.0 billion. High growth rate of IT in homes is one of the principal drivers of the distribution business.

f. Content BPO

Over the past three years, the Business Process Outsourcing (ITES-BPO) industry has emerged as a significant revenue generating area for India's software and service companies. Although cost-reduction was the key driver for ITES-BPO activities in the past, today, more and more companies regard these services as strategic and essential elements for organic growth. The importance of this sector can only be measured by the fact that it has become a major election issue in the US.

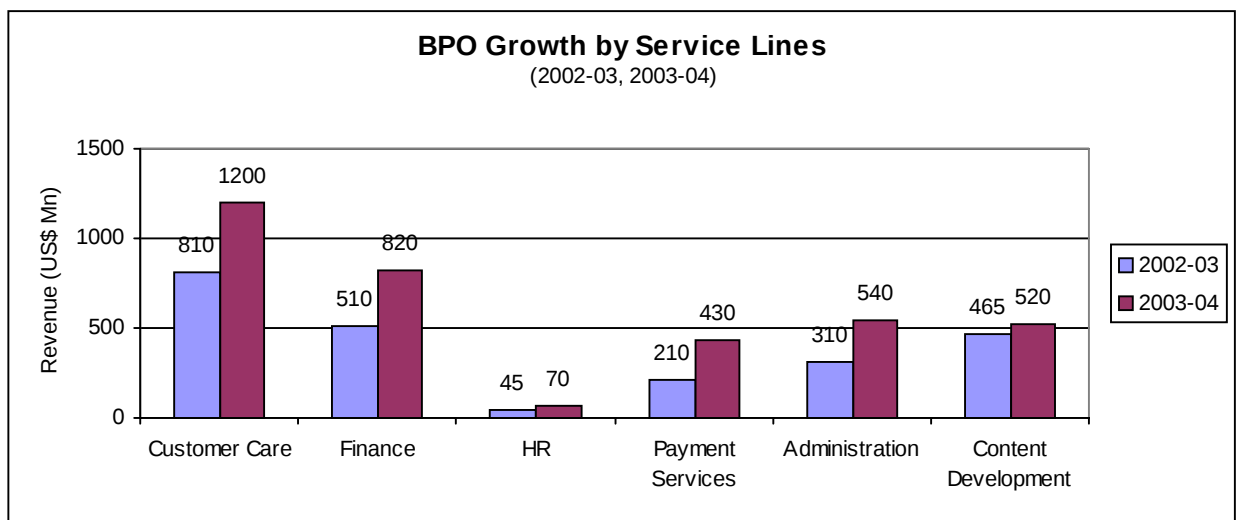
In 2003, the Global Business Process Outsourcing (ITES-BPO) market was approximately USD 690 billion. By 2007, the potential ITES-BPO market is likely to increase to USD 922 billion. In terms of market size, North America is expected to account for nearly 62 percent of the total ITES-BPO market in 2007 while Western Europe and Asia Pacific are likely to account for approximately 23 percent and 15 percent of the total ITES-BPO market. (*Source: IDC*). Despite the threat of a backlash, most analysts believe that the economic advantage of outsourcing and the need to be globally competitive will result in a strong growth of outsourcing and off shoring.

The Indian ITES-BPO Scenario

According to NASSCOM, the Indian ITES-BPO industry registered a growth of 59% and clocked export revenues of Rs. 113 billion (US\$ 2.3 billion) up from Rs. 71 billion (US\$ 1.5 billion) in 2001-02. The industry grew at 54% to clock revenues of US\$ 3.6 billion in 2003-04.

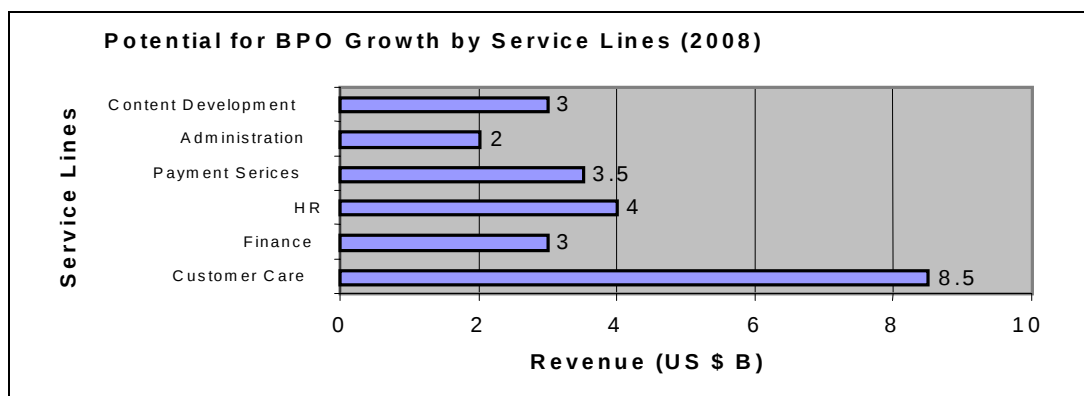
In terms of market segmentation, The Indian ITES-BPO industry offers several service lines including Customer Care, Finance, Human Resources, Billing and Payment Services, Administration and Content Development. In 2003-04, market is estimated to have touched US\$ 1,200 million in Customer Care, up from US\$ 810 million in 2002-03. Finance market has expanded from US\$ 510 million in 2002-03 by 70% to US\$ 820 million in 2003-04. HR services revenues also touched US\$ 70 million in 2003-04. Content development (publishing, websites, movies, animation and gaming) continued to be a significant revenue contributor to the overall ITES-BPO industry accounting for a turnover of US\$ 520 million during 2003-04.

Economictimes.com reported that with leading global publishing brands and their Indian brethrens joining the outsourcing bandwagon, the country's Rs 70 billion publishing industry is now talking of turning India into a knowledge hub for the world publishing industry. The average revenue productivity per person being \$ 15,000/person/year currently (Rs. 2.3 billion by 160,000 people) the projected growth of the ITES-BPO market would require a total manpower of 250,000-350,000 by the year 2008.



Source: NASSCOM

Content Development Includes: Engineering Design, Data Conversion, GIS, Animation, Online Training



Kennedy Information expects the global BPO market to expand approximately 21% compounded annually, to reach \$259 billion by 2004. (Source: Kennedy Information, "Worldwide Outsourcing Opportunities, A Market and Competitor Analysis, 2001-2004," www.kennedy-info.com).

India's current target markets – essentially in United Kingdom, United States and Europe – are estimated to be worth around \$2.5 billion that is likely to grow to \$4.5 billion by 2006.

The American book publishing industry clocked a turnover of \$ 26 billion in sales in the year 2002 (Association of American Publishers) and continues to grow at 4-5% year on year. The UK alone produces 9000 fresh books every year; this is only less than a fourth of the total re-prints of existing titles. In addition, there are other mass media companies like newspaper and magazine publishers, publishers of Journals etc. Today, Indian service providers are barely tapping a quarter of the global publishing services market that is pegged at \$10 billion. However, with an increasing number of Indian publishing brands getting into the thick of action in typesetting, page making, digitization of content and warehousing, apart from offering specialized editorial services, and printing facilities, this service industry is bound to flourish.

VII. BUSINESS OVERVIEW

Various CyberMedia publications are positioned in the above segments. Each of these publications while addressing high growth industries, command a position of strength in the given segment. Through their professional and unbiased reporting, the publications have developed a loyal customer base, relationships and credibility in the market.

PUBLICATIONS

CyberMedia is among the top magazine publishing companies in India. CyberMedia is also one of the major publishers in the Indian IT, Telecom and technology segments. Over the past few years, CyberMedia has created publications in these segments. In all, there are nine publications catering to the above segment from CyberMedia group. Many of these titles are known names in India. While Dataquest was the first to be launched, BioSpectrum is a recent addition. The publications include

- Dataquest
- PCQuest
- Voice&Data
- Living Digital
- DQ Channels India
- The DQ Week (Delhi, Chennai and Mumbai)
- BioSpectrum

Clear segmentation of its magazines has helped the Company to focus and maintain its readership and market share.

Dataquest

Dataquest, published fortnightly, was launched in 1982 and targets the information technology segment and is primarily aimed at decision makers—including top business heads, consultants and channel partners—across the spectrum of the technology industry ranging from the small, medium and large enterprises to government and public-service units.

The magazine is positioned in the "Business of Infotech" area providing information for both buyers and sellers. Corporate clients include Hewlett Packard, Oracle, Samsung, Seagate and IBM among others. Dataquest enjoys a readership of 157,000 readers per issue (source: IRS 2003 – Round II) and is the No. 1 publication in its category.

Table: Readership Data

	Readership	Readership
Publications	IRS 2003 (Round II)	NRS 2003
Dataquest	157,000	45,000
<i>Competitors</i>		
Express Computers	Not under IRS	25,000
Network Computing	Not under IRS	Not under NRS

The DQ Top 20 issues, based on a nationwide survey across more than 1,500 IT companies in India, are an invaluable reference source for everyone in the IT industry (Source: Management). Dataquest has instituted the 'IT Man of Year' and 'Lifetime Achievement' awards.

PCQuest

PCQuest, launched in 1987, is a monthly publication, positioned as a guide for implementing technology and targets the computing/networking segment. The magazine is aimed at professionals in the technology domain—including technology heads, enterprise business managers, network specialists, software developers, engineers and corporate managers—who require in-depth information on computing technologies and IT solution implementation. PCQuest has many firsts to its credit – the first to provide cover mounted CDs with each issue, the first to set up a Bulletin Board System, the first to launch Linux through its CDs and the first to offer cover mounted DVDs. PCQuest's competitors include Digit and Chip.

PCQuest has instituted a PCQuest User's Choice awards for vendors/OEMs in the Indian IT industry. Readership and circulation for PCQuest and its competitors is set out below:

Table: Readership Data

Publications	Readership IRS 2003 (Round II)	Readership NRS 2003
PCQuest	356,000	383,000
<i>Competitors</i>		
Digit	299,000	395,000
Information Technology	Not under IRS	122,000
Chip	Not under IRS	Not under NRS

Voice&Data

Voice&Data, a monthly publication launched in 1994, targets the telecom and data communication industries and its business customers, addressing primarily, the telecom and networking segments.

The magazine is aimed at senior technical, business and marketing managers and purchase decision-makers across telecom service providers, equipment vendors, corporate users, regulatory authorities and R&D institutes. Its V&D 100 issue is a valuable reference source for communication professionals. The V&D Gold Book is a one-stop-source for telecom products and services for the enterprise. Its Top View seminars and panel discussions resulted in Operation Bandwidth and the Wi-Fi initiative.

Main competitors include Network Magazine, Communications Today and Network Computing. Market readership and circulation data for Voice&Data is 1,04,000 (source: Management)

Living Digital

Living Digital (earlier Computers@Home, established in 1996) is the only Indian magazine focusing on 'before-you-buy' information, like reviews, catalogues, product feature comparisons etc., for over 20 digital product categories covering mobility, digital imaging, entertainment and computing. In 2003, Computers@Home was repositioned as Living Digital. Positioned as India's first digital lifestyle magazine, it is targeted at non-technical professionals like doctors, chartered accountants, PC owning households, novices and other users of IT. It ships with a user-friendly CD loaded with free software and fun-stuff. Under its previous name, the magazine enjoys a readership of 465,000 per issue. (Source: NRS 2003).

87% of its readership is in metros, 56% in the 20-34 year age group, 50% in SEC A, thereby making it a strong product for the gadget aspirants who want to buy smart and live smart.

There is no other magazine in this category.

DQ Channels India

DQ Channels India, a fortnightly publication, is positioned amongst the IT traders and advisory segment and provides business information, market news and perspectives that are directly relevant to channels. It has taken up a number of issues for the trade viz. octroi, excise, warranty, vendor support etc.

Channels include companies that are the marketing and distribution partners for OEMs, product manufacturers, etc.

DQ Channels has a nation-wide readership amongst IT distributors, dealers, resellers, systems integrators, network integrators, software specialists and Original Equipment Manufacturers. Competition is from CRN and 360 magazines. It has a readership base of around 56,000 (management estimates).

The DQ Week

DQ Week launched in 1996, is a weekly publication across having three editions – Chennai, Delhi and Mumbai. It targets the respective infotech geographies. DQ Week is the most credible media for the regional IT channels in Delhi, Mumbai and Chennai. It reaches 21,000 channel partners in 533 cities thereby having the strongest upcountry reach amongst all technology publications. It has been the official publication in at least 20 smaller towns for the local events organised by the channel associations of those towns.

Last year (2003-04), DQ Week organised 13 IT panchayats in different cities.

Target audience includes channel managers, and business owners. Customers include IT distributors, dealers, resellers, systems integrators, network integrators, other VARs and small enterprises. The products are positioned for smaller advertisers in the IT value chain.

DQ Week has a readership reach of 60,000 for all its publications put together. (Source: Management Estimate). There is no competing product.

BioSpectrum

The acquisition of BioSpectrum was part of a strategic move of CyberMedia to expand its presence into biotechnology and bio-informatics. CyberMedia acquired the Bangalore-based BioSpectrum magazine from its publisher, IQ TechMedia Private Limited in October 2002. The magazine was re-launched in February 2003 and focuses on:

- Technological breakthroughs, policy issues, regulatory frameworks, people, products and services.
- Biotechnology, genome research, bio-informatics, microbiology, agriculture biotechnology, and healthcare, topical issues of Intellectual Property Rights regime and bio-environment issue.

The Group has retained Bangalore as the base for the magazine as that city has emerged as a strong biotechnology hub in India. The magazine is leveraging the extensive distribution network of CyberMedia. BioSpectrum conducted the first Biotech industry survey in Sep 03 and instituted the Biotech industry awards in Dec 03 and a special report on the UK Biotech industry. In a short time span, it has become the voice of the Biotech industry. It has a readership of 40,000 (management estimates)

Competitors Revenue/Market Share April –September 2004

(Rs. Millions)

Month	International		North		South		West		Total	
	Rev	M.S.	Rev	M.S.	Rev	M.S.	Rev	M.S.	Rev	M.S (%)
PC-Mags										
PCQuest	1.53	37.6	4.77	37.2	5.48	49.9	3.32	35.4	15.1	41
Living Digital	0.92	22.5	1.08	8.4	1.17	10.7	1.43	15.2	0.46	12
Digit	1.08	26.6	4.20	32.7	2.28	20.7	2.74	29.3	1.03	28
Linux4You	0.0	0.0	0.27	2.1	0.70	6.4	0.31	3.3	0.13	3
Chip	0.54	13.3	2.50	19.5	1.36	12.3	1.57	16.7	0.60	16
Total	4.08	100.0	12.82	100.0	10.99	100.0	9.36	100.0	3.72	100
Industry-Mags										
Dataquest	2.80	56.3	16.54	46.0	19.14	58.8	9.32	44.0	4.78	50
DQ Week Delhi	0.16	3.2	5.18	14.4	0.84	2.6	0.38	1.8	0.66	7
DQ Week Madras	0.14	2.9	1.20	3.3	2.61	8.0	0.49	2.3	0.44	5
DQ Week Mum	0.16	3.2	1.09	3.0	0.46	1.4	1.96	9.2	0.37	4
DQ Channels India	0.92	18.5	3.58	10.0	1.76	5.4	1.56	7.4	0.78	8
Smart Inc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Network Comp.	0.15	3.0	1.61	4.5	2.44	7.5	2.54	12.0	0.67	7
Exp. Comp	0.23	4.6	3.65	10.1	3.79	11.7	3.26	15.4	1.09	12
CRN	0.41	8.3	3.13	8.7	1.49	4.6	1.68	7.9	0.67	7
Total	4.97	100.0	35.97	100.0	32.53	100.0	21.19	100.0	9.47	100
Telecom-Mags										
Voice & Data	2.41	84.6	3.50	66.5	3.45	61.7	2.61	58.9	1.20	66
Comm Today	0.15	5.2	0.50	9.4	0.27	4.9	0.27	6.1	0.12	7
Network Mag.	0.29	10.2	1.27	24.1	1.87	33.4	1.55	35.0	0.50	27
Total	2.84	100.0	5.27	100.0	5.58	100.0	4.43	100.0	1.81	100

Source Management

Table: Publications' Positioning

Publication	Positioning	Segments	Key Readers	Major Clients
Dataquest (1982)	Business of Infotech	Industry, Corporate, Enterprise	CEOs, CIOs, CFOs	HP, Intel, IBM, Novell
PCQuest (1987)	Enhance your Computing	Corporates, SMEs, Professionals	CEOs, CIOs, Power-users	HP, Microsoft, Intel
Voice&Data (1994)	Business of Communications	Industry, Corporate, Enterprise	CIOs, CEOs, Network Managers	MTNL, VSNL, 3COM
Living Digital (1996 as C@H)	Work, Learning and Fun	Home, offices, schools	Computer Enthusiasts	BPL, Sony, Intel
DQ Channels India (1999)	Vendor-channels	Industry, Channels Partner	MDs, Marketing Professionals	Kobian, Seagate, Ingram, Micro, Canon, Rational, Iomega
DQ Week—Delhi (1997), Chennai, (1996), Mumbai (2003)	B2B, B2U-regional	Channels, Business	Channels, SMEs, Students	Apcom, Aditya, ACI
BioSpectrum (2003)	Biotech	Industry, Professionals	CEOs, Professionals, Policy makers	Sartorius, BioRad, Biocon, State Governments

Source: Management

Table: Market Share: AY 2003

Dataquest	42%
DQ Week	12%
DQ Channels India	09%
Total B2B IT	63%
PCQuest	43%
Living Digital	12%
Total B2C IT	55%
Voice&Data	67%
BioSpectrum	80%

Source: Management Estimates, Internal MIS, AY 2003

Table: Market Share: Jan-Sep 2004

Dataquest	50%
DQ Week	16%
DQ Channels India	8%
Total B2B IT	74%
PCQuest	41%
Living Digital	12%
Total B2C IT	53%
Voice&Data	66%
BioSpectrum	80%

Source: Management Estimates, Internal MIS, AY 2004

CyberMedia also operates on an entire spectrum through a significant presence in other non-print media and media services. Today, advertisers prefer to deal with organizations who can provide complete solutions rather than with different players for different media plans. CyberMedia has presence in events, Internet and television also. Media services also include content BPO, multimedia, gaming and market research. With its diversified and synergistic portfolio of offerings, CyberMedia has been able to

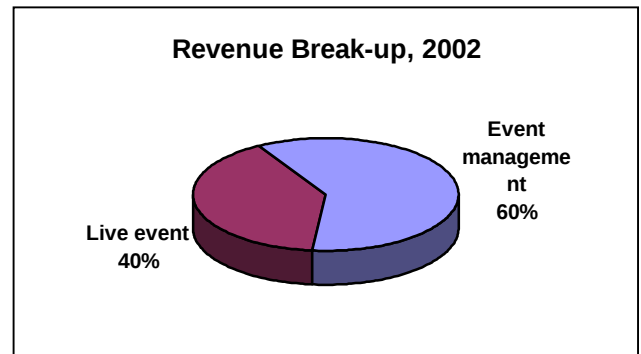
considerably de-risk its business model while leveraging on its strengths in content generation, branding and infrastructure.

NON-PRINT MEDIA: EVENTS, ONLINE, TV

Events: CyberMedia Events

CyberMedia Events (earlier known as Cyber Expo) was spun off as an independent company in 2000 for managing events including exhibitions, conventions, seminars and workshops on various topics connected with the application of technology. Today, CyberMedia Events has to its credit more than 100 events each year, which include international events such as Bangalore IT.com, Nasscom exhibition and TiEcon; national events such as IT Kerala, Hi-Tech Pune, Services @ India at Pragati Maidan; regional events like PCQuest Series. It also does fulfilment activities for the Govt of Kerala and Tamil Nadu. Its strong competitive advantages include:

- Ability to leverage its strong vendor relationships
- Proven expertise to customize as per requirement of a customer
- Deep industry insight much beyond the capability of an ordinary event management company
- Credibility with state governments and industry bodies.



Source: Industry Estimates EMAI

Online: Cyber India Online Limited

Cyber India Online Limited (CIOL) is an IT online media company, promoted by the CyberMedia. CIOL was set up in 1996, soon after the Internet came to India, but much before the hype around the online business set in. The Company was founded as a subsidiary in 1999 with the mandate of providing IT-related news, information and services to the vast community of IT-savvy individuals, and to make it a value transformation platform for the IT vendors, solution providers, services companies and individuals.

From the beginning, CIOL put together a self-sustaining model as a way of functioning. It has eschewed even at the height of the frenzy from spending on advertising without commensurate returns on the investment made. Services provided include content management, custom publishing and web development among others. Sources of revenue include:

- Advertisements, which account for more than half of the revenues
- Subscription revenues from certain portions of the site that operates as paid sites since April 2002
- E-commerce revenues through partners who use the website for offering recruitment, shopping, training and travel services.

CIOL's key competitive advantages include the following:

- An early mover advantage. CIOL has 305,000 subscribers to its various newsletters.
- More than 730,000 unique visitors and over 6 million page views per month.
- Access to large quantities of quality data generated both in-house and sourced from other content creators
- Established credibility with IT professionals in India and abroad by leveraging its other businesses
- In-depth understanding of the needs of advertisers resulting in a market share of 60%.
- Multiple revenue streams and thus not solely dependant on one source. Major customers include IBM, SAP, Intel, HP, AMD etc.

CIOOL has built online communities in India which include

- 1,200 CIOs of top companies
- 1,800 CXOs of small and medium businesses
- 37,000 developers

TV Software: CyberMedia TV

CyberMedia TV began operations in 1995. It creates programs in the 'intelligent information' space, both within the ICT sector as well as in careers and business-related programming.

The division has produced over 150 half-hour IT programs –all aired on India's public broadcaster. Past programs comprise Zenith Computer Show, Computer Career, Computers for You and CSI Quiz. Zenith computer Show was the first IT program to be broadcast on the prime time in India on DD2 Metro channel. It had drawn a viewership of over 1 million and completed over 52 episodes.

Currently, CyberMedia TV has moved beyond this area into the mass career information segment. For the last year and a half, it has been producing a popular mass-audience career programme with a skew towards women. The programme title is branded by Hindustan Levers and is called *Fair & Lovely Career Baatein*. It is aired weekly on Doordarshan News.

CyberMedia TV is currently in talks with various satellite television channels to exclusively produce programs and enter into a tie-up with the public broadcaster for supplying content in these areas.

MEDIA SERVICES: CONTENT BPO, MARKET RESEARCH, MULTIMEDIA

CyberMedia realized the importance of media services quite early and moved into them at appropriate points of time. While these services allowed CyberMedia to operate at the larger spectrum of media business, it helped in pulling customers who could get everything under one roof besides creating tremendous amount of synergies within the business. Services, by providing a higher value-add often also contributed a higher percentage of profit to the organisation's overall bottom-line. Examined below are the different service segments and CyberMedia's role in them.

Content BPO: CyberMedia Services

BPO would be the main thrust area for the Company in the coming years. CyberMedia would like to leverage on its IT, content development, publishing and other strengths to carve a niche for itself in the growing BPO space. The business strategy for CyberMedia Services is to enter into arrangements with local country agents to address the European market. These local agents will be made responsible for spearheading the front-end activities such as marketing and sales and CyberMedia Services provide the back-end support in terms of people, process and technologies.

CyberMedia services offer integrated outsourcing services to create, update and convert content across multiple media formats to meet specific needs of the customers.

Service offerings are based around 5 core competencies:

- Content Creation Services
- Production Services
- Data Conversion Services
- Digital Asset Management
- BPO Services

Existing customers include such well-known names as Thames & Hudson, BBC Worldwide, Geddes and Grosset, Simon & Schuster, Hylas Publishing, Mitchell Beazley, Ingenta, Exevo, Compset Inc. among others.

Market Research: IDC (India) Limited

CyberMedia has been engaged in market research for more than a decade but as a high value-add niche player. Unlike other players who typically address all segments such as FMCG, retail, media etc., CyberMedia through its subsidiary conducts research in only the IT and telecom segments. It has an exclusive arrangement with IDC, US, one of the world's largest market research and consulting organizations focused on IT and telecom. International Data Corporation, USA, the parent company of IDC is the world's largest publisher of computer magazines and newspapers with more than 300 publications in 85 countries.

IDC's global network comprises of more than 700 analysts in over 50 countries. IDC (India) is a franchisee of IDC Inc. and pays a royalty to it for accessing their international reports, content and methodologies. Its services include customized research, multi-client studies and continuous information services. The organization carries out exhaustive end-user, vendor and channel research regularly deploying different methodologies.

IDC (India) has, over the last few years, built an extensive national databank based upon over numerous customer contacts every year (over 50,000 last year). It is regarded as a credible source of data, quoted widely in the industry. IDC organizes, for the last 17 years, 'Directions', an annual strategy conference for vendors which is attended by professionals at senior management level. In the last two years, a 'Global IT Forum on Outsourcing' with international speakers has also been organized. Its PC tracker tracks PC shipments on a quarterly basis for over 10 years. IDC also tracks software & services, peripherals, servers, work stations, storage, hand held devices, datacom & networking markets.

IDC (India) rendered services to the Indian Government in its World Bank funded report on India's Software Export strategy. Research for this report was conducted globally and formed the basis for India's export strategy in the early 90s. It works closely with various industry bodies such as Nasscom, CII, Assocham etc.

IDC (India) competes with Gartner, Forester Research, IMRB, and AC Nielsen. It would be commanding a 35–40% share in the addressable market (*Source: Management Estimate*).

Multimedia: CyberMedia Digital

CyberMedia Digital Ltd. (formerly known as Cyber Multimedia (India) Limited) was established in 1997 with a view to enter the multimedia content business. Its core business is to develop and market high quality multimedia content. Some of its development projects include developing the Quizmaster CD-ROM for the US market for Encyclopaedia Britannica, and developing a Series of English and Foreign language learning using BBC content. List of international customers include Simon & Schuster Interactive, DMP Spain (for BBC), Incagold, among others. Indian customers include VSNL, Reliance, Nasscom, Tata McGraw Hill etc.

CyberMedia Digital has also developed some of its own products such as The Road to Freedom, Indian Wildlife, Buddha and Indian History.

CyberMedia Digital is amongst the leading OEM suppliers of multimedia products including Internet starter kits and gaming products. Partial list of OEM customers include Starhub, Maxtor, Iomega, HP and Olympus, all based in Singapore. Indian customers include VSNL, Samsung, Intel, LG, VSNL, HP, HCL, Tata Nova, NOW, Glide, Indian Newspaper Society, PCS and many more.

Through its extensive network of about 700 retail outlets, it distributes over 400 titles in different genres. It also has distribution rights for world-renowned publishers like Encyclopaedia Britannica, Activision, and BBC.

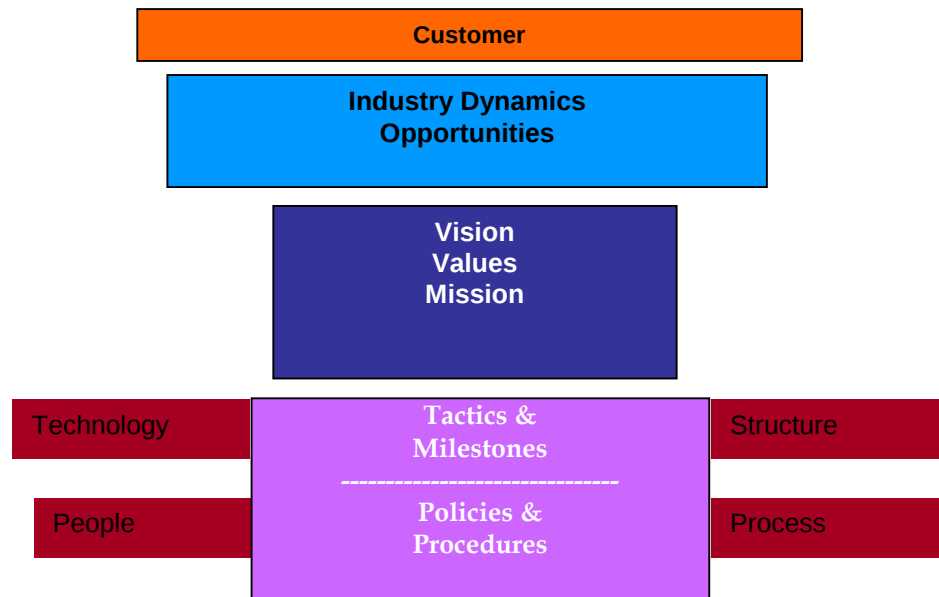
CyberMedia Digital's key competitive advantages include the following:

- Direct presence in Singapore
- Strong network of contacts with IT vendors
- Relationship with publishers
- Cross-promotional ability
- Nationwide distribution network
- Experienced IT developers and a strong marketing team

With animation and gaming becoming popular, CMM has plans to focus on this area in near future.

BUSINESS STRATEGY

The business strategy of CyberMedia is based upon the following business model



The strategic model is based upon the vision statement of the Company and the three opportunity areas identified by it.

Vision

To expand globally in the knowledge domain through quality media products and services Value System

- **Innovation**
 - o Be change leaders and pioneers through continuous learning
 - **Integrity**
 - o Fair, unbiased, honest and committed to highest ethical, moral & legal standards & statutes
 - **Excellence**
 - o Customer delight by maximizing value for time, money & efforts and making distinctive, substantial & lasting contribution
 - **Influential**
 - o Making a positive impact on society leading to strong brand equity
 - **Caring Meritocracy**
 - o Attracting and retaining the best, respect for individuals, their ideas & contributions
- Opportunity Areas**
- Knowledge
 - Media
 - Services

In line with the above, the Company has a three-pronged strategy to address the opportunities

- To expand into the knowledge space with more media products. The Company started in the IT space, expanded in the ICT space and is today focused on the consumer electronics and biotechnology space as well. It wants to further expand in the knowledge domain through products such as Business Week India.
- The Company has expanded beyond media into media services. A strong thrust is planned in the rapidly expanding domain of content BPO. A complete value chain spanning different verticals will create a strong business model built around content that can best suit the comprehensive communication and marketing requirements of customers.
- To expand globally with its successful media brands. The Company has strong and reputed brands and can build them in other markets where such specialty areas emerge.

Industry Dynamics

The industry is characterized by the following trends.

- Emergence of niche products: Niche markets will continue to expand, as the needs of the audience are getting more specific. The B2B space is growing rapidly and would need to address the requirements of different communities in a more customized and personalized manner.
- Multiplicity of revenue models built around content: Content today moves across different verticals. A customer wants different media options to address his marketing and communication needs comprehensively. Its for this reason, that media companies are leveraging content across different platforms.
- Higher demand on RoI: Increase in customers' expectations and increasing competition is resulting in demand for Return on marketing Investment.
- Shortage of time: Time pressure on the recipient of the information means that the content delivery has to be quick, catchy and graphicalThis is fuelling growth in the multiple content delivery model, and a continuous repositioning of product & service offerings.
- BPO in content: International opportunities in content related services are growing. A lot of content related business is expected to be off-shored to India.
- Integration of knowledge solutions and technology in business processes: For competitive advantage, implementation of latest technology is vital for business for achieving faster turnaround time, better customer servicing etc.

Operations

The Company's operations are geared up to meet the needs identified above.

Print media

Editorial Policy

- ✓ The editorial policy of all content products of Cyber Media is pillared on the twin principles of credibility and utility.
- ✓ Credible content includes in its ambit fair, unbiased and accurate reporting of events.
- ✓ To enhance utility, all content carried in print or electronic formats has to aid the business leaders, technology implementers or other readers in their business decision making.
- ✓ Topical happenings and thought provoking analysis trends form the major part of this content.
- ✓ Each Cyber Media publication aims to moderate and facilitate the growth of the industry segments it covers.

Editorial Processes

- ✓ The core policies are constantly emphasized through induction programs, training modules and edit meetings.
- ✓ Independent editors for each product supported by country wide news collection & editing teams ensure that balanced, accurate and comprehensive coverage is provided for the readers.
- ✓ All edit material is processed centrally at copy & quality desks for each of the products to ensure uniform and diligent checking of content.

- ✓ All material is processed electronically through a country-wide network to ensure in time reporting and error free processing.
- ✓ Six senior editors of the group are constantly available to the executive editors of each product for policy and strategic inputs.

Information Gathering at CyberMedia

- ✓ CyberMedia publications and other divisions gather news through variety of means and media consistent with the varied requirements of an online technology portal with thrice-daily updates, print publications that range from weekly to fortnightly to monthly, and market research activities with both periodic reports and newsletters and customized projects.
- ✓ For most of the print publications group and the online arm, the core newsgathering entity is CyberMedia News. This internal, dedicated technology wire service has reporters in 14 locations, and covers IT, telecom and biotech across these locations.
- ✓ All the news, reports and features are filed electronically from all locations, using Cyber Media's own networks as well as public ISP services. These are edited by teams of professionals at three locations: Bangalore for ciol.com and BioSpectrum; Gurgaon for Dataquest, Voice&Data, Living Digital, the DQWeek network of newspapers; and Mumbai for DQChannels India.
- ✓ Some magazines draw on specialized research. PCQuest and Living Digital, for instance, uses technology research and product test results from CyberMedia Labs, the company's internal lab for product and technology testing, the first and largest such lab in South Asia. Dataquest and Voice&Data use their special research team for critical industry surveys such as Top 20 and V&D100, and also outsource research to CyberMedia's tech research company, IDC India.
- ✓ In addition, each publication has a team of reporters and correspondents which focus on features and more specialized news. For instance, the telecom or channel publications need very specific type of coverage in their features and there are specialized reporters focusing on these areas and beats. Some of this gets filed back as news into the central news pool, managed through a CyberMedia News portal.
- ✓ A variety of technologies is used for the information gathering and processing, including wireless laptops and mobile phones, the Internet, leased lines, personal wired and wireless broadband connections, etc. This gives CyberMedia reporters a significant edge in their speed of being able to file, for example, even before an event has ended from within the event.
- ✓ Ciol.com, the company's technology portal, also manages the print publications' Websites. CIOL uses state of the art news production and editing, and communications systems for quick and efficient gathering and dispersal of news. Breaking news from publications reporters is also fed to CIOL for being uploaded instantly. CIOL compiles and edits this information in Bangalore and then uploads it to its Web servers, located in Santa Clara, California. Some of this requires online subscriptions through e-payment gateways.
- ✓ CyberHouse, the corporate headquarters at Gurgaon, also houses the editing, design and pre-press operations, and is online 24 hours, with desktops and internet connectivity to all editorial, sales, marketing and support people, and laptops to editors and managers.
- ✓ Design software has been in use over the in-house desktop publishing network since 1989, on PageMaker and QuarkExpress, and high-end PCs and Apple Macs, supported by a high-resolution professional Creo scanner for visuals. These electronic pages are then output onto film positives on the company's in-house high-resolution imagesetters, with precision densitometers and other devices for quality assurance checks.

Distribution

- ✓ Strong distribution of content is the key to success of a media company. To ensure countrywide distribution, services of leading distributor India Book House are used to put out the magazines at over 2,600 locations in 225 cities and towns.
- ✓ This extended network is supported by a Central Services Department that services an average of over 60,000 subscribers each month for 20 issues of different publications.
- ✓ The extended stands and subscription network ensures a combined readership of 1,263,000 print readers (IRS 2003 / NRS 2003 / Subscriber Surveys).
- ✓ Online news content is available to around 300,000 registered subscribers and 750,000 unique visitors with over 4 million page views per month through 69 electronic newsletters and an integrated website www.ciol.com.

Marketing

- ✓ The Company has a total of 725 clients advertising in its publications
- ✓ The Company's top 10 clients contributed to 32% of our revenue, top 20 clients contributed to 41% of our revenue and the top 50 contributed to 58% of our revenue
- ✓ We have a mix of regional, national and international advertisers. Regional advertisers primarily advertise in our regional channel publications whereas the rest advertise across all publications
- ✓ CyberMedias top 10 advertisers alphabetically are:

HP
 IBM
 LG Electronics
 Maxtor
 Microsoft
 Moser Baer
 Oracle
 Samsung
 SAP
 Seagate

- ✓ The top advertisers for each magazine however vary. CyberMedias overall client list includes:

1	Alcatel	14	APC	27	AT&T
2	Avaya	15	Avesthagen	28	Biocon
3	Canon	16	Cisco	29	Computer Associates
4	Dell	17	Epson	30	Finolex
5	HCL Technologies	18	HP	31	IBM
6	I-Flex	19	Infosys	32	Intel
7	Kobian	20	Kodak	33	LG
8	Maxtor	21	Microsoft	34	Moser Baer
9	MTNL	22	Monsanto	35	Nikon
10	NCR	23	Nortel Networks	36	Oracle
11	PCS	24	Reliance Infocomm	37	Samsung
12	Sartorius	25	SAP	38	Seagate
13	Siemens	26	Tata Telecom	39	Wipro

Sales Team and Structure

- ✓ The Company's sales team is structured region wise product wise in the larger cities and region wise in the smaller cities.
- ✓ International advertisers are serviced through agents except for Singapore where the Company has its own office.
- ✓ The Company has a strength of 40 direct sales professionals used for.
 - o Maintaining relationships with current advertisers to increase their spends by showing them value
 - o Increasing the advertiser base (primary focus area of the year)
 - o Selling customized options from the available offerings as per the client's need

Pricing and Rate Card

- ✓ Ensuring that we have separate options to fulfill the advertiser's needs, the company's rate card has various pricing options across the various sections of the magazines.

Non-Print Media:

- ✓ **Events:** Events is an important business activity of CyberMedia. There is a team of professionals headed by a senior level person dedicated to the task of organizing events. The events are organized/managed for external as well as internal clients. In order to learn and improve constantly, a detailed feedback and evaluation system has been set up. The system has helped the Company set up its own benchmarks and ensure complete customer satisfaction.
- ✓ **Online:** CIOL, while banking on news feed from CyberMedia News and Reuters, also has its own edit staff. The updation of news takes place every 3-4 hours. An important service is Breaking News which happens ahead of most others, most of the time. The portal has successfully built online communities in India viz. CIOs of top 1200 companies, 1500 CXOs of SMBs and 30,000 developers. Online and off-line events are regularly held to debate and discuss various issues pertaining to the use and implementation of IT technology as well as those relating to emerging technologies.
- ✓ **CyberMedia TV:** CyberMedia TV has produced over 150 episodes so far. It has set up a detailed process to brainstorm and identify the most attractive concepts for programming. Creative brainstorming involves media experts at one level and representatives of target groups at the other. The two data streams are combined to come out with unique ideas and concepts, which are further evaluated. Customer feedback is an important process laid down by the division to improve quality of deliverable.

Media Services:

- ✓ **Research:** Market research services broadly encompass syndicated and customized services covering areas of hardware, software, services and consumables. Depending on service corporates, consumers and channel partners are regularly researched in metro and non-metropolitan towns and cities. Clear processes have set up for conducting assignments right from the time a request for proposal is raised by a potential customer to the final delivery of the report. On-spot, back-check processes have also been set up for the fieldwork.
- ✓ **CyberMedia Services:** All services from CyberMedia Services follow a very stringent and well-defined process. The content creation conforms to International standard as AICC and SCORM. Usually a prototype of the first deliverable is developed for scrutiny and approval of the client. This ensures quality and productivity at each stage as well as robustness of the process. The work norm is so defined that interaction with client is possible at each process level and hence meet client expectations appropriately.
- ✓ **Multimedia:** CyberMedia Digital's core business is to develop and market high quality multimedia products. It has developed some of its own products as well. CyberMedia Digital markets through its well laid own infrastructure of distribution and retail outlets throughout the country. Processes are well defined to manage sales through distributors as also receive feedback from customers.

Technology

- ✓ CyberMedia uses a diverse mix of technology platforms across its national and regional headquarters that's partly driven by business need; partly by its publications' need to test a lot of technologies they write about both within its extensive test labs *and* in a real business environment; and finally, by its need to use a number of the technology areas that it evangelizes, such as intranet applications and the Linux platform.
- ✓ Virtually every employee has a PC in a fully networked environment, with a 100 Mbps LAN at CyberHouse on a gigabit-ready CAT5 cable plant. Every regional office is networked. Broadband connectivity – DSL/ Leased Lines, with ISDN backup is available at all locations.
- ✓ While most of the desktop and portable platforms used are Windows/Intel-based systems, there are 20 Apple Macintosh computers in use by CyberMedia Services - the content outsourcing division. These run QuarkXpress and other Macintosh applications for client projects.
- ✓ Cyber House also houses CyberMedia Labs, established 1994 as a magazine-run product and technology testing laboratory for benchmarking of information technology and related equipments.
- ✓ There's power backup at all locations, with 100% dual-redundant power supply at headquarters (CyberHouse), including central UPS system and 400 KVA of redundant generation capacity (2 X 200KVA).
- ✓ Word processing has been in use since 1982, desktop publishing since 1989, internet connectivity since 1995, full-time internet access to every employee across the network since

1997. Employees have used e-Mail since 1992, with organization-wide email and CyberMedia identities (cmil.com) in place since 1997.

- ✓ CyberHouse and all three CyberMedia regional headquarters are also wireless-enabled, with Wi-Fi access points deployed, and wireless-enabled laptops with editors and managers.
- ✓ The applications and servers include a mix of LINUX, Windows and Novell NetWare platforms:
 - o Circulation Server running off Oracle on Win2000
 - o MailServer on Win2000 (MDaemon)
 - o Intranet Server running on Win2000
 - o Gateway and Firewall Server running on PCQ Linux
 - o Accounts Server running on Win2000, running Networked Tally
 - o ASP-based CRM (customer relationship management) application
 - o ASP-based HR2 (Human Resources) application

Insurance

- ✓ The Company maintains several insurance policies to cover its assets against fire, natural calamities including earthquakes, burglary and special contingences, depending upon the nature of the asset. It does not maintain business interruption insurance. The amount of insurance coverage is approximately Rs.90 million.
- ✓ Most of the insurance policies are valid until 30th January, 05 and the company intends to maintain such policies.

Properties and Facilities

- ✓ Companies corporate head office is located at Gurgaon in a company-owned land and building. It has branch offices located in several cities and towns in India. Besides Gurgaon, the Company owns, as well as leases office space at Mumbai, Bangalore and Chennai. The registered office at Delhi and the branch offices at Pune, Calcutta, Trivandrum and Secunderabad (Hyderabad) are run out of leased premises.

Intellectual Property

- ✓ CyberMedia owns intellectual property rights in the nature of Trademarks and Copyrights. It believes that intellectual property rights are important to its business. It has either registered or is in the process of registering the names and the logos of all its publications, trade names and other business proprietary marks. At present there are 23 marks at various stages of registration.
- ✓ The copyright on the content published in the magazines vests with the Company in accordance with the copyright laws.

MANAGEMENT DISCUSSION ON STRATEGY FOR NEW PROJECTS**Content BPO**

- ✓ Key management team in place
- ✓ Key practice leaders hired and functioning
- ✓ Account management team trained to manage client relationship
- ✓ HR policies and procedures in place
- ✓ Marketing alliances established in US and UK
- ✓ Segments identified for market focus
- ✓ Marketing collateral developed
- ✓ Participation at various book fairs
- ✓ References and testimonials available to pursue further leads
- ✓ Production processes defined and tested
- ✓ Infrastructure for the growth under construction

Business Week – Indian Edition

- ✓ No. 1 Business magazine world wide
- ✓ Significant existing brand value in India and latent demand for Indian edition
- ✓ Pre-launch brand positioning study done by external consultant
- ✓ Target reader identified - senior business professionals in the Indian corporate world
- ✓ Positioning is for the Global Indian i.e. a global outlook from an Indian perspective
- ✓ Offer attractive rate so that the reader gets Dollar value at Rupee rates
- ✓ Judicious mix of international and Indian content
- ✓ Best practices from 70 years of global operations
- ✓ Distribution focus on top 10 cities in India
- ✓ Ideal media vehicle for marketers targeting SEC A+, A categories
- ✓ Global launch vehicle for Indian business

BioSpectrum Singapore

- ✓ Biotechnology: The sunrise industry for Asia, growth engine for tomorrow
- ✓ Biotechnology identified as high potential area by Singapore government
- ✓ BioSpectrum: No. 1 business magazine for the Biotechnology industry in India
- ✓ BioSpectrum: To chronicle Asia's future success in Biotechnology
- ✓ Singapore edition of BioSpectrum to serve the entire South East Asia region
- ✓ Association with nodal body of Singapore biotechnology industry being sought
- ✓ Opportunity for global footprint with online and print editions
- ✓ Edit focus: To catalyze the growth of Biotechnology business in Asia
- ✓ Ideal media vehicle for marketers targeting the Asian biotechnology industry
- ✓ BioSpectrum: Fuelling the global aspirations for Asian biotechnology business

BPO magazine

- ✓ Expertise already exists within the Company
- ✓ Dataquest and Voice&Data have been featuring this industry very regularly since the last few years
- ✓ Editorial relationships and marketing relationships already exist
- ✓ Existing distribution network will be leveraged
- ✓ For US distribution, the customers of the current BPO companies operating in India will be targetted

Agreement entered into with McGraw-Hill Companies Inc., for publishing BusinessWeek magazine

Salient features of the agreement dated May 1, 2003 entered into with McGraw-Hill Companies Inc for publishing BusinessWeek magazine in India.

1. The licence agreement is to publish and distribute BusinessWeek India.
2. Any use of the mark 'Business Week' including as a part of a composite mark such as 'Business Week/India' without authorisation by McGraw Hill shall be considered as infringement of Mc Graw Hill's property rights and will be pursued to the extent permitted by law.
3. CyberMedia shall pay McGraw Hill agreed % of the gross revenue generated.
4. Term effective date: 01st May, 2003. Duration – 3 years plus 5 months.
5. Either party has right to terminate this agreement on the happening of events specified in the agreement and on giving the requisite prior notice of its intentions to do so.

Agreement entered into with Dice Inc., for establishing an India Job Board

Salient features of the agreement dated 2nd September, 2004 entered into with Dice India Holdings Inc.(hereinafter referred as "Dice") and Cyber Media (India) Limited (CyberMedia) for Indian technical job board.

1. Formation of a Joint Venture to form Cyber Media Dice Careers Ltd. To establish and operate solely an online technology job board for posting of the technology related jobs based in India.
2. Dice shall contribute the agreed percentage of the contribution to the joint venture in cash.
3. The value of online technology job board for posting technology related jobs and job boards related assets would be transferred to the said Joint Venture being Cyber Media's contribution for an agreed percentage.
4. Effective date is from the incorporation of the company and allotment of shares in the agreed proportion. The agreement is for 4 years.
5. Dice retains the option to buy out CyberMedia's share at an valuation to be agreed upon at the end of three years.
6. The Board of Directors of the Joint Venture Company shall comprise initially of four members, two of whom shall be appointed by Dice and the remaining two by Cyber Media (India) Limited.

VIII. MANAGEMENT DISCUSSION AND ANALYSIS
A. Analysis of Financial Statements

The following table lays out the **Consolidated** Summary Profit and Loss Account of Cyber Media (India) Limited, as restated and prepared in accordance with Indian GAAP, in conjunction with the audited financial statements for each of financial years 2000 to 2004 and the 4 month financial period ended 31-July 2004, relating to the financial year 2004-2005. The notes thereto and the reports thereon, appear elsewhere in this Prospectus.

Amount in Rs.

Particulars	FINANCIAL PERIODS					
	31-Jul-04 (4 mth)	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
INCOME						
Sales and Services	202,312,444	576,858,362	492,715,614	421,623,563	567,240,928	441,113,086
Other Income	1,689,445	4,373,698	1,398,755	1,271,162	1,193,003	1,372,566
Total Income	204,001,889	581,232,060	494,114,369	422,894,725	568,433,931	442,485,652
EXPENDITURE						
Raw Material	111,273,200	345,299,630	305,980,664	252,824,444	363,674,935	272,428,032
Employee Cost	33,976,086	90,810,361	85,073,753	84,237,344	75,915,449	57,714,816
Administrative, Distribution & other Costs	23,857,225	68,457,847	63,370,000	68,179,467	112,363,796	85,550,000
Total Expenditure	169,106,511	504,567,837	454,424,417	405,241,255	551,954,180	415,692,848
EBITDA	34,895,378	76,664,223	39,689,952	17,653,470	16,479,751	26,792,804
Interest & Financial Charges	3,904,858	13,200,995	13,970,000	11,642,160	10,466,610	10,818,117
PBDT	30,990,520	63,463,228	25,719,952	6,011,310	6,013,141	15,974,687
Depreciation	3,300,184	8,427,152	6,803,563	6,068,386	6,864,468	5,284,289
PBT	27,690,336	55,036,076	18,916,389	(57,076)	(851,327)	10,690,398
Current Tax	(8,796,000)	(11,850,000)	(4,100,000)	(2,500,000)	(3,775,000)	(2,500,000)
Deferred Tax (refer Annexure III)	(1,213,300)	(5,705,000)	(2,044,000)	1,509,000	3,246,000	(5,640,000)
Provision written back	-	225,024	108,094	76,882	-	70,000
Net Profit/(Loss)	17,681,036	37,706,100	12,880,482	(971,194)	(1,380,327)	2,620,398
Profit/(Loss) of Investments in Associates	23,118	38,800	(1,029,187)	(1,000,000)	-	(750,000)
Minority Interest	(85,810)	(365,000)	80,219	1,275,000	2,050,000	3,495,000
Adjusted Profit/(Loss)	17,618,344	37,379,900	11,931,515	(696,194)	669,673	5,365,398
Proposed Dividend	-	3,381,620	1,991,109	1,675,505	4,705,957	4,295,476
Tax on Proposed Dividend	-	422,702	248,888	-	480,007	945,005
To (From) Balance in Reserve & Surplus	17,618,344	33,575,578	9,691,518	(2,371,699)	(4,516,291)	124,917
	17,618,344	37,379,900	11,931,515	(696,194)	669,673	5,365,398

The following table lays out the Summary Profit and Loss Account of Cyber Media (India) Limited, as restated and prepared in accordance with Indian GAAP, in conjunction with the audited financial statements for each of financial years 2000 to 2004 and the 4 month financial period ended 31-July 2004. The notes thereto and the reports thereon, appear elsewhere in this Prospectus.

Amounts in Rs.

Particulars	FINANCIAL PERIODS					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
INCOME						
Sales and Services	116,151,400	305,655,062	260,889,043	256,251,842	339,779,922	412,373,974
Other Income	1,315,914	4,010,057	1,644,195	1,676,381	1,467,013	3,172,950
Total Income	117,467,314	309,665,119	262,533,238	257,928,223	341,246,935	415,546,924
EXPENDITURE						
Raw Material	55,582,206	160,926,982	141,208,056	146,080,487	197,583,548	265,300,935
Employee Cost	19,782,348	52,840,587	50,424,606	51,079,126	47,452,032	47,101,062
Administrative, Distribution & other Costs	16,450,328	42,682,898	43,630,018	41,112,633	74,008,988	70,549,822
Total Expenditure	91,814,882	256,450,467	235,262,680	238,272,246	319,044,568	382,951,819
EBITDA	25,652,432	53,214,652	27,270,558	19,655,977	22,202,367	32,595,105
Interest & Financial Charges	27,64,437	10,203,530	11,496,999	10,388,288	11,239,141	12,057,697
PBDT	22,887,995	43,011,122	15,773,559	9,267,688	10,963,226	20,537,408
Depreciation	2,059,324	5,937,122	4,861,903	4,299,813	5,601,734	4,811,510
PBT	20,828,671	37,074,000	10,911,656	4,967,875	5,361,492	15,725,898
Current Tax	7,000,000	9,000,000	1,500,000	500,000	600,000	1,800,000
Deferred Tax (refer Annexure III)	412,000	2,293,000	2,064,000	1,571,000	1,613,000	7,988,000
Total Tax	7,412,000	11,293,000	3,564,000	2,071,000	2,213,000	9,788,000
Adjusted PAT	13,416,671	25,781,000	7,347,656	2,896,875	3,148,492	5,937,898

The summary of the accounts of Cyber Media (India) Ltd and its subsidiaries is as under.

Rupees

Total Income	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media (India) Ltd	117,467,314	309,665,119	262,533,238	257,928,223	341,246,935	415,546,924
IDC (India) Ltd	30,931,557	61,021,906	44,077,983	42,999,068	36,661,651	24,423,243
CyberMedia Digital Ltd	42,628,338	109,526,833	97,719,321	100,045,493	83,746,397	-
Cyber India Online Ltd	9,940,415	29,168,741	16,565,017	10,005,308	18,246,891	3,415,486
Cyber Media Events Ltd	4,902,954	80,561,259	78,546,203	17,066,633	93,358,057	-
Cyber Holdings Ltd	-	-	-	-	-	-
Consolidated as per Indian GAAP	204,001,889	581,232,060	494,114,369	422,894,725	568,433,931	442,485,652

Rupees

EBIDTA	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media (India) Ltd	25,652,432	53,214,652	27,270,558	19,655,977	22,202,367	32,595,105
IDC (India) Ltd	3,721,532	7,720,523	5,528,142	4,293,006	4,725,366	2,395,872
Cyber Media Digital Ltd	3,015,337	7,747,126	6,228,276	5,982,080	4,067,624	(7,725)
Cyber India Online Ltd	2,194,572	4,982,031	131,477	(8,650,080)	(14,365,064)	(6,643,408)
Cyber Media Events Ltd	311,084	3,001,135	529,839	(2,547,097)	1,623,855	-
Cyber Holding Ltd	(480)	(2,144)	(2,215)	(1,100)	(500)	-
Consolidated as per Indian GAAP	34,895,378	76,664,223	39,689,952	17,653,470	16,479,751	26,792,804

Rupees

Profit After Tax	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media (India) Ltd	13,416,671	25,781,000	7,347,656	2,896,875	3,148,492	5,937,898
IDC (India) Ltd	1,762,534	4,092,206	2,636,489	1,507,705	2,348,796	1,203,367
CyberMedia Digital Ltd	1,313,162	3,690,196	3,156,642	2,696,783	2,022,426	(7,725)
Cyber India Online Ltd	1,067,291	2,693,055	(428,652)	(6,257,243)	(9,742,500)	(4,521,589)
Cyber Media Events Ltd	121,858	1,461,787	162,282	(1,828,557)	856,118	-
Cyber Holding Ltd	(480)	(2,144)	(2,215)	(1,100)	(500)	(2,144)
Consolidated	17,681,036	37,706,100	12,880,482	(971,194)	(1,380,327)	2,620,398
Minority/ Associates share	(62,692)	(326,200)	(948,968)	275,000	2,050,000	2,745,000
Adjusted Profit After Tax as per Indian GAAP	17,618,344	37,379,900	11,931,515	(696,194)	669,673	5,365,398

Rupees

EPS	FV	31-Jul-04*	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media (India) Ltd	10	5.61	3.71	1.07	0.45	0.50	0.94
IDC (India) Ltd	10	35.25	27.28	17.58	10.05	15.66	8.02
CyberMedia Digital Ltd	10	39.37	36.88	31.54	26.95	20.21	-
Cyber India Online Ltd	1	0.26	0.22	-	-	-	-
Cyber Media Events Ltd	10	7.30	29.19	3.24	-	18.78	-
Cyber Holding Ltd	10	-	-	-	-	-	-
Consolidated as per Indian GAAP	10	7.36	5.38	1.73	(0.11)	0.11	0.84

(*)Annualized

Management Discussion and Analysis of Financial Results**Financial years ended March 2002, 2003, 2004 and the 4 month period ended 31-July-2004:**

You should read the following discussion of the company's financial conditions and results of operations together with the audited financial statements for the four month period ended 31-July 2004, the financial year ended March 31 2004 and each of the financial years 2003, 2002, 2001 and 2000 including the notes thereto and the reports thereon, which appear elsewhere in this prospectus.

The financial statements have been prepared in accordance with Indian GAAP and on information available from other sources.

Overview:

Established 1982, Cyber Media (India) Limited (CyberMedia or the Company) is a specialty media house, with nine publications in the infotech, telecom, consumer electronics and biotech areas; and an end-to-end media value chain including the internet, events and television. The group's media services include market research, content outsourcing, multimedia, gaming and media education.

The group's Media business includes the print titles Dataquest, PCQuest, Voice&Data, BioSpectrum, Living Digital, DQ Channels India, DQ Week (Chennai, Delhi and Mumbai). Cyber India On-Line (www.ciol.com) is India's largest technology website, and includes online editions of all CyberMedia titles. CyberMedia Events an organizer of IT events, conducts over 100 events every year, including Bangalore IT.com, Nasscom exhibition, IT Kerala, Hi-Tech Pune, etc. CyberMedia TV develops knowledge-oriented general interest programs on mass channels.

Media Services include IDC India, the leading IT and telecom research company in the region; CyberMedia Services (content and publishing BPO services); CyberMedia Research, which focuses on the media and entertainment sectors; CyberMedia Digital, the multimedia & gaming development & distribution company; and the School of Convergence, for content creators and media managers.

The Group has the following tie-ups

- ✓ McGraw Hill, the publishers of the world's largest business magazine, BusinessWeek, to publish an Indian edition of BusinessWeek. This agreement has been submitted to the Ministry of Information and Broadcasting for its approval.
- ✓ IDC, one of the world's largest IT market research companies for its operations in India. IDC India is a wholly owned subsidiary of CyberMedia.
- ✓ Kaleidoscope Entertainment, producer of acclaimed films like Bandit Queen, Saathiya etc., for media education i.e. the School of Convergence.
- ✓ The Company has entered into a joint venture agreement with Dice India Holdings Inc. (USA) for undertaking manpower recruitment services. The new company, CyberMedia Dice Careers Limited, is proposed to be incorporated for the purpose of the Joint Venture.

Intel had invested in Cyber India Online Ltd. Reserve Bank of India has approved the acquisition by Cyber Media (India) Limited, of 1,435,000 equity shares of Re. 1/- each, comprising 11.54% of the total paid-up equity of the Company from Intel Pacific Inc. at an agreed consideration of Rs. 2,496,900/-. Though the payment has already been effected, the shares are still in the process of transfer. Consequent upon the completion of transfer formalities, the abovementioned shareholding will increase to 91.96%. The accounts for the 4 month period ended 31-July-2004 have been prepared with the Company's share holding at 91.96%.

Comparison of 4 month period ended 31-July-2004 (FY05) with FY04:

These 4 months, traditionally the lean sales months, have witnessed overall improvement in the business of the company. The international interest in India, the improving economy, the growth in the tech sector and the upsurge in media spend have been instrumental in this growth. With the buying season approaching, the business environment is positive for the continued growth of the company in FY05. The event business is lean during the summer months as most events occur between September and March. Cyber Media Events is executing its major events now.

Comparison of FY04 with FY03:

FY04 witnessed an all-round improvement in revenue. There was 18% growth of revenue. The primary reason for this growth was the buoyancy in the Indian economy and the consequent increase in marketing and communication expenditure by customers. The Print business grew by 18%, Market Research by 38%, Multimedia by 12%, Online by 76% and Events by 3%. The strong revival in the Online business is because of the community development initiatives and the surge in online revenues globally. The closure of non-effective dotcom businesses has resulted in strong gains for the survivors.

This fiscal also witnessed the commencement of the initiative of global expansion plans with the startup of the Content BPO Services.

The Company continued to keep a tight expenditure policy and there were marginal increases in the employee cost (7%) and admin, distribution and other costs (8%). Direct costs did go up in line with the increase in revenue but on a marginal basis. There was a 13% increase in direct costs. This has resulted in a strong bottom lines growth for the Company and profits have increased by 213% over FY03.

During this fiscal year, the media business also saw the repositioning of Computers@Home into Living Digital so as to cover the digital products space more comprehensively and broaden CyberMedia's coverage in the consumer electronics area. The Company also launched its content BPO services this year. Both BioSpectrum as well as DQWeek Mumbai, which had been launched in the previous year, established themselves in FY04. In the online business, a lot of the competition to www.ciol.com had shut down and consequently, the company's online business emerged stronger and in better health.

Comparison of FY03 with FY02:

FY02 had witnessed a sharp downturn in all the industries due to various factors such as the general economic slowdown, impact of September 11, 2001, the dotcom bust, and reduced growth of the IT industry. Consequently, the income had sharply dropped in the previous year (FY02 over FY01) because of the cutting back of marketing and communication expenditure by customers. FY03 arrested that trend. The revenue of the Company grew by 18% as against a sharp drop of 26% in the previous year. The print business had moderate growth but strong uptrend was witnessed in the Online and Events business. This was as a result of more direct contact that the vendors wanted with consumers. The online business grew by 66% as a lot of competition went out of business. The events business grew because of reassignment of Bangalore IT.com thereby showing a strong revenue growth of 360%. As far as the expenses are concerned, the Company had implemented cost control measures in FY02 and therefore the steep revenue drop was offset by an equivalent reduction in expenses. The pressure on costs was kept up in FY03. A major turnaround was achieved in Online business where a near breakeven situation was achieved as FY02 losses of 6.25 million were brought down to 0.43 million only. The pressure on employee cost and admin, distribution & other costs ensured that there was a strong improvement in PAT from (0.70) million to 11.93 million.

During this fiscal, the Media business line saw the introduction of new publications viz. BioSpectrum targeted to be the voice of the young and emergent bio-technology industry of India; and DQWeek Mumbai, an extension of DQWeek in the western region. The television business also restarted its revenue earning with the launch of the 52-week program on career development. The Company also commenced its Singapore operations.

Comparison of FY02 with FY01:

The consolidated revenue of the Company declined from FY 01 to FY 02 by 26% due to various factors such as the general economic slowdown, impact of September 11, 2001, the dotcom bust, and reduced growth of the IT industry. Major declines were in the online business (dotcom impact), print business (cuts in marketing and communication budgets), and events business (withdrawal of Bangalore IT.com and cancellation of Nasscom exhibition).

The revenue of the multimedia business has remained steady despite growth in volumes. This is because the prices of multimedia CDs have declined considerably.

The loss in the online business affected the overall profitability of the group. This business was under pressure from strong VC funded competition, which spent millions of dollars on brand building. Consequently, Cyber India Online Ltd also had to raise its branding expense. Yet, the management was judicious in controlling the spend to a fraction of the competitive spends.

Changes in Accounting Policy:

During the current financial year, CyberMedia has effected a change in its accounting policy with regard to new product/service incubation costs and pre-operative expenses. Following the new policy, all such costs will now be treated as deferred revenue expenses and will be amortized over a period of 5 years from the period in which such new projects become operative. As a consequence of this change a sum of Rs. 10 million will be treated as deferred revenue expenditure in the fiscal 2003-04 and an amortization charge of Rs. 2 million will be accepted into the Profit and Loss Statement in the current period and the next four accounting periods.

Information required as per Clause 6.8 of SEBI Guidelines

1. Unusual or infrequent events or transactions

There have been no events, to the best of our knowledge, other than as described in this Prospectus, which may be called “unusual” or “infrequent”.

2. Significant economic/regulatory changes

There have been no significant changes in the laws governing the publication/ media industry in the recent past. The Ministry of Information and Broadcasting, Government of India regulates the media and publications business. The Company may need to obtain certain approvals from the Ministry of Information and Broadcasting for any of its existing or new venture from time to time.

3. Known trends or Uncertainties

Other than as described in this Prospectus, to our knowledge, there are no known trends or uncertainties that have or had or are expected to have a materially adverse impact on revenue or income of the Company from continuing operations.

4. Future relationship between costs and income

The Company is continuously working to create efficient processes resulting in cost reduction and have a better control over its activities. Other than as described in this Prospectus, to our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

5. Seasonality of business

The business of the company is not seasonal. However there are significant variations in the quarterly revenues and profits because of various factors like general economic conditions, news events and festivals.

6. Dependence on single or few suppliers / customers

Newsprint is the major raw material component used in printing magazines. The company sources all requirements of news prints from diverse groups of suppliers in the domestic and international markets and thus the companies operations are risk averse from supply side. Also there is no threat of excessive dependence from any single supplier. The companys journals / magazines are sold to a wide group of readers in the respective domains and the company does not foresee business risk arising from the customers.

7. The extent to which material increases in net sales or revenue are due to increase in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices:

Major contribution to the company's revenues comes from advertisements. The Company has steadily grown into non-print media and media services. As such the company is able to isolate itself from increase in material cost or decrease in sales volume.

8. Total turnover of each margin industry segment in which the company operated.

The size of Industry segments in which the company operates has been appropriately explained elsewhere in the Prospectus.

9. Status of any publicly as announced new products a business segment:

The company has firm plans and technology in place to go in for the publication of the projects envisaged under headings New Projects. The Company has entered into a joint venture with Dice Inc., USA - the world's largest tech job board, for setting up of a technology job board in India.

10. Competitive conditions

The company expects the competition to intensity from other media platforms. The company may also face competition from other established players in the markets in which the company has a presence. Being a specialty media house, with nine publications in the infotech, telecom, consumer electronics and biotech areas, and an end-to-end media value chain including the internet, events and television, the company would be able to manage competitive conditions to its advantage.

B. BASIS OF ISSUE PRICE**Qualitative Factors**

1. *CyberMedia* is an existing profit making Company in existence for more than two decades. It is a consistently dividend paying company for the last 15 years with 10 bonus and 3 rights issues since inception – 100 equity shares (FV 10) in 1982 have grown to 33,329 (FV10) today.
2. *Cyber Media (India) Ltd* with its subsidiaries has a de-risked business model spanning from print publications, internet, events and television in the media sector to market research, multimedia services and Content BPO in the media services sector.
3. *CyberMedia* has a tie-up with McGraw Hill Inc for publishing an Indian edition of *BusinessWeek*, the world's largest business magazine for which application has been made to the Ministry of Information & Broadcasting, GoI, for permission.
4. The Group has a tie-up with IDC Inc., USA for its market research since 1987.
5. *CyberMedia's* publications like *Dataquest*, *PCQuest* and *Voice&Data* enjoy a strong position in terms of readership and market share. Across all products, it has 1.2m readers and a community of 0.5m online users.
6. Leader in the niche technology publication segment. There has been an uptrend in niche media sectors.
7. Substantial intellectual property through the content that it generates primarily in-house.
8. Professionally run company with a strong management team.
9. The Company has a wide and well-managed distribution network for nationwide sales at newsstands.

Quantitative Factors

- 1) Adjusted earnings per share (EPS) weighted on face value of Rs 10/- as per Accounting Standard 20

Year	EPS (Rs) (Consolidated)	EPS (Rs) (Company)	Weight
2001–02	(0.11)	0.45	1
2002–03	1.73	1.07	2
2003–04	5.38	3.71	3
2004-05 (4 month)	7.36*	5.61*	-
Weighted Average	3.25	2.29	

* Annualised

Three year weighted average earnings per share per equity share (EPS) of face value of Rs. 10/- each is Rs. 3.25 on consolidated accounts as per Indian GAAP.

- 2) Price Earning Ratio (PE Ratio) in relation to the issue price of Rs. 50-60/-

Issue Price	At Lower end of Price Band (Rs.50)	At Higher end of Price Band (Rs.60)
Based on the year 2003-04 EPS of Rs. 5.38	9.29	11.15
Industry P/E		
- Highest		19.10
- Lowest		10.30
- Average		15.20

(*) Based on "Capital Market" Vol. XIX/16 dated Oct 11-24, 2004 for Printing & Stationery Industry

- 3) Return on Net Worth

Year	RONW Consolidated (%)	RONW Company (%)	Weight
2001–02	(0.80)	3.45	1
2002–03	12.97	8.63	2
2003–04	32.02	25.86	3
2004-05 (4 month)	41.63	38.06	-
Weighted Average	20.20	16.38	

- 4) Minimum return on total net-worth after issue needed to maintain consolidated pre-issue EPS of Rs. 5.38 is 20.06% at issue price of Rs. 50 and 18.15% at issue price of Rs. 60.
- 5) Net Asset Value (NAV) per share

	NAV Consolidated	NAV Company
As on March 31, 2004	Rs. 16.79	Rs. 14.34
As on July 31, 2004	Rs. 17.69	Rs. 14.73
Issue price	Rs. 50 to 60	Rs. 50 to 60

The issue price of Rs. 50-60, determined on the basis of the above ratios, is justified.

C. STOCK MARKET DATA

The Company's equity shares are not quoted on any stock exchanges.

Particulars Regarding Previous Public Issues During the Last Five Years

The Company has not made public issues during the last five years.

IX. OUTSTANDING LITIGATIONS/DISPUTES/DEFAULTS

Save as stated herein:

- There are no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in Paragraph (I) of Part 1 of Schedule XIII of the Companies Act) or litigation for tax liabilities against the Company, its Promoters, Directors or Promoter Group companies.
- There are no defaults, non payments or over dues of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company, its Promoters or Promoter Group companies.
- No disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Promoters or Directors.
- There are no outstanding litigations against the directors of CYBERMEDIA.

ii. Civil Cases Filed By the Company: 20 cases

The following cases have been filed against different parties for recovery of sums due on advertisements published in various publication of the Company. However in some instances the cases have been initiated under Section 138/142 of The Negotiable Instruments Act. for dishonour of cheques, received by the Company and/or its Subsidiaries.

Sl. No	Case No	Party Name	Claim Amount	Remarks
1	642/03	AMPS India Nirmal Datacomm Pvt. Ltd.	51,000	A civil suit for recovery was filed in Oct-03. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The next date of hearing is 11.10.04.
2	366/03	AMPS India Globus Solutions	18,700	A civil suit for recovery was filed in Oct-03. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The next date of hearing is 05.10.04.
3	547/2003	Aries Advertising Pvt. Ltd. ABC Consultants Pvt. Ltd.	88,703	A civil suit for recovery was filed in Oct-03. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The next date of hearing is 06.10.04.
4	39/2002	Burr Brown Advertising Agency	227,413	A civil suit for recovery was filed in April-02. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The next date of hearing is 11.10.04
5	210/203	Calbest Enterprises	447,922	A civil suit for recovery was filed in September-03. The court has passed an ex-parte decree in favour of the Company on 17.04.04. The decree shall be executed at Mumbai.
6	S-85/02/7.5.02/2002	Clea Advertising and Marketing Ltd.	717,622	A civil suit for recovery was filed in May-02. The court has passed a decree in favour of the Company on 27.11.02. The decree is yet to be executed at Mumbai.
7	549/04	Enthrall Communications Pvt. Ltd.	69,220	A civil suit for recovery was filed in September-03. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The next date of hearing is 27.10.04
8	4771/2004	Madhu Enterprises Advertising and Marketing	36,000	A civil suit for recovery was filed in March-04. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The next date of hearing is 12.10.04.
9	384/99	Magic Technologies Pvt. Ltd. Aaradhna Advertising and Marketing	201,960	A civil suit for recovery was filed in August-99. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The last hearing was held on 19.12.03. The case has since been adjourned sine-die.
10	561/02	Four Winds Mass Communication Services	141,740	A civil suit for recovery was filed in May-02. The court has passed an ex-parte decree in favour of the Company on 24.04.04. The decree shall be executed at Mumbai.
11	67/20003	Iris Advertising Vero President	75,675	A civil suit for recovery was filed in August-03. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The next date of hearing is 25.10.04
12	203/03	Royale Advertising Pvt Ltd Harjai Computers Pvt. Ltd.	88,268	A civil suit for recovery was filed in September-03. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The next date of hearing is 30.09.04

13	910/2003	S & A Communications	58,913	A civil suit for recovery was filed in Oct-03. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The next date of hearing is 13.10.04
14	711/1-2003	Scion Advertising	417,858	The case has been filed u/s 142 (read with section 138) of the Negotiable Instruments Act in May-03 and is pending before the Court of Metropolitan Magistrate at Delhi. The next date of hearing is 20.12.04.
15	2/2004	The Hive India Link Ltd.	26,950	A civil suit for recovery was filed in December-03. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The next date of hearing is 07.10.04
16	20/2003	Venus Advertising	154,700	A civil suit for recovery was filed in August-03. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The next date of hearing is 03.11.04
17	2574/1/2003	Advertising Pointline	140,000	The case has been filed u/s 142 (read with section 138) of the Negotiable Instruments Act in January-03 and is pending before the Court of Metropolitan Magistrate at Delhi. The next date of hearing is 13.12.04.
18	11325/2004	Vigneshwara e-biz Pvt. Ltd.	39,021	A civil suit for recovery was filed in September 04. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The next date of hearing is 28.09.04
19	Complaint No. 129/99	Sports Authority of India	1,400,000	Complaint for refund of consideration and damages, filed in April, 1999. The matter is pending before the State Consumer Disputes Redressal Commission. The next date of hearing is 06.10.04
20	--	Goldwire Communication Pvt. Ltd.	2,12,368	A civil suit for recovery was filed in July 04. The case is pending before the Court of Civil Judge, Tees Hazari Courts at Delhi. The next date of hearing is 29.10.04

iii. Civil Cases filed against the Company: None

iv. Criminal Cases filed against the Company: One Case

A defamation case CC No. 185/2004 under Section 500 of the IPC is pending against the company in the court of Judicial Magistrate, Tuticorin. The company has filed a petition before the Chennai High Court for quashing the complaint. The matter has now been transferred to the Madurai High Court.

v. Cases filed by the Company's subsidiaries: Four Cases

The Company's Subsidiary Cybermedia Digital (India) Limited (formerly Cyber Multimedia (India) Limited) has instituted the following cases:

SI No	Case No	Party Name	Claim Amount	Remarks
1.	869/1-16/8/02	Yog Systems (India) Pvt Ltd.	172,965	The case has been filed u/s 142 (read with section 138) of the Negotiable Instruments Act on 16.8.02 and is pending before the Court of Metropolitan Magistrate at Delhi. The next date of hearing is 7.10.04.
2.	Complaint Case 10/2003	Silicon Systems	16,695	The case has been filed u/s 142 (read with section 138) of the Negotiable Instruments Act on 15.10.03 and is pending before the Court of Metropolitan Magistrate at Delhi. The next date of hearing is 05.05.05.
3.	Complaint Case 10/2003	Silicon Systems	11,130	The case has been filed u/s 142 (read with section 138) of the Negotiable Instruments Act on 15.10.03 and is pending before the Court of Metropolitan Magistrate at Delhi. The next date of hearing is 05.05.05.
4	Complaint Case	Ultimate Multimedia	60,000	The case has been filed u/s 142 (read with section 138) of the Negotiable Instruments Act on July 04 and is pending before the Court of Metropolitan Magistrate at Delhi. The next date of hearing is 18.02.05.

vi. Cases filed against the Company's subsidiaries: NIL
vii. Cases filed by/ against promoters of the Company

There is a civil case against Mr. Pradeep Gupta and Mrs. Sudha Bala Gupta, Promoters of the Company, by Rampal & Others on May 24, 2003 pertaining to ownership and possession rights of a piece of agricultural land involving M/s Green Associates an AOP in which Mr. Pradeep Gupta and Mrs. Sudha Bala Gupta have a 50% stake.

There is a criminal case filed against Mr Pradeep Gupta, the Promoter of the Company in his capacity as the Publisher, as co-defendant in case detailed under S.No. iii) above.

There is a criminal case CC 1644/S of 2002 filed by the Enforcement Officer against various people including Shri Pradeep Gupta, Promoter of the Company, before the Chief Metropolitan Magistrate, Bombay. However, entire proceedings are kept in abeyance following orders of Hon'ble Supreme Court where the issue is sub-judice.

viii. Cases Filed by/ against Directors of the Company: None
ix. Penalties etc. on the Company, Promoters etc. for Economic Offences: None
x. Income Tax Matters

Pending Matters			
Assessment Year	Status	Nature	Amount
1989-90	Pending before High Court at Delhi	Advertisement Income accrued but not due: The following question of law is being adjudicated by the Hon'ble High Court: Whether the Tribunal was justified in disallowing the claim of assessee of Rs. 585,428/- being advertisement income accrued but not received, on the background of absence of corresponding amendment in the Income-tax Act vis-à-vis Section 209 of the Companies Act, 1956	585,428
1990-91	Pending before ITAT	Advertisement Income accrued but not due: This question of law is being adjudicated by the Hon'ble High Court of Delhi in Assessment Year 1989-90	763,101
		Disallowance out of foreign travelling expenses of a director treating the same as personal expenditure	53,680
		Disallowance out of interest expenses owing to an advance outstanding in the name of a related party	22,500
1991-92	Pending before ITAT	Advertisement Income accrued but not due: This question of law is being adjudicated by the Hon'ble High Court of Delhi in Assessment Year 1989-90	540,334
		Disallowance out of foreign travelling expenses of a director treating the same as personal expenditure	72,009
		Disallowance out of staff welfare expenses treating the same as an entertainment expenditure	10,000
1992-93	Pending before ITAT	Advertisement Income accrued but not due: This question of law is being adjudicated by the Hon'ble High Court of Delhi in Assessment Year 1989-90	1,362,796
		Disallowance out of Conference, Research, news and Articles expenses treating the same as an entertainment expenditure	68,690
		Disallowance out of staff welfare expenses treating the same as an entertainment expenditure	10,000

1993–94	Pending before ITAT	Advertisement Income accrued but not due: This question of law is being adjudicated by the Hon'ble High Court of Delhi in Assessment Year 1989–90	577,361
		Disallowance out of staff welfare expenses treating the same as an entertainment expenditure	18,300
1996–97	Pending before ITAT	Advertisement Income accrued but not due: This question of law is being adjudicated by the Hon'ble High Court of Delhi in Assessment Year 1989–90	503,831
1997–98	Pending before ITAT	Advertisement Income accrued but not due: This question of law is being adjudicated by the Hon'ble High Court of Delhi in Assessment Year 1989–90	3,746,017
1999–00	Pending before ITAT	Advertisement Income accrued but not due: This question of law is being adjudicated by the Hon'ble High Court of Delhi in Assessment Year 1989–90	19,192,261
2000–01	Pending before ITAT	Advertisement Income accrued but not due: This question of law is being adjudicated by the Hon'ble High Court of Delhi in Assessment Year 1989–90	8,568,524
In addition, proceedings under Section 271 (1)(c) of the Income tax Act, 1961 are pending for all the aforesaid years			
As per notice under Section 221 (1) of the Income –tax Act, 1961 dated 24.8.2004 a tax demand of Rs. 552,544 is pending for payment as per their records. Out of the aforesaid demand Rs. 199,998 has been paid by the Company (challan number ITNS 268 dated 28.02.2003). Out of the balance demand, the company has submitted indemnity bond of Rs. 97,755 for grant of TDS credit. The balance is payable.			

X. MATERIAL DEVELOPMENTS

In the opinion of the Company there have been no material developments after the date of latest balance sheet, which would have an impact on the performance and the prospects of the Company other than what has been set out elsewhere in this Prospectus.

XI. RISK FACTORS AND MANAGEMENT PERCEPTIONS THEREOF

The Investor(s) should consider carefully the following risks factors, together with other information contained in this draft Prospectus before they decide to buy the Company's equity shares. Risks have been quantified, wherever possible. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's equity shares could decline and you may lose all or part of your investment.

Internal Risk Factors

1. A major contribution of the Company's revenues comes from advertisements. Consequently, future successes of the Company are dependent upon its continued market leadership and readership of the Company's publications. In the event of a change in preferences of the readers and advertisers or other related factors, such as increased competition, there may be a reduction in the readership of the Company's publications. Consequently this could have an adverse effect on the Company's business, financial condition and the results of its operations.

Management Perception

All the publications of CyberMedia have wide readership base. As a Group, the dependence on advertisements has reduced with the steady growth of the non-print media and media services income of its business units. Advertising accounts for 44.5% of the consolidated revenue of the Company resulting in lower exposure to changes in advertisement revenue.

2. The main business of the Company is publication. The income of the Company is dependent on sustaining and increasing readership base which may not follow a consistent pattern.

Management Perception

The Company has expanded its base from a purely print media focused business to a more diversified one spanning multimedia, web presence, events and content BPO services.

3. Some of the projects for which the Company intends to raise funds are in areas in which the Company does not have a track record.

Management Perception

The Company has, in the past, explored and tapped new streams of revenue. With this past track record, the Company feels that its management team has the ability to identify and tap profitable avenues.

4. The success of the Company's business depends on its management team. Loss of any key managerial person can adversely affect its business.

Management Perception

The Company provides an extremely challenging, open and professionally satisfying work environment to its employees. The Company expects to handle such situations dexterously.

5. The project cost has been estimated by the Company and has not been appraised / assessed by any bank / financial institution/ Merchant Banker. The deployment of funds is at the entire discretion of the Issuer and is not subject to any monitoring by any independent agency.

Management Perception

The estimates on the project cost have been estimated by the management based on its past experience and these are believed to be fair and reasonable

6. The Working Capital limits sanctioned to the company by State Bank of Mysore was for a period of one year, the said period of validity of the sanction has since expired (w.e.f.28th September 2004) Inability to renew the sanctioned working capital limits could adversely affect the working of the company and consequently its profitability.

Managements Perception

The Company has applied to the Bank for the renewal of the credit facilities. The same is being processed by the bank. The Company has in the past been able to renew its working capital and does not foresee any problems in the renewal of its existing working capital limits.

7. The Company has not placed firm orders for acquisition of any of the equipment/infrastructure for which an amount of Rs. 29.13 million has been included in the objects of the issue.

Management Perception

The majority of the equipments required for the project are computers and related IT equipments/accessories that are readily available and have a short set-up and implementation time besides having a high obsolescence rate. Thus, placement of firm order closer to the date of actual installation ensures the availability of the latest technology at the most optimum costs.

8. The Company has pledged brand "DataQuest" and the brand name of business magazine being launched with a negative lien on all other magazine brands owned by Cyber Media (India) Limited to secure the Term Loan and working capital facilities sanctioned by State Bank of Mysore, Nehru Place, New Delhi.

Managements Perception

The Pledge has been offered as a collateral security for the Term Loan and working capital facilities in the ordinary course of business.

9. The Ministry of Information and Broadcasting, Government of India regulates the media and publications business. The Company may need to obtain certain approvals from the Ministry of Information and Broadcasting for any of its existing or new venture from time to time. This may cause delay or abandoning of any project. A proposal to publish the Indian Edition of Business Week is pending with the Ministry for its approval.

Management Perception

The proposal submitted to the Ministry of Information and Broadcasting complies with all the norms and guidelines set up by the ministry in terms of foreign investment, indigenous management and editorial control etc. The Government of India has a policy of case-by-case consideration for each of the proposals submitted to it.

10. Publication continues to be one of the main businesses of the Company. While reporting on certain issues inadvertent errors may occur. This may lead to litigation against the Company.

Management Perception

The Company has built a good track record for all its publications based on unbiased and analytical reporting. Due care is taken to ensure that the facts reported in its publications are free from errors and inaccuracies. Despite such due diligence of skill and process, the risk of litigation is common to most forms of media businesses.

11. Entry barriers to IT Media publication are low in cost.

Management Perception

The Company enjoys credibility for its fair and analytical reporting. The expertise in generating IT and related content has been acknowledged by the industry. The Management believes that the Company can maintain and improve its market share given the consumer loyalty of its readers that have been demonstrated in the past and its segmented approach in the area of niche media publications.

12. Some of the Company's publications are dependent on the IT industry for their content and advertisements. It has not been able to sustain margins during the past due to slowdown in the IT Industry and the resultant pricing pressures. Further the Company's business as a whole has been affected adversely in the past due to slow down in the IT industry.

Management Perception

In the past most of the Company's publications depended on the IT industry for their content and revenue. Bottom lines had shrunk across the industry as a result of the market pressures and this had forced many competing publications to close. CyberMedia has sustained itself during these periods and has emerged with a strong base as it has since diversified into other areas like biotechnology, telecommunications, consumer electronics and media services. This has reduced its exposure to any one industry.

13. The Company's income may vary from quarter to quarter and may not be predictable. Some streams of its revenue are not consistent throughout the year. Similarly the realization of revenues from the event business may also vary from year to year.

14. The Company has entered into several fixed price contracts, which may expose it to additional risk and reduce its profitability.

Management Perception

All the contracts are entered into after following an elaborate process of financial and operational analysis.

15. Advertisement release orders by the clients can be cancelled at a short notice. This can expose the Company to financial loss and consequently affect its revenues and profitability.

Management Perception

The Company has an extensive client base. The revenue base is therefore widespread. Consequently, the Company has low exposure to cancellation of a contract by a client.

16. The unsold stocks of print products only have scrap value.

Management Perception

According to the estimates made by the Company, the average unsold stocks from every print run is in consonance with industry standards. This factor is taken into account while determining the pricing strategy of its products.

17. The Company plans to publish its BioSpectrum magazine at Singapore. The applications for necessary permissions from Singapore Government have not been applied for as yet.

Management Perception

As a publishing Company at Singapore, the Company is required to seek a permit from the Media Development Authority of Singapore. The application for this permit will be made by the Company in due course of time. The Company has already initiated the process of a wholly owned subsidiary in Singapore for this permit.

18. The Company has entered into a new business of providing BPO services to overseas clients in the area of generating and managing content for their publishing business. It may face difficulties in providing new offerings.

Management Perception

The Company has built a management team with an extensive experience in the content and publishing BPO business. Besides this very important factor of skill sets, it has at its disposal strong industry relationships with other publishing houses using which it is confident of emerging as a strong player in the BPO space of content and publishing services.

19. The Company has not entered into any tie-up for the purpose of arranging working capital for the projects enumerated in the 'objects of the issue'.

Management Perception

The Company has never faced problems in raising working capital due to fundamental strength of its business model and strong asset base. The pre-issue debt equity ratio is 0.61, gives the Company inherent borrowing capabilities. However, the working capital required for the new projects has been factored in as part of the objects of the current issue.

20. Promoters hold 41.29% of the post issue share capital of the Company. Accordingly, the promoters have the ability to exercise significant influence over matters requiring shareholder approval. This could conflict with the interests of other shareholders.

Management Perception

The Company operates in an open and professional manner and decisions are taken by experienced and seasoned professionals who head each business unit. The board of the Company comprises of professional and independent directors and important corporate decision making is taken on a joint, consultative basis and where applicable by a committee of directors.

21. The Company may offer equity shares under the Employee Stock Option Scheme/ Employee Stock Purchase Scheme. The Board is authorized to administer the stock options. Exercise of such options by the employees may lead to dilution of the shareholding or affect the market price of Equity Shares.

Management Perception

Any ESOP scheme serves as a strong motivational value for employees, which in turn contributes towards enhancement of shareholder value.

22. Cyber India Online Limited, which is a subsidiary of the Company, has reported losses to the tune of Rs. 428,652 for the financial year ending 31st March, 2003 and a profit of Rs. 2,693,055 for the financial year ending 31st March, 2004 and a profit of Rs. 1,067,292 for the 4 month period ended 31-July-2004. Currently Cyber Media (India) Limited holds 80.42% of the paid up equity capital in Cyber India Online Limited. Reserve Bank of India has approved the acquisition by Cyber Media (India) Limited, of 1,435,000 equity shares of Re. 1/- each, comprising 11.54% of the total paid-up equity of the Company from Intel Pacific Inc. at an agreed consideration of Rs. 2,496,900/-. Though the payment has already been effected, the shares are still in the process of transfer. Consequent upon the completion of transfer formalities, the abovementioned shareholding will increase to 91.96%. The accounts for the 4 month period ended 31-July-2004 have been prepared with the Company's share holding at 91.96%.
23. There may be delays in obtaining the statutory approvals from the Government and this in turn may lead to disturbances in the project implementation schedules, causing cost overruns and consequent losses.
24. The Company depends to a certain extent upon the knowledge base of its associates/ employees. Any break of relationship could have an adverse impact on the performance.

Management Perception

Most of the Intellectual Property generated by the Group, whether by associates or by employees, belongs to the Group. Content is generated by a large number of associates and employees. Therefore, the exposure due to a break in relationship is low. Also, Intellectual Property (IP) protection clauses are part of associate contracts/ terms of employment.

25. The Company has five subsidiaries and two associate companies. A negative performance of any of these entities may adversely affect the Company's performance.
26. Inability to manage Company's growth could disrupt business and reduce the profitability.

Management Perception

While the Company successfully executed its business strategies in the past, there can be no assurance that it will be able to execute all its strategies on time and within budget. The Company expects its rapid growth pattern to place significant demands on its management and other resources and this will require it to develop and strengthen operational, financial and other internal controls.

27. The Company's business is dependent upon its ability to keep pace with rapid industry and environment changes. If the Company fails to keep pace with such changes, the revenue and performance of the Company may suffer.

Management Perception

The Company has maintained its leadership based on its ability to foresee and prepare for changes. It has well defined processes to periodically evaluate and anticipate forthcoming changes. Its presence in the market research area enables it to predict changes. It can then shift its focus accordingly on developing and enhancing its existing or new product/ service offerings

28. IDC (India) has a franchise license from IDC, USA for conducting business in India under the name and style of IDC since 1987. The latest agreement drawn on 1st September 2002, is renewable automatically each year. If for any reason the renewal of this license arrangement fails, the sales of the Company's subsidiary, IDC (India) Ltd. would suffer and have a consequent adverse impact on the group performance.

Management Perception

The relationship between the Company and IDC is 17 year old. The Company does not foresee any scenario for cancellation of license

29. The Company's expansion plans are proposed to be funded by this current issue of shares. The failure of the current issue, would adversely impact the Company.
30. The Company's initiative into content and publication services has culminated into a new project presently under implementation. The pilot operation of this business unit is now housed at the Company's corporate office at Gurgaon. The project entails set-up of a new infrastructure and finds inclusion in the objects of the current issue. If for any reason the set-up of the required infrastructure, as envisaged in the project, is delayed, there would be a negative impact on the performance of this business unit and consequently the performance.
31. The Company has allotted 31763 Equity Shares (Face Value Rs.10/-) to the employees at less than the issue price within last twelve months other than ESOPs.
32. Mr. Pradeep Gupta, the promoter of the Company is also a Co-promoter of SQL Star International Ltd, a listed company. The shares of this company are presently quoted below issue price.
33. **Litigation**

The Company has commercial disputes with certain parties in respect of non-payment/ short payment of sums due. A summary of these cases is given below. The details are provided in the document under the section on 'Litigation':

Cases by the Company		
Civil Cases	18 Cases	Amount involved Rs. 4,056,175
Under sections 138/142 of the Negotiable Instruments Act	2 Cases	Amount involved Rs. 557,858
Criminal Cases	NIL	
Cases against the Company		
Civil Cases	NIL	
Criminal Cases	1 Case	Defamation case u/s 500 IPC
Cases by the Company's Subsidiaries		
Civil Cases	NIL	
Under sections 138/142 of the Negotiable Instruments Act	4 Cases	Amount involved Rs. 260,790
Criminal Cases	NIL	
Cases against the Company's Subsidiaries		
Civil Cases	NIL	
Criminal Cases	NIL	
Cases against the Promoters		
Civil Cases	1 Case	Pertaining to ownership and possession rights of a piece of agricultural land
Criminal Cases	2 Cases	-Defamation case u/s 500 IPC -CC1644/2002 before Chief Metropolitan Magistrate, Mumbai
Cases against the Directors of the Company		
Civil Cases	NIL	
Criminal Cases	NIL	

Besides these there are certain matters under the Income Tax Act, 1961. Details of these cases have been provided in the section on 'Litigation'.

34. Contingent Liabilities of the Company as on 31st July, 2004 are:
- Guarantees given to State Bank of Mysore aggregating to Rs. 20 million to secure facilities of around Rs 10 million each for IDC (India) Limited and CyberMedia Digital Limited (formerly Cyber Multimedia (I) Limited.)
 - Bank Guarantees outstanding, (with a 10% margin money), amounting to Rs. 1,234,338/-
 - Bank Guarantee outstanding, (with 100% margin money), amounting to Rs. 78,000/- given to Prasari Bharti

- d) Company is disputing at various appellate levels additions to the tune of Rs.45.45 million made by the Income Tax Authorities in different assessment years primarily based on the assessment framed for 1989-90. As per the latest notice of demand issued by the Income Tax Authorities, a demand of Rs.199,998/- has been claimed as pending while as per the company records, this has been paid.
- e) The Company has received legal notices of claims/ lawsuits filed against relating to defamation amounting to Rs.2.50 million. In the opinion of the management no liability is likely to arise on account of such claims/ law suits.

External Risk Factors

1. The Company uses high quality paper for its publications, for which there are a limited number of suppliers in India.

Management Perception

The Company has always imported bulk of its paper requirements. It has an option to import paper directly from foreign suppliers or by using services of local indenters who represent the suppliers. Being a bulk consumer, the Company expects no problem whatsoever in meeting its paper needs. The Company maintains an adequate stock of paper for any contingencies.

2. Significant technological advances have been made in the printing technology over the past few years. Implementing the latest technology may prove to be an expensive proposition and may affect the Company's profitability in the short run.

Management Perception

The Company has outsourced the printing processes to some of the leading printers in India. This acts as a cushion against direct impact of any cost increase due to technological changes in the printing industry.

3. **Competition**

The Company faces competition from the English mass media which offers greater reach and attraction for the advertisers.

Management Perception

In the last decade, advertising spends have shifted from mass media publications to niche magazines. The Company's publications focus on niche industry segments which require a higher understanding of the operating domain and are more focused on the target audience needs. This specialized focus is what an advertiser seeks in the vehicle that carries an advertisement, as opposed to non-focused reach offered by the mass media.

4. Any economic slowdown may result in reduced spending by the advertisers. It can also put pressures on the billing rates, resulting in reduced volumes/margins and may impair the financial results.
5. The Company may face increased exposure to exchange rate fluctuations in its business of exports of services.
6. Wars, natural disasters and terrorist attacks may adversely affect the markets, investor confidence, exchange rates and world economy in general and may result in loss of business and assets.
7. Political instability in India, South Asia, USA, UK and other countries where our customers may be based, can adversely affect the Company's business.

NOTES

1. The net worth of the Company before the issue is Rs.105.74 million (Rs. 127.06 million consolidated) as at 31st July, 2004 and the size of the issue is between Rs.141.125 million at the minimum issue price of Rs. 50 and Rs. 169.350 million at the maximum issue price of Rs.60/-.
2. The cost per share to the promoters is Rs.2.28 per share and the book value per share is Rs. 14.73 (17.70 consolidated).
3. The promoters/directors/key managerial personnel of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefit.

4. The investors are advised to refer to the para on "Basis of Issue Price" before making any investment in the issue.
5. Please read this draft Prospectus and the instructions contained herein before taking any action.
6. Investors may note that in case of over-subscription in the Public Issue, allotment shall be on a proportionate basis to Retail and Wholesale/ Institutional Investors (refer to "Basis of Allotment" on page 19) in consultation with the Designated Stock Exchange (NSE)
7. The details of the related party transactions for the last three years are as under.

Description & Name of Related Parties with respect to above transactions	
Description	Name
Subsidiaries	IDC (India) Limited Cyber Media Digital Limited (Cyber Multimedia (I) Ltd.) Cyber India (Online) Limited Cyber Media Events Limited (formerly Cyber Expo Limited) Cyber Holdings Limited
Associates	Cyber Media Foundation Limited Cyber Astro Limited
Directors	Mr. Pradeep Gupta Mr. Shyam Malhotra Mr. K K Tulshan
Relative of Directors	Mrs Sudha Bala Gupta (mother of Mr. Pradeep Gupta)

Related Party Transactions for the year ended 31st July, 2004 (Amount in Rs. Mn)				
Nature of Transaction	Subsidiaries	Associates	Directors	Relatives of Directors
Current Liabilities@	-	0.19	-	-
Investments @	13.50	3.25	-	-
Sundry Debtors @	9.68	-	-	-
Loans and Advances@	15.38	4.23	-	-
Loans Given	-	-	-	-
Loans returned	0.48	-	-	-
Investment in Share Capital	-	-	-	-
Share Application Money	-	-	-	-
Sales & Services Income	1.42	0.26	-	-
Purchase of goods & services	1.74	0.15	-	-
Recovery of Common Expenses	4.26	-	-	-
Rent Paid	-	-	0.04	0.05
Managerial Remuneration	-	-	1.86	-

Related Party Transactions for the year ended 31st March, 2004 (Amount in Rs. Mn)				
Nature of Transaction	Subsidiaries	Associates	Directors	Relatives of Directors
Investments @	13.50	3.25	-	-
Sundry Debtors @	10.06	0.25	-	-
Loans and Advances@	15.86	4.23	-	-
Loans Given	-	1.09	-	-
Loans returned	0.05	-	-	-
Investment in Share Capital	-	-	-	-
Share Application Money	2.55	0.80	-	-
Sales & Services Income	3.26	0.95	-	-
Purchase of goods &	4.91	0.10	-	-

services				
Recovery of Common Expenses	14.66	-	-	-
Rent Paid	-	-	0.12	0.15
Managerial Remuneration	-	-	5.20	-

Related Party Transactions for the year ended 31st March, 2003 (Amount in Rs. Mn)				
Nature of Transaction	Subsidiaries	Associates	Directors	Relatives of Directors
Investments @	13.50	3.25	-	-
Sundry Debtors @	6.86	-	-	-
Loans and Advances@	15.91	3.14	-	-
Loans Given	-	0.22	-	-
Loans returned	0.19	-	-	-
Investment in Share Capital	0.50	1.50	-	-
Share Application Money	-	-	-	-
Sales & Services Income	1.06	-	-	-
Purchase of goods & services	2.78	0.07	-	-
Recovery of Common Expenses	10.54	-	-	-
Rent Paid	-	-	0.12	0.15
Managerial Remuneration	-	-	5.01	-

Related Party Transactions for the year ended 31st March, 2002 (Amount in Rs. Mn)				
Nature of Transaction	Subsidiaries	Associates	Directors	Relatives of Directors
Investments @	13.00	1.75	-	-
Sundry Debtors @	2.37	-	-	-
Loans and Advances@	16.09	2.92	-	-
Loans Given	8.53	1.32	-	-
Investment in Share Capital	-	1.00	-	-
Sales & Services Income	0.29	-	-	-
Share Application	2.55	-	-	-
Recovery of Common Expenses	10.17	-	-	-
Rent Paid	-	-	0.12	0.15
Managerial Remuneration	-	-	4.05	-

@: closing balance

PART – II**A. GENERAL INFORMATION:****Consents**

Consents in writing of the Directors, Auditors, Lead Managers to the Issue, Bankers to the Company, Banker to the issue, Company Secretary, Compliance Officer, Legal Advisor and Registrars to the Issue to act in their respective capacities have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, NCT of Delhi and Haryana at New Delhi as required under Section 60 of the Act, and none of them have withdrawn the said consents up to the time of delivery of a copy of this Prospectus for Registration with the said Registrar of Companies, NCT of Delhi and Haryana at New Delhi.

M/s N. K. Goel & Company, Chartered Accountants, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which appears in this Prospectus and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of this Prospectus for registration with the Registrar of Companies, NCT of Delhi and Haryana at New Delhi.

Expert Opinion

Except for the various tax benefits available to the Company and its members as expressed by the Auditors of the Company and given elsewhere in the Prospectus, the Company has not obtained any other expert opinion.

Changes in the Board of Directors During the Last Three Years:

Name	Date of Appointment	Date of Resignation	Reason
Mr. Rohit Chand	09-01-2004	N.A	Appointment as Non Executive, Independent Director

Changes in Auditors during the Last Three Years and Reasons Thereof

There is no change in the Auditors during the last three years.

Authority for the Issue

Pursuant to Section 81(1A) of the Companies Act, 1956, the present offer of equity shares has been authorized vide Special Resolution passed at the Extraordinary General Meeting held on 17th February 2004.

Procedure for Allotment

1. The Board reserves, at its sole, absolute and uncontrolled discretion and without assigning any reason therefore, the right to accept or reject any application in whole or in part. If any application is rejected in full, the whole of the application money received will be refunded to the applicant. If an application is accepted in part, the excess application money received, if any, will be refunded to the applicant in terms of Section 73 of the Act (within 30 days from the date of closure of the subscription list).
2. Letters of Allotment/ Letters of Regret along with refund cheques or pay orders of value over Rs.1500/-, if any will be dispatched by registered post at the applicants' risk, within 30 days from the closure of subscription list. In case of default, the Company and every director of the Company who is an Officer in default, shall be jointly and severally liable to repay that money with interest @ 15% per annum as prescribed under Section 73 of the Act.
3. Refunds will be made by cheque or pay orders drawn on the Company's bankers and bank charges, if any, for encashing such cheques or pay orders will be borne by the applicant. Such cheques or pay orders will however be payable at par at all centres where applications are accepted. In case of joint applications, refund pay orders, if any will be made out to the first name applicant and all communications will be addressed to the applicant whose name appears first at his/her address as stated in the application form. All cheques, pay orders of value over Rs.1500/- , letters of allotment and share certificates (as the case may be) will be dispatched to the applicant at his/her registered address and at the risk of the applicant by registered post. Refund Orders of value not over Rs.1500/- will be dispatched under a certificate of posting.

4. The subscription received against the public issue will be kept in separate bank accounts and the Company will not have access to such funds unless they have received an approval from the Designated Stock Exchange for allotment. No utilisation shall be made till listing approval is available from each of the exchanges where listing has been proposed.
5. The Company undertakes to make available to the Registrars to the Issue, adequate funds for the purpose of despatch of refund orders/allotment letters by registered post.
6. Despatch of refund orders and demat credit would be completed and listing documents shall be submitted to the stock exchanges within 2 working days of the finalization of the basis of allotment. Formalities pertaining to the listing and trading of securities offered through this prospectus shall be completed at the stock exchanges where they are proposed to be listed, within 7 working days from the date of finalization of the basis of allotment. The Company shall ensure that "at par" arrangement is provided for the encashment facility on all refund orders.

Interest on Excess Application Money

Payment of interest at the rate up to 15% p.a. on the excess application money will be made to the applicants for the delay period beyond 30 days from the date of closure of the subscription list as per the guidelines issued by the Ministry of Finance vide their No.F-8/6/SE/79 dated 21st July, 1983, and as amended by letter No.F/14/2/SE/85 dated 27th September, 1985 addressed to the stock exchanges.

Basis of Allotment

In the event of the public Issue being oversubscribed, the allotment will be on a proportionate basis subject to market lots as explained below:

- a. A minimum 50% of the net issue to the Indian public will be made available for allotment in favour of those retail applicants who have applied for equity shares of or for a value not more than Rs.50,000/-. This percentage may be increased in consultation with the designated stock exchanges depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance equity shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI Guidelines.

The Executive Director/Managing Director of NSE (designated stock exchange) along with the post-issue Lead Manager and the Registrars to the Issue shall be responsible to ensure that the basis of allotment is finalised in a fair and proper manner in accordance with the guidelines.

- b. The balance of net issue to the Indian public shall be made available to investors including corporate bodies/institutions and individual applicants who have applied for equity shares for a value more than Rs.50,000/-.
- c. The unsubscribed portion of the net issue to any of the categories specified in (a) or (b) shall be made available for allotment to applicants in the other category, if so required.
- d. Applicants will be categorized according to the number of equity shares applied for.
- e. The total number of equity shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, i.e., the total number of shares applied for in that category (number of applications in the category multiplied by the number of equity shares applied for) multiplied by the inverse of the over-subscription ratio.
- f. Number of equity shares to be allotted to the successful allottees will be arrived at on a proportionate basis, i.e., total number of equity shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio.
- g. In all the applications where the proportionate allotment works out to less than 100 equity shares per applicant, the allotment shall be made as follows:
 - i. Each successful applicant shall be allotted a minimum of 100 equity shares, and
 - ii. The successful applicants out of the total applicants of that category shall be determined by drawal of lots in such a manner that the total number of equity shares allotted in that category is equal to the number of equity shares worked out as per (b) above.
- h. If the proportionate allotment to an applicant works out to a number that is more than 100 but is not a multiple of 100 (which is the marketable lot) the number in excess of the multiple of 100 would be rounded off to the higher multiple of 100, if that number is 50 or higher. If that number is lower than 50, it would be rounded off to the lower multiple of 100. All applicants in such categories would be allotted equity shares arrived at after such rounding off.

- i. The drawal of lots (wherever necessary) to finalise the basis of allotment shall be done in the presence of a public representative on the Governing Board of the designated stock exchange. The basis of allotment shall be signed as correct by the Executive Director/Managing Director of the designated stock exchange and the public representative (wherever applicable) in addition to the Lead Manager, Registrar to the Issue and the Company.

If the equity shares allocated on a proportionate basis to any category is more than the equity shares allotted to the applicants in the category, the balance of available equity shares for allotment shall be first adjusted against any other category where the allotted equity shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.

In the event of over-subscription, in the process of rounding off to ensure allotment in marketable lots, the Company may make such adjustments in the basis of allotment, as may be necessary, in consultation with SEBI/stock exchanges. As the basis of allotment is on proportionate basis, in the process of rounding off to the nearest multiple of 100, the issue size may increase by a maximum of 10% of the net offer to Indian public.

Allotment/Refund Orders

Allotment Letter(s) and/or Letter(s) of Regret, as the case may be, together with refund cheques/pay order, shall be dispatched by registered post (refund cheques/pay order of value up to Rs. 1500/- by ordinary post under postal certificate) at the sole/first named applicant address within 30 days from the date of closing of the subscription list. If such money is not repaid from the day the Company becomes liable to pay, the Company and every Director of the Company who is an officer in default shall be jointly and severally liable to repay that money with interest @ 15% per annum. In case of joint applications, Refund orders, if any, will be made out in the first applicant's name and all communication will be addressed to the person whose name appears on the application form.

The Company, as far as possible, will allot the equity shares within 30 days from closure of the subscription list and pay interest at the rate of 15% p.a. if the allotment is not made and the refund orders are not dispatched to the investors within 30 days from closure of the issue period for delay beyond 30 days. However, applications received after the closure of issue in fulfilment of underwriting obligations to meet the minimum subscription requirement shall not be entitled for the said interest. The Company will also make available adequate funds to the Registrars to the Issue for the purpose of dispatch of allotment letters/share certificates/refund orders as stated above.

Where the permission have been sought for dealing and listing of equity shares in the stock exchange(s) referred to above, if such permission has not been granted by the stock exchange(s) within 70 days from the date of closure of the subscription list or where such permission is refused before the expiry of 78 days from the date of subscription list, then the Company shall forthwith repay without interest all money received from applicants in pursuance of the Prospectus, and if any such money is not repaid within eight days after the company becomes liable to repay it (i.e., from the date of refusal or within 70 days from the date of closure of subscription list, whichever is earlier), the company and every director of the company who is an officer in default shall, on and from the expiry of eight days, be jointly and severally liable to repay that money with interest for the delayed period @ 15% per annum, if however, an appeal against the decision of any recognized stock exchange(s) refusing permission for the equity shares to be dealt on that stock exchange has been preferred under Section 22 of the Securities Contract (Regulation) act, any allotment made under this Prospectus shall not be void until the appeal is dismissed.

Refunds will be made by cheques or pay orders drawn on the bank(s) appointed by the Company as refund banker. Such instruments will be payable at par at the places where applications are accepted. Bank charges, if any, for encashing such cheques or pay orders will be payable by the applicant

Application of Section 269 SS of the Income Tax Act,1961

In respect of the provisions of Section 269SS of the Income Tax Act, 1961, the subscription against the equity shares should be effected only by an account payee cheques or an account payee draft/stock invest, if the amount payable is Rs. 20,000/- or more. In case the payment is made in contravention of this provision, the application money will be refunded and no interest will be paid.

REGISTERED OFFICE

Cyber Media (India) Limited
D-74, Panchsheel Enclave,
New Delhi – 110017

CORPORATE OFFICE

B-25, Institutional Area,
Sector 32, Gurgaon, Haryana – 122002

ISSUE MANAGEMENT TEAM**LEAD MANAGERS TO THE ISSUE****KHANDWALA SECURITIES LIMITED**

(SEBI Regd. No.: INM000001899)
Vikas Building, Ground Floor,
Green Street, Fort
Mumbai – 400023
Tel: 91-22-22642300
Fax: 91-22-22615172
E-mail: ibg@kslindia.com

REGISTRARS TO THE ISSUE**INTIME SPECTRUM REGISTRY LIMITED**

(SEBI Regn No.: INR000003761)
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (W)
Mumbai 400078
Tel : 91-22-55555491-4; Fax : 91-22-55555353
E-mail: cybermedia@intimespectrum.com

AUDITORS OF THE COMPANY**M/s N.K. Goel & Co.**

Chartered Accountants
32 Regal Building
Sansad Marg
New Delhi – 110001

BANKERS TO THE COMPANY**State Bank of Mysore**

Nehru Place Branch
3-4& 5 DDA Building
Nehru Place
New Delhi – 110019

ICICI Bank Ltd.

K-6, 7 & 12 DLF Qutub Plaza
DLF City, Phase I
Gurgaon

BANKERS TO THE ISSUE**ICICI Bank Limited**

Capital Markets Division
30, Mumbai Samachar Marg, Fort
Mumbai 400001
Registration No. : INBI 00000004

IDBI Bank Limited

11th Floor, Surya Kiran Building
19, Kasturba Gandhi Marg
New Delhi 110 001
Registration No. INBI 00000076

LEGAL ADVISOR TO THE COMPANY**Mr. Sanjay Grover**

E 500, Greater Kailash II
New Delhi

CREDIT RATING/DEBENTURE TRUSTEE

This being an equity issue, no appointment of credit rating agency or debenture trustee is required

UNDERWRITERS TO THE ISSUE

The Issuer is not proposing for the underwriting of the Issue.

COMPLIANCE OFFICER/COMPANY SECRETARY

Mr. Manhar Kapoor

Company Secretary
Cyber Media (India) Limited
B-35 Institutional Area
Sector 32, Gurgaon
Haryana – 122002
Tel: 91-124-5031234
Fax: 91-124-2380694
E-mail: manhark@cmil.com

Investors may note that in case of any pre-offer/post offer related problems such as non-receipt of letters of allotment / share certificates / refund orders etc., they should contact the Compliance Officer.

BROKERS TO THE ISSUE

All the members of the recognised stock exchanges would be eligible to act as Brokers to the Issue.

PART II (B) – FINANCIAL INFORMATION**Cyber Media (India) Limited**

Table of Contents

- i. Restated, Consolidated Financial Statements as per Indian GAAP
Auditors' Report on the Restated, Consolidated Financial Statements of Cyber Media (India) Limited for the periods(s)/ year(s) ended 31-July-2004, 31-March-2004, 31-March-2003, 31-March-2002, 31-March-2001, 31-March-2000 along with the Financial Statements, Notes and Annexures to be read together therewith contained in Annexure A through Annexure G
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- ii. Restated, Consolidated Financial Statements as per Indian GAAP
Auditors' Report on the Restated, Un-Consolidated Financial Statements of Cyber Media (India) Limited for the periods(s)/ year(s) ended 31-July-2004, 31-March-2004, 31-March-2003, 31-March-2002, 31-March-2001, 31-March-2000 along with the Financial Statements, Notes and Annexures to be read together therewith contained in Annexure I through Annexure V followed by the financial statements and notes thereon for each of the company's subsidiaries, contained in Annexures AA to EE.
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PART B (i): Restated Consolidated Financial Statement as per Indian GAAP

From:
N K Goel & Co.
Chartered Accountants
32, Regal Buildings
Sansad Marg
New Delhi – 110 001

September 30, 2004

To:
The Board of Directors
Cyber Media (India) Limited
D 74, Panchsheel Enclave
New Delhi – 110 017

Re: Initial Public Offering of Cyber Media (India) Limited

Dear Sirs,

1. We have examined the attached summary of consolidated balance sheet as restated of Cyber Media (India) Limited ("the Company") and its subsidiaries and its associates (collectively referred to as the "Group") as at July 31, 2004, March 31, 2004, 2003, 2002, 2001, 2000 and the attached summary of profit and loss account as restated for each of the period / years ended on those dates ("summary statements" or "financial statements") (see **Annexure A and B**) as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings, more fully described in the notes appearing in **Annexure C** to this report. Based on our examination of these summary statements we confirm that:
 - a. The impact of changes in accounting policies adopted by the Company as at and for the period ended July 31, 2004 have been adjusted with retrospective effect in the attached summary statements;
 - b. The prior period items have been adjusted in the summary statements in the years to which they relate;
 - c. The extraordinary items, which need to be disclosed separately in the summary statements, are appropriately disclosed; and
 - d. There are no qualifications in the auditors' reports, which require any adjustments in the summary statements.
2. The summary of significant accounting policies adopted by the Company together with the notes pertaining to the audited financial statements for the period ended July 31, 2004 are enclosed as **Annexure D & Annexure E** to this report.
3. We have also examined the following consolidated financial information of the Company proposed to be included in the Offer Document as approved by you and annexed to this report.
 - a. Accounting ratios based on the restated profits relating to earnings per share, net asset value and return on net worth is enclosed in **Annexure F**;
 - b. Capitalization statement as at July 31, 2004 is enclosed in **Annexure G**;
4. The sufficiency of the procedures performed, as set forth in the above paragraphs of this report, is the sole responsibility of the Company. Consequently, we make no representation regarding the sufficiency of the procedures described above either for the purposes for which this report has been requested or for any other purpose.
5. This report is prepared in terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer document of the Company in connection with the proposed Initial Public Offer ("IPO") and in accordance with the Guidance Note on Reports in

Company Prospectuses and Guidance Note on Audit Reports/ Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India.

6. This report is intended solely for your information and for the inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For N K Goel & Co.
Chartered Accountants

N K Goel
Proprietor
Membership # 500-16570

New Delhi,
Dated: September 30, 2004

CYBER MEDIA (INDIA) LIMITED
SUMMARY OF CONSOLIDATED PROFIT & LOSS ACCOUNT, AS RESTATED
Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
INCOME						
Sales and Services	202,312,444	576,858,362	492,715,614	421,623,563	567,240,928	441,113,086
Other Income	1,689,445	4,373,698	1,398,755	1,271,162	1,193,003	1,372,566
Total Income	204,001,889	581,232,060	494,114,369	422,894,725	568,433,931	442,485,652
EXPENDITURE						
Raw Material	111,273,200	345,299,630	305,980,664	252,824,444	363,674,935	272,428,032
Employee Cost	33,976,086	90,810,360	85,073,753	84,237,344	75,915,449	57,714,816
Administrative, Distribution & other Costs	23,857,225	68,457,847	63,370,000	68,179,467	112,363,796	85,550,000
Total Expenditure	169,106,511	504,567,837	454,424,417	405,241,255	551,954,180	415,692,848
Profit/(Loss) EBITDA	34,895,378	76,664,223	39,689,952	17,653,470	16,479,751	26,792,804
Interest & Financial Charges	3,904,858	13,200,995	13,970,000	11,642,160	10,466,610	10,818,117
Profit/(Loss) Before Depreciation & Tax	30,990,520	63,463,228	25,719,952	6,011,310	6,013,141	15,974,687
Depreciation	3,300,184	8,427,152	6,803,563	6,068,386	6,864,468	5,284,289
Profit/(Loss) Before Tax	27,690,336	55,036,076	18,916,389	(57,076)	(851,327)	10,690,398
Current Tax	(8,796,000)	(11,850,000)	(4,100,000)	(2,500,000)	(3,775,000)	(2,500,000)
Deferred Tax (ref Annexure C)	(1,213,300)	(5,705,000)	(2,044,000)	1,509,000	3,246,000	(5,640,000)
Provision written back	--	225,024	108,094	76,882	--	70,000
Net Profit/(Loss)	17,681,036	37,706,100	12,880,483	(971,194)	(1,380,327)	2,620,398
Profit/(Loss) of Investments in Associates	23,118	38,800	(1,029,187)	(1,000,000)	--	(750,000)
Minority Interest	(85,810)	(365,000)	80,219	1,275,000	2,050,000	3,495,000
Adjusted Profit/(Loss)	17,618,344	37,379,900	11,931,515	(696,194)	669,673	5,365,398
Proposed Dividend	--	3,381,620	1,991,109	1,675,505	4,705,957	4,295,476
Tax on Proposed Dividend	--	422,702	248,888	--	480,007	945,005
To (From) Balance in Reserve & Surplus	17,618,344	33,575,578	9,691,518	(2,371,699)	(4,516,291)	124,917
	17,618,344	37,379,900	11,931,515	(696,194)	669,673	5,365,398

CYBER MEDIA (INDIA) LIMITED
SUMMARY OF CONSOLIDATED BALANCE SHEET, AS RESTATED
Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
APPLICATION OF FUNDS						
Fixed Assets						
Gross Block	179,442,759	174,421,247	154,319,708	130,383,057	123,051,343	111,486,983
Less: Depreciation	46,876,654	43,576,471	35,181,347	28,391,558	22,516,341	15,671,681
Net Block	132,566,105	130,844,776	119,138,361	101,991,499	100,535,002	95,815,302
Investments	3,796,920	3,773,801	3,174,783	2,860,170	1,598,200	1,598,200
Current Assets						
Inventories	23,214,246	20,820,680	10,849,163	8,239,561	21,104,408	14,334,649
Sundry Debtors	133,101,918	129,275,596	107,027,786	86,668,521	78,427,508	74,887,410
Cash and Bank Balances	13,241,475	11,987,974	3,889,070	2,648,908	4,451,288	8,992,312
Loans and Advances	11,033,166	15,047,733	17,960,470	25,235,605	29,569,035	12,912,299
Total Current Assets (A)	180,590,805	177,131,983	139,726,489	122,792,595	133,552,239	111,126,670
Current Liabilities						
Sundry Creditors	80,139,377	85,336,803	76,267,844	52,950,563	71,941,953	44,309,626
Provisions	--	3,804,322	2,239,998	1,675,504	5,185,964	5,240,482
Total Current Liabilities (B)	80,139,377	89,141,125	78,507,842	54,626,067	77,127,917	49,550,108
Net Current Assets(A - B)	100,451,428	87,990,858	61,218,647	68,166,528	56,424,322	61,576,562
Miscellaneous Expenditure	1,244,797	1,184,397	--	--	--	--
Deferred Revenue Expenditure	18,791,317	11,491,664	--	--	--	--
Total	256,850,567	235,285,496	183,531,791	173,018,197	158,557,524	158,990,064
SOURCES OF FUNDS						
Share Capital & Reserves						
Share Capital	71,775,000	71,773,370	31,895,205	23,501,250	20,082,500	19,990,000
Share Application Money	--	--	--	3,445,330	2,200,000	--
Reserves and Surplus	75,322,557	57,615,143	60,132,263	60,005,648	58,882,598	65,338,210
Total	147,097,557	129,388,513	92,027,468	86,952,228	81,165,098	85,328,210
Deferred Tax Liability	9,850,300	8,637,000	2,932,000	888,000	2,397,000	5,673,000
Loan Funds						
Secured Loans	93,625,723	90,603,010	82,326,683	78,810,838	68,805,440	67,988,854
Unsecured Loans	6,276,987	6,656,973	6,245,640	6,367,131	6,189,986	--
Total	99,902,710	97,259,983	88,572,323	85,177,969	74,995,426	67,988,854
Total	256,850,567	235,285,496	183,531,791	173,018,197	158,557,524	158,990,064

CYBER MEDIA (INDIA) LIMITED**NOTES TO ADJUSTMENTS AND GROUPINGS TO CONSOLIDATED FINANCIAL STATEMENTS, AS RESTATED****Deferred Taxes**

Accounting Standard-22 on "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India (ICAI) is mandatory in respect of accounting periods commencing on or after April 1, 2002. As per the said Accounting Standard, deferred tax asset/liability by the Company and its subsidiaries as on April 1, 2002 was appropriated from the balance appearing in General Reserve in respective company accounts. However, to maintain uniformity these restated financial statements have been recast wherein the deferred tax liability/asset has been recognized in the respective years of origination. Accordingly, the restated Consolidated Profit and Loss Account (Annexure A) is regrouped with corresponding effect in the carrying amount of reserves and surplus and deferred tax liability / asset in the restated Consolidated Balance Sheet (Annexure B) as per the adjusted grouping below:

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Profit/(Loss) Before Tax	27,690,336	55,036,076	18,916,389	(57,076)	(851,327)	10,690,398
Current/Deferred Tax	10,009,300	17,555,000	6,144,000	(2,500,000)	(3,775,000)	(2,500,000)
Excess Provisions Written Back	--	225,024	108,094	76,882	-	70,000
Net Profit/(Loss)	17,681,036	37,706,100	12,880,483	(2,480,194)	(4,626,327)	8,260,398
Profit/(Loss) of Investment in Associates	23,118	38,800	(1,029,187)	(1,000,000)	-	(750,000)
Minority Interest	(85,810)	(365,000)	80,219	1,275,000	2,050,000	3,495,000
Deferred Tax Adjustments	--	--	-	1,509,000	3,246,000	(5,640,000)
Adjusted Profit/Loss After Tax	17,618,344	37,379,900	11,931,515	(696,194)	669,673	5,365,398

CYBER MEDIA (INDIA) LIMITED**STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

(Subject to adjustment of certain matters as stated in Annexure C being notes to adjustments and groupings)

The significant accounting policies adopted by the Group in respect of these Financial Statements, are set out below:

1) Basis Of Preparation

The financial statements have been prepared in conformity with Indian Generally Accepted Accounting Principles and to comply in all material respects with the mandatory accounting standards including AS 21 pertaining to 'Consolidated Financial Statements' and AS 23 pertaining to 'Accounting for Investments in Associates in Consolidated Financial Statements' issued by the Institute of Chartered Accountants of India.

2) Basis Of Accounting

The accounts are prepared on the accrual concept of accounting under the historical cost convention and on the basis of a going concern.

3) Revenue Recognition

Revenues of all material items and nature are recognized in accordance with Accounting Standard 9 issued by The Institute of Chartered Accountants of India, i.e. at the time of rendering of services or sales. If at the time of rendering of services or sales there is significant uncertainty in ultimate collection of the revenue, then the revenue recognition is postponed and in such cases revenue is recognized only when it becomes reasonably certain that ultimate collection will be made. When uncertainty of collection of revenue arises subsequently after the revenue recognition, provision for the uncertainty in collection is made rather than adjustment in revenue already recognized.

4) Fixed Assets

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, including taxes duties freight and other incidental expenses related to acquisition and installation. Capital work in progress is stated at cost.

5) Investments

Trade Investments refer to the investments made to enhance the Group's business interests. Investments are either classified as current and long term. Current investments are carried at the lower of cost and fair value.

Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Any dividends are recorded as income in the profit and loss account.

6) Inventory Valuation

Inventory of Newsprint, goods in transit are stated at cost or net realizable value, whichever is lower. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are 'First In First Out', 'Average cost', or 'Specific Identification', as applicable. Due allowances is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Group.

7) Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of transaction. Monetary items are restated at the year-end foreign exchange rates. Resultant exchange differences arising on payment or conversion of liabilities are recognized as income or expense in the year in which they arise except in respect of liabilities for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of the respective fixed assets.

8) Provision For Current And Deferred Tax

- a) Provision for tax is made for current tax after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961.

- b) Deferred Tax resulting from “timing difference” between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future.

9) Retirement Benefits

- a) Benefits to employees are provided for by contribution to Provident and other Funds, the payments of which are accounted for an accrual basis.
- b) The company has created a Trust with life Insurance Corporation of India under group Gratuity Scheme. The Premium paid towards this scheme is charged to Profit and Loss Account on Accrual basis
- c) No leave encashment facility is available to the employees during the period of service.

Claim receivable from LIC under group Gratuity Scheme pending settlement have been accounted for on accrual basis.

CYBER MEDIA (INDIA) LIMITED**NOTES TO CONSOLIDATED ACCOUNTS****1) (a) Background Information**

Certificate of Incorporation Number	55-14334
Date of Incorporation	10.09.1982
Date of Commencement of Business	20.10.1982
Primary Business Segment	Publishing

(b) Subsidiary Companies

Name	Certificate of Incorporation number	Date of Incorporation	Date of Commencement of Business	Holding (%)	Business Segment
IDC (India) Limited	55-081509	29.08.1996	14.10.1996	100.00	Research
Cyber Multimedia (India) Limited	55-086718	15.04.1997	12.09.1997	100.00	Multimedia
Cyber India Online Limited	55-100470	01.07.1990	21.07.1999	91.96	Online Portal
Cyber Media Events Limited	55-103465	27.01.2000	18.02.2000	100.00	Events
Cyber Holdings Limited	55-106719	11.07.2000	28.08.2000	100.00	Investments
Notes: - Due to consolidation of holding of 'Cyber India Online Limited - ESOP Trust' as per SEBI guidelines, Cyber Media (India) Limited's holding in Cyber India Online Limited is adopted at 88.43 % though in its name it holds 80.43% of equity in Cyber India Online Limited - Cyber Media Events Limited was previously known as Cyber Expo Limited					

(c) Associate Companies

Name	Certificate of Incorporation number	Date of Incorporation	Date of Commencement of Business	Holding (%)	Business Segment
Cyber Astro Limited	55-086975	13.04.1997	Incorporated as a Pvt Limited Co.	37.50	Life Style
Cyber Media Foundation Limited	55-107553	05.09.2000	07.11.2000	50.00	Education

2) Share Capital

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
EQUITY SHARES						
Authorized						
Number	11,000,000	22,000,000	4,000,000	3,500,000	3,500,000	2,500,000
Face Value	10	5	10	10	10	10
Value (Rs)	110,000,000	110,000,000	40,000,000	35,000,000	35,000,000	25,000,000
Issued, Subscribed & Paid up						
<u>Fully Paid Up in Cash</u>						
Number	991,562	1,982,798	704,006	505,655	163,780	154,530
Value (Rs)	9,915,620	9,913,990	7,040,060	5,056,550	1,637,800	1,545,300
<u>Partly Paid Up in Cash</u>						
Number	-	-	14,625	-	-	-
Value (Rs)	-	-	43,875	-	-	-
<u>Fully Paid Up Bonus Shares</u>						
Number	6,185,938	12,371,876	2,481,127	1,844,470	1,844,470	1,844,470
Value (Rs)	61,859,380	61,859,380	24,811,270	18,444,700	18,444,700	18,444,700
Total (Rs)	71,775,000	71,773,370	31,895,205	23,501,250	20,082,500	19,990,000
The shareholders, at the extra – ordinary general meeting held on June 23, 2004 had approved the consolidation of two equity shares of face value of Rs.5/- each into one equity share of face value of Rs.10/-each. Subsequent to this consolidation the Issued, Subscribed and Paid up Share Capital of Rs.14,355,000 have been changed to 7,177,500 equity shares of Rs.10/-each.						

3) Investments

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Long Term – Trade						
Other than Subsidiaries						
Cyber Media Foundation Ltd.	529,980	506,861	470,813	--	--	--
Cyber Astro Limited	--	--	--	--	--	--
Share Application Money Cyber Media Foundation Ltd.	800,000	800,000	--	--	--	--
Long Term – Other than Trade						
SQL Star International Ltd – Equity	2,466,940	2,466,940	1,953,970	1,953,970	1,441,000	1,441,000
SQL Star International Ltd – Debentures	--	--	750,000	750,000	--	--
Complott Consultants Pvt. Ltd.	--	--	--	156,200	156,200	156,200
Kisan Vikas Patra	--	--	--	--	1,000	1,000
Total (Rs)	3,796,920	3,773,801	3,174,783	2,860,170	1,598,200	1,598,200

Note :

The Company has not provided for any diminution in market value of long term quoted investments, as the decline in market value is considered temporary.

4) Sundry Debtors

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Debts exceeding six months	12,675,060	15,532,314	16,314,332	15,074,052	10,687,544	6,100,899
Other Debts	120,426,857	113,743,282	90,713,454	71,610,394	67,739,964	68,786,511
Total	133,101,918	129,275,596	107,027,786	86,668,521	78,427,508	74,887,410

Note: Above balances include dues from related parties, to the extent referred in note 6 below.

5) Loans & Advances

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Advances	14,919,477	11,535,475	7,300,643	16,135,490	22,074,623	8,722,002
Advance Income Tax	(5,095,574)	1,924,861	8,426,514	6,049,972	4,672,346	1,426,394
Security Deposits	1,181,200	1,181,200	2,162,592	3,050,143	2,822,066	2,763,903
Others	28,063	406,197	70,721	--	--	--
Total	11,033,166	15,047,733	17,960,470	25,235,605	29,569,035	12,912,299

Note: Above balances include dues from directors and other related parties, to the extent referred in note 6 below.

6) Related Party Transactions

As per of Accounting Standard 18 issued by the Institute of Chartered Accountants of India.

Amount in Rs.

Sundry Debtors / (Creditors) include due from / (to) :	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media Foundation Ltd.	(195,000)	250,000	--	--	--	--
Total (Rs)	(195,000)	250,000	--	--	--	--

Amount in Rs.

Loans & Advances include due from:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Astro Limited	4,245,185	4,228,161	3,140,153	2,923,535	1,606,122	680,697
Pradeep Gupta (Earnest Money)	500,000	500,000	500,000	-	-	-
Total	4,745,185	4,728,161	3,640,153	2,923,535	1,606,122	680,697

Amount in Rs.

Income includes Sales & Service transactions with:	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media Foundation Ltd	69,560	297,000	--	--	--	--
Cyber Astro Limited	187,649	651,000	--	--	--	--
Total	257,209	948,000	--	--	--	--

Expenditure transactions with: includes	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Astro Limited	145,583	30,000	--	--	--	--
Cyber Media Foundation Ltd.	--	70,000	70,000	--	--	--
Managerial Remuneration	1,855,040	5,195,920	4,874,920	4,047,240	2,469,800	2,234,698
Pradeep Gupta – Space Chg.	40,000	120,000	120,000	120,000	120,000	120,000
Sudha Bala Gupta – Space Chg.	110,000	330,000	150,000	150,000	150,000	150,000
Total	2,150,623	5,745,920	5,214,920	4,317,240	2,739,800	2,504,698

Relationship Chart

Name of the Related Party	Relationship
Cyber Astro Limited	Associate Company
Cyber Media Foundation Ltd.	Associate Company
Pradeep Gupta	Chairman & Managing Director
Sudha Bala Gupta	Mother of Mr. Pradeep Gupta
Krishan Kant Tulshan	Executive Director
Shyam Malhotra	Executive Director

7) Segment Reporting

Each company of the group operates in a single segment as disclosed in their respective financial statements. Accordingly, there are no separate reportable segments in accordance with Accounting Standard 17 issued by the Institute of Chartered Accountants of India.

8) Earnings per Share (As per AS 20 issues by the ICAI)

	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Profit/(Loss) attributable to the equity shareholders Rs (A)	17,618,344	37,379,900	11,931,515	(696,194)	669,673	5,365,398
Weighted average number of equity shares outstanding during the year (B)	7,177,500	6,951,510	6,878,571	6,492,853	6,344,176	6,339,135
Nominal value of equity share (Rs.)	10	10	10	10	10	10
Basic and Diluted Earning Per Share (Rs.) (A)/(B)	7.36*	5.38	1.73	(0.11)	0.11	0.84

* Annualized

9) Contracts on Capital Account

The Parent Company holds 80.42% of the paid up equity capital in Cyber India Online Limited. Reserve Bank of India has approved the acquisition by Cyber Media (India) Limited, of 1,435,000 equity shares of Re. 1/- each, comprising 11.54% of the total paid-up equity of the Company from Intel Pacific Inc. at an agreed consideration of Rs. 2,496,900/-. Though the payment has already been effected, the shares are still in the process of transfer. Consequent upon the completion of transfer formalities, the abovementioned shareholding will increase to 91.96%. The accounts for the 4-month period ended 31-July-2004 have been prepared with the Company's share holding at 91.96%.

10) Unsecured Loans*Amount in Rs.*

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Turant Leasing & Finance (P) Ltd. (18% p.a; long term)	5,800,000	5,800,000	5,800,000	5,800,000	5,800,000	-
Shyam Malhotra						-
Others	396,987	396,987	396,987	437,131	389,986	-
(Interest Free)	80,000	459,985	48,653	130,000	-	-
Total	6,276,987	6,656,973	6,245,640	6,367,131	6,189,986	-

Note:*There are no contingent loans from promoters / group companies / associate Companies***11) Contingent Liabilities**

- a) Bank Guarantee amounting to Rs.78, 000/- (Seventy Eight thousands only) given to Prasara Bharti.
- b) Bank Guarantees outstanding, (with a 10% margin money), amounting to Rs. 1,234,338/-
- c) Guarantees given to State Bank of Mysore to secure facilities of aggregating to Rs 20 million provided to secure facilities around Rs. 10 Million each for IDC (India) Limited and Cyber Multimedia (India) Limited.
- d) Company is disputing at various appellate levels additions to the tune of Rs.45.45 million made by the Income Tax Authorities in different assessment years primarily based on the assessment framed for 1989-90. As per the latest notice of demand issued by the Income Tax Authorities, a demand of Rs.199,998/- has been claimed as pending while as per the company records, this has been paid.
- e) The Company has received legal notices of claims/ lawsuits filed against relating to defamation amounting to Rs.2.50 million. In the opinion of the management no liability is likely to arise on account of such claims/ lawsuits.

12) All Figures are in rupees, except otherwise stated

CYBER MEDIA (INDIA) LIMITED
STATEMENT OF ACCOUNTING RATIOS OF CONSOLIDATED ACCOUNTS
Amount in Rs

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Earning Per Share (Rs.) (Annualized)	7.36*	5.38	1.73	(0.11)	0.11	0.84
Net Asset Value per Share (Rs)	17.70	16.79	13.38	13.39	12.79	13.44
Return on Net Worth % (Annualized)	41.60	32.03	12.97	(0.80)	0.83	6.29
Weighted Average Number of Equity Shares Outstanding during the year/period	7,177,480	6,951,510	6,878,571	6,492,853	6,344,176	6,339,135

* Annualized

Formula:

Earnings per share (Rs)	$\frac{\text{Adjusted Profit (Loss), after tax and before extraordinary items}}{\text{Weighted average number of equity shares outstanding during the year/period}}$
Net Asset Value per share (Rs)	$\frac{\text{Net Worth as at the year/period end}}{\text{Weighted average number of equity shares outstanding during the year/period}}$
Return on Net Worth (%)	$\frac{\text{Adjusted Profit (Loss), after tax and before extraordinary items}}{\text{Net Worth as at the year/period end}}$
Net Worth excludes	Miscellaneous Expenditure Deferred Revenue Expenditure Debit balance in Profit and Loss Account

CYBER MEDIA (INDIA) LIMITED
CAPITALIZATION STATEMENT TO CONSOLIDATED ACCOUNTS
Amount in Rs

Particulars	Pre-Issue	Post Issue For an Offer Price of Rs. 50 per share	Post Issue For an Offer Price of Rs. 60 per share
DEBTS			
Long Term Debt	14,464,859	14,464,859	14,464,859
Long Term Debt, payable within one year	20,019,926	20,019,926	20,019,926
Working Capital Loan	64,632,600	64,632,600	64,632,600
Short Term Debt	785,325	785,325	785,325
Total Debt	99,902,710	99,902,710	99,902,710
SHAREHOLDERS; FUNDS			
Share Capital	71,775,000	100,000,000	100,000,000
Share Premium Account	--	141,125,000	112,900,000
General Reserve	75,322,557	75,322,557	75,322,557
Profit & Loss Account	--	--	--
Total Shareholders' Funds	147,097,557	316,447,557	288,222,557
Long Term Debt to Equity	0.10	0.05	0.05

Notes:
Amount in Rs

Particulars	31-Jul-04	Additions	Pre-Issue	Post-Issue
Shareholders' Funds				
Share Capital	71,775,000	--	71,775,000	71,775,000
General Reserve	75,322,557	--	75,322,557	75,322,557
Total Shareholders' Funds	147,097,557	--	147,097,557	147,097,557

Since 31.3.2004, the last date as of which financial information has been provided in Annexure II to this report, share capital was increased by Rs. 4,890 by issuance of fully paid up 326 equity shares of Rs. 5 each at a premium of Rs. 10 each

PART B(ii) : Restated Un-Consolidated Financial Statement as per Indian GAAP

From:

N K Goel & Co.
Chartered Accountants
32, Regal Buildings
Sansad Marg
New Delhi – 110 001

September 30, 2004

To:

The Board of Directors
Cyber Media (India) Limited
D 74, Panchsheel Enclave
New Delhi – 110 017

Re: Initial Public Offering of Cyber Media (India) Limited – Auditors' Report as required by Part II of Schedule II to the Companies Act, 1956

Dear Sirs,

1. We have examined the financial information of Cyber Media (India) Limited ("the Company") annexed to this report which have been prepared in accordance with the requirements of:
 - Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ("the Act");
 - The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ("the Guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000 in pursuance of Section 11 of Securities and Exchange Board of India Act, 1992; and
 - The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer document of the Company in connection with the proposed Initial Public Offer ("IPO").

Financial Information as per Audited Financial Statements

2. We have examined the attached restated summary statement of assets and liabilities of the Company as at July 31, 2004, March 31, 2004, 2003, 2002, 2001, 2000 and the attached restated summary statement of profit and loss for each of the years/period ended on those dates ("summary statements") (see **Annexure I and II**) as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion appropriate and more fully described in the notes appearing in **Annexure III** to this report. We have also examined and found correct the accounts of the Company for the period from April 1, 2004 to July 31, 2004 prepared and approved by the Board of Directors of the Company. These summary statements have been extracted from the financial statements for these years audited by us and have been adopted by the Board of Directors/ members for the respective years. Based on our examination of these summary statements we confirm that:
 - a. The impact of changes in accounting policies adopted by the Company as at and for the year ended March 31, 2004 have been adjusted with retrospective effect in the attached summary statements;
 - b. The prior period items have been adjusted in the summary statements in the years to which they relate;
 - c. The extraordinary items, which need to be disclosed separately in the summary statements, are appropriately disclosed; and
 - d. There are no qualifications in the auditors' reports, which require any adjustments in the summary statements.
3. The summary of significant accounting policies adopted by the Company together with the notes pertaining to the audited financial statements for the year ended March 31, 2004 are enclosed as **Annexure IV and Annexure V** to this report.

4. The financial statements of the Company's wholly owned subsidiary, IDC (India) Limited ("IDC") for the period from April 1, 2004 to July 31, 2004 and for the years ended March 31, 2004, 2003, 2002, 2001 and 2000 as audited by us have not been consolidated into the attached summary. The restated summary financial statements of IDC for the period/years ended July 31, 2004, March 31, 2004, 2003, 2002, 2001 and 2000 are enclosed as **Appendix AA to AE** to this report.
5. The financial statements of the Company's wholly owned subsidiary, Cyber Multimedia (India) Limited ("CMM") for the period from April 1, 2004 to July 31, 2004 and for the years ended March 31, 2004, 2003, 2002, 2001 and 2000 as audited by us have not been consolidated into the attached summary. The restated summary financial statements of CMM for the period/years ended July 31, 2004, March 31, 2004, 2003, 2002, 2001 and 2000 are enclosed as **Appendix BA to BE** to this report.
6. The financial statements of the Company's subsidiary, Cyber India Online Limited ("CIOL") for the period from April 1, 2004 to July 31, 2004 and for the years ended March 31, 2004, 2003, 2002, 2001 and for the period from July 1, 1999 (date of incorporation) to March 31, 2000 as audited by us have not been consolidated into the attached summary. The restated summary financial statements of CIOL for the period/years ended July 31, 2004, March 31, 2004, 2003, 2002, 2001 and for the period from July 1, 1999 (date of incorporation) to March 31, 2000 are enclosed as **Appendix CA to CE** to this report.
7. The financial statements of the Company's wholly owned subsidiary, Cyber Media Events Limited ("CME") (formerly known as Cyber Expo Limited) for the period from April 1, 2004 to July 31, 2004 and for the years ended March 31, 2004, 2003, 2002 and for the period from January 27, 2000 (date of incorporation) to March 31, 2001 as audited by us have not been consolidated into the attached summary. The restated summary financial statements of CME for the period/years ended July 31, 2004, March 31, 2004, 2003, 2002 and for the period from January 27, 2000 (date of incorporation) to March 31, 2001 are enclosed as **Appendix DA to DE** to this report.
8. The financial statements of the Company's wholly owned subsidiary, Cyber Holdings Limited ("CHL") for the period from April 1, 2004 to July 31, 2004 and for the years ended March 31, 2004, 2003, 2002 and for the period from July 11, 2000 (date of incorporation) to March 31, 2001 as audited by us have not been consolidated into the attached summary. The restated summary financial statements of CHL for the period/years ended July 31, 2004, March 31, 2004, 2003, 2002 and for the period from July 11, 2000 (date of incorporation) to March 31, 2001 are enclosed as **Appendix EA to EE** to this report.

Other Financial Information

9. We have examined the following unconsolidated financial information of the Company proposed to be included in the Offer Document as approved by you and annexed to this report.
 - a. Restated Statement of Cash flows is enclosed as **Annexure VI**;
 - b. Accounting ratios based on the restated profits relating to earnings per share, net asset value and return on net worth is enclosed in **Annexure VII**;
 - c. Capitalization statement as at July 31, 2004 is enclosed in **Annexure VIII**;
 - d. Statement of tax shelters is enclosed in **Annexure IX**;
 - e. Statement of possible tax benefits available to the Company, its subsidiaries and shareholders is enclosed in **Annexure X**;
 - f. Details of loans as appearing in **Annexure XI** to the report; and
 - g. Details of other income as appearing in **Annexure XII** to the report.
 - h. The rates of dividends paid by the Company in respect of period from April 1, 2004 to July 31, 2004 and for the years ended March 31, 2004, 2003, 2002, 2001 and 2000 are as shown in **Annexure XIII** to this report.
10. In our view, the "financial information as per audited financial statements" and "other financial information" mentioned above have been prepared in accordance with Part II of Schedule II of the Act.

11. This report is intended solely for your information and for the inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

*For N K Goel & Co.
Chartered Accountants*

N K Goel
Proprietor
Membership # 500-16570

New Delhi,
Dated: September 30, 2004

CYBER MEDIA (INDIA) LIMITED
SUMMARY PROFIT & LOSS ACCOUNT, AS RESTATED

The profits/(losses) of Cyber Media (India) Limited for the period from 1 April to 31 July, 2004 and for five financial years ended 31st March, 2004, 2003, 2002, 2001 and 2000 after making adjustments of certain matters (refer Annexure III below) and read with significant accounting policies (refer Annexure IV below) and notes to accounts (refer Annexure V below), are as set out below:

Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
INCOME						
Sales and Services	116,151,400	305,655,062	260,889,043	256,251,842	339,779,922	412,373,974
Other Income	1,315,914	4,010,057	1,644,195	1,676,381	1,467,013	3,172,950
Total Income	117,467,314	309,665,119	262,533,238	257,928,223	341,246,935	415,546,924
EXPENDITURE						
Raw Material	55,582,206	160,926,982	141,208,056	146,080,487	197,583,548	265,300,935
Employee Cost	19,782,348	52,840,587	50,424,606	51,079,126	47,452,032	47,101,062
Administrative, Distribution & other Costs	16,450,328	42,682,898	43,630,018	41,112,633	74,008,988	70,549,822
Total Expenditure	91,814,882	256,450,467	235,262,680	238,272,247	319,044,568	382,951,819
Profit/(Loss) EBITDA	25,652,432	53,214,652	27,270,558	19,655,977	22,202,367	32,595,105
Interest & Financial Charges	2,764,437	10,203,530	11,496,999	10,388,289	11,239,141	12,057,697
Profit/(Loss) Before Depreciation & Tax	22,887,995	43,011,122	15,773,559	9,267,688	10,963,226	20,537,408
Depreciation	2,059,324	5,937,122	4,861,903	4,299,813	5,601,734	4,811,510
Profit/(Loss) Before Tax	20,828,671	37,074,000	10,911,656	4,967,875	5,361,492	15,725,898
Current Tax	7,000,000	9,000,000	1,500,000	500,000	600,000	1,800,000
Deferred Tax (refer Annexure III)	412,000	2,293,000	2,064,000	1,571,000	1,613,000	7,988,000
Total Tax	7,412,000	11,293,000	3,564,000	2,071,000	2,213,000	9,788,000
Adjusted Profit/(Loss) After Tax	13,416,671	25,781,000	7,347,656	2,896,875	3,148,492	5,937,898
Brought Forward Profit/(Loss) from Previous year	11,617,062	3,963,012	1,180,117	358,537	2,624,224	4,560,807
Available for Appropriation	25,033,733	29,744,012	8,527,773	3,255,412	5,772,716	10,498,705
APPROPRIATIONS						
General Reserve	--	16,010,600	3,000,000	1,000,000	1,000,000	3,000,000
Proposed Dividend	--	1,881,200	1,390,899	1,075,295	4,005,607	3,995,476
Tax on Proposed Dividend	--	235,150	173,862	--	408,572	879,005
Profit/(Loss) transferred to Balance Sheet	25,033,733	11,617,062	3,963,012	1,180,117	358,537	2,624,224
	25,033,733	29,744,012	8,527,773	3,255,412	5,772,716	10,498,705

CYBER MEDIA (INDIA) LIMITED
SUMMARY ASSETS AND LIABILITIES, AS RESTATED

The assets and liabilities of Cyber Media (India) Limited as at the financial period/year(s) ended 31 July, 31 March, 2004, 2003, 2002, 2001 and 2000 after making adjustments of certain matters (refer Annexure III below) and read with significant accounting policies (refer Annexure IV below) and notes to accounts (refer Annexure V below), are as set out below:

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
APPLICATION OF FUNDS						
Fixed Assets						
Gross Block	131,657,273	129,408,400	122,647,736	106,597,795	101,898,883	96,811,286
Less: Depreciation	37,678,067	35,618,744	29,681,620	24,819,717	20,726,077	15,124,343
Net Block	93,979,206	93,789,656	92,966,116	81,778,078	81,172,806	81,686,943
Investments	20,019,740	20,019,740	21,256,770	19,412,970	15,351,000	13,851,000
Current Assets						
Inventories	7,136,521	5,235,606	3,801,425	3,547,316	13,885,054	14,334,649
Sundry Debtors	101,926,785	82,767,480	62,213,946	59,226,886	48,042,816	68,062,906
Cash and Bank Balances	4,826,869	5,834,285	1,262,280	895,577	2,864,272	1,791,920
Loans and Advances	23,694,339	22,946,233	29,208,522	27,135,874	28,447,850	12,982,142
Total Current Assets (A)	137,584,514	116,783,604	96,486,173	90,805,653	93,239,992	97,171,617
Current Liabilities						
Sundry Creditors	46,229,626	39,360,878	36,376,592	30,563,238	40,545,652	41,137,196
Provisions	6,459,433	2,116,350	1,564,761	1,075,295	4,414,179	4,874,481
Total Current Liabilities (B)	52,689,059	41,477,228	37,941,353	31,638,533	44,959,831	46,011,677
Net Current Assets(A – B)	84,895,455	75,306,376	58,544,820	59,167,120	48,280,161	51,159,940
Miscellaneous Expenditure	1,185,986	1,125,586	--	--	--	--
Deferred Revenue Expenditure	18,791,317	11,491,664	--	--	--	--
Total	218,871,705	201,733,022	172,767,706	160,358,168	144,803,967	146,697,884
SOURCES OF FUNDS						
Share Capital & Reserves						
Share Capital	71,775,000	71,773,370	31,895,205	23,501,250	20,082,500	19,990,000
Share Application Money	--	--	--	3,445,330	2,200,000	--
Securities Premium	2,115,810	2,112,550	1,480,550	--	--	--
Reserves and Surplus	51,827,833	38,411,162	51,794,623	56,931,297	50,556,717	51,822,405
Total	125,718,643	112,297,082	85,170,377	83,877,877	72,839,217	71,812,405
Deferred Tax Liability	15,941,000	15,529,000	13,236,000	6,619,000	9,601,000	7,988,000
Loan Funds						
Secured Loans	73,815,075	70,509,953	70,964,342	66,424,160	58,973,764	66,897,479
Unsecured Loans	3,396,987	3,396,987	3,396,987	3,437,131	3,389,986	--
Total	77,212,062	73,906,940	74,361,329	69,861,291	62,363,750	66,897,479
Total	218,871,705	201,733,022	172,767,706	160,358,168	144,803,967	146,697,884

CYBER MEDIA (INDIA) LIMITED**NOTES TO ADJUSTMENTS AND GROUPINGS****Deferred Taxes**

Accounting Standard-22 on "Accounting For Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India (ICAI) is mandatory in respect of accounting periods commencing on or after April 1, 2002. As per the said Accounting Standard, deferred tax asset/liability as on April 1, 2002 was appropriated from the balance appearing in General Reserve. However, to maintain uniformity these restated accounts have been recasted wherein the deferred tax liability has been recognized in the respective years of origination. Accordingly, the Summary Profit and Loss Account (Annexure I) is regrouped, with corresponding effect in the carrying amount of Reserves & Surplus and Deferred Tax Liability in the Summary of Assets & Liabilities (Annexure II), as per the adjustment/ grouping below:

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Profit/(Loss) Before Tax	20,828,671	37,074,000	10,911,656	4,967,875	5,361,492	15,725,898
Current Tax	7,000,000	9,000,000	1,500,000	500,000	600,000	1,800,000
Deferred Tax	412,000	2,293,000	2,064,000	--	--	--
Net Profit/(Loss)	13,416,671	25,781,000	7,347,656	4,467,875	4,761,492	13,925,898
Adjustment on change in treatment of Deferred Tax, as above	--	--	--	1,571,000	1,613,000	7,988,000
Adjusted Profit/(Loss) After Tax	13,416,671	25,781,000	7,347,656	2,896,875	3,148,492	5,937,898

CYBER MEDIA (INDIA) LIMITED**SIGNIFICANT ACCOUNTING POLICIES**

(Subject to adjustment of certain matter as stated in Annexure III being Notes to Adjustments and Groupings)

The significant accounting policies adopted by the Company in respect of these financial Statement, are set out below:

1) Basis of Preparation

The financial statement has been prepared in conformity with Indian Generally Accepted Accounting Principles and to comply in all material respects with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

2) Basis Of Accounting

The accounts are prepared on the accrual concept of accounting under the historical cost convention and on the basis of a going concern.

3) Revenue Recognition

Revenues of all material items and nature are recognized in accordance with Accounting Standard 9 issued by The Institute of Chartered Accountants of India, i.e. at the time of rendering of services or sales, If at the time of rendering of services or sales there is significant uncertainty in ultimate collection of the revenue, then the revenue recognition is postponed and in such cases revenue is recognized only when it becomes reasonably certain that ultimate collection will be made. When uncertainty of collection of revenue arises subsequently after the revenue recognition, provision for the uncertainty in collection is made rather than adjustment in revenue already recognized.

4) Fixed Assets

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, including taxes duties freight and other incidental expenses related to acquisition and installation. Capital work in progress is stated at cost.

5) Investments

Trade Investments refer to the investments made to enhance the company's business interests. Investments are either classified as current and long term. Current investments are carried at the lower of cost and fair value.

Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Any dividends are recorded as income in the profit and loss account.

6) Inventory Valuation

Inventory of Newsprint, goods in transit are stated at cost or net realizable value, whichever is lower. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are 'First In First Out', 'Average cost', or 'Specific Identification', as applicable. Due allowances is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Company.

7) Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of transaction. Monetary items are restated at the year-end foreign exchange rates. Resultant exchange differences arising on payment or conversion of liabilities are recognized as income or expense in the year in which they arise except in respect of liabilities for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of the respective fixed assets.

8) Provision For Current And Deferred Tax

- a) Provision for tax is made for current tax after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961.

- b) Deferred Tax resulting from “timing difference” between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future.

9) Retirement Benefits

- a) Benefits to employees are provided for by contribution to Provident and other Funds, the payments of which are accounted for an accrual basis.
- b) The company has created a Trust with life Insurance Corporation of India under group Gratuity Scheme. The Premium paid towards this scheme is charged to Profit and Loss Account on Accrual basis
- c) No leave encashment facility is available to the employees during the period of service.
- d) Claim receivable from LIC under group Gratuity Scheme pending settlement have been accounted for on accrual basis.

10) Depreciation

- i) Depreciation on addition to fixed assets as on up to the year-ended 31.8.1987 has been provided for full year on written down on the following rates.

Description on Assets	Rate
Data Processing equipment	33.33%
Office Equipment	33.33%
Electric Equipment	33.33%
Furniture & Fixture	10.00%
Vehicles	33.33%

- ii) Depreciation on additions made to fixed assets with effect from 1.9.1987 and unto 31.3.1992 has been provided in accordance with and on the written down value basis at the rate prescribed by Schedule XIV to the Companies Act, 1956.
- iii) Depreciation on additions made to fixed assets with effect from 1.4.1992 has been provided on pro-rata basis in accordance with and on straight-line method basis at the rates prescribed under by Schedule XIV to the Companies Act, 1956.

11) Deferred Revenue Expenditure

Deferred Revenue Expenditure-represents new projects implementation cost to be amortized over a period of 60 months or earlier, equally, commencing from the month of commencement of commercial activities of the project.

Note: Till 31st July 2004, The Company's new initiatives were treated as introduction of new products of existing business lines in contradistinction to a new line of business. As such the start up investment in the incubation period was in the opinion of the company based on expert advice, revenue expenditure in the year it was incurred irrespective of the year in which the commercial activities commenced. Commencing with fiscal 2003-04, the start up implementation cost of new projects of a new business line is treated as deferred revenue expenditure to be amortized over a period of 60 months or earlier, equally, commencing from the month of commencement of commercial activities of the project.

CYBER MEDIA (INDIA) LIMITED
NOTES TO ACCOUNTS
1) Background Information

Certificate of Incorporation Number	55-14334
Date of Incorporation	10.09.1982
Date of Commencement of Business	20.10.1982
Primary Business Segment	Publishing

2) Share Capital

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Equity Shares						
Authorized						
Number	11,000,000	11,000,000	4,000,000	3,500,000	3,500,000	2,500,000
Face Value	10	10	10	10	10	10
Value (Rs)	110,000,000	110,000,000	40,000,000	35,000,000	35,000,000	25,000,000
Issued, Subscribed & Paid Up						
Fully Paid Up in Cash						
Number	991,562	991,399	704,006	505,655	163,780	154,530
Value (Rs)	9,915,620	9,913,990	7,040,060	5,056,550	1,637,800	1,545,300
Partly Paid Up in Cash						
Number	--	--	14,625	--	--	--
Value (Rs)	--	--	43,875	--	--	--
Fully Paid Up Bonus Shares						
Number	6,185,938	6,185,938	2,481,127	1,844,470	1,844,470	1,844,470
Value (Rs)	61,859,380	61,859,380	24,811,270	18,444,700	18,444,700	18,444,700
Total (Rs)	71,775,000	71,773,370	31,895,205	23,501,250	20,082,500	19,990,000
The shareholders in the Extra-ordinary General Meeting held on June 23, 2004 have approved the consolidation of two equity shares of face value of Rs. 5/- each into one equity shares of face value of Rs 10/- each.						

3) Particulars of Securities Charged against Secured Loans
Amount in Rs.

	31-Jul-04	31-Mar-04	Particulars
Term Loan			
State Bank of Mysore	12,874,914	16,874,914	First charge on all the present and future movable and immovable assets of the company along with those of three of its subsidiaries viz. Cyber Multimedia (India) Limited, IDC (India) Limited, and Cyber Media Events Limited (Movable assets excluding those charged to hire purchasers) Security charges for the term loan also extends to the current assets of Cyber Media (India) Limited Personal guarantee of Mr. Pradeep Gupta. Corporate guarantee by Cyber Multimedia (India) Limited, IDC (India) Limited and Cyber Media Events Limited.
Cash Credit Facility			
State Bank of Mysore	53,310,180	44,979,581	First charge by way of hypothecation, on the entire inventory, consumables, book debts and receivables.
Term Finance			
From Banks			

- ICICI Ltd.	6,418,476	7,229,897	Secured by hypothecation of sundry assets of the company. The amount is payable in various equated installments.
- HDFC Bank Ltd.	132,314	170,037	
From Others			
- India Cement Cap & Fin Limited	--	19,698	
- Kotak Mahindra Primus Ltd.	883,111	992,220	
- Ford Credit Kotak Mahindra Ltd	196,080	243,606	
Sub Total	7,629,981	8,655,458	
Total (Rs)	73,815,075	70,509,953	

4) Unsecured Loans

Unsecured Loans are long term in nature from various parties carrying interest @ 12%-15% per annum.

5) Investments

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
In Government Securities						
Kisan Vikas Patra	--	--	--	--	1,000	1,000
Long Term – Trade						
Other than Subsidiaries						
Cyber Media Foundation Ltd.	2,500,000	2,500,000	2,500,000	1,000,000	--	--
Cyber Astro Limited	750,000	750,000	750,000	750,000	750,000	750,000
Share Application Money						
Cyber Media Foundation Ltd.	800,000	800,000	--	--	--	--
Subsidiaries						
Cyber India Online Limited	10,000,700	10,000,700	10,000,700	10,000,700	10,000,700	10,000,700
Cyber Multimedia (India) Ltd.	1,000,700	1,000,700	1,000,700	1,000,700	1,000,700	700
Cyber Media Events Ltd.	500,700	500,700	500,700	500,700	500,700	700
IDC (India) Ltd.	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Cyber Holdings Limited	500,700	500,700	500,700	700	700	700
Share Application Money						
IDC (India) Limited	--	--	2,550,000	2,550,000	--	--
Long Term – Other than Trade						
SQL Star International Limited	2,466,940	2,466,940	1,953,970	1,953,970	1,441,000	1,441,000
Complott Consultants Pvt. Ltd.	--	--	--	156,200	156,200	156,200
Total (Rs)	20,019,740	20,019,740	21,256,770	19,412,970	15,351,000	13,851,000

6) Sundry Debtors

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Debts exceeding six months	5,334,139	8,646,771	7,926,300	11,100,400	8,416,295	6,534,627
Other Debts	96,592,646	74,120,709	54,287,646	48,126,486	39,626,521	61,528,279
Total (Rs)	101,926,785	82,767,480	62,213,946	59,226,886	48,042,816	68,062,906

7) Loans & Advances
Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Sundry Advances	22,619,639	21,870,478	20,642,184	19,534,799	21,138,075	9,911,903
Advance Income Tax	--	1,754	7,466,746	5,614,509	5,550,709	1,309,336
Security Deposits	1,074,700	1,074,700	1,099,592	1,986,566	1,759,066	1,760,903
Total (Rs)	23,694,339	22,946,933	29,208,522	27,135,874	28,447,850	12,982,142

8) Related Party Transactions
Amount in Rs.

Current Liabilities include due to:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
IDC (India) Limited	--	--	--	--	151,544	--
Cyber Media Events Limited	--	--	--	--	3,421,586	--
Cyber Media Foundation Limited	195,000	--	--	--	--	--
Total (Rs)	195,000	--	--	--	3,573,130	--

Amount in Rs.

Sundry Debtors include due from:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
IDC (India) Limited	608,071	1,423,125	1,751,748	1,161,535	--	505,688
Cyber Multimedia (India) Limited	4,245,383	2,740,421	840,000	--	--	--
Cyber India Online Limited	1,632,873	1,143,135	1,383,057	--	2,024,530	--
Cyber Media Events Limited	3,142,414	4,693,288	2,835,489	1,169,226	--	--
Cyber Media Foundation Limited	--	250,000	--	--	--	--
Cyber Holdings Limited	55,427	55,127	49,423	43,223	42,623	--
Total (Rs)	9,684,168	10,305,096	6,859,717	2,373,984	2,067,153	505,688

Amount in Rs.

Loans and Advances include due from:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber India Online Limited	15,384,402	15,859,402	15,908,055	16,093,756	7,561,393	--
Cyber Astro Limited	4,245,185	4,228,161	3,140,153	2,923,535	1,606,122	680,697
Total (Rs)	19,629,587	20,087,563	19,048,208	19,017,291	9,167,515	680,697

Amount in Rs.

Income includes Sales & Service transactions with:	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
IDC (India) Limited	260,000	25,000	6,125	--	58,575	--
Cyber Multimedia (India) Ltd.	62,250	69,558	844,000	--	--	--
Cyber India Online Limited	795,551	1,798,744	211,137	293,691	1,566,196	--
Cyber Media Events Limited	305,499	1,367,143	--	--	--	--
Cyber Media Foundation Ltd.	69,560	297,000	--	--	--	--
Cyber Astro Limited	187,649	651,000	--	--	--	--
Total (Rs)	1,680,509	4,208,445	1,061,262	293,691	1,624,771	-

Amount in Rs

Expenditure includes transactions with:	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
IDC (India) Limited	434,500	2,310,000	1,011,000	--	--	--
Cyber Multimedia (India) Limited	140,750	250,086	761,946	--	--	--
Cyber India Online Limited	305,813	740,777	990,506	--	--	--
Cyber Media Events Limited	856,373	1,610,489	20,200	--	--	--
Cyber Astro Limited	145,583	30,000	--	--	--	--
Cyber Media Foundation Limited	--	70,000	70,000	--	--	--
Pradeep Gupta	40,000	120,000	120,000	120,000	120,000	120,000
Sudha Bala Gupta	50,000	150,000	150,000	150,000	150,000	150,000
Manag�rial R�mun�ration	1,855,040	5,195,920	5,011,620	4,047,640	2,469,800	2,234,698
Total (Rs)	3,828,059	10,277,272	8,135,272	4,317,640	2,739,800	2,504,698

Amount in Rs

Common Expenses include:	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
IDC (India) Ltd.	1,932,445	5,316,265	4,133,013	3,784,436	4,796,515	2,201,345
Cyber Multimedia (India) Ltd.	2,323,665	6,220,793	5,129,504	5,225,428	4,226,802	--
Cyber India Online Ltd.	--	1,798,783	1,280,589	1,164,173	1,058,334	--
Cyber Media Events Ltd.	--	1,323,871	--	--	--	--
Total (Rs)	4,256,110	14,659,712	10,543,106	10,174,037	10,081,651	2,201,345

Note:

Cyber Media (India) Limited and its' subsidiaries operate from various offices including corporate facility 'Cyber House' at Gurgaon, Haryana, NCR and offices spread across country. These office facilities are either owned or leased by the Company. Further, the Infrastructure Group of the Company provides accounting, administrative, systems, personnel, training, legal and corporate support to subsidiaries. The common operational administrative expenses and these common support services are reimbursed by the subsidiaries on a predetermined basis dependent upon various identified parameters. These expenses appear in the Company's accounts, net of reimbursement.

Relationship Chart

Name of the Related Party	Relationship
Cyber Multimedia (India) Limited	Subsidiary
IDC (India) Limited	Subsidiary
Cyber India Online Limited	Subsidiary
Cyber Media Events Limited	Subsidiary
Cyber Holdings Limited	Subsidiary
Cyber Astro Limited	Associate Company
Cyber Media Foundation Limited	Associate Company
Pradeep Gupta	Chairman & Managing Director
Sudha Bala Gupta	Mother of Mr Pradeep Gupta

9) Segment Reporting

As per Accounting Standard 17 issued by the Institute of Chartered Accountants of India, the Company operates in a single primary segment (Business Segment) i.e. Publishing.

10) Earnings per Share

	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Profit/(Loss) attributable to the equity shareholders Rs.'000 (A)	134,417	25,781	7,348	2,897	3,148	5,938
Weighted average number of equity shares outstanding during the year (B)	7,177,480	6,951,510	6,878,571	6,492,853	6,344,176	6,339,134
Nominal value of equity share (Rs.)	10	10	10	10	10	10
Basic and Diluted Earning Per Share (Rs.) (A)/(B)	5.61*	3.71	1.07	0.45	0.50	0.94

* Annualized

11) The Company holds 80.42% of the paid up equity capital in Cyber India Online Limited. Reserve Bank of India has approved the acquisition by Cyber Media (India) Limited, of 1,435,000 equity shares of Re. 1/- each, comprising 11.54% of the total paid-up equity of the Company from Intel Pacific Inc. at an agreed consideration of Rs. 2,496,900/-. Though the payment has already been effected, the shares are still in the process of transfer. Consequent upon the completion of transfer formalities, the abovementioned shareholding will increase to 91.96%. The accounts for the 4-month period ended 31-July-2004 have been prepared with the Company's share holding at 91.96%.

12) Contingent Liability

- Bank Guarantee amounting to Rs.78, 000/- (Seventy Eight thousands) only given to Prasara Bharti.
- Guarantees given to State Bank of Mysore to secure facilities of aggregating to Rs 20.00 million provided to secure facilities around Rs. 10 Million each for IDC (India) Limited and CyberMedia Digital Limited (Formerly Cyber Multimedia (India) Limited)
- Company is disputing at various appellate levels additions to the tune of Rs.45.45 million made by the Income Tax Authorities in different assessment years primarily based on the assessment framed for 1989-90. As per the latest notice of demand issued by the Income Tax Authorities, a demand of Rs.199,998/- has been claimed as pending while as per the company records, this has been paid.
- The Company has received legal notices of claims/ lawsuits filed against relating to defamation amounting to Rs.2.50 million. In the opinion of the management no liability is likely to arise on account of such claims/ lawsuits.

13) Material Events

The Company at the commencement of the financial year 2000-01 divested its multimedia and events business into wholly owned subsidiaries namely Cyber Multimedia (India) Limited and Cyber Media Events Limited (formerly Cyber Expo Limited) respectively.

14) Subsequent Events

There are no significant events since 31st July 2004.

CYBER MEDIA (INDIA) LIMITED
CASH FLOW STATEMENT as per restated, unconsolidated financial statements
Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
A. CASH FLOW FROM OPERATING ACTIVITIES						
Profit before tax	20,828,671	37,074,000	10,911,656	4,967,875	5,361,492	15,725,898
<u>Adjustments for :</u>						
- Depreciation	2,059,324	5,937,122	4,861,903	4,299,813	5,601,734	4,811,510
- Exchange Difference	(326,461)	141,078	(41,615)	(27,128)	(341,847)	(260,267)
- Interest Income	(224,976)	(710,333)	(87,480)	(77,486)	(77,579)	(73,820)
- Dividend Income	(375,105)	(2,100,630)	(600,210)	(888,280)	(489,950)	(99,980)
- Interest Expense	2,597,341	9,507,377	11,154,172	9,578,527	9,841,138	10,637,099
Operating Profit Before Working Capital Changes	24,558,794	49,848,614	26,198,426	17,853,322	19,894,988	30,740,440
<u>Adjustments for :</u>						
- (Incr)/Decr. in Inventories	(1,900,915)	(1,434,181)	(254,109)	10,337,738	449,595	(3,168,288)
- (Incr)/Decr. in Debtors	(19,159,305)	(20,553,534)	(2,987,060)	(11,184,070)	20,020,090	(17,315,718)
- (Incr)/Decr. in Loans & Adv	(749,861)	(1,202,702)	(220,412)	1,169,604	(11,224,335)	3,888,469
- Incr/(Decr). in Curr. Liabilities	6,868,748	2,984,286	5,813,354	(9,982,415)	(591,544)	14,335,808
Cash Generated-Operations	9,617,461	29,642,483	28,550,199	8,194,179	28,548,794	28,480,711
Income Tax Paid	538,814	1,535,009	3,352,237	563,800	4,841,373	4,796,058
Net Cash-Operating Activities	9,078,647	28,107,475	25,197,962	7,630,379	23,707,422	23,684,653
B. NET CASH FLOW FROM INVESTING ACTIVITIES						
Inflow:						
Interest Received	224,976	710,333	87,480	77,486	77,579	73,820
Dividend Received	375,105	2,100,630	600,210	888,280	489,950	99,980
Outflow:						
Acquisition of fixed assets	2,248,874	6,760,663	16,049,941	4,698,913	5,087,597	5,402,037
New Project Expenses	7,360,053	12,617,250	--	--	--	--
Purchase of investments	--	(1,237,030)	1,843,800	4,061,970	1,500,000	10,732,100
Net Cash-Investing Activities	(9,008,846)	(15,329,920)	(17,206,051)	(7,795,117)	(6,020,068)	(15,960,337)
C. CASH FLOW FROM FINANCING ACTIVITIES						
Inflow:						
Proceeds from issue of Share Capital	1,630	2,830,055	62,605	3,418,750	92,500	20,000
Share Application money	--	--	--	1,245,330	2,200,000	--
Share Premium Received	3,260	632,000	--	--	--	--
Proceeds from Secured Loans	3,305,122	(454,388)	4,540,182	7,450,396	(7,923,715)	5,945,994
Proceeds from Unsecured Loans	--	--	(40,144)	47,145	3,389,986	--
Outflow:						
Dividend paid	2,116,350	1,564,761	1,075,295	4,414,179	4,874,481	2,904,908
Interest Paid	2,597,341	9,507,377	11,154,172	9,578,527	9,841,138	10,637,099
Net Cash-Financing Activities	(1,403,679)	(8,064,471)	(7,666,824)	(1,831,086)	(16,956,848)	(7,576,013)
D. EXCHANGE DIFFERENCE	326,461	(141,078)	41,615	27,128	341,847	260,267
Net Cash & Cash Equivalents (A+B+C+D)	(1,007,417)	4,572,005	366,702	(1,968,695)	1,072,352	408,569
Opening Balance	5,834,285	1,262,280	895,577	2,864,272	1,791,920	1,383,350
Closing Balance	4,826,868	5,834,285	1,262,280	895,577	2,864,272	1,791,920

- The cash flow statement has been prepared in accordance with the requirements of Accounting Standard – 3 “Cash Flow Statement” issued by the Institute of Chartered Accountants of India.
- Cash flows have been reported using the indirect method, whereby the net profit is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments, segregating between cash flows.
- Significant cash and cash equivalent balances held by the enterprise are available for use by the company.

CYBER MEDIA (INDIA) LIMITED
STATEMENT OF ACCOUNTING RATIOS
Amount in Rs

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Earning Per Share (Rs.)	5.61*	3.71	1.07	0.45	0.50	0.94
Net Asset Value per Share (Rs)	14.73	14.34	12.38	12.92	11.48	11.33
Return on Net Worth % (Annualized)	38.06	25.86	8.63	3.45	4.32	8.27
Weighted Average Number of Equity Shares Outstanding during the year/period	7,177,480	6,951,510	6,878,571	6,492,853	6,344,176	6,339,135

* Annualized

Formula:

Earnings per share (Rs)	$\frac{\text{Adjusted Profit (Loss), after tax and before extraordinary items}}{\text{Weighted average number of equity shares outstanding during the year/period}}$
Net Asset Value per share (Rs)	$\frac{\text{Net Worth as at the year/period end}}{\text{Weighted average number of equity shares outstanding during the year/period}}$
Return on Net Worth (%)	$\frac{\text{Adjusted Profit (Loss), after tax and before extraordinary items}}{\text{Net Worth as at the year/period end}}$
Net Worth excludes	Miscellaneous Expenditure Deferred Revenue Expenditure Debit balance in Profit and Loss Account

CYBER MEDIA (INDIA) LIMITED
CAPITALIZATION STATEMENT
Amount in Rs

Particulars	Pre-Issue	Post-Issue
DEBTS		
Long Term Debt	6,438,014	6,438,014
Long Term Debt, payable within one year	17,066,881	17,066,881
Working Capital Loan	53,310,180	53,310,180
Short Term Debt	396,987	396,987
Total Debt	77,212,062	77,212,062
SHAREHOLDERS' FUNDS		
Share Capital	71,775,000	100,000,000
Share Premium Account	2,115,810	143,240,810
General Reserve	30,100,000	30,100,000
Profit & Loss Account	21,727,833	21,727,833
Total Shareholders' Funds	125,718,643	295,068,643
Long Term Debt to Equity	0.05	0.02

Notes:
Amount in Rs

Particulars	31-Jul-04	Additions	Pre-Issue
Shareholders' Funds			
Share Capital	71,775,000	--	71,775,000
Share Premium Account	2,115,810	--	2,115,810
General Reserve	30,100,000	--	30,100,000
Profit & Loss Account	21,727,833	--	21,727,833
Total Shareholders' Funds	125,718,643	--	125,718,643

CYBER MEDIA (INDIA) LIMITED
STATEMENT OF TAX SHELTERS
Amount in Rs

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Profit/(Loss) before Tax	20,828,671	37,074,000	10,911,656	4,967,875	5,361,492	15,725,898
Actual Rate of Tax (%)	35.875%	35.875%	35.88%	35.70%	39.55%	38.50%
Tax at Actual Rate on Profits	7,472,286	13,300,297	3,914,557	1,773,531	2,120,470	6,054,471
Adjustments						
<u>Permanent Differences</u>						
Deduction u/s 80 M/ 10(34)	(375,105)	(2,100,630)	(600,210)	(888,280)	(489,950)	(99,980)
Profit on Sale of Assets	--	--	--	--	--	(692,658)
Expenses Disallowed	--	--	25,500	298,516	94,242	100,459
Others	--	--	--	--	--	(3,503)
Total Permanent Differences (A)	(375,105)	(2,100,630)	(574,710)	(589,764)	(395,708)	(695,682)
<u>Timing Differences</u>						
Difference between Book Depreciation and Tax Depreciation	(1,150,709)	(6,394,192)	(6,843,424)	(4,680,483)	(3,725,258)	(8,624,502)
Unabsorbed Depreciation	--	--	--	303,272	(772,723)	2,162,810
Total Timing Differences (B)	(1,150,709)	(6,394,192)	(6,843,424)	(4,377,211)	(4,497,981)	(6,461,692)
Net Adjustment (A+B)	(1,525,814)	(8,494,822)	(7,418,134)	(4,966,975)	(4,893,689)	(7,157,374)
Tax Expense/(Saving) thereon	(547,386)	(3,047,517)	(2,661,256)	(1,773,210)	(1,935,454)	(2,755,589)
Tax Payable	6,924,900	10,252,780	1,253,301	321	185,016	3,298,882
Taxable Income As Per MAT	20,453,566	34,973,370	10,311,446	4,079,595	4,871,542	4,687,770
Tax as per MAT	1,572,368	2,688,578	773,360	312,089	427,478	1,804,791
Tax as per Summary Profit and Loss Account as restated	7,412,000	11,293,000	3,564,000	2,071,000	2,213,000	9,788,000

CYBER MEDIA (INDIA) LIMITED**STATEMENT OF POSSIBLE TAX BENEFITS****Under the Income-Tax Act, 1961 ('Act')*****BENEFITS AVAILABLE TO THE COMPANY*****Tax holiday under Section 10A of the Act**

As per the provisions of Section 10A of the Act, the Company is eligible to claim a benefit with respect to profits derived by its undertaking/s from the export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to manufacture or produce such articles or things or computer software. However, the benefit is available subject to fulfillment of conditions prescribed by the Section and no benefit under this Section shall be allowed with respect to any such undertaking for the assessment year beginning on the 1st day of April, 2010 and subsequent years. The eligible amount would be the proportion that the profits of the undertaking/s bear to the export turnover of the undertaking/s vis-à-vis the total turnover of the undertaking/s.

Tax holiday under Section 10B of the Act

As per the provisions of Section 10B of the Act, the Company is eligible to claim a benefit with respect to profits derived from a hundred percent export oriented undertaking/s setup for export of articles or things or computer software for a period of ten consecutive assessment years, beginning with the assessment year relevant to the previous year in which the undertaking/s begin to manufacture or produce such articles or things or computer software. However, the benefit is available subject to fulfillment of conditions prescribed by the Section and no benefit under this Section shall be allowed with respect to any such undertaking for the assessment year beginning on the 1st day of April, 2010 and subsequent years. The eligible amount would be the proportion that the profits of the undertaking/s bear to the export turnover of the undertaking/s vis-à-vis the total turnover of the undertaking/s.

Dividends exempt under Section 10(34)

Dividends received by the Company from other domestic companies are exempt in the hands of Company as per the provisions of Section 10(34) of the Act

BENEFITS AVAILABLE TO RESIDENT SHAREHOLDERS***Dividends exempt under Section 10(34)***

Dividends (whether interim or final) declared, distributed or paid by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Act.

Computation of Capital Gains

Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. All capital assets (except shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a Company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently, capital gains arising on sale of Shares held in a Company or any other listed securities or units of UTI or specified Mutual Fund units held for more than 12 months are considered as "long term capital gains".

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long

term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

Under section 10(38) of the Act, long term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized Stock Exchange in India, on or after the date on which Chapter VII of the Finance Act, 2004 comes into force, such transaction chargeable to Securities Transaction Tax shall be exempt from tax.

Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company that are not exempt under section 10(38) of the Act, shall not be chargeable to tax if the whole or any part of the capital gains is invested in certain notified bonds within a period of six months after the date of such transfer. However if the said bonds are transferred or converted into money within three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company that are not exempt under section 10(38) of the Act, shall not be chargeable to tax if the whole or any part of the capital gains is invested in acquiring equity shares of Indian Company forming part of an "eligible issue of share capital" within a period of six months after the date of such transfer. However if the said shares are transferred within a period of one year from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the shares are transferred. Eligible issue of share capital has been defined as an issue of equity shares which satisfies the following conditions:

- the issue is made by a public company formed and registered in India; and
- the shares forming part of the issue are offered for subscription to the public.

Under section 54F of the Act, long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company, will be exempt from tax subject to other conditions specified therein, if the sale proceeds from such shares are used for the purpose of purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.

Under Section 111A of the Act, short term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after the date on which Chapter VII of the Finance Act, 2004 comes into force shall be subject to tax at a rate of 10% (plus applicable surcharge and education cess).

Under Section 112 and other relevant provisions of the Act, long term capital gains arising on transfer of shares of the company not covered by section 10(38) of the Act, shall be subject to tax at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder. However, as per the proviso to section 112(1) of the Act, if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20% with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10% without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10% (plus applicable surcharge and education cess).

Benefits Available to Mutual Funds

Under section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income-tax on all their income, including income from investment in the equity shares of a company.

Benefits Available to Venture Capital Companies/Funds

Under Section 10(23FB) of the Act, all venture capital companies / funds registered with the Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income-tax on all their income, including income from investment in the equity shares of a company.

Benefits Available to Resident Shareholders under the Wealth Tax Act, 1957

Shares of the Company held by the shareholders will not be treated as an asset within the meaning of section 2(ea) of the Wealth Tax Act, 1957 and hence Wealth Tax will not be applicable.

Benefits Available to Resident Shareholders under the Gift Tax Act, 1958

Gift of shares of the Company made on or after October 1, 1998 would not be liable to Gift Tax provided the gift is made to related persons. Gift of shares of the company to unrelated persons exceeding Rs 25,000/- would however be taxed as income in the hands of the recipient as per amendment made by the Finance Act, 2004.

Notes:

All the above benefits are as per the current tax laws as amended by the Finance Act, 2004 and will be available only to the sole / first named holder in case the shares held by joint holders. Legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time and these may have a bearing on the advice that has been given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this note.

In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific consequences of his / her participation in the scheme.

CYBER MEDIA (INDIA) LIMITED
DETAILS OF LOANS
Amount in Rs

Particulars		Purpose	As At					Amount in Lakhs
			31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
A. Secured Loans								
ICICI Bank Ltd	Term Loan	--	--	--	--	16,149,226	26,455,874	
IL & FS Limited	Term Loan	--	--	26,907,851	30,362,400	--	--	
State Bank of Mysore	Term Loan	12,874,914	16,874,914	--	--	--	--	
State Bank of Mysore	Cash Credit	49,860,180	44,979,582	--	--	--	--	
State Bank of Mysore-LC	Letter of Credit	3,450,000	--	--	--	--	--	
ICICI Bank Ltd.	Cash Credit	--	--	35,451,148	32,031,705	39,346,288	38,664,283	
ANZ Grindlays Bank	Vehicle Loan	--	--	--	16,329	35,016	128,680	
Ford Credit Kotak Mahindra Ltd.	Vehicle Loan	196,080	243,606	379,090	--	--	--	
HDFC Bank Ltd.	Vehicle Loan	132,314	170,037	275,465	--	--	--	
ICICI Bank Ltd.	Asset Loan	6,418,476	7,229,897	7,462,560	2,299,521	2,387,443	--	
India Cement Capital & Finance Ltd.	Vehicle Loan	--	19,697	426,038	754,436	--	--	
Kotak Mahindra Primus Ltd.	Vehicle Loan	883,111	992,220	--	--	--	--	
Standard Chartered Bank	Vehicle Loan	--	--	--	--	162,085	659,311	
Scotia Finance Pvt. Ltd.	Vehicle Loan	--	--	62,190	738,044	--	--	
The Associates	Vehicle Loan	--	--	--	48,323	567,626	989,331	
The Hongkong and Shanghai Banking	Vehicle Loan	--	--	--	173,403	326,079	--	
Sub Total (A)		73,815,075	70,509,953	70,964,342	66,424,160	58,973,764	66,897,479	
B. Unsecured Loans								
Shukriya Leasing Pvt. Ltd.	Long Term Loan	--	--	--	3,000,000	3,000,000	--	
Turant Leasing & Finance Pvt. Ltd.	Long Term Loan	3,000,000	3,000,000	3,000,000	--	--	--	
Sundries	Short Term Loan	396,987	396,987	396,987	437,131	389,986	--	
Sub Total (B)		3,396,987	3,396,987	3,396,987	3,437,131	3,389,986	--	
Total (A+B)		77,212,062	73,906,940	74,361,329	69,861,291	62,363,750	66,897,479	

CYBER MEDIA (INDIA) LIMITED
DETAILS OF OTHER INCOME
Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Difference in Exchange (R) (N)	326,461	--	41,615	27,128	341,847	692,658
Dividend Income (R) (O)	375,105	2,100,630	600,210	888,280	489,950	99,980
Facility Service Charges (R) (O)	260,000	540,000	540,000	--	--	115,740
Insurance Claim (NR) (O)	0	0	6,346	156,777	53,511	451,175
Interest Income (R) (O)	224,976	710,333	87,480	77,486	77,579	73,820
Profit on Sale of Assets (NR)(O)	--	--	--	--	--	260,267
Scrap (R) (N)	129,372	659,093	368,545	526,710	504,126	1,479,310
Total	1,315,914	4,010,056	1,644,196	1,676,381	1,467,013	3,172,950

Keys:

R – Of Recurring nature

NR – Of Non-Recurring nature

N – Normal business activity

O – Other than normal business activity

Working Notes:

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Other Income (Rs) (A)	1,315,914	4,010,056	1,644,196	1,676,381	1,467,013	3,172,950
Net Profit Before Tax (Rs) (B)	20,828,671	37,074,000	10,911,656	4,967,875	5,361,492	15,725,898
(A)/(B) %	6.32%	10.82%	15.07%	33.74%	27.36%	20.18%

CYBER MEDIA (INDIA) LIMITED
DETAILS OF DIVIDENDS
Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Paid up Share Capital	71,775,000	71,773,370	31,895,205	23,501,250	20,082,500	1,990,000
Face Value per Share	10	5	10	10	10	10
Proposed Dividend	--	1,881,200	1,390,899	1,075,295	4,005,607	3,995,476
Corporate Dividend Tax	--	235,150	173,862	--	408,572	879,005
Rate of Dividend	--	5%*	5%*	5%*	20%	20%
(*) Pro-Rata						

Note:

The shareholders, in the extra – ordinary general meeting held on June 23, 2004 had approved the consolidation of two equity shares of face value of Rs.5/- each into one equity share of face value of Rs.10/-. Subsequent to this consolidation the Issued, Subscribed and Paid up Share Capital of Rs.14,355,000 have been converted into 7,177,500 equity shares of Rs.10/- each. . However, the aforesaid dividend ratio has been computed on the basis of face value per share as existed on the date of recommendation/ approval of the date of declaration of dividend.

IDC (INDIA) LIMITED
SUMMARY PROFIT & LOSS ACCOUNT, AS RESTATED

The profits/(losses) of **IDC (India) Limited** for the four month period ended 31-July-2004 and the five financial years ended 31-March 2004, 2003, 2002, 2001 and 2000 after making adjustments of certain matters (refer Appendix AC below) and read together with significant accounting policies (refer Appendix AD below) and notes to accounts (refer Appendix AE below), are as set out below:

Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
INCOME						
Sales and Services	30,743,843	60,662,389	43,216,865	42,493,447	36,308,728	24,172,211
Other Income	187,714	359,517	861,118	505,621	352,923	251,032
Total Income	30,931,557	61,021,906	44,077,983	42,999,068	36,661,651	24,423,243
EXPENDITURE						
Raw Material	18,217,014	28,544,409	15,458,384	16,479,115	10,031,656	5,746,953
Employee Cost	5,194,727	13,745,743	13,801,199	12,922,297	10,286,748	7,907,120
Administrative, Distribution & other Costs	3,798,284	11,011,231	9,290,258	9,304,649	11,617,881	8,373,298
Total Expenditure	27,210,025	53,301,383	38,549,841	38,706,061	31,936,285	22,027,371
Profit/(Loss) EBITDA	3,721,532	7,720,523	5,528,142	4,293,006	4,725,366	2,395,872
Interest & Financial Charges	376,837	889,714	593,934	675,136	396,865	234,220
Profit/(Loss) Before Depreciation & Tax	3,344,695	6,830,808	4,934,208	3,617,870	4,328,501	2,161,652
Depreciation	605,161	1,113,687	736,343	700,047	317,705	164,285
Profit/(Loss) Before Tax	2,739,534	5,717,121	4,197,865	2,917,823	4,010,796	1,997,367
Current Tax	936,000	1,400,000	1,600,000	1,000,000	1,400,000	700,000
Deferred Tax	41,000	669,000	63,000	487,000	262,000	94,000
Provision written back	--	(444,085)	(101,624)	(76,882)	--	--
Total Tax	977,000	1,624,915	1,561,376	1,410,118	1,662,000	794,000
Adjusted Profit/(Loss) After Tax	1,762,534	4,092,206	2,636,489	1,507,705	2,348,796	1,203,367
Brought Forward Profit/(Loss) from Previous year	962,799	1,092,218	1,293,229	1,085,524	67,328	(70,039)
Available for Appropriation	2,725,333	5,184,424	3,929,718	2,593,229	2,416,124	1,133,328
APPROPRIATIONS						
General Reserve	--	2,956,000	2,500,000	1,000,000	1,000,000	700,000
Interim / Proposed Dividend	--	1,125,000	300,000	300,000	300,000	300,000
Tax on Interim / Proposed Dividend	--	140,625	37,500	--	30,600	66,000
Profit/(Loss) transferred to Balance Sheet	2,725,333	962,799	1,092,218	1,293,229	1,085,524	67,328
	2,725,333	5,184,424	3,929,718	2,593,229	2,416,124	1,133,328

IDC (INDIA) LIMITED
SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

The assets and liabilities of **IDC (India) Limited** as at 31-July-2004, 31-March, 2004, 2003, 2002, 2001 and 2000 after making adjustments of certain matters (refer Appendix AC below) and read with significant accounting policies (refer Appendix AD below) and notes to accounts (refer Appendix AE below), are as set out below:

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
APPLICATION OF FUNDS						
Fixed Assets						
Gross Block	18,329,361	18,143,411	8,193,758	5,804,724	4,599,472	1,433,247
Less: Depreciation	3,698,012	3,092,851	1,979,164	1,256,595	556,548	238,843
Net Block	14,631,349	15,050,560	6,214,594	4,548,129	4,042,924	1,194,404
Investments	--	--	750,000	750,000	--	--
Current Assets						
Sundry Debtors	14,504,209	15,294,507	9,604,089	8,871,935	6,287,984	5,027,608
Cash and Bank Balances	3,252,745	3,128,330	566,427	376,843	78,085	43,479
Other Current Assets	15,563	143,517	70,721	70,721	--	--
Loans and Advances	3,346,212	2,333,371	3,615,845	4,441,015	2,782,073	(2,459)
Total Current Assets (A)	21,118,729	20,899,725	13,857,081	13,760,513	9,148,142	5,068,628
Current Liabilities						
Sundry Creditors	13,355,985	14,962,217	4,409,772	4,286,528	2,399,561	2,238,506
Provisions	--	365,625	337,500	300,000	330,600	66,000
Total Current Liabilities (B)	13,355,985	15,327,842	4,747,272	4,586,528	2,730,161	2,304,506
Net Current Assets (A-B)	7,762,744	5,571,883	9,109,810	9,173,986	6,417,981	2,764,122
Miscellaneous Expenditure	3,588	3,588	4,485	5,382	6,279	7,176
Total	22,397,681	20,626,031	16,078,888	14,477,497	10,467,183	3,965,702
SOURCES OF FUNDS						
Share Capital & Reserves						
Share Capital	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Share Application Money	--	--	2,550,000	2,550,000	--	--
Reserves and Surplus	11,281,333	9,518,799	6,692,218	4,393,229	3,185,524	1,167,328
Total	12,781,333	11,018,799	10,742,218	8,443,229	4,685,524	2,667,328
Deferred Tax Liability	1,729,000	1,688,000	1,019,000	956,000	469,000	207,000
Loan Funds						
Secured Loans	7,807,348	7,839,232	4,187,671	4,948,267	5,312,660	1,091,375
Unsecured Loans	80,000	80,000	130,000	130,000	--	--
Total	7,887,348	7,919,232	4,317,671	5,078,267	5,312,660	1,091,375
Total	22,397,681	20,626,031	16,078,888	14,477,497	10,467,183	3,965,702

IDC (INDIA) LIMITED
NOTES TO ADJUSTMENTS AND GROUPINGS
Loans and Advances

Loans and Advances include payment of Income Tax, net of provisions for taxation.

Deferred Taxes

Accounting Standard-22 on "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India (ICAI) is mandatory in respect of accounting periods commencing on or after April 1, 2002. As per the said Accounting Standard, deferred tax asset/liability as on April 1, 2002 was appropriated from the balance appearing in General Reserve. However, to maintain uniformity these restated accounts have been recast wherein the deferred tax liability has been recognized in the respective years of origination. Accordingly, the Summary Profit and Loss Account (Appendix AA) is regrouped, with corresponding effect in the carrying amount of Reserves & Surplus and Deferred Tax Liability in the Summary of Assets & Liabilities (Appendix AB), as per the adjustment / grouping below:

Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Profit/(Loss) before Tax	2,739,534	5,717,121	4,197,865	2,917,823	4,010,796	1,997,367
Current Tax	936,000	1,400,000	1,600,000	1,000,000	1,400,000	700,000
Deferred Tax	41,000	669,000	63,000	-	-	-
Excess Provisions written back	-	(444,085)	(101,624)	(76,882)	-	-
Net Profit/(Loss)	1,762,534	4,092,206	2,636,489	1,994,705	2,610,796	1,297,367
Adjustment on account of change in treatment of Deferred Tax, as above	-	-	-	487,000	262,000	94,000
Adjusted Profit/(Loss) After Tax	1,762,534	4,092,206	2,636,489	1,507,705	2,348,796	1,203,367

IDC (INDIA) LIMITED**STATEMENT OF SIGNIFICANT ACCOUNTING POLICES**

(Subject to adjustment of certain matter as stated in Appendix AC being Notes to Adjustments and Groupings)

Statement of Significant Accounting Policies

The significant accounting policies adopted by the Company in respect of these financial statement, are set out below:

1) Basis Of Preparation

The financial statements have been prepared in conformity with Indian Generally Accepted Accounting Principles and to comply in all material respects with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

2) Basis Of Accounting

The accounts are prepared on the accrual concept of accounting under the historical cost convention and on the basis of a going concern.

3) Revenue Recognition

Revenues of all material items and nature are recognized in accordance with Accounting Standard 9 issued by The Institute of Chartered Accountants of India, i.e. at the time of rendering of services or sales. If at the time of rendering of services or sales there is significant uncertainty in ultimate collection of the revenue, then the revenue recognition is postponed and in such cases revenue is recognized only when it becomes reasonably certain that ultimate collection will be made. When uncertainty of collection of revenue arises subsequently after the revenue recognition, provision for the uncertainty in collection is made rather than adjustment in revenue already recognized.

4) Fixed Assets

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, including taxes duties freight and other incidental expenses related to acquisition and installation. Capital work in progress is stated at cost.

5) Investments

Trade Investments refer to the investments made to enhance the company's business interests. Investments are either classified as current and long term. Current investments are carried at the lower of cost and fair value.

Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Any dividends are recorded as income in the profit and loss account.

6) Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of transaction. Monetary items are restated at the year-end foreign exchange rates. Resultant exchange differences arising on payment or conversion of liabilities are recognized as income or expense in the year in which they arise except in respect of liabilities for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of the respective fixed assets.

7) Provision For Current And Deferred Tax

- a) Provision for tax is made for current tax after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961.
- b) Deferred Tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future.

8) Retirement Benefits

- a) Benefits to employees are provided for by contribution to Provident and other Funds, the payments of which are accounted for an accrual basis.

- b) The Company has created a Trust with life Insurance Corporation of India under group Gratuity Scheme. The Premium paid towards this scheme is charged to Profit and Loss Account on Accrual basis
- c) No leave encashment facility is available to the employees during the period of service.
- d) Claim receivable from LIC under group Gratuity Scheme pending settlement have been accounted for on accrual basis.

9) Depreciation

Depreciation on fixed assets and on addition thereto has been provided on pro-rata basis in accordance with and on straight-line method basis at the rates prescribed under by Schedule XIV to the Companies Act, 1956.

10) Leases

Lease Rental in respect of assets taken on 'Operating Lease' is charged to the Profit and Loss Account.

11) Earning Per Share

The earning considered in ascertaining the Company Earning per Share ('EPS') comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

IDC (INDIA) LIMITED
NOTES TO ACCOUNTS
1) Background Information

Certificate of Incorporation Number	55-81509
Date of Incorporation	29.08.1996
Date of Commencement of Business	14.10.1996
Primary Business Segment	Research

2) Shareholding Pattern

The Company is a wholly owned subsidiary of Cyber Media (India) Limited.

3) Share Capital

Amount in Rs

Equity Shares	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Authorized						
Number	250,000	250,000	250,000	250,000	250,000	250,000
Face Value (Rs)	10	10	10	10	10	10
Value (Rs)	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Issued, Subscribed & Paid up						
Fully Paid Up in Cash						
Number	150,000	150,000	150,000	150,000	150,000	150,000
Value (Rs)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total (Rs)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000

4) Share Application Money

Amount in Rs

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media (India) Limited (Holding Company)	--	--	2,550,000	2,550,000	--	--
Total (Rs)	--	--	2,550,000	2,550,000	--	--

5) Particulars of Securities Charged against Secured Loans

Amount in Rs.

	31-Jul-04	31-Mar-04	Particulars
Term Loan			
State Bank of Mysore	2,537,574	2,606,392	Hypothecation over furniture, fixtures and electrical items utilized for interior works inclusive of air-conditioners and DG-set financed by bank valued at Rs. 36 lacs. Personnel Guarantees of: - Mr. Pradeep Gupta - Mr. Shyam Malhotra - Mr. Krishan Kant Tulshan
Cash Credit Facility			
State Bank of Mysore	1,966,269	1,098,002	Secured by book debts, Immovable property. Corporate guarantee of Cyber Media (India) Limited Personnel Guarantees of: - Mr. Pradeep Gupta - Mr. Shyam Malhotra - Mr. Krishan Kant Tulshan
Term Finance			
From Banks			

- ICICI Ltd.	3,052,134	3,845,902	Secured by hypothecation of sundry assets of the company. The amount is payable in various equated installments.
- ABN Amro Bank	251,371	288,936	
Total (Rs)	7,807,348	7,839,232	

6) Unsecured Loans

Are interest free performance security deposit from vendors.

7) Investments

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
13.5% Convertible Debentures of SQL Star International Limited, a company in which a promoter is interested as a promoter.	--	--	750,000	750,000	--	--
Total (Rs)	--	--	750,000	750,000	--	--

8) Sundry Debtors

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Debts exceeding six months	2,000,652	2,421,025	1,110,347	422,266	60,000	152,443
Other Debts	12,503,557	12,873,482	8,493,742	8,449,669	6,227,984	4,875,165
Total (Rs)	14,504,209	15,294,507	9,604,089	8,871,935	6,287,984	5,027,608

9) Loans & Advances

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Advances	3,170,126	1,883,451	3,643,864	4,206,753	2,516,457	223,727
Advance Income Tax	176,086	449,920	(28,019)	234,262	2,65,616	(2,26,186)
Total (Rs)	3,346,212	2,333,371	3,615,845	4,441,015	2,782,073	(2,459)

10) Related Party Transactions

Amount in Rs.

Current Liabilities include due to:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media (India) Limited	608,071	1,423,125	1,751,748	1,161,535	--	505,688
Cyber India Online Limited	--	--	--	--	58,188	--
Total (Rs)	608,071	1,423,125	1,751,748	1,161,535	58,188	505,688

Amount in Rs.

Sundry Debtors include due from:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber India Online Limited	105,600	--	358,011	--	--	--
Cyber Media (India) Limited	--	--	--	--	151,544	--
Cyber Multimedia (India) Limited	116,841	116,841	214,341	--	-	--
Total (Rs)	222,441	116,841	572,352	-	151,544	-

Amount in Rs.

Income includes Sales & Service transactions with:	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media (India) Limited	434,500	23,10,000	1,011,000	--	--	--
Cyber India (Online) Limited	105,600	7,44,356	402,561	140,270	--	--
Total (Rs)	540,100	30,54,356	1,513,561	140,270	--	--

Amount in Rs

Expenditure includes transactions with:	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber India (Online) Limited	--	36,000	25,477	36,833	82,033	--
Cyber Media (India) Limited	2,192,445	5,341,265	4,139,138	3,784,436	4,855,090	2,201,345
Cyber Multimedia (India) Limited	--	120,000	--	--	--	--
Mrs. Sudha Bala Gupta	30,000	90,000	--	--	--	--
Total (Rs)	2,222,445	5,587,265	4,164,615	3,821,269	4,937,123	2,201,345

Relationship Chart

Name of the Related Party	Relationship
Cyber Media (India) Limited	Holding Company
Cyber Multimedia (India) Limited	Fellow Subsidiary
Cyber India Online Limited	Fellow Subsidiary
Cyber Media Events Limited	Fellow Subsidiary
Cyber Holdings Limited	Fellow Subsidiary
Sudha Bala Gupta	Mother of a Director

11) Segment Reporting

As per Accounting Standard 17 issued by the Institute of Chartered Accountants of India, the Company operates in a single primary segment (Business Segment) i.e. Research & Survey.

12) Earnings per Share

	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Profit/(Loss) attributable to the equity shareholders Rs.'000 (A)	1,762	4,092	2,636	1,508	2,349	1,203
Weighted average number of equity shares outstanding during the year (B)	150,000	150,000	150,000	150,000	150,000	150,000
Nominal value of equity shares (Rs.)	10	10	10	10	10	10
Basic and Diluted Earnings Per Share (Rs.) (A)/(B)	35.25*	27.28	17.58	10.05	15.66	8.02

* Annualized

13) Contingent Liability

State Bank of Mysore has provided financial assistance to the extent of Rs. 20,000,000/- (Rupees Twenty million only) to Cyber Media (India) Limited to meet its long-term liability and the further term loan of Rs. 10,000,000/-(Disbursement pending) for new operations. The Company has hypothecated in favor of State Bank of Mysore a first charge on all movable properties and immovable assets. (Movable assets excluding those charged to hire purchasers). Further a corporate guarantee has been extended by the Company for all credit facility availed by Cyber Media (India) Limited.

14) Material Events

There are no significant reportable material events in last five years.

15) Subsequent Events

There are no significant events since 31st July 2004.

CYBER MULTIMEDIA (INDIA) LIMITED
SUMMARY PROFIT & LOSS ACCOUNT, AS RESTATED

The profits/(losses) of **Cyber Multimedia (India) Limited** for the four month period ended 31-July-2004 and the five financial years ended 31-March 2004, 2003, 2002, 2001 and 2000 after making adjustments of certain matters (refer Appendix BC below) and read together with significant accounting policies (refer Appendix BD below) and notes to accounts (refer Appendix BE below), are as set out below:

Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
INCOME						
Sales and Services	42,550,979	109,138,533	97,568,016	99,989,543	83,396,508	--
Other Income	77,359	388,300	151,305	55,950	349,889	--
Total Income	42,628,338	109,526,833	97,719,321	100,045,493	83,746,397	--
EXPENDITURE						
Raw Material	33,714,133	84,093,568	73,912,814	78,061,120	68,909,814	--
Employee Cost	3,423,949	9,452,247	8,575,464	6,722,045	4,410,563	--
Administrative, Distribution & Other Costs	2,474,919	8,233,893	9,002,767	9,280,248	6,358,396	7,725
Total Expenditure	39,613,001	101,779,708	91,491,045	94,063,413	79,678,773	7,725
Profit/(Loss) EBITDA	3,015,337	7,747,126	6,228,276	5,982,080	4,067,624	(7,725)
Interest & Financial Charges	706,255	1,913,299	1,686,269	1,555,767	438,771	--
Profit/(Loss) Before Depreciation & Tax	2,309,082	5,833,827	4,542,007	4,426,313	3,628,853	(7,725)
Depreciation	259,920	384,570	316,365	268,530	160,427	--
Profit/(Loss) Before Tax	2,049,162	5,449,257	4,225,642	4,157,783	3,468,426	(7,725)
Current Tax	665,000	1,250,000	1,000,000	1,000,000	1,300,000	--
Deferred Tax	71,000	290,000	69,000	461,000	146,000	--
Short Provision of earlier years now created	--	219,061	--	--	--	--
Total Tax	736,000	1,759,061	1,069,000	1,461,000	1,446,000	--
Adjusted Profit/(Loss) After Tax	1,313,162	3,690,196	3,156,642	2,696,783	2,022,426	(7,725)
Brought Forward Profit/(Loss) from Previous year	1,592,450	896,699	1,077,794	681,220	(10,375)	(2,650)
Available for Appropriation	2,905,612	4,586,895	4,234,435	3,378,004	2,012,051	(10,375)
APPROPRIATIONS						
General Reserve	--	2,000,000	3,000,000	2,000,000	1,000,000	--
Interim / Proposed Dividend	--	750,525	300,210	300,210	300,210	--
Tax on Interim / Proposed Dividend	--	243,920	37,526	--	30,621	--
Profit/(Loss) transferred to Balance Sheet	2,905,612	1,592,450	896,699	1,077,794	681,220	(10,375)
	2,905,612	4,586,895	4,234,435	3,378,004	2,012,051	(10,375)

CYBER MULTIMEDIA (INDIA) LIMITED
SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

The assets and liabilities of **Cyber Multimedia (India) Limited** as at 31st July, 2004, 31st March, 2004, 2003, 2002, 2001 and 2000 after making adjustments of certain matters (refer Appendix BC below) and read with significant accounting policies (refer Appendix BD below) and notes to accounts (refer Appendix BE below), are as set out below::

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
APPLICATION OF FUNDS						
Fixed Assets						
Gross Block	7,625,941	7,625,941	5,232,214	2,658,450	1,345,900	--
Less: Depreciation	1,357,782	1,097,862	745,321	428,956	160,427	--
Net Block	6,268,159	6,528,079	4,486,893	2,229,494	1,185,473	--
Current Assets						
Inventories	16,077,725	15,585,074	7,047,738	4,692,245	7,219,354	--
Sundry Debtors	29,989,383	28,259,582	25,190,885	15,556,701	10,319,071	--
Cash and Bank Balances	4,461,497	1,799,268	920,588	715,764	874,959	250
Other Current Assets	12,500	262,500	--	--	--	--
Loans and Advances	828,320	(157,536)	1,498,091	2,782,423	2,044,758	--
Total Current Assets (A)	51,369,425	45,748,888	34,657,302	23,747,133	20,458,142	250
Current Liabilities						
Sundry Creditors	30,781,634	26,064,419	21,226,621	10,269,313	11,684,748	30,925
Provisions	--	243,920	337,736	300,210	330,831	--
Total Current Liabilities (B)	30,781,634	26,308,339	21,564,357	10,569,523	12,015,579	30,925
Net Current Assets(A - B)	20,587,791	19,440,549	13,092,945	13,177,610	8,442,563	(30,675)
Miscellaneous Expenditure	12,600	12,600	14,700	16,800	18,900	21,000
Profit and Loss Account	--	--	--	--	--	10,375
Total	26,868,550	25,981,229	17,594,538	15,423,904	9,646,936	700
SOURCES OF FUNDS						
Share Capital & Reserves						
Share Capital	1,000,700	1,000,700	1,000,700	1,000,700	1,000,700	700
Reserves and Surplus	11,055,717	9,742,555	6,896,699	4,077,794	1,681,220	--
Total	12,056,417	10,743,255	7,897,399	5,078,494	2,681,920	700
Deferred Tax Liability	1,037,000	966,000	676,000	607,000	146,000	--
Loan Funds						
Secured Loans	11,475,133	11,971,974	6,721,138	7,438,410	4,519,016	--
Unsecured Loans	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	--
Total	13,775,133	14,271,974	9,021,138	9,738,410	6,819,016	--
Total	26,868,550	25,981,229	17,594,538	15,423,904	9,646,936	700

CYBER MULTIMEDIA (INDIA) LIMITED**NOTES TO ADJUSTMENTS AND GROUPINGS****Loans and Advances**

Loans and Advances include payment of Income Tax, net of provisions for taxation.

Deferred Taxes

Accounting Standard-22 on "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India (ICAI) is mandatory in respect of accounting periods commencing on or after April 1, 2002. As per the said Accounting Standard, deferred tax asset/liability as on April 1, 2002 was appropriated from the balance appearing in General Reserve. However, to maintain uniformity these restated accounts have been recast wherein the deferred tax liability has been recognized in the respective years of origination. Accordingly, the Summary Profit and Loss Account (Appendix BA) is regrouped, with corresponding effect in the carrying amount of Reserves & Surplus and Deferred Tax Liability in the Summary of Assets & Liabilities (Appendix BB), as per the adjustment / grouping below:

Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Profit/(Loss) before Tax	2,049,162	5,449,257	4,225,642	4,157,783	3,468,426	(7,725)
Current Tax	665,000	1,250,000	1000,000	1,000,000	1,300,000	--
Deferred Tax	71,000	290,000	69,000	--	--	--
Short Provision of earlier years now created	--	219,061	--	--	--	--
Net Profit/(Loss)	1,313,162	3,690,196	3,156,642	3,157,783	2,168,426	(7,725)
Adjustment on account of change in treatment of Deferred Tax, as above	--	--	--	461,000	146,000	--
Adjusted Profit/(Loss) After Tax	1,313,162	3,690,196	3,156,642	2,696,783	2,022,426	(7,725)

CYBER MULTIMEDIA (INDIA) LIMITED**STATEMENT OF SIGNIFICANT ACCOUNTING POLICES**

(Subject to adjustment of certain matter as stated in Appendix BC being Notes to Adjustments and Groupings)

Statement of Significant Accounting Policies

The significant accounting policies adopted by the Company in respect of the Financial Statement, are set out below:

1) Basis Of Preparation

The financial statement has been prepared in conformity with Indian Generally Accepted Accounting Principles and to comply in all material respects with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

2) Basis Of Accounting

The accounts are prepared on the accrual concept of accounting under the historical cost convention and on the basis of a going concern.

3) Revenue Recognition

Revenues of all material items and nature are recognized in accordance with Accounting Standard 9 issued by The Institute of Chartered Accountants of India, i.e. at the time of rendering of services or sales. If at the time of rendering of services or sales there is significant uncertainty in ultimate collection of the revenue, then the revenue recognition is postponed and in such cases revenue is recognized only when it becomes reasonably certain that ultimate collection will be made. When uncertainty of collection of revenue arises subsequently after the revenue recognition, provision for the uncertainty in collection is made rather than adjustment in revenue already recognized.

4) Fixed Assets

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, including taxes duties freight and other incidental expenses related to acquisition and installation. Capital work in progress is stated at cost.

5) Investments

Trade Investments refer to the investments made to enhance the company's business interests. Investments are either classified as current and long term. Current investments are carried at the lower of cost and fair value.

Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Any dividends are recorded as income in the profit and loss account.

6) Inventory Valuation

Inventory of Goods in process, trading goods, packing material, goods in transit are stated at cost or net realizable value, whichever is lower. Cost comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost formulae used are 'First In First Out', 'Average cost', or 'Specific Identification', as applicable. Due allowances is estimated and made for defective and obsolete items, wherever necessary, based on the past experience of the Group.

7) Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of transaction. Monetary items are restated at the year-end foreign exchange rates. Resultant exchange differences arising on payment or conversion of liabilities are recognized as income or expense in the year in which they arise except in respect of liabilities for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of the respective fixed assets.

8) Provision For Current And Deferred Tax

- a) Provision for tax is made for current tax after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961.
- b) Deferred Tax resulting from “timing difference” between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future.

9) Retirement Benefits

- a) Benefits to employees are provided for by contribution to Provident and other Funds, the payments of which are accounted for an accrual basis.
- b) No provision is being made for gratuity as there are no eligible employees.
- c) No leave encashment facility is available to the employees during the period of service.

10) Depreciation

Depreciation on fixed assets and additions made thereon has been provided on pro-rata basis in accordance with and on straight-line method basis at the rates prescribed under by Schedule XIV to the Companies Act, 1956.

11) Leases

Lease Rental in respect of assets taken on ‘Operating Lease’ is charged to the Profit and Loss Account.

12) Earning Per Share

The earning considered in ascertaining the Company Earning per Share (‘EPS’) comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

CYBER MULTIMEDIA (INDIA) LIMITED
NOTES TO ACCOUNTS
1) Background Information

Certificate of Incorporation Number	55-86718
Date of Incorporation	15-04-1997
Date of Commencement of Business	12-09-1997
Primary Business Segment	Multimedia

2) Shareholding Pattern

The Company is a wholly owned subsidiary of Cyber Media (India) Limited.

3) Share Capital

Amount in Rs

Equity Shares	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Authorized						
Number	150,000	150,000	150,000	150,000	150,000	100,000
Face Value (Rs)	10	10	10	10	10	10
Value (Rs)	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,000,000
Issued, Subscribed & Paid Up						
Fully Paid Up in Cash						
Number	100,070	100,070	100,070	100,070	100,070	70
Value (Rs)	1,000,700	1,000,700	1,000,700	1,000,700	1,000,700	700
Total (Rs)	1,000,700	1,000,700	1,000,700	1,000,700	1,000,700	700

4) Particulars of Securities Charged against Secured Loans

Amount in Rs.

	31-Jul-04	31-Mar-04	Particulars
Cash Credit Facility			
ICICI Bank Limited	--	9,465,216	Exclusive first charge in banks favor by way of hypothecation of the borrowers entire stocks of raw materials, work in process, finished goods, consumable stores and spares and such other moveable including book debts, outstanding monies, receivables both present and future of such form satisfactory to the bank.
State Bank of Mysore	9,356,151	--	Personnel Guarantee of Mr. Pradeep Gupta Corporate Guarantee of Cyber Media (India) Limited
Term Finance			
From Banks			
- ICICI Ltd.	1,952,698	2,295,234	Secured by hypothecation of sundry assets of the company. The amount is payable in various equated installments.
- ABN Amro Bank	166,284	211,524	
Total (Rs)	11,475,133	11,971,974	

5) Unsecured Loans

Unsecured Loans are in the nature of long term arrangements from various parties carrying interest @ 12% - 15% per annum.

6) Sundry Debtors
Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Debts exceeding six months	17,56,470	1,855,186	1,213,644	565,498	578,061	--
Other Debts	28,232,913	26,404,396	23,977,241	14,991,203	102,441,010	--
Total (Rs)	29,989,383	28,259,582	25,190,885	15,556,701	103,019,071	--

7) Loans & Advances
Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Advances	1,840,092	369,371	430,835	1,633,230	655,632	--
Security Deposits	96,500	96,500	1,053,000	1,073,577	1,063,000	--
Advance Tax, Net of provisions	(1,118,272)	(633,407)	4,256	65,616	326,126	--
Advance with Sales Tax Authorities	10,000	10,000	10,000	10,000	--	--
Total (Rs)	828,320	(157,536)	1,498,091	2,782,423	2,044,758	--

8) Related Party Transactions
Amount in Rs.

Current Liabilities include due to:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media (India) Limited	4,245,383	2,740,421	8,40,000	-	-	-
Cyber India Online Limited	91,017	134,033	477,786	-	37,600	-
Cyber Media Events Limited	858423	858,423	925288	-	-	-
IDC (India) Limited	116,841	116,841	214,341	-	-	-
Total (Rs)	5,311,664	3,849,718	2,457,415	-	37,600	-

Amount in Rs.

Income includes Sales & Service transactions with:	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media (India) Limited	140,750	250,086	761,946	-	-	-
Cyber India (Online) Limited	6,300	87,674	-	-	-	-
IDC (India) Limited	-	120,000	-	-	-	-
Total (Rs)	147,050	457,760	761,946	-	-	-

Amount in Rs

Expenditure includes transactions with:	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media (India) Limited	2,385,915	6,290,351	5,973,504	5,225,428	4,226,802	-
Cyber India Online Limited	-	36,000	-	-	-	-
Cyber Media Events Limited	-	-	149,350	-	-	-
Mrs. Sudha Bala Gupta	30,000	90,000	-	-	-	-
Total	2,429,384	6,416,351	6,122,854	5,225,428	4,226,802	-

Relationship Chart

Name of the Related Party	Relationship
Cyber Media (India) Limited	Holding Company
Cyber Multimedia (India) Limited	Fellow Subsidiary
IDC (India) Limited	Fellow Subsidiary
Cyber Media Events Limited	Fellow Subsidiary
Sudha Bala Gupta	Mother of a Director

9) Segment Reporting

As per Accounting Standard 17 issued by the Institute of Chartered Accountants of India, the Company operates in a single primary segment (Business Segment) i.e. Intelligent Media Products.

10) Earnings per Share

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Profit/(Loss) attributable to the equity shareholders Rs.'000 (A)	1,313	3,690	3,157	2,697	2,022	(8)
Weighted average number of equity shares outstanding during the year (B)	100,070	100,070	100,070	100,070	100,070	70
Nominal value of equity shares (Rs.)	10	10	10	10	10	10
Basic and Diluted Earnings Per Share (Rs.) (A)/(B)	39.37*	36.88	31.54	26.95	20.21	-

**Annualized*

11) Contingent Liability

- Total of Bank guarantee outstanding as at 31-July-2004 amounts to Rs. 1,234,338/- (Rupees One million two hundred thirty four thousand three hundred and thirty eight only).
- State Bank of Mysore has provided financial assistance to the extent of Rs. 20,000,000/- (Rupees Twenty million only) to Cyber Media (India) Limited to meet its long-term liabilities. It has further sanctioned a Term Loan of Rs. 10,000,000/- for new operations, the disbursement for which is pending. These facilities are secured by a first charge of all movable and immovable properties of the company, excluding those charged to hire purchase vendors. In addition to this, a corporate guarantee has been extended by the Company towards all credit facilities availed by Cyber Media (India) Limited.

12) Material Events

There are no significant reportable material events in last five years.

13) Subsequent Events

There are no significant events since 31st July 2004.

CYBER INDIA ONLINE LIMITED
SUMMARY PROFIT & LOSS ACCOUNT, AS RESTATED

The profits/(losses) of **Cyber India Online Limited** for the four month period ended 31-July-2004 and the four financial years ended 31-March 2004, 2003, 2002, 2001 and the 9 month period ended 31st March 2000 after making adjustments of certain matters (refer Appendix CC below) and read with significant accounting policies (refer Appendix CD below) and notes to accounts (refer Appendix CE below), are as set out below:

Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
INCOME						
Sales and Services	9,915,579	29,021,539	16,531,219	9,494,311	18,218,065	3,284,297
Other Income	24,836	147,202	33,798	510,997	28,826	131,189
Total Income	9,940,415	29,168,741	16,565,017	10,005,308	18,246,891	3,415,486
EXPENDITURE						
Raw Material	3,130,096	10,312,801	5,359,147	6,154,047	9,587,091	2,280,145
Employee Cost	3,669,639	9,320,028	7,655,900	8,738,621	8,087,654	2,706,635
Administrative, Distribution & other Costs	946,108	4,553,881	3,418,493	3,762,720	14,937,210	5,072,114
Total Expenditure	7,745,843	24,186,710	16,433,540	18,655,388	32,611,955	10,058,894
Profit/(Loss) EBITDA	2,194,572	4,982,031	131,477	(8,650,080)	(14,365,064)	(6,643,408)
Interest & Financial Charges	12,106	23,363	55,347	10,200	59,287	8,686
Profit/(Loss) Before Depreciation & Tax	2,182,466	4,958,669	76,130	(8,660,280)	(14,424,351)	(6,652,094)
Depreciation	298,175	759,614	743,782	733,963	698,149	308,495
Profit/(Loss) Before Tax	1,884,291	4,199,055	(667,652)	(9,394,243)	(15,122,500)	(6,960,589)
Current Tax	141,000	--	--	--	--	--
Deferred Tax	676,000	1,506,000	(239,000)	(3,137,000)	(5,380,000)	(2,439,000)
Total Tax	817,000	1,506,000	(239,000)	(3,137,000)	(5,380,000)	(2,439,000)
Adjusted Profit/(Loss) After Tax	1,067,291	2,693,055	(428,652)	(6,257,243)	(9,742,500)	(4,521,589)
Brought Forward Profit/(Loss) from Previous year	(18,256,929)	(20,949,984)	(20,521,332)	(14,264,089)	(4,521,589)	--
Available for Appropriation	(17,189,638)	(18,256,929)	(20,949,984)	(20,521,332)	(14,264,089)	(4,521,589)
APPROPRIATIONS						
Profit/(Loss) transferred to Balance Sheet	(17,189,638)	(18,256,929)	(20,949,984)	(20,521,332)	(14,264,089)	(4,521,589)
	(17,189,638)	(18,256,929)	(20,949,984)	(20,521,332)	(14,264,089)	(4,521,589)

CYBER INDIA ONLINE LIMITED
SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

The assets and liabilities of **Cyber India Online Limited** as at 31st July, 2004, 31st March 2004, 2003, 2002, 2001 and 2000 after making adjustments of certain matters (refer Appendix CC below) and read with significant accounting policies (refer Appendix CD below) and notes to accounts (refer Appendix CE below), are as set out below:

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
APPLICATION OF FUNDS						
Fixed Assets						
Gross Block	15,685,617	13,119,927	12,241,532	12,161,852	12,046,852	10,693,714
Less: Depreciation	3,522,370	3,224,195	2,464,581	1,720,799	986,836	308,495
Net Block	12,163,247	9,895,732	9,776,951	10,441,053	11,060,016	10,385,219
Investments	10,000	10,000	10,000	10,000	10,000	10,000
Current Assets						
Sundry Debtors	11,664,779	12,078,215	6,234,206	3,406,875	6,793,767	1,702,370
Cash and Bank Balances	29,242	102,466	104,956	29,875	256,855	7,085,183
Loans and Advances	1,723,291	2,142,360	1,410,566	1,473,252	1,689,649	1,301,892
Total Current Assets (A)	13,417,311	14,323,040	7,749,729	4,910,001	8,740,270	10,089,445
Current Liabilities						
Sundry Creditors	10,104,007	9,938,865	7,787,252	4,767,975	6,341,279	1,489,171
Total Current Liabilities (B)	10,104,007	9,938,865	7,787,252	4,767,975	6,341,279	1,489,171
Net Current Assets(A - B)	3,313,304	4,384,175	(37,523)	142,026	2,398,991	8,600,274
Deferred Tax Asset	9,013,000	9,689,000	11,195,000	10,956,000	7,819,000	2,439,000
Miscellaneous Expenditure	--	--	10,092	20,184	30,276	40,368
Profit and Loss Account	28,384,639	29,451,931	20,949,985	20,520,943	14,264,090	4,521,589
Total	52,884,190	53,430,838	41,904,505	42,090,206	35,582,373	25,996,450
SOURCES OF FUNDS						
Share Capital & Reserves						
Share Capital	12,435,700	12,435,700	12,435,700	12,435,700	12,435,700	12,435,700
Securities Premium	13,560,750	13,560,750	13,560,750	13,560,750	13,560,750	13,560,750
Reserves and Surplus	11,195,000	11,195,000	--	--	--	--
Total	37,191,450	37,191,450	25,996,450	25,996,450	25,996,450	25,996,450
Loan Funds						
Secured Loans	308,338	--	--	--	--	--
Unsecured Loans	15,384,402	16,239,388	15,908,055	16,093,756	9,585,923	--
Total	15,692,740	16,239,388	15,908,055	16,093,756	9,585,923	--
Total	52,884,190	53,430,838	41,904,505	42,090,206	35,582,373	25,996,450

CYBER INDIA ONLINE LIMITED**NOTES TO ADJUSTMENTS AND GROUPINGS****Loans and Advances**

Loans and Advances include payment of Income Tax, net of provisions for taxation.

Deferred Taxes

Accounting Standard-22 on "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India (ICAI) is mandatory in respect of accounting periods commencing on or after April 1, 2002. As per the said Accounting Standard, deferred tax asset/liability as on April 1, 2002 was appropriated from the balance appearing in General Reserve. However, to maintain uniformity these restated accounts have been recast wherein the deferred tax liability has been recognized in the respective years of origination. Accordingly, the Summary Profit and Loss Account (Appendix CA) is regrouped, with corresponding effect in the carrying amount of Reserves & Surplus and Deferred Tax Liability in the Summary of Assets & Liabilities (Appendix CB), as per the adjustment / grouping below:

Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Profit/(Loss) before Tax	1,884,291	4,199,055	(667,652)	(9,394,243)	(15,122,500)	(6,960,589)
Provision for Tax	141,000	--	--	--	---	--
Deferred Tax	676,000	1,506,000	--	--	--	--
Net Profit/(Loss)	1,067,291	2,693,055	(667,652)	(9,394,243)	(15,122,500)	(6,960,589)
Adjustment on change in treatment of Deferred Tax, as above	--	--	(239,000)	(3,137,000)	(5,380,000)	(2,439,000)
Adjusted Profit/(Loss) after Tax	1,067,291	2,693,055	(428,652)	(6257,243)	(9,742,500)	(4,521,589)

CYBER INDIA ONLINE LIMITED**STATEMENT OF SIGNIFICANT ACCOUNTING POLICES**

(Subject to adjustment of certain matter as stated in Appendix CC being Notes to Adjustments and Groupings)

The significant accounting policies adopted by the Company in respect of these Financial Statement, are set out below:

1) Basis Of Preparation

The financial statements have been prepared in conformity with Indian Generally Accepted Accounting Principles and to comply in all material respects with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

2) Basis Of Accounting

The accounts are prepared on the accrual concept of accounting under the historical cost convention and on the basis of a going concern.

3) Revenue Recognition

Revenues of all material items and nature are recognized in accordance with Accounting Standard 9 issued by The Institute of Chartered Accountants of India, i.e. at the time of rendering of services or sales, If at the time of rendering of services or sales there is significant uncertainty in ultimate collection of the revenue, then the revenue recognition is postponed and in such cases revenue is recognized only when it becomes reasonably certain that ultimate collection will be made. When uncertainty of collection of revenue arises subsequently after the revenue recognition, provision for the uncertainty in collection is made rather than adjustment in revenue already recognized.

4) Fixed Assets

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, including taxes duties freight and other incidental expenses related to acquisition and installation. Capital work in progress is stated at cost.

5) Investments

Trade Investments refer to the investments made to enhance the company's business interests. Investments are either classified as current and long term. Current investments are carried at the lower of cost and fair value.

Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Any dividends are recorded as income in the profit and loss account.

6) Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of transaction. Monetary items are restated at the year-end foreign exchange rates. Resultant exchange differences arising on payment or conversion of liabilities are recognized as income or expense in the year in which they arise except in respect of liabilities for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of the respective fixed assets.

7) Provision For Current And Deferred Tax

- a) Provision for tax is made for current tax after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961.
- b) Deferred Tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future.

8) Retirement Benefits

- a) Benefits to employees are provided for by contribution to Provident and other Funds, the payments of which are accounted for an accrual basis.
- b) The Company provides gratuity to its employees through the creation of a Group Gratuity Fund and the contribution to this Group Gratuity Fund is accounted for as an expense in the year of payment as demanded by LIC.
- c) No leave encashment facility is available to the employees during the period of service.

9) Depreciation

Depreciation on fixed assets and on additions made thereon been provided on pro-rata basis in accordance with and on straight-line method basis at the rates prescribed under by Schedule XIV to the Companies Act, 1956.

10) Earning Per Share

The earning considered in ascertaining the Earning per Share ('EPS') comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

CYBER INDIA ONLINE LIMITED**NOTES TO ACCOUNTS****1) Background Information**

Certificate of Incorporation	55-100470
Date of Incorporation	01-07-1999
Date of Commencement of Business	21-07-1999
Primary Business Segment	Online Portal

2) Shareholding Pattern

The Company is a subsidiary of Cyber Media (India) Limited. Currently Cyber Media (India) Limited holds 80.42% of the paid up equity capital in Cyber India Online Limited. Reserve Bank of India has approved the acquisition by Cyber Media (India) Limited, of 1,435,000 equity shares of Re. 1/- each, comprising 11.54% of the total paid-up equity of the Company from Intel Pacific Inc. at an agreed consideration of Rs. 2,496,900/-. Though the payment has already been effected, the shares are still in the process of transfer. Consequent upon the completion of transfer formalities, the abovementioned shareholding will increase to 91.96%. The accounts for the 4 month period ended 31-July-2004 have been prepared with the Company's share holding at 91.96%.

3) Share Capital*Amount in Rs*

Equity Shares	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Authorized						
Number	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Face Value (Rs)	1	1	1	1	1	1
Value (Rs)	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Issued, Subscribed & Paid up						
Fully Paid Up in Cash						
Number	12,435,700	12,435,700	12,435,700	12,435,700	12,435,700	12,435,700
Value (Rs)	12,435,700	12,435,700	12,435,700	12,435,700	12,435,700	12,435,700
Total (Rs)	12,435,700	12,435,700	12,435,700	12,435,700	12,435,700	12,435,700

4) Unsecured Loans

Unsecured Loan from the company represents amount spend/support extended by the holding company and remaining unpaid in the current period in view of the adverse financial condition of the company. The company may provide interest on the aforesaid amount at a rate of 15% per annum on the unpaid amount outstanding during the year on improvement of its financial position and/or as decided by the Board Of Directors of the Company in the succeeding financial year(s).

5) Investments*Amount in Rs.*

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
CIOL ESOP Trust	10,000	10,000	10,000	10,000	10,000	10,000
Total (Rs)	10,000	10,000	10,000	10,000	10,000	10,000

6) Sundry Debtors
Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Debts exceeding six months	993,208	1,534,735	460,618	930,003	661,744	--
Other Debts	10,671,571	10,543,479	5,773,588	2,476,872	6,132,023	1,702,370
Total (Rs)	11,664,779	12,078,214	6,234,206	3,406,875	6,793,767	1,702,370

7) Loans & Advances
Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Advances	30,286	507,942	24,273	148,275	473,879	255,649
CIOL ESOP Trust	847,800	847,800	847,800	847,850	923,240	1,000,000
Advance Income Tax (net of provision)	767,305	708,718	462,593	401,227	216,630	43,243
Sundry Deposits	77,900	77,900	75,900	75,900	75,900	3,000
Total	1,723,291	2,142,360	1,410,566	1,473,252	1,689,649	1,301,892

8) Related Party Transactions
Amount in Rs.

Unsecured Loans include due to:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media (India) Limited	15,384,402	15,859,402	15,908,055	16,093,756	7,561,393	-
Total (Rs)	15,384,402	15,859,402	15,908,055	16,093,756	7,561,393	-

Amount in Rs.

Current Liabilities include due to:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media (India) Limited	1,632,873	1,143,135	1,383,057	-	2,024,530	-
IDC (India) Limited	105,600	-	358,011	-	-	-
Cyber Media Events Limited	86,619	-	-	-	-	-
Total (Rs)	1,825,092	1,143,135	1,741,068	-	2,024,530	-

Amount in Rs.

Sundry Debtors include due from:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Multimedia (India) Ltd.	91,017	134,033	477,786	--	37,600	--
Cyber Media Events Limited	--	--	18,800	--	--	--
IDC (India) Limited	--	--	--	--	58,188	--
Total (Rs)	91,017	134,033	496,586	--	95,788	--

Amount in Rs.

Income includes transactions with:	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Multimedia (India) Ltd.	--	36,000	--	--	--	--
Cyber Media (India) Ltd.	305,813	740,777	990,506	--	--	--
Cyber Media Events Ltd.	--	229,000	--	--	--	--
IDC (India) Ltd.	--	36,000	25,477	36,833	82,033	--
Total (Rs)	305,813	1,041,777	1,015,983	36,833	82,033	--

Expenditure includes transactions with:	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Cyber Media (India) Ltd.	795,551	3,597,527	1,491,726	1,457,864	2,624,530	--
Cyber Multimedia (India) Ltd	6,300	87,674	--	--	--	--
Cyber Media Events Ltd.	86,619	72,784	--	79,200	141,000	--
IDC (India) Ltd.	105,600	744,356	402,561	140,270	--	--
Total (Rs)	994,070	4,502,341	1,894,287	1,677,334	2,765,530	--

Relationship Chart

Name of the Related Party	Relationship
Cyber Media (India) Limited	Holding Company
Cyber Multimedia (India) Limited	Fellow Subsidiary
Cyber India Online Limited	Fellow Subsidiary
IDC (India) Limited	Fellow Subsidiary

9) Segment Reporting

As per Accounting Standard 17 issued by the Institute of Chartered Accountants of India, the Company operates in a single primary segment (Business Segment) i.e. Online Portal.

10) Earnings per Share

	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Profit/(Loss) attributable to the equity shareholders Rs.'000 (A)	1,067	2,693	(429)	(6,257)	(9,743)	(4,521)
Weighted average number of equity shares outstanding during the year (B)	12,435,700	12,435,700	12,435,700	12,435,700	12,435,700	12,435,700
Nominal value of equity shares (Rs.)	1	1	1	1	1	1
Basic and Diluted Earnings Per Share (Rs.) (A)/(B)	0.26*	0.22	-	-	-	-

* Annualized

11) Material Events

There are no significant reportable material events since the date of incorporation of the Company.

12) Subsequent Events

There are no significant events since 31st July 2004.

CYBER MEDIA EVENTS LIMITED
 (formerly CYBER EXPO LIMITED)

SUMMARY PROFIT & LOSS ACCOUNT, AS RESTATED

The profits/(losses) of **Cyber Media Events Limited** (formerly Cyber Expo Limited) for the 4 month period ended 31 July, 2004, the three financial years ended 31st March, 2004, 2003 and 2002 and for the period from 27 January, 2000 (date of incorporation) to 31 March, 2001 after making adjustments of certain matters (refer Appendix DC below) and read with significant accounting policies (refer Appendix DD below) and notes to accounts (refer Appendix DE below), are as set out below:

Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
INCOME						
Sales and Services	4,819,332	80,552,636	78,545,122	16,434,213	93,356,633	
Other Income	83,622	8,623	1,081	632,420	1,424	
Total Income	4,902,954	80,561,259	78,546,203	17,066,633	93,358,057	
EXPENDITURE						
Raw Material	1,475,663	67,680,441	69,376,862	11,199,676	82,388,827	
Employee Cost	1,905,424	5,451,756	4,616,584	4,775,255	5,678,452	
Administrative, Distribution & other Costs	1,210,783	4,427,927	4,022,918	3,638,799	3,666,923	
Total Expenditure	4,591,870	77,560,124	78,016,364	19,613,730	91,734,202	
Profit/(Loss) EBITDA	311,084	3,001,135	529,839	(2,547,097)	1,623,855	
Interest & Financial Charges	44,323	160,189	141,857	93,423	122,284	
Profit/(Loss) before Depreciation & Tax	266,761	2,840,946	387,982	(2,640,520)	1,501,571	
Depreciation	77,603	232,159	145,170	79,037	86,453	
Profit/(Loss) before Tax	189,158	2,608,787	242,812	(2,719,557)	1,415,118	
Current Tax	54,000	200,000	--	--	475,000	
Deferred Tax	13,300	947,000	87,000	(891,000)	84,000	
Provision written back	--	--	(6,470)	--	--	
Total Tax	67,300	1,147,000	80,530	(891,000)	559,000	
Adjusted Profit/(Loss) after Tax	121,858	1,461,787	162,282	(1,828,557)	856,118	
Brought Forward Profit/(Loss) from Previous year	541,276	(920,511)	(1,082,793)	745,764	--	
Available for Appropriation	663,134	541,276	(920,511)	(1,082,793)	856,118	
APPROPRIATIONS						
Proposed Dividend	--	--	--	--	100,140	
Tax on Proposed Dividend	--	--	--	--	10,214	
Profit/(Loss) transferred to Balance Sheet	663,134	541,276	(920,511)	(1,082,793)	745,764	
	663,134	541,276	(920,511)	(1,082,793)	856,118	

CYBER MEDIA EVENTS LIMITED
 (formerly CYBER EXPO LIMITED)

SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

The assets and liabilities of **Cyber Media Events Limited** (formerly Cyber Expo Limited) as at 31st July 2004, 31st March 2004, 2003, 2002, and 2001 after making adjustments of certain matters (refer Appendix DC below) and read with significant accounting policies (refer Appendix DD below) and notes to accounts (refer Appendix DE below), are as set out below:

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
APPLICATION OF FUNDS						
Fixed Assets						
Gross Block	3,595,832	3,574,832	3,455,732	611,500	611,500	
Less: Depreciation	620,422	542,819	310,660	165,490	86,453	
Net Block	2,975,410	3,032,013	3,145,072	446,010	525,047	
Current Assets						
Sundry Debtors	2,720,591	10,366,592	10,673,925	6,272,054	3,798,807	
Cash and Bank Balances	559,622	1,012,126	930,918	540,649	279,178	
Loans and Advances	4,353,576	2,684,491	1,542,733	1,171,227	4,684,759	
Total Current Assets (A)	7,633,789	14,063,209	13,147,576	7,983,931	8,762,745	
Current Liabilities						
Sundry Creditors	8,485,235	15,044,393	16,494,689	9,337,049	7,367,241	
Provisions	--	--	--	--	110,354	
Total Current Liabilities (B)	8,485,235	15,044,393	16,494,689	9,337,049	7,477,595	
Net Current Assets(A - B)	(851,446)	(981,185)	(3,347,113)	(1,353,119)	1,285,149	
Deferred Tax Asset	--	--	804,000	891,000	--	
Miscellaneous Expenditure	--	--	15,764	18,016	20,268	
Profit and Loss Account	893,866	1,015,723	1,586,510	1,748,793	--	
Total	3,017,830	3,066,552	2,204,233	1,750,700	1,830,464	
SOURCES OF FUNDS						
Share Capital & Reserves						
Share Capital	500,700	500,700	500,700	500,700	500,700	
Reserves and Surplus	1,641,000	1,641,000	750,000	750,000	745,764	
Total	2,141,700	2,141,700	1,250,700	1,250,700	1,246,464	
Deferred Tax Liability	156,300	143,000	--	--	84,000	
Loan Funds						
Secured Loans	219,830	281,852	453,533	--	--	
Unsecured Loans	500,000	500,000	500,000	500,000	500,000	
Total	719,830	781,852	953,533	500,000	500,000	
Total	3,017,830	3,066,552	2,204,233	1,750,700	1,830,464	

CYBER MEDIA EVENTS LIMITED
(formerly CYBER EXPO LIMITED)**NOTES TO ADJUSTMENTS AND GROUPINGS****Loans and Advances**

Loans and Advances include payment of Income Tax, net of provisions for taxation.

Deferred Taxes

Accounting Standard-22 on "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India (ICAI) is mandatory in respect of accounting periods commencing on or after April 1, 2002. As per the said Accounting Standard, deferred tax asset/liability as on April 1, 2002 was appropriated from the balance appearing in General Reserve. However, to maintain uniformity these restated accounts have been recast wherein the deferred tax liability has been recognized in the respective years of origination. Accordingly, the Summary Profit and Loss Account (Appendix CA) is regrouped, with corresponding effect in the carrying amount of Reserves & Surplus and Deferred Tax Liability in the Summary of Assets & Liabilities (Appendix CB), as per the adjustment / grouping below:

Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	31-Mar-00
Profit/(Loss) Before Tax	189,158	2,608,787	242,812	(2,719,557)	1,415,118	189,158
Current Tax	54,000	200,000	--	--	475,000	54,000
Deferred Tax	13,300	947,000	87,000	--	--	13,300
Excess Provisions written back	--	--	(6,470)	--	--	--
Net Profit/(Loss)	121,858	1,461,787	162,282	(2,719,557)	940,118	121,858
Adjustment on account of change in treatment of Deferred Tax, as above	--	--	--	(891,000)	84,000	--
Adjusted Profit/(Loss) After Tax	121,858	1,461,787	162,282	(1,828,557)	856,118	121,858

CYBER MEDIA EVENTS LIMITED
(formerly CYBER EXPO LIMITED)**STATEMENT OF SIGNIFICANT ACCOUNTING POLICES**

(Subject to adjustment of certain matter as stated in Appendix DC being Notes to Adjustments and Groupings)

The significant accounting policies adopted by the Company in respect of these Financial Statement, are set out below:

1) Basis Of Preparation

The financial statements have been prepared in conformity with Indian Generally Accepted Accounting Principles and to comply in all material respects with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

2) Basis Of Accounting

The accounts are prepared on the accrual concept of accounting under the historical cost convention and on the basis of a going concern.

3) Revenue Recognition

Revenues of all material items and nature are recognized in accordance with Accounting Standard 9, 'Revenue Recognition' issued by The Institute of Chartered Accountants of India. Accordingly, If, at the time of rendering of services or sales there is significant uncertainty in ultimate collection of the revenue, then the revenue recognition is postponed and in such cases revenue is recognized only when it becomes reasonably certain that ultimate collection will be made. When uncertainty of collection of revenue arises subsequently after the revenue recognition, provision for the uncertainty in collection is made rather than adjustment in revenue already recognized.

4) Fixed Assets

Fixed Assets are stated at cost of acquisition and subsequent improvements thereto, including taxes duties freight and other incidental expenses related to acquisition and installation. Capital work in progress is stated at cost.

5) Foreign Currency Transactions

Transactions in Foreign Currency are recorded at the exchange rate prevailing at the date of transaction. Monetary items are restated at the year-end foreign exchange rates. Resultant exchange differences arising on payment or conversion of liabilities are recognized as

Income or expense in the year in which they arise except in respect of liabilities for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of the respective fixed assets.

6) Provision For Current And Deferred Tax

- a) Provision for tax is made for current tax after taking into consideration benefits admissible under the provisions of Income Tax Act, 1961.
- b) Deferred Tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is reasonable certainty that the assets will be realized in future.

7) Retirement Benefits

- a) Benefits to employees are provided for by contribution to Provident and other Funds, the payments of which are accounted for an accrual basis.
- b) No Provision is being made for gratuity as there are no eligible employees.
- c) No leave encashment facility is available to the employees during the period of service.

8) Depreciation

Depreciation on fixed assets additions made thereto has been provided on pro-rata basis in accordance with and on straight-line method basis at the rates prescribed under by Schedule XIV to the Companies Act, 1956.

9) Leases

As Lessee

Lease Rental in respect of assets taken on 'Operating Lease' is charged to the Profit and Loss Account.

10) Earning Per Share

The earning considered in ascertaining the Company Earning per Share ('EPS') comprises the net profit after tax. The number of shares used in computing basic EPS is the weighted average number of shares outstanding during the year.

11) Preliminary Expenses

Till 31st March, 2003 Preliminary expenses were being written off @10% but during the year ended 31st March, 2004 the Company has decided to write them off completely. Had we followed the same accounting policy profit for the said year would have higher by Rs. 13,512/-

CYBER MEDIA EVENTS LIMITED
 (formerly CYBER EXPO LIMITED)

NOTES TO ACCOUNTS
1) Background Information

Certificate of Incorporation Number	55-103465
Date of Incorporation	27.01.2000
Date of Commencement of Business	18.02.2000
Primary Business Segment	Events

2) Shareholding Pattern

The Company is a wholly owned subsidiary of Cyber Media (India) Limited.

3) Share Capital
Amount in Rs

Equity Shares	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
Authorized						
Number	100,000	100,000	100,000	100,000	100,000	
Face Value (Rs)	10	10	10	10	10	
Value (Rs)	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
Issued, Subscribed & Paid up						
Fully Paid Up in Cash						
Number	50,070	50,070	50,070	50,070	50,070	
Value (Rs)	500,700	500,700	500,700	500,700	500,700	
Total (Rs)	500,700	500,700	500,700	500,700	500,700	

4) Sundry Debtors
Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
Debts exceeding six months	2,590,591	1,074,596	2,464,040	2,990,945	-	
Other Debts	130,000	9,291,996	8,209,885	3,281,109	3,798,807	
Total (Rs)	2,720,591	10,366,592	10,673,925	6,272,054	3,798,807	

5) Loans & Advances
Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
Advances	2,895,331	1,286,615	559,201	714,706	4,433,685	
Advance Income Tax (Net of provisions)	1,458,245	1,397,876	983,532	456,522	251,074	
Total (Rs)	4,353,576	2,684,491	1,542,733	1,171,228	4,684,759	

6) Related Party Transactions
Amount in Rs.

Current Liabilities include due to:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
Cyber Media (India) Limited	3,142,414	4,693,288	2,835,489	1,169,226	-	
Cyber India Online Limited	-	-	18,800	-	-	
Total (Rs)	3,142,414	4,693,288	28,544,289	1,169,226	-	

Amount in Rs.

Sundry Debtors include due from:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
Cyber Multimedia (India) Ltd	858,423	858,423	925,288	-	-	
Cyber India Online Limited	86,619	-	-	-	-	
Cyber Media (India) Limited	-	-	-	-	3,421,586	
Total (Rs)	945,042	858,423	925,288	-	3,421,586	

Amount in Rs.

Income includes transactions with:	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
Cyber India (Online) Limited	86,619	72,784	-	79,200	141,000	
Cyber Media (India) Limited	856,373	1,610,489	20,200	-	-	
Cyber Multimedia (India) Limited	-	-	149,350	-	-	
Total (Rs)	942,992	1,683,273	169,550	79,200	141,000	

Amount in Rs

Expenditure includes transactions with:	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
Cyber Media (India) Limited	305,499	2,691,014	--	--	--	
Cyber India (Online) Limited	-	229,000	--	--	--	
Total (Rs)	305,499	2,920,014	--	--	--	

Relationship Chart

Name of the Related Party	Relationship
Cyber Media (India) Limited	Holding Company
Cyber Multimedia (India) Limited	Fellow Subsidiary
Cyber India Online Limited	Fellow Subsidiary
IDC (India) Limited	Fellow Subsidiary

7) Segment Reporting

As per Accounting Standard 17 issued by the Institute of Chartered Accountants of India, the Company operates in a single primary segment (Business Segment) i.e. Events.

8) Earnings per Share

	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
Profit/(Loss) attributable to the equity shareholders Rs.'000 (A)	122	1,462	162	(1828)	856	
Weighted average number of equity shares outstanding during the year (B)	50,070	50,070	50,070	50,070	50,070	
Nominal value of equity shares (Rs.)	10	10	10	10	10	
Basic and Diluted Earnings Per Share (Rs.) (A)/(B)	7.30*	29.19	3.24	-	17.09	

* Annualized

9) Material Events

The Company was not awarded the contract for the conduct of Bangalore IT.Com event and Nasscom Exhibition during the fiscal 2001-02. The Company in the next year was however again awarded the Bangalore IT.Com event and has since been conducting it.

10) Subsequent Events

There are no significant events since 31st July 2004.

CYBER MEDIA HOLDINGS LIMITED
SUMMARY PROFIT & LOSS ACCOUNT, AS RESTATED

The profits/(losses) of **Cyber Holdings Limited** for the 4 month period ended 31 July, 2004; three financial years ended 31st March, 2004, 2003 and 2002 and for the period from 11 July, 2000 (date of incorporation) to 31 March, 2001 after making adjustments of certain matters (refer Appendix EC below) and read with significant accounting policies (refer Appendix ED below) and notes to accounts (refer Appendix EE below), are as set out below:

Amount in Rs.

Particulars	Period / Year Ended					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
INCOME						
Total Income	--	--	--	--	--	
EXPENDITURE						
Administrative, Distribution & other Costs	480	2,144	2,215	1,100	500	
Total Expenditure	480	2,144	2,215	1,100	500	
Profit/(Loss) EBITDA	(480)	(2,144)	(2,215)	(1,100)	(500)	
Interest & Financial Charges	--	--	--	--	--	
Profit/(Loss) Before Depreciation & Tax	(480)	(2,144)	(2,215)	(1,100)	(500)	
Depreciation	--	--	--	--	--	
Profit/(Loss) Before Tax	(480)	(2,144)	(2,215)	(1,100)	(500)	
Total Tax Adjusted Profit/(Loss) After Tax	--	--	--	--	--	
Brought Forward Profit/(Loss) from Previous year	(5,959)	(3,815)	(1,600)	(500)	--	
Available for Appropriation	(6,439)	(5,959)	(3,815)	(1,600)	(500)	
APPROPRIATIONS						
Profit/(Loss) transferred to Balance Sheet	(6,439)	(5,959)	(3,815)	(1,600)	(500)	

CYBER MEDIA HOLDINGS LIMITED
SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

The assets and liabilities of **Cyber Holdings Limited** as at 31st July, 2004, 31st March 2004, 2003, 2002, and 2001 after making adjustments of certain matters (refer Appendix EC below) and read with significant accounting policies (refer Appendix ED below) and notes to accounts (refer Appendix EE below), are as set out below:

Amount in Rs.

Particulars	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
APPLICATION OF FUNDS						
Current Assets						
Cash and Bank Balances	9,350	9,350	5,250	700	700	
Loans and Advances	500,000	500,000	500,000	--	--	
Total Current Assets (A)	509,350	509,350	505,250	700	700	
Current Liabilities						
Sundry Creditors	57,712	57,232	50,988	44,223	43,123	
Total Current Liabilities (B)	57,712	57,232	50,988	44,223	43,123	
Net Current Assets(A - B)	451,638	452,118	454,262	(43,523)	(42,423)	
Miscellaneous Expenditure	42,623	42,623	42,623	42,623	42,623	
Profit and Loss Account	6,439	5,959	3,815	1,600	500	
Total	500,700	500,700	500,700	700	700	
SOURCES OF FUNDS						
Share Capital & Reserves						
Share Capital	500,700	500,700	500,700	700	700	
Total	500,700	500,700	500,700	700	700	

CYBER MEDIA HOLDINGS LIMITED**NOTES TO ADJUSTMENTS AND GROUPINGS**

*** None *****

APPENDIX ED**CYBER HOLDINGS LIMITED****STATEMENT OF SIGNIFICANT ACCOUNTING POLICES**

(Subject to adjustment of certain matter as stated in Appendix EC being Notes to Adjustments and Groupings)

The significant accounting policies adopted by the Company and in respect of these Financial Statement, are set out below:

1) Basis Of Preparation

The financial statements have been prepared in conformity with Indian Generally Accepted Accounting Principles and to comply in all material respects with the mandatory accounting standards issued by the Institute of Chartered Accountants of India.

2) Basis Of Accounting

The accounts are prepared on the accrual concept of accounting under the historical cost convention and on the basis of a going concern.

3) Provision For Current And Deferred Tax

Presently, the Company has not commenced its business operations. Hence, no deferred tax assets have been recognized, as the carried forward losses would not be eligible for set off against future taxable income.

CYBER MEDIA HOLDINGS LIMITED
NOTES TO ACCOUNTS
1) Background Information

Incorporation Number	55-106719
Date of Incorporation	11-07-2000
Date of Commencement of Business	28.08.2000
Nature of Business	Investments

2) Shareholding Pattern

The Company is a wholly owned subsidiary of Cyber Media (India) Limited.

3) Share Capital

Amount in Rs

Equity Shares	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
Authorized						
Number						
Face Value (Rs)	100,000	100,000	100,000	100,000	100,000	
Value (Rs)	10	10	10	10	10	
Issued, Subscribed & Paid up	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	
Fully Paid Up in Cash						
Number						
Value (Rs)	50,070	50,070	50,070	70	70	
Total (Rs)	500,700	500,700	500,700	700	700	

4) Related Party Transactions

Amount in Rs.

Loans and Advances represents:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
Amount given to Mr Pradeep Gupta, Director of the Company, as earnest money for purchase of property	500,000	500,000	500,000	-	-	

Amount in Rs.

Sundry Creditors include due to:	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
Cyber Media (India) Limited	57,427	55,127	49,423	43,223	42,623	

Relationship Chart

Name of the Related Party	Relationship
Cyber Media (India) Limited	Holding Company
Pradeep Gupta	Director

5) Segment Reporting

As per Accounting Standard 17 issued by the Institute of Chartered Accountants of India, the Company operates in a single primary segment (Business Segment) i.e. Investments.

6) Earnings per Share

	As At					
	31-Jul-04	31-Mar-04	31-Mar-03	31-Mar-02	31-Mar-01	
Profit/(Loss) attributable to the equity shareholders Rs.'000 (A)	-	(2)	(2)	(1)	(1)	
Weighted average number of equity shares outstanding during the year (B)	50,070	50,070	50,070	70	70	
Nominal value of equity shares (Rs.)	10	10	10	10	10	
Basic and Diluted Earnings Per Share (Rs.) (A)/(B)	-	-	-	-	-	

* Annualized

7) Material Events

There are no material events with a significant effect on the Company since its incorporation.

8) Subsequent Events

There are no significant events since 31st July 2004.

C. STATUTORY AND OTHER INFORMATION**Minimum Subscription**

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue or if the subscription level falls below 90% after the closure of the issue on account of cheques having been returned un paid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

Expenses of the Issue

The expenses of the Issue payable by the Company inclusive of fees payable to the Lead Managers, other advisors to the Issue, fees of legal advisors, stamp duty, printing, publication, advertising & distribution expenses, bank charges, fees payable to the Registrars to the Issue, listing fees, brokerage and other miscellaneous expenses are estimated to be approximately 10.20% at the lower price band and 8.50% at the higher price band of the Issue size, and will be met out of the proceeds of the issue.

Fees Payable to the Lead Manager to the Issue

The total fees payable to the Lead Managers will be as per the Memorandum of Understanding signed with the Lead Manager, a copy of which is available for inspection at the Registered Office of the Company. The Lead Managers will be reimbursed for all relevant out-of-pocket expenses including such as cost of travel, stationery, postage and communication expenses.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at the Registered Office of the Company.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of travel, stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

Brokerage

Brokerage will be paid by the Company at the rate of 1.5 % on the issue price of equity shares offered to the Public on the basis of allotment made against applications bearing the stamp of the members of any recognised stock exchanges in India in the broker's column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the broker's column.

In case of tampering or over-stamping of broker's/agent's codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

Underwriting Commission

The issue is not proposed to be underwritten, hence no underwriting commission is payable.

Commission and Brokerage on Previous Issues

Except as stated elsewhere in the draft Prospectus, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the equity shares of the Company since its inception.

Previous Issue of Capital during Last Five Years

The Company has not made any public issue of equity/debentures what so ever prior to this issue. The details of issue of capital has been outlined in the paragraph on the build up of the share capital under the capital structure.

Issue of Shares Other than for Cash

The Company has not issued any shares for consideration other than by cash other than by way of capitalisation of reserves.

Outstanding Redeemable Preference Shares and Debentures

The Company since its incorporation has not issued any redeemable preference shares and debentures.

Options to Subscribe

Except as otherwise stated in this Prospectus, the Company has not entered into, nor does it at present propose to enter into any contract or arrangements whereby any option or preferential right of any kind has been, or is proposed to be, given to any person to subscribe for any shares of the Company.

Purchase of Property

Except as stated in the 'Objects of the Issue' in this draft Prospectus and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the issue, there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present issue or the purchase or acquisition of which has not been completed on the date of this draft Prospectus, other than property in respect of which

- Contracts for the purchase or acquisitions were entered into in the ordinary course of business and the contracts were not entered into in contemplation of the issue nor is the issue contemplated in consequence of the contracts or
- The amount of purchase money is not material.

Except as elsewhere stated in the draft Prospectus, the Company has not purchased any property in which any of its promoters and/or directors have direct or indirect interest in any payment made thereof.

Classes of Shares

The authorized share capital of the Company is Rs. 110,000,000 comprising of 11,000,000 equity shares of Rs. 10/- each

Interest of Promoters and Directors

All the directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The directors may also be deemed to be interested to the extent of:

- a) The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively. The shares, if any, out of the present issue that may be subscribed for and allotted to them or their relatives or any company in which they are directors/members of, to firms in which they are partners.
- b) Remuneration of Managing Director and Executive Director
Pursuant to the resolution passed at the meeting of the Remuneration Committee on January 9, 2004 and further approved by the shareholders in Extra-ordinary general meeting on March 22, 2004. The detailed terms and conditions of the appointment are as under:

Name	Pradeep Gupta	Shyam Malhotra	K. K. Tulshan
Designation	Chairman and Managing Director	Executive Director	Executive Director
Period	March 1, 2004 to February 28, 2007		
Overall Maximum – per annum	Rs. 3,000,000	Rs. 2,940,000	Rs. 2,880,000
Overall remuneration not to exceed the limits provided in Schedule XIII to the Companies Act, 1956			
Basic Salary	Up to a maximum of Rs. 100,000/- per month		
House Rent Allowance per month	Up to a maximum of 75% of basic salary		
Utility Allowance per month	Up to a maximum of 20% of basic salary		
City Compensatory Allowance per month	Up to a maximum of 20% of basic salary		

Special Allowance per month	Up to a maximum of 20% of basic salary
Annual Bonus	Up to a maximum of 20% of basic salary
Performance linked Incentive	Up to a maximum of Rs. 1,200,000/- per annum in accordance with the scheme framed by the Company from time to time.
Perquisites	Perquisites (evaluated as per Income tax Rules, wherever applicable and at actual cost to the Company in other cases) like the benefit of furnished accommodation, gas, electricity, water and furnishings, club fees, personal insurance, medical insurance, credit card fees and expenses, use of cars and drivers and telephones at residence or reimbursement of expenses in lieu thereof, payment of income tax on perquisites by the Company to the extent permissible under the Income Tax Act, 1961 and rules framed there under, medical reimbursement, leave and leave travel concession, education benefits, provident funds, asset scheme, loan schemes, super annuation funds, gratuity and other retirement benefits in accordance with the schemes and rules applicable to members of the staff from time to time.

- c) Mr. Pradeep Gupta is a Director in Kaleidoscope Entertainment Private Limited wherein he holds around 5% shares of the said company. Kaleidoscope Entertainment Private Limited holds 50% stake in Cyber Media Foundation Limited an associate company of Cyber Media (India) Limited.
- d) Mr. Rohit Asava Chand was appointed on as an Additional Director on the Board of Directors of Khandwala Securities Limited on 26th December 2003. He has resigned from the said directorship w.e.f 5th May, 2004

Revaluation of Assets

The Company has not re-valued any of its assets since its inception.

D. MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY CERTIFICATES

13. The certificate to title of shares and duplicates thereof when necessary shall be issued under the seal of the Company in accordance with the provisions of Section 84 of the Act, and the rules prescribed by the Central Government for the said purposes as in force from time to time.

14. Every member shall be entitled to one certificate for all the shares registered in his name, or if the Directors so approve to several certificates each for one or more of such shares.

15. The certificate of shares registered in the name of two or more persons shall be delivered to the person first named on the Register.

CALLS

16. The Directors may, from time to time, subject to the terms on which any shares may have been issued, and subject to Section 91 of the Act, make such calls as they think fit, upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the person and at the time and place appointed by the Directors. A call may be made payable by instalments, and shall be deemed to have been made at the time when the resolution of the Directors authorizing such call was passed.

17. No call shall be made payable within one month after the last preceding call was payable. Not less than fourteen days notice of any shall be given specifying the time and place of payment and to whom such call shall be paid.

18. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof, the holder for the time being, of the share in respect of which the call shall have been made for the instalment shall be due, shall pay interest for the same at the rate of 12% per annum from the day appointed for the payment thereof to the time of the actual payment or at such other rate as the Directors may determine. The Directors shall be at liberty to waive payment of any such interest wholly or in part.

19. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalment at fixed times, whether on account of the amount of the share or by way of premium, every such amount or instalment shall be payable as if it were a call duly made by the Directors and of which due notice had been given, and all the provisions herein contained in respect of call shall relate to such amount or instalment accordingly.

20. Subject to the provisions of the Act and these Articles, on the trial or hearing of any action or suit brought by the Company against any share holder or his representatives to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is or was, when the claim arose, on the Register of the Company as a holder, or one of the holders, of the shares in respect of which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made any call, not that a quorum of directors was present at the meeting at which any call not that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive of the debt.

21. The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the money due upon the shares held by him beyond the sum actually called for, and upon the money so paid in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the share in respect of which such advance has been made, the Company may pay interest at such rate as the Directors think fit. Money so paid in excess of the amount of call shall not rank for dividends or participate in profits. The Directors may at any time repay the amount so advanced upon giving to such member not less than three months notice in writing.

22. A call may be revoked or postponed at the discretion of the Directors.

FORFEITURE, SURRENDER AND LIEN

23. If any member fails to pay the whole or any part of any call or instalment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any extension thereof as aforesaid; the Directors may at any time thereafter during such time as the call or instalment remains unpaid or decree remains unsatisfied serve a notice on such member, or on the person, (if any) entitled to share by transmission, requiring him to pay such call

or instalment or such part thereof or other moneys as remains unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of such non payment.

24. The notice aforesaid shall name a day (not being less than thirty days from the date of the notice) and places or place on and at which the money is to be paid and the notice shall also state that in the event of the non-payment of such money at the time and place appointment, the shares in respect of which the same is owing will be liable to be forfeited.

25. If the requisitions of any such notice shall not be complied with, every or any share in respect of which the notice is given, may at any time thereafter before payment of all calls or instalments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include dividend declared in respect of the forfeited shares and not actually paid before the forfeiture.

26. When any share is declared to be forfeited, notice of forfeiture shall be given to the member in whose name it stood immediately prior to forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make any such entry as aforesaid.

27. Every share forfeited as aforesaid shall there up on be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit.

28. The Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they may think fit.

29. Any member whose shares may be forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls and other money owing upon the shares at the time of the forfeiture together with interest thereon from the time of the forfeiture, until payment, at 15% per annum, and the Directors may enforce the payment thereof if they think fit, but shall not be under any obligation to do so.

30. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share and all other rights incidental to the share except only such of those rights as by these articles are expressly saved.

31. A certificate in writing under the hand of a Director or the secretary that the call or other moneys in respect of a share was or were due and payable and notice thereof given and that default in payment of all the call or other moneys was made, and that the forfeiture of the shares was made, by a resolution of the Directors to the effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share.

32. The Company may receive the consideration, if any, given for the share on any sale or other disposition thereof and the person to whom such share is sold, or disposed of may be registered as the holder of the share, and he shall not be bound to see the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceeding in reference to the forfeiture, sale, or other disposal of the same.

33. The Directors may at any time, subject to the provisions of the Act, accept the surrender of any share from or by member desirous of surrendering on such terms as the Directors may think fit.

34. The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member whether solely or jointly with others and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing and condition that Articles 12 hereof is to have full effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any on such shares. The Directors may at any time declare any shares to be wholly or in part exempt from the provisions of this clause.

35. For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as they think fit, but no sale shall be made unless the sum in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such a member, his executors or administrators or his committee curator bonus, or other legal representatives as the case maybe, and default shall have been made by him or them in the payment of the sum payable as aforesaid for fourteen days after the date of such notice. To give effect to any such sale the Board may authorize some person to transfer the shares sold to purchaser thereof and the purchaser shall be registered as a holder of the shares comprised in any such transfer. Upon any such sale as aforesaid, the existing certificates in respect of the shares sold shall stand cancelled and become null and no effect and the Directors shall be entitled to issue a new certificate or certificates in lieu thereof to the purchaser or purchasers concerned.

36. The proceeds of the sale be received by the Company and on the payment of the cost of such sale, applied in payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall subject to like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

TRANSFER AND TRANSMISSION OF SHARES

37. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act and of any statutory modification thereof for the time being, shall be duly complied with, in respect of all transfer of shares and the registration thereof.

38. The Company shall have power to keep foreign register of members or debenture holders in any country or State outside India as may be decided by the Board from time to time. If any shares are to be entered in any such register, the instrument of transfer shall be in a form recognized under the law of such country or state or in such form as may be approved by the Board.

39. Subject to the provisions of Section 111 of the Act or any statutory modification of the said provisions for the time being in force, the Directors may, at their own absolute and uncontrolled discretion and without assigning any reason decline to register or acknowledge any transfer of shares and in particular may so decline in any case in which the Company has lien upon the share or any of them or whilst any monies in respect of the shares desired to be transferred or any of them remain unpaid or unless the transfer is approved by the Directors and such refusal shall not be affected by the fact that the proposed transferee is already a member. The registration of a transfer shall be conclusive evidence of the approval of the Directors of the transfer. Registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any accounts whatsoever, except a lien on shares

40. If the Company refuses to register the transfer of any share or transmission of any right therein, the Company within two months from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, shall send notice of refusal to the transferee and the transferor or the person giving intimation of the transmission, as the case may be, and thereupon the provisions of Section 111 of the Act, or any statutory modifications of the provisions for the time being in force shall apply.

41. The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer, which the Directors may decline to register, shall be returned to the persons depositing the same.

42. The Directors shall have power, on giving not less than seven days previous notice by advertisements required by Section 154 of the Act, to close the Register of Members and Debenture Holders of the Company for such period or periods or time not exceeding in the whole 45 days in each year, but not exceeding 30 days at a time.

43. The executor or administrator of a deceased member or holder of a succession certificate shall be the only person recognized by the Company as having any title to his shares, and the Company shall not be bound to recognize such executor or administrator or holder of a succession certificate, unless such executor or administrator shall have first obtained Probate, Letters of Administration or other legal representation as the case may be, from a duly-constituted Court in India, or from any authority empowered by any law to grant such other legal representation, provided that in any case, where Board in its absolute discretion think fit, the Board may dispense with the production of Probate or Letters of Administration or other legal representation and under the next Article, register the name of any person

who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member, upon such terms as to indemnity or otherwise as the Directors may deem fit.

44. Subject to the provisions of the Act and these Article, any person becoming entitled to a share in consequence of the death bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that the sustains the character in respect of which he propose to act under this clause, of his title as the Board may think sufficient and upon giving such indemnity as the Directors may require either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by execution, to his nominee of instrument or transfer of the shares in accordance with the provisions herein contained, and until he does so he, shall not be free from any liability in respect of the share. This clause is herein referred to "The Transmission Clauses."

45. Subject to the provisions of the Act and these Article, the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

46. Every transmission of a share shall be verified in such manner as the Directors may require, and the Company may refuse to register any such transmission until the same be so certified, or until or unless an indemnity be given to the Company with regard to such registration which the Board at its discretion shall consider sufficient provided nevertheless that there shall not be any obligation on the Company or the Board to accept any indemnity.

47. The Company will not make any charge for:

- (i) Registration of transfers of its shares and debentures.
- (ii) Subdivision and consolidation of shares and debentures certificated and for subdivision of Letters of Allotment and split, consolidation or renewal and *Pucca* transfer receipts into denominations corresponding to the market units of trading.
- (iii) Sub-division of renouncable Letters of Right.
- (iv) Issue of new certificate in replacement or those which are old, descript or worn-out or where the pages on the reverse for recording transfers have been fully utilised.
- (v) Registration of any power of attorney, probate, letters of administration or similar other documents.

48. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made, by any apparent legal owner thereof (as shown or appearing in the Register) to the prejudice of persons having or claiming any equitable right title, or interest to or in the same shares notwithstanding that the Company have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to notice which may be given to them of any equitable right title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Directors shall so think fit.

WINDING UP

153. The Company shall be wound up and the assets available for the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up (other than the amount of calls paid in advance, at the commencement of the winding up, on the shares held by them respectively, and if in a winding up, to assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up or which ought to have been paid on the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

154.(i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property, of the same kind or not.

(ii) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The Liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction, think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

SECRECY CLAUSE

155. No member shall be entitled to visit or inspect the Company's work without the permission of the Board or Manager or Secretary or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process, which may relate to the conduct of the business of the Company and which in the opinion of the Board, it will be inexpedient in the interest of the members of the Company to communicate to the public.

INDEMNITY AND RESPONSIBILITY

156. (a) Subject to the provisions of Section 201 of the Act, every director, manager, secretary and other officer or employee of the Company shall be indemnified by the Company against and it shall be duty of directors to pay out of funds of the Company all costs, losses and expenses (including travelling expenses) which any such director, manager, secretary or officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such director, manager, secretary or officer or employee or in any way in the discharge of the duties.

(b) Subject as aforesaid every director, manager, secretary or other officer or employee of the Company shall be indemnified against any liability incurred by them or him in defending any proceedings whether civil or criminal in which judgement is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Section 623 of the Act in which relief is given to him by the Court.

157. Subject to the provision of Section 201 of the Act, no director or other officer of the Company shall be liable for the acts, receipts, neglect or default of any other director or officer or for joining in any receipts or other act for the sake of conformity, or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, Company, body corporate or corporation with whom any money, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgement, or oversight on his part, or for any other loss or damage or misfortune whatsoever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through wilfull misconduct or neglect or dishonesty.

E. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to in Para "A" below (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the date of this Prospectus) which are/or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred to in Para "B" below all of which have been attached to the copy of this Prospectus and which have been delivered to the Registrar of Companies, NCT of Delhi and Haryana at New Delhi for registration and may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this Prospectus until the date of closing of subscription list.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated 19th October 2004, between the Company and Khandwala Securities Limited.
2. Memorandum of Understanding dated 12th October 2004, between the Company and the Registrar of the issue, InTime Spectrum Registry Limited
3. Copy of tripartite agreement entered into between CDSL, the Company and the Registrar of the Issue, InTime Spectrum Registry Limited
4. Copy of tripartite agreement entered into between NSDL, the Company and the Registrar of the Issue, InTime Spectrum Registry Limited
5. Copies of quotations for Equipments & Infrastructure.

MATERIAL DOCUMENTS

1. Memorandum of Association and Articles of Association of the Company
2. Certificate of Incorporation dated 10.09.1982 and Certificate of commencement of business dated 20.10.1982.
3. Copy of special resolution passed u/s 81 (1A) on 17.2.2004 authorizing the Issue of equity shares
4. Copies of initial listing application dated dd.mm.yyyy made to the National Stock Exchange of India Ltd, and The Stock Exchange, Mumbai.
5. Letters from the National Stock Exchange of India Ltd., and The Stock Exchange, Mumbai dated dd-mm-yyyy and dd-mm-yyyy respectively granting permission to use their names in the Prospectus.
6. Copies of Auditors Reports
 - i. Report mentioned on Prospectus and Report on tax benefits – dated 30th September 2004.
7. Consent letters from the Directors, Lead Managers, Bankers to the issue, Bankers to the Company, Auditors, Legal Advisors, Registrar to the Issue, Company Secretary and Compliance Officer to act in their respective capacities and for inclusion of their names in the Prospectus
8. Copy of members' resolutions for appointment of Managing Director and Executive Directors dated 22nd March 2004 and fixing their remuneration.
9. Power of Attorney(s) executed by the Directors in favour of Mr. Pradeep Gupta for signing and making correction in the Prospectus on their behalf
10. Copies of Annual Reports for the last five accounting periods, i.e., FYs 1999- 2000, 2000–2001, 2001–2002, 2002–2003 and 2003-2004
11. Due diligence certificate dated 21st October 2004 issued by Lead Managers to the Issue Khandwala Securities Limited.
12. Legal Clearance Certificate dated 8th October 2004 given by Mr. Sanjay Grover, Legal Advisor.
13. SEBI observation letter No. _____ dated _____.

PART – III**DECLARATION**

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 1956 and rules made there under. All the legal requirements connected with this said offer as also the guidelines, instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

UNDERTAKING

The Company confirms that no information/material likely to have a bearing on the decision of the investor in respect of the equity shares offered in terms of this draft Prospectus have been suppressed/withheld and/or incorporated in a manner that would amount to misstatement/misrepresentation and in the event of it transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to misstatement/misrepresentation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act.

Since the date of last financial statement disclosed in this Prospectus, there have been no circumstances that materially and adversely affects or is likely to affect the profitability of the Company or the value of its assets or its ability to pay off its liabilities within a period of next twelve months.

The Directors and Chief Financial Controller of the Company certify that all disclosures made in the draft Prospectus are true and correct.

Signed by:

1. Mr. Pradeep Gupta, CMD
2. Mr. Rohit Chand, Director
3. Dr. Ashok Agarwal, Director
4. Mr. K. S. Mehta, Director
5. Mr. Shyam Malhotra, Executive Director
6. Mr. Krishan Kant Tulshan, Executive Director
7. Mr. V. C. Gupta, Chief Financial Controller

Place: New Delhi

Dated: dd-mm-yyyy