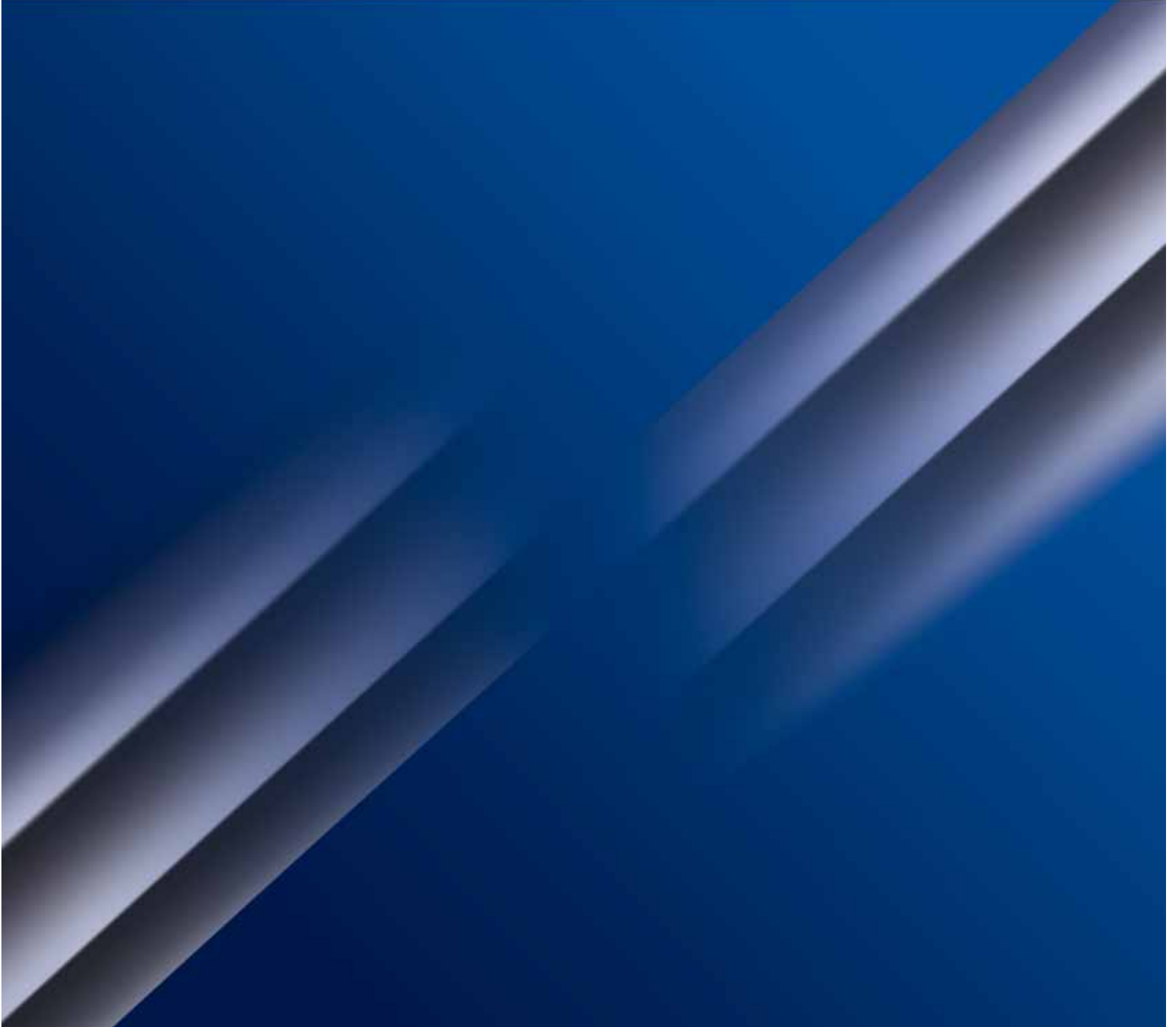


CYBER MEDIA



CYBER MEDIA (INDIA) LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

NOTICE

Notice is hereby given that **Twenty Fourth Annual General Meeting** of the members of the Company is scheduled to be held on Thursday, the 31st day of August, 2006 at 10.30 a.m. at the Singhania Hall, PHD Chambers of Commerce, 4/2, Siri Institutional Area, August Kant Marg, New Delhi 100016 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Profit and Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date and the reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Mr. K S Mehta who retires by rotation and being eligible offers himself for reappointment.

4. To appoint a director in place of Dr. Ashok Agarwal who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s N K Goel & Co, retiring auditors are eligible for re-appointment.

By the order of the Board

Place: New Delhi
Date: May 18, 2006

Manhar Kapoor
Company Secretary

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the company. The proxy should be submitted to the company so as to reach the company's registered office not later than 48 hours before the commencement of the meeting. Form of proxy is enclosed.
2. The register of members and Share Transfer Books of the Company will remain closed from August 22, 2006 to August 31, 2006 (both days inclusive).
3. Members/proxies should bring the attendance slips duly filled in for attending the meeting.

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the Twenty Fourth Annual Report on the business and operations of your Company together with the Audited Annual Accounts of the Company for the financial year ended 31st March 2006.

Financial Results

The comparative position of the working results for the year under report vis-à-vis the previous year is as under:

Particulars	In Rs. Million			
	Standalone		Consolidated	
	FY 06	FY 05	FY 06	FY 05
Total Income	553.76	384.83	805.52	667.68
Expenditure				
-Direct Expenses	283.86	201.11	414.50	391.95
-Personnel Expenses	97.41	65.97	156.01	110.21
-Other Expenses	76.25	51.45	111.82	75.62
-Financial Expenses	8.06	8.34	12.48	11.89
-Depreciation	12.61	8.46	18.43	12.36
Profit Before Tax for the year	75.57	49.50	92.28	65.61
Provision for taxation	24.90	16.00	31.54	22.37
Profit After Tax for the year	50.67	33.50	60.74	43.25

Dividend

Your Company's policy has always been to share its growth with its shareholders. In view of the positive performance and encouraging financial results of the Company for the year 2005-06, your Directors are pleased to recommend a dividend of 10% on the capital of the Company. This will entail a payment of **Rs. 10,001,242** as dividend.

Management Discussion and Analysis Report

Please refer to the Management Discussion and Analysis Report for a detailed assessment of the business and the future outlook.

Listing at Stock Exchanges

The Equity Shares of the Company are listed at The Stock Exchange, Mumbai and the National Stock Exchange. The annual listing fee for the year 2006-07 has been paid.

Technology Absorption and Adaptation

The company's business is informing the users about the latest trends in various technologies. Consequently, the company is itself an early adopter of 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.
- 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 include Circulation, Accounts, CRM, and HR2

Directors' Responsibility Statement

The Directors' Responsibility Statement setting out the compliance with the accounting and financial reporting requirements specified under Section 217(2AA) of the Companies Act, 1956, in respect of the financial statements, is as follows:

The Directors hereby state:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- That the Directors had selected such accounting policies and applied them consistently and made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period.
- That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for prevention and detection of fraud and other irregularities.
- That the Directors had prepared the annual accounts on an ongoing basis.

Human Resource Development

Your Company has always valued its employees. To create an ownership attitude among the employees and further to motivate and optimise the output of the employees, the Company has been initiating various human resource development programs.

Your Company has revamped the Online Performance Management System and has integrated it with other HR aspects like recruitment and movement of employee. The system is in the process of implementation and will result in more effective recruitment, appraisal and movement of all employees. The HR department conducted a salary survey, and the Company has introduced the Performance Based Remuneration Scheme. This scheme

will further enhance productivity and result in optimization of resources by rewarding the best employees.

Your company has conducted various training programs across departments for enhancing the productivity of its employees. Programs like 'productivity workshop', 'enhancing emotional intelligence', 'self and organization growth workshop', 'key account management' and various other sales, market research and editorial sessions have been successfully carried out.

Your company has facilitated the annual awards ceremony and the star performers of the year were awarded Gold and Silver awards for their contributions to their particular group or function.

Industrial Relations

The relations between the Company and its employees continued to be cordial and harmonious throughout the year under review.

Material Changes after the Date of Balance Sheet

There are no material changes/events after the date of the Balance Sheet.

Particulars Regarding Energy Conservation

The particulars as described under Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, are not applicable to the company.

Foreign Exchange Earnings and Expenditures

As per the requirement of clause (e) of subsection (1) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988, the particulars are given as under:

Foreign Exchange Particulars	(Rs. in '000)
a) Foreign Exchange Earnings	37,753
b) Foreign Exchange Expenditure	10,783

Corporate Governance

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance along with a certificate from the Company's Auditors confirming compliance is set out in the Annexure forming part of this report.

Directors

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. K S Mehta, Director and Dr. Ashok Agarwal, Director, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Your Directors recommend their re-appointment.

Auditors' Report

The observations made by the Auditors with reference to notes on accounts for the year under report are self-explanatory.

Auditors

M/s N K Goel & Co., Chartered Accountants and Auditors of the Company, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Your Directors recommend their re-appointment.

Particulars of Employees in Terms of Section 217(2A) of the Companies Act, 1956

The information required to be furnished under section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended, is as under:

Name	Shyam Malhotra
Designation	Executive Director
Age	51 years
Remuneration	Rs. 3,181,776
Qualification	B. Tech IIT (Delhi), MBA IIM (Calcutta)
Experience	28 years
Date of commencement of employment	October 1, 1995
Last employment	Eicher Goodearth Ltd.

Acknowledgement

Your Directors would like to take this opportunity to express sincere thanks to the valued members and associates of the Company with a special reference to the valuable services and support of The State Bank of Mysore.

The Directors would also like to express their deep sense of appreciation to all the employees who are committed to strong work ethics, excellent performance and commendable teamwork and have thrived in a challenging environment.

The Directors thank the valued customers for the continued patronage extended by them to your Company. Finally, the Directors wish to express their gratitude to the valued shareholders for their unwavering trust and support.

For and on behalf of the Board of Directors of
Cyber Media (India) Ltd

Place: New Delhi
Date: May 18, 2006

Pradeep Gupta
Managing Director

Krishan Kant Tulshan
Director

Management Discussion and Analysis

I. Industry Performance & Outlook

Your company is engaged in two segments of business activity. These are:

- Media
- Media Services

Media

The media business segment of your company is engaged in a healthy growth phase given the following key driving factors:

- The entertainment & media sector, worldwide, in a growth phase
- The Indian media industry growing well
- Advertisement spends are going up
- There is a shift towards niche markets

Our presence in the niche media sector in India positions us well to take advantage of these trends.

Entertainment & media sector

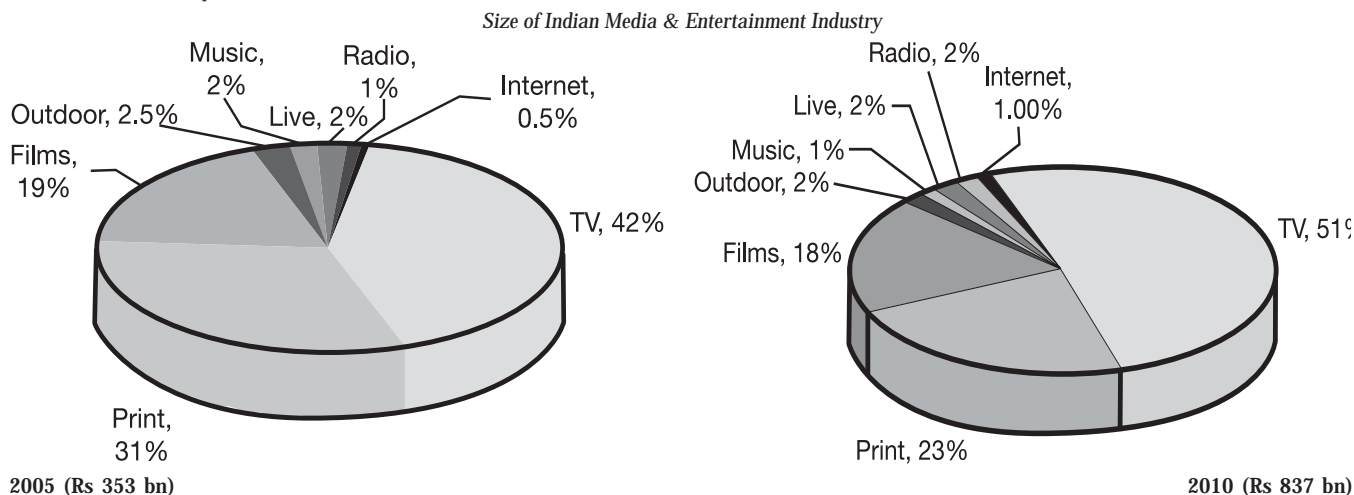
- Global media and entertainment industry is expected to reach \$ 1.67 trillion in 2008 from \$ 1.23 trillion in 2004.
- Asia Pacific region expected to grow at 9.8% over the period 2004-2008.
- Global advertising revenue to increase at 5.3% CAGR to reach \$ 412 billion in 2008.
- India and China are expected to have the fastest growth.

Source: PriceWaterhouseCoopers

Some of the characteristics of the Indian media and entertainment industry are:

- Indian entertainment and media sector is expected to grow at 19% to \$ 18.6 billion by 2010 from \$ 7.84 billion in 2005
- Low media penetration and ad spends; significant room for expansion for print media
- Total online advertising industry is expected to touch \$ 166 million by 2010 from \$22.2 million in 2005.

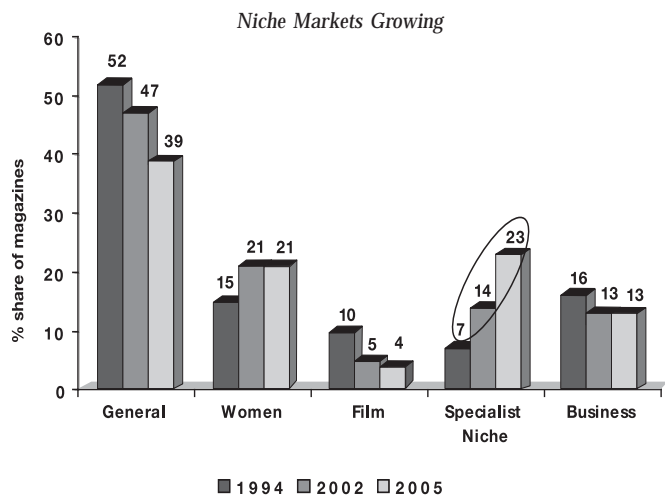
Source: FICCI-PwC Report



There has been a strong growth in advertisement expenditure in 2005. This trend is likely to continue in 2006 as illustrated by the table below.

Media	2004	2005	2006 E	Growth 05	Growth 06 E
Television	43.50	50.03	57.53	15.0%	15.0%
Print	49.61	49.61	68.40	14.9%	20.0%
Radio	1.50	2.00	2.70	33.3%	35.0%
Outdoor	8.00	8.70	9.48	8.7%	9.0%
Internet	0.70	1.10	1.65	57.1%	50.0%
Cinema	0.23	0.32	0.45	39.1%	40.6%
Total	103.54	119.15	140.21	15.1%	17.7%

Source: Pitch-Madison Media Survey



Media Services

India is emerging as a destination for high quality, low cost, back office work. As per NASSCOM estimates Business Process Outsourcing (BPO) in the "content" related area from India was at \$500 million in 2005. This is slated to grow further as more and more publishers are finding India as a favored destination in their effort to cut costs by outsourcing some of their processes.

II. Opportunities and Threats.

Opportunities

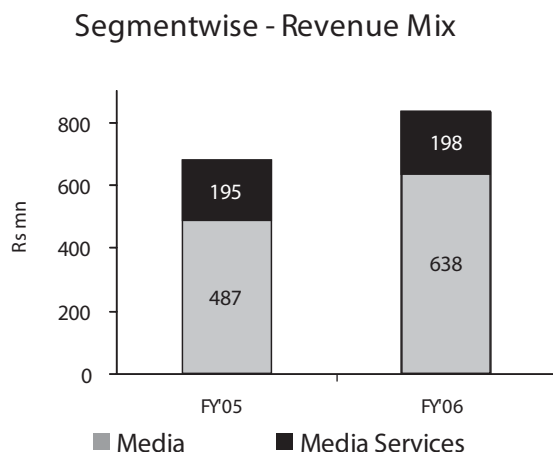
- The entry of International titles into the India media space
- Heightened international interest in India and consequent international tie-ups
- Buyoant advertisement spending
- Growth of the niche markets in India.

Threats

- Entry of foreign media is a challenge to domestic titles
- Increase in paper prices has pushed up direct costs
- Manpower costs are on the rise

Your company has adapted a strategy of global expansion. Following such strategy implementation the company has acquired a 20% stake in SX2 Media Labs LLC and a 50% stake in CMP-CyberMedia LLC. The investment bring in an opportunity to CyberMedia to engage in active business-to-business co-operation with JV/alliance partners for achieving an accelarated growth rate in future years.

III. Segment-wise Performance.



Gross sales are up 22.7% YoY from Rs 682mn in FY'05 to Rs 836 mn in FY'06 (gross of inter-segment adjustments). Revenue contribution of Media Segment increased to 76% in FY'06 from 71% in FY'05

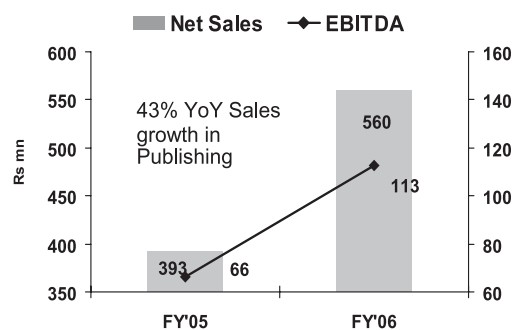
Media

The media business grew from Rs. 487 mn to Rs. 638 mn a top line growth of 31%. The EBITDA moved up from Rs. 72 mn to Rs 128 mn.

- a. **Print:** Print continues to be the chief source of revenue for the company. In this sub-segment, the top-line grew from Rs. 385 mn to Rs. 560 mn while the EBITDA moved up from Rs 66 mn to Rs. 113 mn. This growth was on the basis of an increase in number of ad pages from 5216 pages to 6181 pages and an increase in ad rates. The company also maintained its market share through its dominant brands viz. Dataquest, PC Quest, Voice & Data, Living Digital, The DQ Week, DQ Channels and BioSpectrum. The company also launched Global Services and in joint venture with CMP Media of USA. This 50-50 JV initiative is a unique modle of globel parterniship with two-thirds of the operational team located in India and one-third located in USA. The objective of the Global Services Media portfolio, comprising of print, online and events is to create buyer-seller interaction platform bridging diverse geographies and communities along the demand-supply axis. The first leg of operation is off to a good start with print having achieved more than 27.000 opt-ins.

Similary, the Bio Spectrum Asia Edition launched in Singapore has been very well recieved by the Asian Bio Tech community. This media portfolio comprises of a website, a fortnightly digital magazine and a by-monthly print product.

Publications

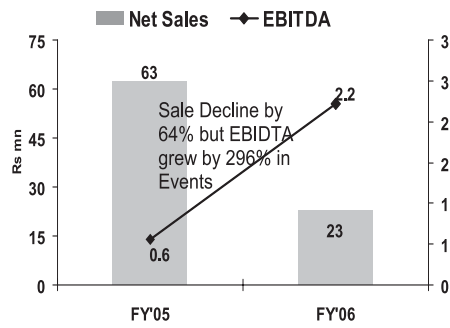


- b. **Events:** In FY 06 Cyber Media Events Limited, a wholly owned subsidiary of the Company, signed a MoU with Expomedia Group Plc to host international ICT and Life Science event in India. First edition of both the events will be held later this year.

During the period under review, in respect of the Events business of your company, a deliberate strategy of moving away from low-margin third party event management business yielded positive results with an increase of 296% in EBITDA margins from Rs. 0.56 mn in FY-05 to Rs. 2.21 mn in FY-06, despite a large negative growth in the top-line which moved from Rs. 62 mn in FY-05 to Rs. 23 mn in FY-06

During the financial year 2006-07, Cyber Media Events Limited is expected to be merged into the holding company following the approval of the draft scheme of amalgamation that is pending before the High Court of Delhi.

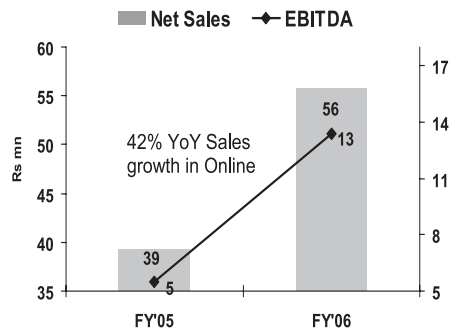
Events



c. Internet:

During the period under review the Online business witnessed a robust 42% growth in Sales with EBITDA rising from Rs. 5 mn to Rs. 13 mn. The primary growth driver for the Online business has been increased internet ad spends by the industry following an impressive growth in monthly page views from 12 mn in FY-05 to 45 mn in FY-06.

Online

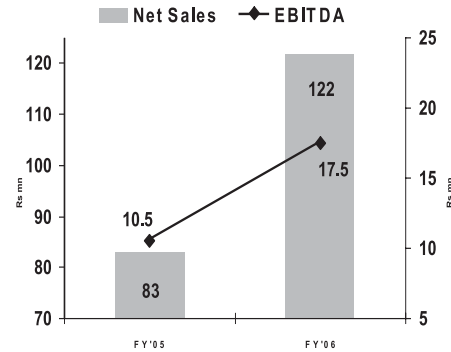


Media Services

- Job Board:** In CyberMedia Dice Careers Limited, further investment of \$1mn has been made by the Company and the JV partner Dice India Holdings Inc. The management expects the online job market to grow. The job board is still at an early investment phase and is likely to mature in the coming year. With a portfolio of about 100 clients, the number of job postings, stands at a round 8,000 and the number of registered users is close to 250,000.
- Content Services:** The first year of this new business stream saw a few major breakthroughs with global publishing houses - CMP, Encyclopedia Britannica and Expomedia. The company acquired around 33 clients in FY-06. In FY-07 the content services business is expected to grow rapidly.
- Market Research:** IDC (India) Limited, a wholly owned subsidiary of the company continues to be one of the most frequently quoted source of information for the IT and Telecom industry. It has more than 30 highly skilled analysts catering to 150 clients. Average revenue per employee for the year 2006 exceeds

Rs 3 million that resulted in a 47% growth in top-line from Rs. 83 mn to Rs. 122 mn. The industry outlook for IT and Telecom industries is excellent which indicates a robust demand for rich research based information.

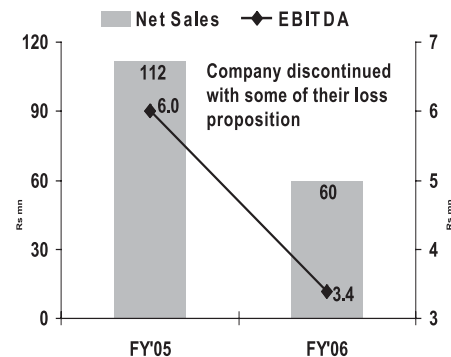
Research



During the year under review, the Company focused on streamlining the internal business processes, which enabled it to align appropriately with the market opportunities.

- Content Distribution:** During FY-06, CyberMedia Digital Limited, one of wholly owned subsidiaries of the company, exited from trading business of low margin hardware products following a strategy to focus on content distribution. This resulted in a decline of the top-line from Rs. 112 mn in FY-05 to Rs. 60 mn in FY-06 with EBITDA margin improving slightly from 5.4% in FY-05 to 5.7% in FY-06. This uptrend in EBITDA margins is expected to improve further in FY-07.

Content Distribution



Cyber Media Digital Limited is proposed to be merged with the Company. A draft scheme of amalgamation has been approved by the respective boards. The amalgamation is subject to the subject to the approval and directions of the High Court of Delhi and approval of stock exchanges, creditors and shareholders.

IV. Future Outlook

The opening up of the media sector in India has brought in a wave of interest in Indian Media from established foreign players. While this is an obvious threat to the Media related business of your company, it also

opens up newer avenues for expansion and growth for this business segment by way of collaborative ventures and possibilities of your company's thrust into foreign markets.

In the Media Services business, your company is following a strategy of acquiring select companies in content management in USA to provide a front end to the Content Services business. Coupled with the ongoing strategy to engage and expand existing relationships, the Content Services business will witness a substantial growth in FY-07.

Overall Outlook for CyberMedia:

The Company is targeting a revenue growth in excess of 25% to reach Rs 1 billion with commensurate growth in profits with the following new initiatives:

Media

- 2-3 new projects being evaluated in the B2B space
- Successful International Foray, 17000 Opt-ins for Global Services and 5000 database for Bio Spectrum Asia.
- Advertising Response to international ventures is off to a good start. Majors include Infosys, Genpact, HCL, Mindtree, NIIT, Invitrogen, Agilent, Applied Bio Systems, etc

Media Services

- Acquisitions of front end businesses is proposed in the US to facilitate inorganic growth in the content services business.
- Expanding existing relationships with CMP, UBM, Encyclopedia Britannica and Expomedia.
- The CyberMedia-Dice brand is being created with a strong brand building campaign. It is expected to yield results with growth in registred profiles and number of clients.

V. Internal Control Systems and Their Adequacy

The company has adequate control procedures commensurate with its size and nature of business. The internal control systems are well documented, policies, guidelines, authorizations and approval procedures. The company has an audit committee, which comprises three non-executive independent directors - Dr. Ashok Agarwal (Chairman), Mr. Rohitasa Chand and Mr. K.S. Mehta. The audit committee's observations are acted upon by the management.

VI. Human Resources

The company has always valued its employees. There exist many ongoing programs for training and skill enhancement within your company to enrich and increase the depth of the company's human resources.

During the period under review, the company has revamped the performance management system and has integrated it with existing HR processes. The new system is expected to result in more effective recruitment, appraisal and movement of all employees once implementation reaches a stage of maturity. In FY-06 the HR department has conducted a salary survey and then introduced a performance based remuneration scheme which will enhance productivity and result in optimization of resources by rewarding the best employees.

The total employee strength at the end of financial year 2005-06 was 545.

VII. Risks & Concerns

- **Paper Price** – Paper costs have reached a platform after a sharp rise and this directly affects the direct costs of the print business. The higher

costs are more than compensated by the brisk growth of both quantity and rates of the advertisement revenue stream as a result of which the management does not perceive substantial risk on this front.

- **Advertisement** – Advertisement revenue, which is inherently cyclical in nature, constitutes the main source of revenue for the Company. Following a consistent strategy of de-risking of the business, the non advertisement based streams of revenue the Company have been nurtured.
- **Competition** – Following the opening up of the Media sector to FDI investments, more players are expected to enter the market. The company has competed with a number of foreign titles in the past and is quite confident of maintaining its market dominance. Our operating domains - IT, telecom, consumer electronics, and bio-technology – are all growing rapidly and the company has successfully maintained market share despite entry of a number of publications.
- **Human Resources** – The Company has had a good track record of retaining people. The company conducts an annual salary survey. Increased outlays resulting from action based on the survey's findings have already been absorbed. The management does not perceive substantial risk on the human Resources front.
- **CyberMedia Dice** – The job board is still at an early investment phase and is likely to mature in the coming year. The market being addressed is large and even though your Company is a late entrant into this arena, its chosen business domain is a niche and it is confident of engaging with top IT and Tech companies in placement of middle and top level technical talent to establish and grow this business in India.

New Initiatives

- **Global Services** – The Global services Media portfolio is CyberMedia's first international forey. In keeping with the trend of B2B media portfolios which brake even in 20-30 months, this initiative is expected to incur losses for both FY07 and part of FY08. The magazine is however off to a good start and more than 27.000 opt-ins have been achieved
- **BioSpectrum Asia Edition** – BioSpectrum's Asia edition has been launched in February 06. A major portion of the cost has already been incurred for the existing Indian product. Being a small portfilio, it is unlikely to create any significant risk towards the overall performance of the company, even though this will contribute negatively to the bottom line in FY07.
- **Content Outsourcing** – There is a risk associated in case the company is not able to get orders or is not able to execute them well or is not able to retain its people. The company is planning acquisitions of front end businesses is proposed in the US to facilitate inorganic growth. Existing relationships with CMP, UBM, Encyclopedia Britannica and Expomedia will also be expanded. These measures will help in mitigating the risk.

Cautionary Statement

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

Report on Corporate Governance

I. Company's Philosophy on Corporate Governance

The Company believes that in order to create wealth for all stakeholders it is imperative to adhere to the norms of good corporate governance.

The management believes that in order to be one with the corporate and social environment, an enterprise must conform to ethical business principles, processes and methodologies, so as to construct a robust structure, which besides generating value for its investors ensures effective discharge of its social obligations.

II. Board of Directors

(i) Composition

The Board of your Company consists of persons who are professionally sound and competent in their respective fields. It consists of three Executive Directors and three Non- Executive Independent Directors.

The Composition of the Board as on 31st March, 2006 is as follows:

Name	Category	Other Directorships	Committee Membership/Chairmanship in other companies
Mr. Pradeep Gupta	Managing Director	12	1
Mr. Krishan Kant Tulshan	Executive Director	7	Nil
Mr. Shyam Malhotra	Executive Director	6	Nil
Mr. K.S. Mehta	Non-Executive Independent Director	1	Nil
Dr. Ashok Agarwal	Non-Executive Independent Director	3	Nil
Mr. Rohit Chand	Non-Executive Independent Director	18	1

The Constitution of the Board as also various committees of the Board conforms to the requirements of the Code of Corporate Governance. Brief resume of the Directors who are proposed to be re-appointed at the ensuing Annual General Meeting, nature of their expertise in specific functional areas and names of companies in which they hold Directorship and the membership of the committees of the Board is as under :

Mr. K S Mehta is a B.Tech from IIT Delhi. He has over 26 years experience in the area of computers, software consultancy and computer education. Besides the Company, he holds directorship in Knowledge-based Systems and Management Pvt. Ltd..

Dr. Ashok Agarwal has studied mechanical engineering at BITS Pilani. He has a post graduate degree in Industrial Engineering and PhD in

operations research. He has been a professor at IIM Kolkata. He has over 33 years of experience. Besides the Company, he holds directorships in Era Software Systems Pvt. Ltd, ACS Technologies Ltd. And Reliance Cellulose Products Ltd.

(ii) Board Meetings

The Board met 6 times during the year under review. Meetings were held on 25.05.05, 02.06.05, 21.06.05, 26.07.05, 26.10.05 and 24.01.06.

Attendance of Directors at Board Meetings and Annual General Meeting

Name	No. of Board Meetings Attended	Whether attended the AGM held on August 4, 05
Mr. Pradeep Gupta	6	Yes
Mr. Rohitasava Chand	4	Yes
Dr. Ashok Agarwal	3	Yes
Mr. Kulmohan Singh Mehta	5	No
Mr. Shyam Malhotra	5	Yes
Mr. Krishan Kant Tulshan	6	Yes

III. Audit Committee

The Board of Directors of the Company has constituted an independent Audit Committee, comprising of three non-executive directors Dr. Ashok Agarwal (Chairman), Mr. Rohit Chand and Mr. KS Mehta.

The Committee met 4 times during the year under review. Meetings were held on 21.06.05, 26.07.05, 26.10.05 and 23.01.06.

Attendance of Directors at the Committee Meetings

Name	No. of Committee Meetings Attended
Mr. Rohitasava Chand	4
Dr. Ashok Agarwal	3
Mr. Kulmohan Singh Mehta	4

The Constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956.

The terms of reference stipulated by the Board of Directors to the Audit Committee are, as contained in Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, as follows:

- 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.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

- c. Reviewing with management the annual financial statements before submission to the Board focusing primarily on:
 - i. Any changes in accounting policies and practices.
 - ii. Major accounting entries based on exercise of judgment by management.
 - iii. Qualifications in draft audit report.
 - iv. Significant adjustments arising out of audit.
 - v. The going concern assumption.
 - vi. Compliance with accounting standards.
 - vii. Compliance with stock exchanges and legal requirements concerning financial statements.
 - viii. Any related party transactions.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

IV. Remuneration Committee

The Board of Directors of the Company has constituted a Remuneration Committee, comprising of three non-executive independent directors Mr. Rohit Chand (Chairman), Mr. K.S. Mehta and Dr. Ashok Agarwal.

The role of the committee in accordance with the listing agreement is to determine on behalf of the Board of Directors and on agreed terms of reference, the terms of appointment, remuneration, perquisites, pension rights and any other compensation payable to executive directors.

The Committee met once during the year under review on 23.01.06.

Attendance of Directors at the Committee Meetings

Name	No. of Committee Meetings Attended
Mr. Rohitasava Chand	1
Dr. Ashok Agarwal	0
Mr. Kulmohan Singh Mehta	1

Remuneration to Directors

The remuneration of Executive Directors is decided by the Board on the recommendations of the Remuneration Committee. The details of remuneration paid to executive directors is as under:

Particulars	Pradeep Gupta	Shyam Malhotra	Krishan Kant Tulshan
Basic Remuneration	576,000	975,000	900,000
Other Allowances	859,200	2,001,000	1,260,000
Contribution to PF	69,120	129,600	108,000
Other Perquisites		76,176	
Total	1,504,320	3,181,776	2,268,000

V. Shareholders' Committee

The Board of Directors of the Company has constituted a Shareholders' Committee, comprising of two directors Mr. K.S. Mehta (Chairman) and Mr. Pradeep Gupta.

The Committee met 5 times during the year under review. Meetings were held on 22.04.05, 20.06.05, 25.07.05, 25.10.05 and 23.01.06.

Attendance of Directors at the Committee Meetings

Name	No. of Committee Meetings Attended
Mr. Kulmohan Singh Mehta	5
Mr. Pradeep Gupta	5

The role of the Committee is in accordance with the listing agreement. It primarily includes :

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.

Status of investor grievances received and redressed during the year 2005-06 is as under

Pending at the beginning of the year	Received during the year	Resolved during the year	Pending at the end of the year
0	75	74	1

Mr. Manhar Kapoor, Company Secretary, is the Compliance Officer of the Company.

VI. General Body Meetings

Venue and time of the last three Annual General Meetings:

Date	Venue	Time	Special Resolutions
4th August, 2005	Singhania Hall, PHD Chambers of Commerce, 4/2, Siri Institutional Area, August Kant Marg, New Delhi 100016	10.30am	1
15th May, 2004	D-74, Panchsheel Enclave, New Delhi-110017	10:30am	Nil
30th September, 2003	D-74, Panchsheel Enclave, New Delhi-110017	10:30am	Nil

No resolution was put through postal ballot.

VII. Disclosures

The particulars of transactions between the company and related parties is provided in the Notes to the Accounts in the financial statements.

VIII. Means of Communication

The Company keeps on updating its shareholders about material events and plans through appropriate mode of communication. The company has a section, on its website, dedicated to Investors.

The quarterly results are normally published in the Financial Express and Jansatta.

The Management Discussion and Analysis Report forms part of the Annual Report.

IX. General Shareholders Information

Annual General Meeting	
Date	August 31, 2006
Time	10.30 a.m.
Venue	Singhania Hall, PHD Chambers of Commerce, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110016
Financial Calendar	April 1 to March 31
Book Closure	August 22, 2006 to 31 August 2006 (both days inclusive)
Agency for electronic connectivity	In-time Spectrum Registry Limited A-31, Naraina Industrial Area, Ph I, New Delhi 110028

Listing

The shares of the company were listed on The Stock Exchange, Mumbai and the National Stock Exchange on June 10, 2005.

Stock Code at NSE: CYBERMEDIA
Stock Code at BSE: 532640

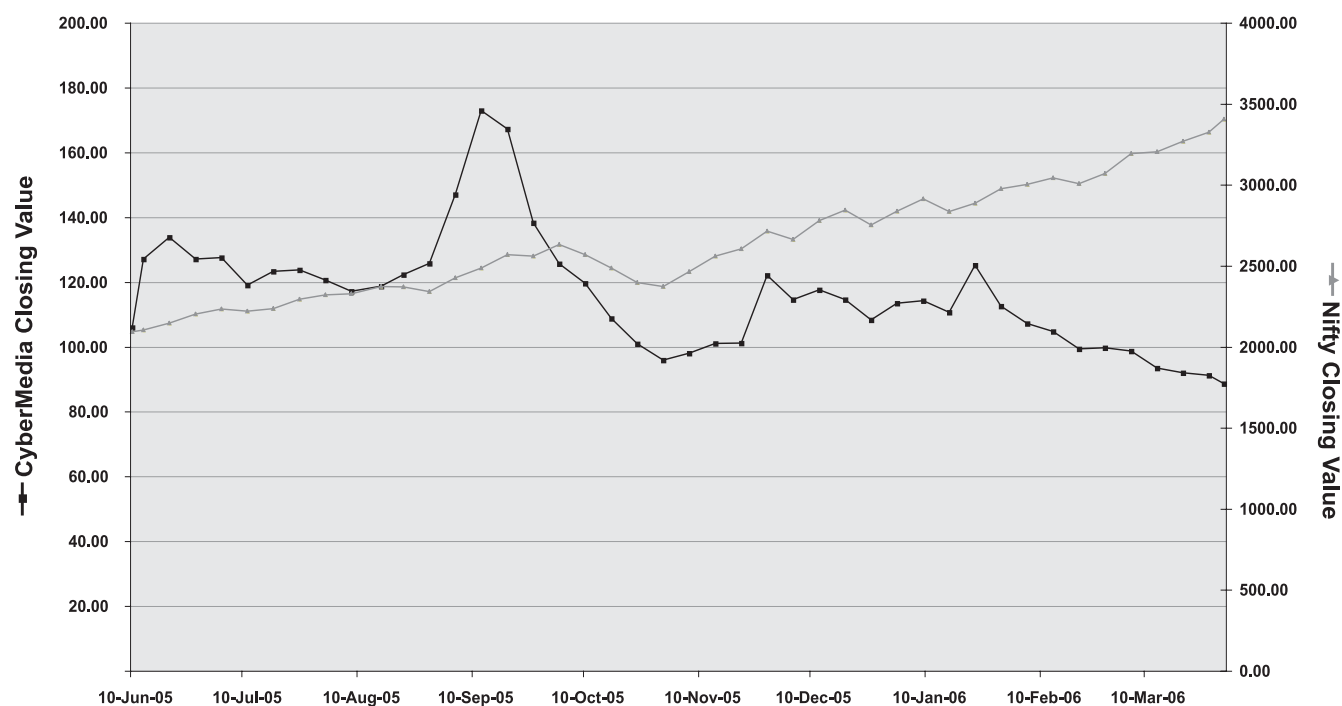
Market Price Data:

Month	NSE		BSE	
	High	Low	High	Low
June	166.70	74.10	167.00	75.00
July	140.00	111.40	136.30	111.60
August	134.50	114.00	134.00	116.00
September	190.00	121.35	183.60	121.85
October	132.10	91.50	134.50	93.15
November	134.00	93.15	133.20	95.50
December	124.00	111.00	123.90	107.00
January	128.20	107.00	129.85	107.00
February	113.00	97.00	113.00	98.00
March	102.75	77.25	103.90	85.00

Registrar and Share Transfer Agent

The Company has appointed In-time Spectrum Registry Limited as its Registrar and Share Transfer Agent for all work related to share registry for physical as well as demat shares. The Company's shares are in compulsory demat segment and can be traded in the depository system of both NSDL and CDSL.

Performance of Company's share in relation to NSE - Nifty



International Securities Identification Number (ISIN) : INE278G01037
Shareholding Pattern as on 31st March'2006

Sr. no.	Category	No. of Shares Held	Percentage of Shareholding
A Promoter's Holding			
Promoters			
1.	-Indian Promoters	4,129,393	41.29
	-Foreign Promoters	-	-
2.	Persons acting in concert	-	-
Sub-Total		4,129,393	41.29
B Non-Promoters Holding			
3.	Institutional Investors	-	-
a.	Mutual Funds and UTI	944,966	9.45
	Banks, Financial Institutions, Insurance Companies		
b.	(Central/State Govt. Institutions/ Non- Govt. Institutions)	-	-
c.	FIIS	-	-
Sub-Total		944,966	9.45
4.	Others		
a.	Private Corporate Bodies	1,200,520	12.00
b.	Indian Public	3,718,674	37.18
c.	NRIs/ OCBs	7,689	0.08
d.	Any Other (Clearing member)		
Sub-Total		4,926,883	49.26
GRAND TOTAL		10,001,242	100

Distribution of shareholding as on March 31, 2006

Shares of Nominal Value	Share Holders		Share Amount	
	Number	% of total	Rupees	% of total
Upto - 2,500	4,423	77.94	4,193,340	4.19
2,501 - 5,000	775	13.66	2,995,950	3.00
5,001 - 10,000	180	3.17	1,503,220	1.50
10,001 - 20,000	120	2.12	1,866,530	1.87
20,001 - 30,000	51	0.90	1,295,280	1.30
30,001 - 40,000	27	0.48	958,730	0.96
40,001 - 50,000	21	0.37	1,005,460	1.01
50,001 - 1,00,000	29	0.51	2,234,380	2.23
1,00,001 & Above	49	0.86	83,959,530	83.95
Total	5,675	100.00	100,012,420	100.00

As on March 31, 2006, 97,88,067 shares comprising 97.87% of the share capital of the Company were in demat mode

Address for correspondence:

Mr. Manhar Kapoor
Company Secretary

Cyber House
Cyber Media (India) Ltd.
B-35, Sector-32, Gurgaon,
Haryana 122002.
Tel: +91(124) 2384816, 4031234,
Fax: +91(124) 2380694

Auditor's Certificate on Compliance with conditions of Corporate Governance under Clause 49 of the Listing Agreements

To the Members of Cyber Media (India) Limited

We have examined the compliance of conditions of corporate governance by Cyber Media (India) Limited for the year ended on March 31, 2006, as stipulated in clause 49 of the Listing Agreement of the company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

N.K. GOEL & CO.
Chartered Accountants

Place: New Delhi
Dated: May 18, 2006

N K Goel
Proprietor (Membership# 500-16570)

DETAILS OF SUSIDIARY COMPANIES (2005-06)

	IDC (India) Ltd. (Rs. / Millions)	Cyber Media (India) Online Ltd. (Rs. / Millions)	Cyber Media Digital Ltd. (Rs./ Millions)	Cyber Media Events Limited (Rs. / Millions)	Cyber Holdings Ltd. Singapore Pte Limited (Rs. / Millions)	Cyber Media (I) LLC (Rs. / Millions)
(a) Capital	1.5	12.44	1.00	0.50	0.50	69.29
(b) Reserves and Surplus (Adjusted for debit balance in Profit & Loss Account where applicable)	20.81	5.33	10.38	1.64	-	-
(c) Total Assets (Fixed Assets + Current Assets)	62.28	44.92	45.38	7.92	0.51	7.98
(d) Total Liabilities (Debits + Current Liabilities)	52.48	27.16	34.00	5.75	0.06	8.17
(e) Details of Investments (Except in case of investments in subsidiaries)	12.5	0.01	-	-	-	68.83
(f) Turnover (Including Other Income)	121.85	55.69	59.99	22.66	-	20.79
(g) Profit before Taxation	14.82	10.89	1.52	1.92	-	-0.98
(h) Provision for Taxation	5.33	3.91	0.61	0.98	-	-
(i) Profit after Taxation	9.48	6.98	0.91	0.94	-	-0.98
(j) Proposed Dividend (including dividend tax)	1.71	-	-	-	-	-

Notes:

The financial statements of the foreign subsidiaries have been converted into Indian Rupees on the basis of appropriate exchange rates.

The Ministry of Company Affairs, Government of India vide its letter dated 31.07.2006 has granted approval under Section 212(8) of the Companies Act, 1956 for the financial year ended on 31.03.2006 whereby the Balance Sheet, Profit & Loss Account, Director's Report and Auditor's Report of the subsidiaries and other documents required to be attached under Section 212(1) of the Act are not required to be attached to the Company's Accounts. Hence, the same are not being attached. However, the annual accounts of the subsidiary companies and the related detailed information will be made available to the members of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept open for inspection by any investor in its Head Office and that of the subsidiary companies concerned.

Auditors' Report

To
The Board of Directors of
Cyber Media (India) Limited
New Delhi

1. We have audited the attached consolidated balance sheet of Cyber Media (India) Limited and its subsidiaries as at March 31, 2006, the consolidated profit and loss account for the year ended on that date annexed thereto, and the consolidated cash flow statement for the year ended on that date, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amount and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, Consolidated financial statements, Accounting Standard 23, Accounting for investment in Associates in Consolidated financial statements and Accounting Standard 27-Financial reporting of interest in Joint Ventures, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited/reviewed financial statements of the Company and its subsidiaries, associates and joint ventures.
4. On the basis of the information and explanations given to us and on consideration of the separate audit reports of individual audited financial statements of Cyber Media (India) Limited and its aforesaid subsidiaries, associates and joint ventures as applicable in our opinion, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the consolidated balance sheet, of the consolidated state of affairs of Cyber Media (India) Limited and its subsidiaries, associates and joint ventures as at March 31, 2006.
 - ii) In case of the consolidated profit and loss account, of the consolidated results of operations of Cyber Media (India) Limited and its subsidiaries, associates and joint ventures for the year ended on that date; and
 - iii) In the case of the consolidated cash flow statement, of the consolidated cash flows of Cyber Media (India) Limited and its subsidiaries, associates and joint ventures for the year ended on that date;

For N K Goel & Company
Chartered Accountants

New Delhi
Dated: May 18, 2006

Neeraj Kumar Goel
Proprietor (Membership# 500-16570)

CYBER MEDIA (INDIA) LIMITED			
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2006			
<i>(In Rupees)</i>			
	SCHEDULE NO	As at 31st March, 2006	As at 31st March, 2005
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	100,012,420	71,775,000
Share Application Money		-	2,014,642
Reserves and Surplus	2	<u>276,782,523</u>	<u>89,412,236</u>
		376,794,943	163,201,878
Minority Interest		1,428,362	862,731
Deferred Tax Liability		15,326,991	13,674,038
Loan Funds			
Secured Loans	3	104,827,146	93,276,546
Unsecured Loans	4	<u>430,000</u>	<u>6,230,000</u>
		105,257,146	99,506,546
TOTAL		<u>498,807,442</u>	<u>277,245,192</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	254,661,769	201,365,182
Less: Depreciation		<u>74,057,947</u>	<u>55,359,891</u>
Net Block		180,603,822	146,005,291
Capital work-in-progress		-	57,171
Investments	6	82,677,056	3,792,874
Current Assets, Loans and Advances			
Inventories	7	22,195,770	18,307,161
Sundry Debtors	8	242,103,760	145,978,834
Cash and Bank Balance	9	25,510,876	12,218,298
Loans and Advances	10	<u>33,082,813</u>	<u>19,559,937</u>
		322,893,219	196,064,230
Less:			
Current Liabilities and Provisions			
Liabilities	11	129,194,134	105,200,151
Provisions	12	<u>11,403,916</u>	<u>8,444,906</u>
		140,598,050	113,645,057
Net Current Assets		182,295,169	82,419,173
Miscellaneous Expenditure (to the extent not written off or adjusted)	13	53,231,395	44,970,682
TOTAL		<u>498,807,442</u>	<u>277,245,192</u>
Significant Accounting Policies	20		
Notes to the Accounts	21		

Schedules 1 to 13, 20 and 21 referred above form an integral part of this Balance Sheet.

This is the Balance Sheet referred to in our Report of even date attached.

For and on behalf of
N K Goel & Co.
Chartered Accountants

For and on behalf of
Board of Directors

N K Goel
Proprietor (Membership# 500-16570)

Pradeep Gupta
Managing Director

New Delhi
Dated: May 18, 2006

Krishan Kant Tulshan
Executive Director

Manhar Kapoor
Company Secretary

CYBER MEDIA (INDIA) LIMITED			
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006			
			<i>(In Rupees)</i>
	SCHEDULE NO		Year Ended 31st March, 2006
			Year Ended 31st March, 2005
INCOME			
Sales & Services	14	793,500,130	665,365,858
Other Income	15	<u>12,019,072</u>	<u>2,309,704</u>
			805,519,202
EXPENDITURE			
Direct Expenses	16	409,644,620	388,226,407
Taxes on Sales and Services		4,858,918	3,724,952
Personnel Expenses	17	156,013,682	110,211,336
Other Expenses	18	<u>111,816,898</u>	<u>75,652,340</u>
			682,334,117
Earnings Before Interest Tax, Depreciation and Amortizations			123,185,085
Financial Charges	19	12,476,093	11,888,288
Depreciation		<u>18,431,768</u>	<u>12,358,158</u>
			30,907,861
Profit Before Tax			92,277,224
Provision for Tax			-
			3,444,960
-Current Tax		26,440,000	17,331,471
-Deferred Tax		<u>1,652,953</u>	<u>5,037,038</u>
			28,092,953
Profit After Tax			60,739,311
Appropriation/Adjustments			
Minority Interest		565,631	(240,368)
Share of Profit/(Loss) on Investments in Associates		-	51,248
Proposed Dividend		(10,001,242)	(7,175,500)
Tax on Proposed Dividend		(1,402,674)	(1,269,406)
To/(From) Free Reserves in Sch.2		<u>48,769,764</u>	<u>34,611,546</u>
			60,739,311
Significant Accounting Policies	20		
Notes to the Accounts	21		

Schedules 14 to 21 referred above form an integral part of this Profit and Loss Account.

This is the Profit and Loss Account referred to in our Report of even date attached.

For and on behalf of
N K Goel & Co.
Chartered Accountants

For and on behalf of
Board of Directors

N K Goel
Proprietor (Membership# 500-16570)

Pradeep Gupta
Managing Director

New Delhi
Dated: May 18, 2006

Krishan Kant Tulshan
Executive Director

Manhar Kapoor
Company Secretary

CYBER MEDIA (INDIA) LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

(In Rupees)

Particulars	Year Ended 31st March, 2006	Year Ended 31st March, 2005
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Tax	92,277,224	65,614,081
Adjustments for:		
Depreciation	18,431,768	12,358,158
Difference in foreign currency exchange	290,026	(21,442)
Interest income	(4,932,366)	(100,891)
Dividend Income	(2,288,530)	(375,105)
Interest Expense	10,903,433	11,026,004
Loss on sale of fixed assets	279,516	-
Profit from sale of shares	(2,849,677)	
Preliminary Expenses written off	2,997	2,997
	<u>19,837,166</u>	<u>22,889,721</u>
Operating Profit before working capital changes	112,114,391	88,503,802
Adjustments for:		
(Increase)/decrease in Inventories	(3,888,609)	2,513,519
(Increase)/decrease in Debtors	(96,124,926)	(16,703,238)
(Increase)/decrease in Loans & Advances	(14,269,424)	(7,159,580)
(Decrease)/increase in Current Liabilities	23,993,983	24,456,945
	<u>(90,288,976)</u>	<u>3,107,645</u>
Cash generated from operations	21,825,415	91,611,447
Income Tax Paid during the period/year	23,211,770	20,258,421
Net Cash from Operating Activities	<u>(1,386,355)</u>	<u>71,353,026</u>
B CASH FLOW FROM INVESTING ACTIVITIES		
Inflow:		
Sale of fixed assets	345,000	1,490,957
Interest Received	4,932,366	100,891
Dividend Received	2,288,530	375,105
	<u>7,565,896</u>	<u>1,966,953</u>
Outflow:		
Acquisition of fixed assets	56,677,605	28,434,892
Capital work in progress	-	57,171
Purchase of investments	78,884,182	19,073
	<u>135,561,787</u>	<u>28,511,136</u>
Net Cash from Investing Activities	<u>(127,995,890)</u>	<u>(26,544,183)</u>

CYBER MEDIA (INDIA) LIMITED		
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006		
<i>(In Rupees)</i>		
Particulars	As at 31st March, 2006	As at 31st March, 2005
C CASH FLOW FROM FINANCING ACTIVITIES		
Inflow:		
Proceeds from issue of Share Capital	26,222,778	1,630
Share Premium Received	138,600,523	3,260
Proceeds from Secured Loans	11,550,600	2,673,536
Proceeds from Unsecured Loans	<u>(5,800,000)</u>	<u>(379,986)</u>
	170,573,901	2,298,440
Outflow:		
Dividend paid	8,444,906	3,804,322
Interest Paid	10,903,433	11,026,004
Deferred Revenue Expenditure	<u>8,260,713</u>	<u>32,068,077</u>
	<u>27,609,052</u>	<u>46,898,403</u>
Net cash from Financing activities	<u>142,964,849</u>	<u>(44,599,963)</u>
D EXCHANGE DIFFERENCE IN FOREIGN CURRENCY	<u>(290,026)</u>	<u>21,442</u>
Net increase in Cash & Cash Equivalents (A+B+C+D)	13,292,577	230,322
Cash & Cash Equivalents (Opening)	<u>12,218,298</u>	<u>11,987,976</u>
Cash & Cash Equivalents (Closing)	<u>25,510,876</u>	<u>12,218,298</u>

This is the Cash Flow Statement referred to in our report of even date

For and on behalf of
N K Goel & CO.
Chartered Accountants

N K GOEL
Proprietor (Membership# 500-16570)

New Delhi
Dated: May 18, 2006

For and on behalf of the
Board of Directors

Pradeep Gupta
Managing Director

Krishan Kant Tulshan
Executive Director

Manhar Kapoor
Company Secretary

CYBER MEDIA (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET

		(In Rupees)	
		As at	As at
		<u>31st March, 2006</u>	<u>31st March, 2005</u>
SCHEDULE 1 – CAPITAL			
Authorized			
11,000,000 (11,000,000) Equity Shares of Rs.10 (Rs.10) each		<u>110,000,000</u>	<u>110,000,000</u>
Issued, Subscribed, Called and Paid Up*			
10,001,242 (7,177,500) Equity Shares of Rs.10 (Rs.10) each , fully paid up		<u>100,012,420</u>	<u>71,775,000</u>
TOTAL		<u>100,012,420</u>	<u>71,775,000</u>

*Includes 6,185,938 (6,185,938) Equity Shares of Rs.10/- (Rs.10/-) each which were allotted as fully paid up Bonus Shares by way of capitalisation of Reserves.

SCHEDULE 2 – RESERVES AND SURPLUS			
Capital Reserve*			
As per last Account	15,676,560		15,673,300
Additions during the year (Net of IPO Expenses written off Rs. 2.586.577 (PY:Nil))	<u>138,600,523</u>		<u>3,260</u>
		154,277,083	15,676,560
Free Reserves^			
As per last Account	73,735,676		39,124,131
From/(To) Profit & Loss Account	<u>48,769,764</u>		<u>34,611,546</u>
		122,505,440	73,735,676
TOTAL		<u>276,782,523</u>	<u>89,412,236</u>

* Represents Share Premium

^Represents General Reserve and Profit and Loss Account

CYBER MEDIA (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET

(In Rupees)

	As at 31st March, 2006	As at 31st March, 2005
SCHEDULE 3 – SECURED LOANS		
Loans & Advances from Banks		
<i>Term Loan</i>		
State Bank of Mysore*	29,453,698	16,223,670
<i>Cash Credit</i>		
From State Bank of Mysore	66,083,410	66,004,436
<i>Term Finance</i>		
Sundry Banks*	9,290,038	9,527,610
	<u>104,827,146</u>	<u>91,755,716</u>
Loans & Advances from Others		
<i>Term Finance</i>		
Sundry Parties*	–	1,520,830
TOTAL	<u><u>104,827,146</u></u>	<u><u>93,276,546</u></u>
* Amount payable within one year	17,860,943	15,332,253
SCHEDULE 4 – UNSECURED LOANS		
Other Loans & Advances		
Security Deposits	80,000	80,000
Others	350,000	6,150,000
TOTAL	<u><u>430,000</u></u>	<u><u>6,230,000</u></u>

CYBER MEDIA (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

SCHEDULE NO. 5 – FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	AS AT 1.4.2005	ADDITIONS DEDUCTIONS	AS AT 31.03.2006	UPTO 31.03.2005	FOR THE YEAR	ADJUSTMENTS	UPTO 31.03.2006	AS AT 31.03.2006	AS AT 31.3.2005
FREE HOLD LAND	4,035,756	-	6,024,854	-	-	-	-	6,024,854	4,035,756
LAND & BUILDING	29,670,552	2,500,000	30,181,454	6,271,366	483,630	-	6,754,997	23,426,457	23,399,186
COMPUTER EQUIPMENTS	54,057,558	18,847,344	72,904,902	32,140,516	10,088,981	-	42,205,412	30,699,490	21,917,042
AIR CONDITIONER	10,704,864	890,630	11,595,494	638,170	523,424	-	1,161,594	10,433,900	10,066,694
FURNITURE & FIXTURE	37,557,587	7,326,006	44,883,592	3,900,572	943,412	-	4,843,984	40,039,608	33,657,015
EQUIPMENTS & INSTAL- LATIONS	20,202,973	1,113,597	21,316,570	2,994,723	985,597	-	3,980,319	17,336,250	17,208,250
GENERATOR	2,787,860	324,182	3,112,042	323,900	141,132	-	465,031	2,647,010	2,463,960
SOFTWARE	8,551,321	19,094,466	27,645,787	1,276,938	3,214,337	-	4,489,728	23,156,059	7,274,383
VEHICLES	24,177,096	6,565,757	29,853,401	7,704,731	2,492,586	264,936	9,986,986	19,866,415	16,472,365
GOODWILL	6,926,079	-	6,926,080	-	-	-	-	6,926,080	9,474,816
INTANGIBLES	-	-	-	-	-	-	-	-	-
BOOKS	144,800	72,794	217,594	108,975	60,919	-	169,894	47,700	35,825
TOTAL AS AT 31.03.2006	198,816,445	56,734,776	254,661,769	55,359,891	18,934,017	264,936	74,057,947	180,603,823	146,005,291
TOTAL AS AT 31.03.2005	174,421,247	28,434,892	201,365,182	43,576,471	12,358,158	574,737	55,359,891	146,005,291	190,934,776

(In Rupees)

CYBER MEDIA (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET

(In Rupees)

	As at 31st March, 2006	As at 31st March, 2005
SCHEDULE 6 – INVESTMENTS		
Long Term		
Trade		
<i>Unquoted- In Associate Companies</i>		
250,000 (250,000) Equity Shares of Rs.10/- each, fully paid up of Cyber Media Foundation Limited	–	525,934
75,000 (75,000) Equity Shares of Rs. 10/- each, fully paid up of Cyber Astro Limited	–	–
CMP Cyber Media LLC (50% ownership interest)	22,146,729	
SX2 Media Labs LLC (20% ownership interest)	46,680,327	
Cyber Media Foundation Limited (Share Application Money)	1,350,000	800,000
	70,177,056	1,325,934
Other Than Trade - Quoted		
290,524 (290,254) Equity Shares of Rs.10/- each fully paid up of SQL Star International Limited	–	2,466,940
Kotak Mutual Fund Invested in Floater Short Term Weekly Dividend Plan	12,500,000	
TOTAL	82,677,056	3,792,874
<i>Aggregate Market Value of Quoted Investments</i>	12,500,000	3,219,006
<i>Aggregate Face Value of Unquoted Investments</i>	720,770,556	3,250,000
SCHEDULE 7 – INVENTORIES		
Newsprint	11,254,759	7,911,182
Trading Goods	10,450,563	9,151,738
Packing Material	490,448	1,244,241
TOTAL	22,195,770	18,307,161
SCHEDULE 8 – SUNDRY DEBTORS		
Unsecured but considered good		
Debts exceeding six months	15,570,418	14,873,413
Other Debts	226,533,342	131,105,421
TOTAL	242,103,760	145,978,834

CYBER MEDIA (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED BALANCE SHEET

(In Rupees)

	As at 31st March, 2006	As at 31st March, 2005
SCHEDULE 9 – CASH AND BANK BALANCES		
Cash in hand	1,451,842	416,741
Bank balances		
With scheduled banks in		
-Current Accounts	21,075,189	7,515,492
-EEFC Accounts	38,818	1,962,541
-Fixed Deposits	2,945,027	2,323,524
	<u>24,059,034</u>	11,801,557
TOTAL	<u>25,510,876</u>	<u>12,218,298</u>
SCHEDULE 10 – LOANS AND ADVANCES		
Unsecured but considered good		
Advances recoverable in cash or in kind or for value to be received	26,396,398	15,490,715
Advance Income Tax (Net of Provisions)	2,281,835	2,679,722
Deposit with Sales Tax Authorities	100,000	10,000
Security Deposits	4,304,580	1,379,500
TOTAL	<u>33,082,813</u>	<u>19,559,937</u>
SCHEDULE 11 – CURRENT LIABILITIES		
Sundry Creditors	127,923,885	103,252,464
Advances received for which value to be given	1,270,249	1,947,687
TOTAL	<u>129,194,134</u>	<u>105,200,151</u>
SCHEDULE 12 – PROVISIONS		
Proposed Dividend	10,001,242	7,175,500
Dividend Tax on Proposed Dividend	1,402,674	1,269,406
TOTAL	<u>11,403,916</u>	<u>8,444,906</u>
SCHEDULE 13 – MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted):		
Preliminary Expenses	634,534	285,355
Deferred Revenue Expenditure	42,250,554	38,411,373
Public Issue Expenses	10,346,307	6,273,954
TOTAL	<u>53,231,395</u>	<u>44,970,682</u>

CYBER MEDIA (INDIA) LIMITED**SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT***(In Rupees)*

	Year Ended 31st March, 2006	Year Ended 31st March, 2005
SCHEDULE 14 - SALES & SERVICES		
Advertisement	443,769,621	336,319,140
Editorial & Content	13,317,475	11,367,859
Events & Seminars	97,815,409	72,836,382
Publication	57,070,873	53,530,709
Trading Goods	59,801,848	110,663,678
Research and Survey	121,724,905	80,648,090
TOTAL	793,500,130	665,365,858
SCHEDULE 15 - OTHER INCOME		
Difference in Exchange	(290,026)	21,442
Dividend	2,288,530	375,105
Interest	4,932,366	100,891
Miscellaneous	1,501,724	1,812,266
Rentals	736,800	-
Profit from Sale of Shares	2,849,677	-
TOTAL	12,019,072	2,309,704

CYBER MEDIA (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT

(In Rupees)

	<u>Year Ended</u> <u>31st March, 2006</u>	<u>Year Ended</u> <u>31st March, 2005</u>
SCHEDULE 16 – DIRECT EXPENSES		
Newsprint Consumed		
Opening Stock	7,322,475	5,235,606
Add: Purchases during the year	<u>33,093,494</u>	<u>27,205,392</u>
	40,415,969	32,440,998
Less: Closing Stock	<u>11,254,759</u>	<u>7,322,475</u>
	29,161,210	25,118,523
Cost of Trading Goods Sold		
Opening Stock	19,362,040	14,908,051
Add: Purchases during the year	<u>44,946,234</u>	<u>69,939,443</u>
	64,308,275	84,847,494
Less: Closing Stock	<u>10,450,563</u>	<u>9,740,445</u>
	53,857,712	75,107,049
Press, News, Programme and Article Services	16,437,153	49,561,784
Events & Seminars	58,474,585	44,624,718
Hosting Server Charges	3,378,737	13,897,040
Packing and Despatch	14,429,650	20,370,597
Printing and Processing	38,977,567	33,242,022
Research & Survey	66,004,508	42,545,151
Discount on Sales & Services	<u>128,923,498</u>	<u>83,759,523</u>
	326,625,698	288,000,835
TOTAL	<u>409,644,620</u>	<u>388,226,407</u>
SCHEDULE 17 – PERSONNEL EXPENSES		
Salaries, Bonus and Allowances	136,713,872	97,235,109
Contribution to Provident and Other Funds	9,017,272	5,306,985
Staff Welfare	4,982,504	4,915,528
Recruitment and Training	<u>5,300,034</u>	<u>2,753,714</u>
TOTAL	<u>156,013,682</u>	<u>110,211,336</u>

CYBER MEDIA (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF CONSOLIDATED PROFIT & LOSS ACCOUNT

(In Rupees)

	<u>Year Ended</u> 31st March, 2006	<u>Year Ended</u> 31st March, 2005
SCHEDULE 18 - OTHER EXPENSES		
Lease Rentals	6,499,968	2,296,697
Repair to Buildings	1,205,428	686,227
Repair to Plant & Machinery	1,292,637	1,947,737
Other Repair & Maintenance	1,395,530	889,891
Insurance	495,947	661,780
Rates and Taxes	221,167	287,860
Printing and Stationery	3,769,029	3,084,482
Correspondence and Communications	17,759,208	15,303,143
Travelling and Conveyance	31,817,171	26,228,644
Electricity and Water	6,648,452	5,692,804
Vehicle Running and Maintenance	3,290,279	2,609,709
Legal & Professional Charges	3,716,229	4,563,899
Payment to Statutory Auditors	185,670	194,697
Newspaper, Books and Periodicals	862,646	817,149
Miscellaneous	7,681,742	7,063,937
Advertisement & Publicity	24,693,282	2,813,068
Loss on sale of Asset	279,516	507,619
Preliminary expenses written off	2,997	2,997
TOTAL	111,816,898	75,652,340
SCHEDULE 19 - FINANCIAL CHARGES		
Interest		
- Term Loans	3,519,468	3,048,124
- Other	4,690,581	7,666,413
	8,210,050	10,714,537
Interest paid to Others	2,693,383	311,467
Other Financial Charges	1,572,659	862,284
TOTAL	12,476,093	11,888,288

CYBER MEDIA (INDIA) LIMITED

SCHEDULE 20

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED FINANCIAL STATEMENT

The significant accounting policies adopted by the Company, its subsidiaries, associates and Joint Ventures (hereinafter referred to as the "Group") in respect of these Consolidated 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. Further, the financial statements are presented in the general format specified in Schedule VI to the Companies Act, 1956, as well as the requirements of the Companies Act, 1956.

2) Principles of Consolidation:

The Consolidated Financial Statements have been prepared on the following basis:

- The Financial Statement of the Company and its subsidiary Companies have been combined on line to line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra group balances and intra group transactions resulting in unrealized profits or losses as per Accounting Standard 21- Consolidated Financial Statements issued by Institute of Chartered Accountants of India.
- In case of foreign subsidiary, revenue item are consolidated at average rate prevailing during the year. All assets and liabilities are converted at the rates prevailing at the end of the year.
- Investment in Associate Companies have been accounted under the equity method as per Accounting Standard 23 - Accounting

for Investment in Associates in Consolidated Financial Statements issued by Institute of Chartered Accountants of India

- Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard - 27-Financial Reporting of interest in Joint Ventures issued by The Institute of Chartered Accountants of India.
- The Financial Statements of the subsidiaries, associates and joint ventures used in the consolidation are drawn upto the same reporting date as that of the company i.e. 31st March, 2006.
- The excess of cost of the Company, of its investment in the Subsidiary and Joint ventures over the Company's portion of equity is recognised in financial statement as Goodwill.
- The excess of Company's portion of equity of the Subsidiary and Joint ventures as at the date of its investment is treated as Capital reserve.
- Minority Interest in the net assets of Consolidated subsidiaries consist of:
 - a) The Amount of equity attributable to minorities at the date on which investment in subsidiary is made; and
 - b) The minorities share of movements in equity since the date the parent subsidiary relationship came into existence.
- Minority interest's share of net profit for the year of consolidated subsidiaries is identified and adjusted against the profit after tax of the group.
- Intra-group balances and intra-group transactions and resulting unrealized profits have been eliminated.

The list of Subsidiary Companies, associate company and Joint Ventures which are included in the Consolidation and the company's holdings therein are as under:

Name of the Company	Relationship	Shareholding as at March 31, 2006.
Cyber India Online Limited	Subsidiary	91.95%
Cyber Media Events Limited (Formerly Cyber Expo Limited)	Subsidiary	100.00%
IDC (India) Limited	Subsidiary	100.00%
Cyber Media Digital Limited (Formerly Cyber Multimedia (India) Limited)	Subsidiary	100.00%
Cyber Media Singapore Pte. Limited	Subsidiary	100.00%
Cyber Holdings Limited	Subsidiary	100.00%
Cyber Media LLC	Subsidiary	100.00%
Cyber Media Dice Careers Limited	Joint Venture	49.00%
Cyber Media Foundation Limited	Associate	50.00%
Cyber Astro Limited	Associate	37.50%

3) 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.

4) 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.

5) 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.

6) 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.

7) 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.

8) 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.

9) 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.

10) 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 charges 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.

11) Depreciation

a) 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%

b) 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.

c) 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.

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.

13) 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.

CYBER MEDIA (INDIA) LIMITED (CONSOLIDATED)

SCHEDULE 21

NOTES TO THE ACCOUNTS:

1) Particulars of Securities Charged against Secured Loans taken by the company as follows:

a) Term Loan

(Rs.In '000)			
Particulars	As At (31.03.2006)	As At (31.03.2005)	Security Charges
State Bank of Mysore	29,454	16,224	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 Media Digital 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, Mr. Shyam Malhotra, Mr. Krishan Kant Tulshan Corporate guarantee by Cyber Media Digital Limited, IDC (India) Limited and Cyber Media Events Limited.

b) Cash Credit Facility

(Rs.In '000)			
Particulars	As At (31.03.2006)	As At (31.03.2005)	Security Charges
State Bank of Mysore	66,081	66,005	First charge by way of hypothecation, on the entire inventory, consumables, book debts and receivables. Corporate guarantee of Cyber Media (India) Ltd. Personal Guarantee of: Mr. Pradeep Gupta Mr. Shyam Malhotra Mr. Krishan Kant Tulshan

c) Term finance

(Rs.In '000)			
Particulars	As At (31.03.2006)	As At (31.03.2005)	Security Charges
From Sundry Banks/Parties	9,209	11,048	Secured by hypothecation of some of the assets, particularly vehicles of the company.

2) Taxation.

In view of Accounting Standard-22 on 'Accounting for Taxes on Income' (AS-22) issued by the Institute of Chartered Accountants of India, the group has accounted for Deferred Taxes with effect from 1st April 2002.

Breakup of net deferred tax liabilities into major components of the respective balances is as follows.

<i>(Rs.In '000)</i>		
Deferred Tax Assets/Liabilities	Closing as at 31.03.2006	Closing as at 31.03.2005
Deferred Tax Liabilities:		
Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation	20,610	21,981
Others	-	-
Total (A)	20,610	21,981
Deferred Tax Assets:		
Tax impact of expenses charged in the financial statements but allowable as deductions in future years under income tax		
Carry forward of unabsorbed losses	3,732	6,756
Carry forward of unabsorbed depreciation		
Others	1,551	1,551
Total (B)	5,283	8,307
Net Deferred Tax Liability/(Asset) (A-B)	15,327	13,674
3) Earnings Per Share:		

<i>(Rs.In '000)</i>		
Particulars	As at 31.03.2006	As at 31.03.2005
Profit/(Loss) attributable to the equity shareholders Rs.'000 (A)	60,739	43,245
Weighted average number of equity shares outstanding during the year (B)	9,521,593	7,177,500
Nominal value of equity shares (Rs.)	10/-	10/-
Basic and Diluted Earning Per Share (Rs.) (A)/(B)	6.38	6.03

4) Director's Remuneration

<i>(Rs.In '000)</i>		
Particulars	As at 31.03.2006	As at 31.03.2005
Basic Remuneration	2,451	2,376
Other Allowances	4,120	3,735
Contribution to Provident & other Fund	307	285
Other Perquisites	76	-
Total	6,954	6,326

5) Segment Reporting

Segment-Wise Revenue & Capital Employed for the year ended March 31, 2005

<i>Rs. In Million</i>		
	As at 31.03.2006 (Audited)	As at 31.03.2005 (Audited)
Segment Revenue		
Media	637.96	494.39
Media Services	198.49	194.88
Total	836.45	689.27
Less: Inter Segment Revenue	30.93	21.60
Total Revenue	805.52	667.67
Segment Results		
Profit before tax, Interest expense & Interest Income		
Media	115.80	63.60
Media Services	(11.04)	13.90
Sub-Total	104.76	77.50
Less : Unrealised segment margins	-	-
Sub-Total	104.76	77.50
Less : Interest Expenditure	12.48	11.89
Profit before tax	92.28	65.61

6) Related Party Transactions:

In accordance with the requirements of Accounting Standard (AS-18) on Related Party Disclosures, the names of related parties where control exists and/or with whom transactions have take place during the year and description of relationships, as identified and certified by management are:

<i>(Rs.In '000)</i>				
Nature of transactions	Joint Ventures	Associates	Key Management Personnel	Relatives of Key Management Personnel
Investments @	33,123	4,600	-	-
Loans & Advances @	4,683	-	-	-
Sales & Services Income	-	100	-	-
Purchase of goods & services	-	160	-	-
Common expenses				
-Recovered	-	11	-	-
Managerial Remuneration	-	-	6,878	-

@ Closing Balance

Names of related parties and description of relationship:

Associates	Cyber Astro Limited Cyber Media Foundation Limited
Joint Venture	Cyber Media Dice Careers Limited
Key Management Personnel	Mr. Pradeep Gupta Mr. Shyam Malhotra Mr. Krishan Kant Tulshan
Relatives of Key Management Personnel	Mrs. Sudha Bala Gupta

- 7) On the basis of information available and provided by its suppliers, the Group has no outstanding due to any small-scale industry as on 31.03.2006.
- 8) Contingent Liabilities
- a) Total of Bank guarantee outstanding as at year-end amounting to Rs.6, 67,649 (Six lac sixty seven thousand six hundred and forty nine only) given to various customers/suppliers against which the margin of Rs 2,19,315 (Two lac nineteen thousand three hundred and fifteen only) has been given.
- b) Total of letter of credit outstanding as at year end amounting to Rs.21 Lacs (Rs. Twenty One Lacs) given to various supplier towards purchase of goods against which 15% margin has already been deposited with the bank.
- 9) Company is disputing at various appellate levels additions to the tune of Rs.47.45 Million made by the Income tax authorities in different assessment years primarily based on the assessment framed for 1989-90. The Honorable High Court of Delhi has admitted the company's appeal for assessment year 1989-90 for hearing. The Company, as per its records, has already paid all the disputed demands and had also made adequate taxation provisions in appropriate cases.
- 10) Previous year figures have been regrouped/reclassified, wherever necessary, to confirm to current year's classification.
- 11) The Group has no other information required to be disclosed pursuant to schedule VI of The Companies Act, 1956

Signature to Schedule 1 to 21

For and on behalf of
N K Goel & Co.
Chartered Accountants

For and on behalf of
Board of Directors

Manhar Kapoor
Company Secretary

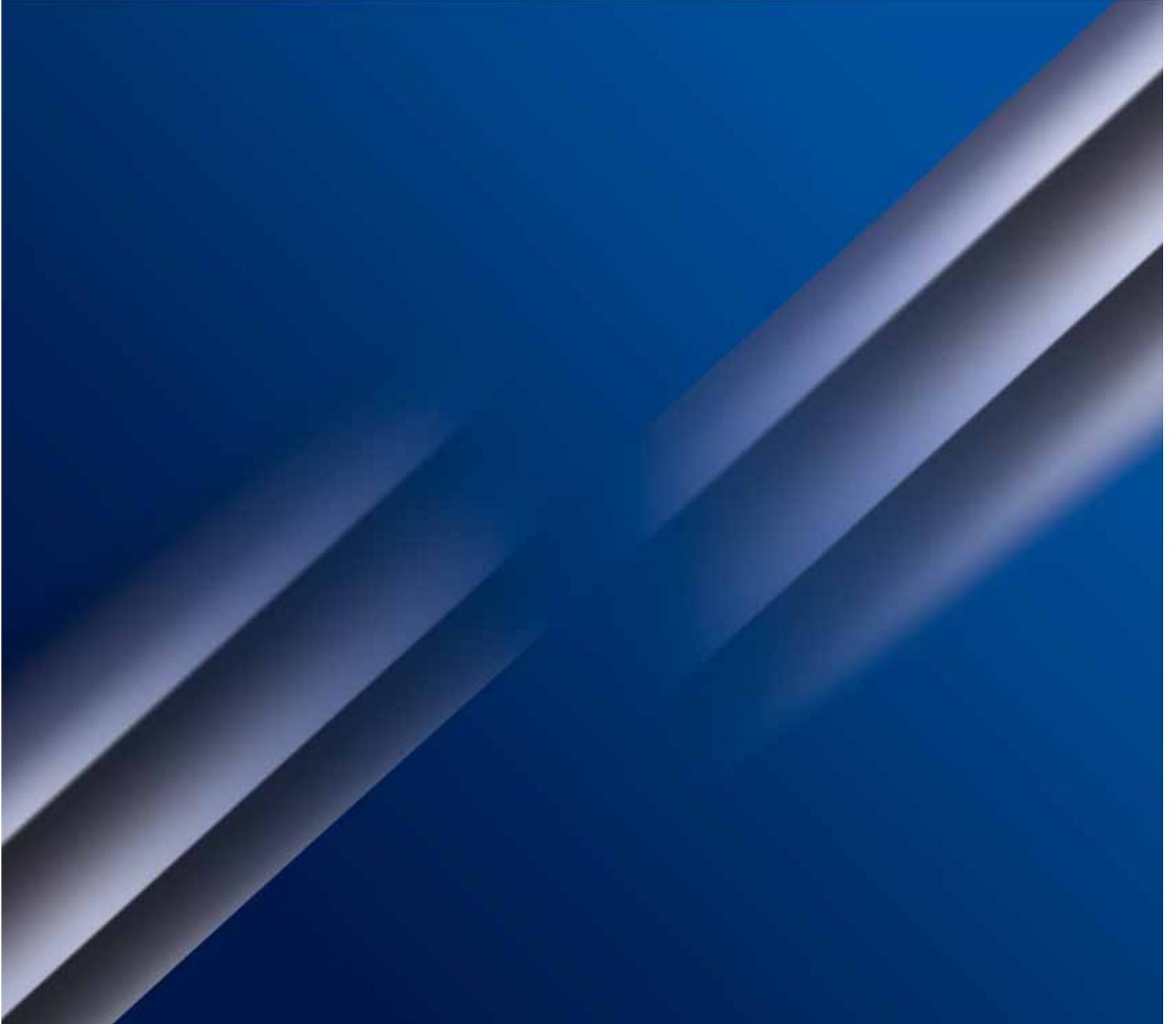
N K Goel
Proprietor (Membership# 500-16570)

Pradeep Gupta
Managing Director

Krishan Kant Tulshan
Executive Director

New Delhi
Dated: May 18, 2006

CYBER MEDIA



CYBER MEDIA (INDIA) LIMITED

Auditors' Report

To
The Members of
Cyber Media (India) Limited
New Delhi

- 1) We have audited the attached Balance Sheet of Cyber Media (India) Limited as at 31st March, 2006 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4) Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors, as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;
 - ii) In the case of the Profit and Loss Account of the profit for the year ended on that date; and
 - iii) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For N K Goel & Co.
Chartered Accountants

New Delhi,
Dated: May 17, 2006

Neeraj Kumar Goel
Proprietor
(Membership# 500-16570)

Annexure referred to in paragraph 3 of our report to the members of Cyber Media (India) Limited for the year ended 31st March, 2006

- 1) Fixed Assets
 - a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) All the assets have not been physically verified by the management during the year but there is a regular program of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
 - c) The Company, during the year, has not disposed off any substantial part of the fixed assets which affects the going concern.
- 2) Inventory
 - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3) Loans
 - a) The Company has granted unsecured loans of Rs. 22,387,701 to companies covered in the register maintained under Section 301 of the Companies Act, 1956, as detailed below:

Relationship	Name	Closing Balance at the end of the year	Maximum amount due at any time during the year.
Subsidiary	Cyber Media Online Limited (formerly Cyber India Online Limited)	177,04,485	177,04,485
Associate	Cyber Astro Limited	46,83,216	46,83,216
 - b) In our opinion the rate of interest and other terms and conditions on which loans have been granted to companies listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
- c) In respect of loans granted, the repayment of principal amounts and interests are as stipulated.
- d) There is no overdue amount of loans taken from or granted to companies, firms or other parties listed in the registers maintained under section 301 of the Companies Act, 1956.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories and fixed assets and sale of goods and products. During the course of our audit, no major weakness has been noticed in the internal controls.
- 5) Transactions
 - a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) The Company has not accepted any deposits from the public.
- 7) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

The Company has not taken any loan from companies, firms and other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

- 8) The Company is not required to maintain any cost records under clause (d) of sub-section (1) of section 209 of the Act.
- 9) Statutory Dues
 - a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection

fund, employees' state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise duty, cess and other statutory dues applicable to it.

- b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, service tax, custom duty and excise duty as at 31st March 2006 which have not been deposited on account of a dispute are as follows:

- 15) The terms and conditions of guarantees given by Company for loans taken by others from Banks and financial institutions are not prejudicial to the interests of the Company.
- 16) The term loans have been applied for the purpose for which they were raised.
- 17) Based on our examination of the Balance Sheet of the Company as at 31st March, 2006 we are of the opinion that during the year the funds

Name of the Statute	Nature of Dues	Amount (Rs)	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Penalty under section 271(1)(c) of the Act	2,012,780	Year ended 31.03.1997	Commissioner Of Income-tax (Appeals) New Delhi
Income-tax Act, 1961	Assessment under section 143(3) of the Act	36,146	Year ended 31.03.2003	Commissioner Of Income-tax (Appeals) New Delhi

- 10) As at the end of the financial year, the company does not have accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 11) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- 12) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company is neither a chit fund company nor a nidhi company or a mutual benefit company.
- 14) The Company is not dealing or trading in shares, securities, debentures and other investments. However, it is holding shares as investments in subsidiaries, associates and other companies. The Company has maintained proper records and have made timely entries therein with respect to these investments that are held by the Company in its own name except to the extent of the exemption, if any, granted under section 49 of the Act.

- raised on short-term basis have not been used for long-term investments and vice versa.
- 18) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- 19) The Company has not issued any debentures.
- 20) We have verified the end use of money raised by public issue as disclosed in the notes to the financial statements.
- 21) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For N K Goel & Co.
Chartered Accountants

New Delhi
Dated: May 17 2006

Neeraj Kumar Goel
Proprietor
(Membership# 500-16570)

CYBER MEDIA (INDIA) LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2006

(In Rupees)

	SCHEDULE NO.		As at 31st March, 2006	As at 31st March, 2005
SOURCES OF FUNDS				
Shareholders' Funds				
Share Capital	1	100,012,420		71,775,000
Reserves and Surplus	2	243,712,203		65,847,077
			343,724,623	137,622,077
Deferred Tax Liability			20,629,000	18,029,000
Loan Funds				
Secured Loans	3	82,550,785		70,821,835
Unsecured Loans	4	-		3,000,000
			82,550,785	73,821,835
TOTAL			446,904,408	229,472,912
APPLICATION OF FUNDS				
Fixed Assets				
Gross Block	5	178,110,822		147,557,670
Less : Depreciation		55,854,897		43,511,514
Net Block			122,255,925	104,046,156
Investments	6		123,846,956	23,598,040
Current Assets, Loans and Advances				
Inventories	7	11,254,759		7,322,475
Sundry Debtors	8	157,706,442		95,525,350
Cash and Bank Balance	9	9,943,003		3,299,997
Loans and Advances	10	36,851,524		23,398,577
		215,755,729		129,546,399
Less:				
Current Liabilities and Provisions				
Liabilities	11	55,649,863		63,123,626
Provisions	12	11,901,200		8,361,428
Net Current Assets		67,551,063		71,485,054
			148,204,666	58,061,345
Miscellaneous Expenditure (to the extent not written off or adjusted):	13		52,596,861	43,767,371
TOTAL			446,904,408	229,472,912
Significant Accounting Policies	20			
Notes to the Accounts	21			
Balance Sheet Abstract & Company's General Business Profile	22			

Schedules 1 to 13 and 20 to 22 referred above form an integral part of this Balance Sheet.

This is the Balance Sheet referred to in our Report of even date attached.

For and on behalf of
N K Goel & Co.
Chartered Accountants

For and on behalf of
Board of Directors

N K Goel
Proprietor (Membership# 500-16570)

Pradeep Gupta
Chairman & Managing Director

New Delhi
Dated: May 17, 2006

Krishan Kant Tulshan
Executive Director

Manhar Kapoor
Company Secretary

CYBER MEDIA (INDIA) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

(In Rupees)

	<u>SCHEDULE NO.</u>	<u>Year Ended 31st March, 2006</u>	<u>Year Ended 31st March, 2005</u>
INCOME			
Sales & Services	14	546,568,526	382,398,869
Other Income	15	<u>7,188,615</u>	<u>2,433,072</u>
		553,757,141	384,831,941
EXPENDITURE			
Direct Expenses	16	283,857,540	201,113,519
Personnel Expenses	17	97,407,459	65,966,085
Other Expenses	18	<u>76,252,903</u>	<u>51,451,811</u>
		457,517,901	318,531,415
Earnings Before Interest Tax, Depreciation and Amortizations			
		96,239,240	66,300,526
Financial Charges	19	8,062,402	8,335,048
Depreciation		<u>12,608,319</u>	<u>8,463,509</u>
		20,670,721	16,798,557
Profit Before Tax			
		75,568,519	49,501,969
Provision for Tax			
-Fringe Benefit Tax		2,300,000	-
-Current Tax		20,000,000	13,500,000
-Deferred Tax		<u>2,600,000</u>	<u>2,500,000</u>
		24,900,000	16,000,000
Profit After Tax			
		50,668,519	33,501,969
Balance Brought Forward			
		<u>11,231,267</u>	<u>8,311,162</u>
Available for Appropriation			
		61,899,786	41,813,131
APPROPRIATION			
General Reserve			
		50,000,000	22,400,000
Proposed Dividend			
		10,001,242	7,175,500
Dividend Tax			
		1,402,674	1,006,364
Balance Carried forward			
		<u>495,870</u>	<u>11,231,267</u>
		61,899,786	41,813,131
Significant Accounting Policies	20		
Notes to the Accounts	21		
Balance Sheet Abstract & Company's General Business Profile	22		

Schedules 14 to 22 referred above form an integral part of this Profit and Loss Account.

This is the Profit and Loss Account referred to in our Report of even date attached.

For and on behalf of
N K Goel & Co.
Chartered Accountants

For and on behalf of
Board of Directors

N K Goel
Proprietor (Membership# 500-16570)

Pradeep Gupta
Chairman & Managing Director

New Delhi
Dated: May 17, 2006

Krishan Kant Tulshan
Executive Director

Manhar Kapoor
Company Secretary

CYBER MEDIA (INDIA) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006

(In Rupees)

Particulars	31.3.2006	31.3.2005
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	75,568,519	49,501,969
Adjustments for:		
Depreciation	12,608,319	8,463,509
Loss on sale of fixed assets	279,516	507,619
Profit on sale of Investment	(2,849,677)	
Dividend Income	(2,288,530)	(375,105)
Interest received	-	(91,255)
Interest Paid	7,154,804	7,862,127
Exchange difference in Foreign Currency	290,008	201,131
	<u>15,194,440</u>	<u> </u>
Operating Profit before working capital changes	90,762,959	66,069,995
Adjustments for:		
(Increase)/decrease in Inventories	(3,932,284)	(2,086,869)
(Increase)/decrease in Sundry Debtors	(62,225,654)	(12,757,870)
(Decrease)/increase in Current Liabilities	(7,473,763)	29,610,839
(Increase)/decrease in Loans & Advances	(13,452,947)	(3,699,178)
	<u>(87,084,648)</u>	<u> </u>
Cash Generated From Operations	3,678,311	77,136,917
Income Tax Paid during the period/Year	16,817,997	16,318,682
Net Cash from Operating Activities	(20,496,308)	60,818,235
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed Assets	345,000	388,000
Acquisition of fixed assets	(28,942,604)	(19,615,627)
New Project Expenses	(4,757,137)	-
IPO Expenses (Net)	(4,072,353)	-
Purchase of investments	(100,248,916)	(34,728,420)
	<u>(137,676,010)</u>	<u>53,956,047</u>
Net Cash from Investing Activities	(137,676,010)	53,956,047

CYBER MEDIA (INDIA) LIMITED		
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2006		
		<i>(In Rupees)</i>
Particulars	31.3.2006	31.3.2005
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Share Capital	28,237,420	1,630
Share Premium Received	141,187,100	3,260
Proceeds from Secured Loans	11,728,950	-
Repayment of Unsecured Loans	(3,000,000)	311,882
Dividend paid	(7,175,500)	(2,116,350)
Income Tax on Dividend	(1,006,364)	-
Dividend Received	2,288,530	375,105
Interest received	-	91,255
Interest Paid	(7,154,804)	(7,862,127)
	165,105,332	
Net Cash from Financing Activities	165,105,332	(9,195,345)
D EXCHANGE DIFFERENCE IN FOREIGN CURRENCY	(290,008)	(201,131)
Net increase in cash & cash equivalents (A+B+C+D)	6,643,006	(2,534,288)
Cash & Cash Equivalents (Opening)	3,299,997	5,834,285
Cash & Cash Equivalents (Closing)	9,943,003	3,299,997

Notes to Cash Flow Statement

- 1 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.
- 2 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, segregated between cash flows.
- 3 Significant cash and cash equivalent balances held by the enterprise are available for use by the company.

This is the Cash Flow Statement
Referred to in our report of even date

For and on behalf of
N K Goel & Co.
Chartered Accountants

For and on behalf of
Board of Directors

N K Goel
Proprietor (Membership# 500-16570)

Pradeep Gupta
Managing Director

New Delhi
Dated: May 17, 2006

Krishan Kant Tulshan
Director

CYBER MEDIA (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

(In Rupees)

	As at 31st March, 2006	As at 31st March, 2005
SCHEDULE 1 – CAPITAL		
Authorized		
11,000,000 (11,000,000) Equity Shares of Rs.10 (Rs.10) each	<u>110,000,000</u>	<u>110,000,000</u>
Issued, Subscribed, Called and Paid Up*		
10,001,242 (7,177,500) Equity Shares of Rs.10 (Rs.10) each. Fully paid up.	<u>100,012,420</u>	<u>71,775,000</u>
TOTAL	<u>100,012,420</u>	<u>71,775,000</u>

* Includes 6,185,938 (6,185,938) Equity Shares of Rs.10/- (Rs.10/-) each allotted as fully paid up Bonus Shares by way of capitalisation of Reserves.

SCHEDULE 2 – RESERVES AND SURPLUS		
Share Premium		
As per last Balance Sheet	2,115,810	2,112,550
Additions during the period	<u>141,187,100</u>	<u>3,260</u>
	143,302,910	2,115,810
Less: Deduct issue expenses (see note 13 in Schedule 20)	<u>2,586,577</u>	<u>–</u>
	140,716,333	2,115,810
General Reserve		
As per last Balance Sheet	52,500,000	30,100,000
Transfer From Profit & Loss Account	<u>50,000,000</u>	<u>22,400,000</u>
	102,500,000	52,500,000
Profit & Loss Account	<u>495,870</u>	<u>11,231,267</u>
TOTAL	<u>243,712,203</u>	<u>65,847,077</u>

SCHEDULE 3 – SECURED LOANS		
Loans & Advances from Banks		
Term Loan	28,464,912	19,218,106
Cash Credit	<u>51,834,123</u>	<u>50,082,898</u>
Loans & Advances from Others	80,299,035	69,301,004
Term Loan	<u>2,251,750</u>	<u>1,520,831</u>
TOTAL	<u>82,550,785</u>	<u>70,821,835</u>

* Amount payable within one year 14,245,959 11,402,584

SCHEDULE 4 – UNSECURED LOANS		
Other Loans & Advances	–	3,000,000
Sundry Parties	<u>–</u>	<u>–</u>
TOTAL	<u>–</u>	<u>3,000,000</u>

CYBER MEDIA (INDIA) LIMITED

SCHEDULES TO THE BALANCE SHEET

SCHEDULE NO. 5 – FIXED ASSETS

DESCRIPTION	AS AT		ADDITIONS	DEDUCTIONS	AS AT		FOR THE YEAR	ADJUSTMENTS	UPTO		AS AT
	1.04.2005	31.03.2006			31.03.2005	31.03.2006			31.03.2006	31.03.2006	
Free Hold Land	4,035,756	4,035,756	-	-	-	-	-	-	-	-	4,035,756
Land & Building	23,698,473	23,698,473	-	-	6,076,677	386,285	-	-	6,462,962	-	17,821,796
Computer Equipments	36,243,061	49,663,838	13,420,777	-	23,364,182	6,970,330	-	-	30,334,512	-	12,878,879
Air Conditioner	9,898,519	10,743,342	844,823	-	541,978	484,395	-	-	1,026,373	-	9,356,541
Furniture & Fixture	26,802,248	34,211,008	4,908,760	-	2,488,358	212,201	-	-	2,700,559	-	24,313,889
Equipments & Installations	19,179,811	19,715,182	535,371	-	2,915,690	919,206	-	-	3,834,896	-	16,264,121
Generator	2,056,048	2,056,048	-	-	207,932	97,662	-	-	305,594	-	1,848,115
Software	7,103,599	11,739,328	4,635,729	-	1,220,150	1,595,129	-	-	2,815,279	-	5,883,449
Vehicles	18,145,355	21,780,254	4,524,350	889,452	6,587,572	1,882,191	-	264,936	8,204,827	-	11,557,784
Goodwill	250,000	250,000	-	-	-	-	-	-	-	-	250,000
Books	144,800	217,594	72,794	-	108,975	60,919	-	-	169,894	-	35,825
Total as at 31.03.2006	147,557,670	178,110,822	28,942,604	889,452	43,511,514	12,608,319	264,936	264,936	55,854,897	122,255,925	104,046,156
Total as at 31.03.2005	129,408,400	147,557,670	19,615,627	1,466,357	35,618,743	8,463,509	570,738	570,738	43,511,514	104,046,156	93,789,656

(In Rupees)

CYBER MEDIA (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

(In Rupees)

	<u>As at 31st March, 2006</u>	<u>As at 31st March, 2005</u>
SCHEDULE 6 – INVESTMENTS		
Long Term		
Trade - Other than Subsidiaries		
Unquoted		
2,50,000 (250,000) Equity Shares of Rs.10 each fully paid up of Cyber Media Foundation Limited	2,500,000	2,500,000
3,312,399 (3,312,399) Equity Shares of Rs. 10 each, fully paid up of Cyber Media Dice Careers Limited	33,123,990	245,000
75,000 (75,000) Equity Shares 10 each fully paid up of Cyber Astro Limited	750,000	750,000
Cyber Media Foundation Limited (Share Application Money)	<u>1,350,000</u>	<u>800,000</u>
	37,723,990	4,295,000
Trade - Subsidiaries		
Unquoted		
1,14,35,700 (1,14,35,700) Equity Shares of Rs. 1 each, fully paid up of CyberMedia India Online Limited (formerly Cyber India Online limited)	12,497,600	12,497,600
100,070 (100,070) Equity Shares of Rs. 10 each, fully paid up of Cyber Media Digital Limited(formerly Cyber Multimedia (India) Limited	1,000,700	1,000,700
50,070 (50,070) Equity Shares of Rs. 10 each, fully paid up of Cyber Media Events Limited (formerly Cyber Expo Limited)	500,700	500,700
150,000 (150,000) Equity Shares of Rs. 10 each, fully paid up of IDC (India) Limited	1,500,000	1,500,000
50,070 (50,070) Equity Shares of Rs. 10 each, fully paid up of Cyber Holdings Limited	500,700	500,700
Cyber Media India LLC (representing 100% ownership interest)	69,286,866	–
30,000 (30,000) Equity Shares of S\$ 1 each, fully paid up of Cyber Media Singapore Pte Ltd.	<u>836,400</u>	<u>836,400</u>
	86,122,966	16,836,100
Other Than Trade		
Quoted		
Nil (290,524) Equity Shares of Rs.10 each fully paid up of SOL Star International Limited	–	2,466,940
TOTAL	<u>123,846,956</u>	<u>23,598,040</u>
Aggregate Market Value of Quoted Investments	–	3,219,006
Aggregate Face Value of Unquoted Investments	122,496,956	20,331,100

CYBER MEDIA (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

(In Rupees)

	As at <u>31st March, 2006</u>	As at <u>31st March, 2005</u>
SCHEDULE 7 – INVENTORIES		
Newsprint	<u>11,254,759</u>	<u>7,322,475</u>
TOTAL	<u><u>11,254,759</u></u>	<u><u>7,322,475</u></u>
SCHEDULE 8 – SUNDRY DEBTORS		
Unsecured but considered good		
Debts exceeding six months	8,315,193	8,368,125
Other Debts	<u>149,391,250</u>	<u>87,157,225</u>
TOTAL	<u><u>157,706,442</u></u>	<u><u>95,525,350</u></u>
SCHEDULE 9 – CASH AND BANK BALANCES		
Cash in hand	1,332,148	325,139
Bank balances		
With scheduled banks in		
-Current Accounts	8,000,355	1,109,902
-Fixed Deposit Account	-	743,536
-Margin Money Account	<u>610,500</u>	<u>1,121,420</u>
	<u>8,610,855</u>	<u>2,974,858</u>
TOTAL	<u><u>9,943,003</u></u>	<u><u>3,299,997</u></u>

CYBER MEDIA (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF BALANCE SHEET

(In Rupees)

	As at 31st March, 2006	As at 31st March, 2005
SCHEDULE 10 – LOANS AND ADVANCES		
Unsecured but considered good Advances recoverable in cash or in kind or for value to be received	32,702,424	22,116,577
Security Deposits	4,149,100	1,282,000
TOTAL	36,851,524	23,398,577
SCHEDULE 11 – CURRENT LIABILITIES		
Sundry Creditors	54,499,083	61,296,010
Advances received for which value to be given	1,150,780	1,827,616
TOTAL	55,649,863	63,123,626
SCHEDULE 12 – PROVISIONS		
Provision for tax (net of advance tax)	497,284	179,564
Proposed Dividend	10,001,242	7,175,500
Dividend Tax on Proposed Dividend	1,402,674	1,006,364
TOTAL	11,901,200	8,361,428
SCHEDULE 13 – MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted):		
Deferred Revenue Expenditure	42,250,554	37,493,417
Public Issue Expenses	10,346,307	6,273,954
TOTAL	52,596,861	43,767,371

CYBER MEDIA (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT

(In Rupees)

	<u>Year Ended</u> <u>31st March, 2006</u>	<u>Year Ended</u> <u>31st March, 2005</u>
SCHEDULE 14 - SALES & SERVICES		
Advertisement	473,580,178	317,500,301
Publication	57,070,873	53,530,709
Editorial & Content	<u>15,917,475</u>	<u>11,367,859</u>
TOTAL	<u>546,568,526</u>	<u>382,398,869</u>
SCHEDULE 15 - OTHER INCOME		
Dividend	2,288,530	375,105
Interest	-	91,255
Miscellaneous	970,408	1,426,712
Profit on Sale of Shares	2,849,677	-
Rent/FMS	<u>1,080,000</u>	<u>540,000</u>
TOTAL	<u>7,188,615</u>	<u>2,433,072</u>
SCHEDULE 16 - DIRECT EXPENSES		
Newsprint Consumed		
Opening Stock	7,322,475	5,235,606
Add: Purchases during the year	<u>33,093,494</u>	<u>27,205,392</u>
	40,415,969	32,440,998
Less: Closing Stock	<u>11,254,759</u>	<u>7,322,475</u>
	29,161,210	25,118,523
Press, News, Programme and Article Services	63,234,024	48,298,261
Discount on Sales & Services	138,055,088	83,695,051
Packing and Despatch	14,429,650	10,759,662
Printing and Processing	<u>38,977,567</u>	<u>33,242,022</u>
	<u>254,696,330</u>	<u>175,994,996</u>
TOTAL	<u>283,857,540</u>	<u>201,113,519</u>

CYBER MEDIA (INDIA) LIMITED

SCHEDULES ANNEXED TO AND FORMING PART OF PROFIT AND LOSS ACCOUNT

(In Rupees)

	Year Ended 31st March, 2006	Year Ended 31st March, 2005
SCHEDULE 17 – PERSONNEL EXPENSES		
Salaries, Bonus and Allowances	86,304,639	58,219,813
Contribution to Provident and Other Funds	4,719,994	3,204,999
Staff Welfare	3,609,041	3,170,890
Staff Recruitment and Training	2,773,785	1,370,383
TOTAL	97,407,459	65,966,085
SCHEDULE 18 – OTHER EXPENSES		
Rentals	2,450,459	1,380,118
Repair to Buildings	1,174,310	301,244
Repair to Plant & Machinery	400,099	754,700
Other Repair & Maintenance	573,830	445,164
Hire Chareges	365,121	251,574
Insurance	378,905	407,748
Rates and Taxes	104,837	149,620
Printing and Stationery	2,863,368	2,033,374
Correspondence and Communications	12,398,684	10,275,527
Travelling and Conveyance	22,414,036	16,966,997
Electricity and Water	4,337,861	3,693,568
Vehicle Running and Maintenance	2,368,748	1,647,873
Legal & Professional Charges	1,414,508	2,033,294
Remuneration to Statutory Auditors	135,168	107,725
Newspaper, Books and Periodicals	740,101	707,590
Difference in Exchange	290,008	201,131
Miscellaneous Expenses	5,539,555	3,713,233
Advertisement & Publicity	18,023,788	5,873,712
Service Charges	-	
Loss on sale of Asset	279,516	507,619
TOTAL	76,252,903	51,451,811
SCHEDULE 19 – FINANCIAL CHARGES		
Interest		
-Term Loans-Banks	2,131,345	1,665,716
-Cash Credit-Bank	4,097,333	5,155,534
-Assets Finance-Banks	314,473	788,447
-Other Interest	611,653	252,430
	7,154,804	7,862,127
Other Financial Charges	907,598	472,921
TOTAL	8,062,402	8,335,048

CYBER MEDIA (INDIA) LIMITED

SCHEDULE 20

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. Further, the financial statements are presented in the general format specified in Schedule VI to the Companies Act, 1956, as well as the requirements of the Companies Act, 1956.

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 charges 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) 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.
- 12) 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.
- 13) Initial Public Offering (IPO) Expenses.
Public Issue Expenses are written off from share premium account as per section 78 (2)(c) of the Companies Act 1956 in five equal accounting year commencing with the year of listing of equity share on the designated stock exchange.

CYBER MEDIA (INDIA) LIMITED

SCHEDULE 21

NOTES TO THE ACCOUNTS:

1) Particulars of Securities Charged against Secured Loans taken by the company as follows:

(Rs. In '000)			
Particulars	As At (31.0.2006)	As At (31.03.2005)	Security Charges
Term Loan			
State Bank of Mysore	24,082	14,166	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.
Term finance			
From Banks			
ICICI Ltd.	-	-	
ICICI Bank Limited	4,382	5,000	Secured by hypothecation of some of the assets, particularly vehicles of the company.
HDFC Bank Ltd.	-	52	
Cash Credit Facility			
State Bank of Mysore	51,834	50,083	First charge by way of hypothecation, on the entire inventory, store consumables, book debts and receivables.
From Others			
India Cement	-	-	
Kotak Mahindra Primus Ltd.	1,203	656	
Ford Credit Kotak Mahindra Ltd.	-	95	
Maruti Country wide Auto Financial Services Ltd.	215	240	
G.M.AC Financial services India Private Limited	834	529	
Total	<u>2,252</u>	<u>1,520</u>	

2) Taxation.

Breakup of net deferred tax liabilities into major components of the respective balances is as follows.

<i>(Rs In. '000)</i>		
Deferred Tax Assets/Liabilities	As at 01.04.2006	As at 31.03.2005
Deferred Tax Liabilities:		
Tax impact of difference between carrying amount of fixed assets in the financial statements and as per the income tax calculation	20,629	18,029
Deferred Tax Assets:		
	-	-
Net Deferred Tax Liability	20,629	18,029

Deferred tax credit has been calculated using the income tax rates as applicable to previous year 2005-06. Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws

3) Leases

Operating lease

The lease rental charged during the year for Cancelable/Renewable leases relates to rent for building premises as per the agreements.

<i>(Rs In. '000)</i>		
Particulars	As at 31.03.2006	As at 31.03.2005
Rent	2,450	1,380

4) Earnings Per Share - as per AS-20 issued by The Institute of Chartered Accountants of India.

Particulars	As at 31.03.2006	As at 31.03.2005
Profit/(Loss) attributable to the equity shareholders Rs.'000 (A)	50,609	33,502
Weighted average number of equity shares outstanding during the year (B)	9,521,593	7,177,500
Nominal value of equity shares (Rs.)	10/-	10/-
Basic and Diluted Earning Per Share (Rs.) (A)/(B)	5.32	4.67

5) Remuneration to Auditors'

<i>(Rs In. '000)</i>		
Particulars	As at 31.03.2006	As at 31.03.2005
Statutory Audit	34	32
Tax Audit	20	19
Certification & other expenses	75	52
Out of pocket expenses	7	4
Total	136	107

6) Director's Remuneration

<i>(Rs. In '000)</i>		
Particulars	As at 31.03.2006	As at 31.03.2005
Basic Remuneration	2,451	2,376
Other Allowances	4,120	3,735
Contribution to Provident & other Fund	307	285
Other Perquisites	76	-
Total	6,954	6,326

7) Licensed capacity, Installed capacity and Actual production

Company is not a manufacturing Organization.

8) Newsprint Consumption

<i>(Rs In. '000)</i>					
Class of Goods	Units	As at 31.03.2006		As at 31.03.2005	
		Quantity	Value	Quantity	Value
News Print	KG	658405	29161	482850	25118

9) Value of Material Consumed

<i>(Rs In. '000)</i>				
Class of Goods	As at 31.03.2006		As at 31.03.2005	
	%	Value	%	Value
Imported	54%	15646	60%	14,973
Indigenous	46%	13515	40%	10,145
Total	100%	29161	100%	25,118

10) Value of Imports on C.I.F Basis

<i>(Rs In. '000)</i>		
Particulars	As at 31.03.2006	As at 31.03.2005
Newsprint	19,053	16,423
Capital goods	1,095	Nil
Total	20,148	16,423

11) Earnings in Foreign Exchange

<i>(Rs In. '000)</i>		
Particulars	As at 31.03.2006	As at 31.03.2005
Advertisement	20,210	19,369
Subscription	33	3,834
Publishing Income	9,393	-
Content Development	8,117	-
Total	37,753	23,203

12) Expenditure in Foreign Currency

<i>(Rs In. '000)</i>		
Particulars	As at 31.03.2006	As at 31.03.2005
Traveling Expenses.	2,068	985
Royalty & Research	4,560	5,397
Others	2,964	4,404
Marketing expense	1191	-
Total	10,783	10,786

13) Dividend remitted to Non-Resident shareholders in foreign currency.

<i>(Rs In. '000)</i>		
Particulars	As at 31.03.2006	As at 31.03.2005
Number of shareholders	None	None
Number of shares held	Nil	Nil
Amount of dividend remitted	Nil	Nil
Year to which it relates	NA	NA

14) Related Party Transactions:

In accordance with the requirements of Accounting Standard (AS-18) on Related Party Disclosures, the names of related parties where control exists and/or with whom transactions have take place during the year and description of relationships, as identified and certified by management are:

(Rs.in '000)								
Nature of Transactions	Joint Ventures		Fellow Subsidiaries		Associates		Key Management Personnel	
	Year Ended 31st March		Year Ended 31st March		Year Ended 31st March		Year Ended 31st March	
	2006	2005	2006	2005	2006	2005	2006	2005
Purchases	–	–	14,405	7,366	160	454	–	120
Sales	–	–	2,166	8,726	100	715	–	–
Common Expenses-Recovered	–	–	5,324	15,080	11	353	–	–
Common Expenses-Paid	–	–	2,268	228	–	150	–	–
Sundry Debtors	2,097	–	8,732	16,490	–	–	–	–
Loans & Advances	4,683	1,070	18,238	15,859	–	4,618	–	–
Investments	33,123	245	86,199	–	4,600	–	–	–
Loans Given	–	1,070	–	–	–	403	–	–
Current Liabilities	–	–	–	2,673	–	263	–	–
Managerial Remuneration	–	–	–	–	–	–	6,878	6,396

Names of related parties and description of relationship:

Subsidiaries	IDC (India) Limited
	CyberMedia India Online Limited
	Cyber Media Digital Limited
	Cyber Media Events Limited
	Cyber Holdings Limited
	Cyber Media Singapore Pte Limited
	Cyber Media India LLC
Joint Ventures Associates	Cyber Media Dice Careers Limited
	Cyber Astro Limited
	Cyber Media Foundation Limited
Key Management Personnel	Mr. Pradeep Gupta
	Mr. Shyam Malhotra
	Mr. Krishan Kant Tulshan

15) Contingent Liabilities

- Guarantees given to State Bank of Mysore to secure facilities of around Rs 35.00 million provided Rs 17.50 million to IDC (India) Limited and 17.50 million to Cyber Media Digital Limited (Formerly Cyber Multimedia India Limited), subsidiaries of Cyber Media (India) Limited.
- Total of Bank guarantee outstanding as at year-end amounting to Rs.178,500 (One Lac Seventy Eight thousand and five hundred only) given to Customs & postal Department against which 100% margin has already been deposited with the bank for a sum of Rs 164,500 (One lac sixty four thousand and five hundred)and 15% margin for Rs 14,000 (Fourteen Thousand)

- c) Total of letter of credit outstanding as at year end amounting to Rs.21 Lacs (Rs.Twenty One Lacs) given to various supplier towards purchase of goods against which 15% margin has already been deposited with the bank.
- 16) On the basis of information available and provided by its suppliers, the company has no outstanding due to any small-scale industry as on 31.03.2006
- 17) Previous year figures have been regrouped/reclassified, wherever necessary, to confirm to current year's classification.
- 18) During the year the Company has issued the dividend warrant amounting Rs 7,175,500 out of which dividend warrant worth for Rs 101,241 still exist in the unclaimed dividend account as on 31.03.2006
- 19) As on 31st March 2006, Rs 38,400 is the public issue refund account as refund warrant have not been presented for clearance.
- 20) The Company has no other information required to be disclosed pursuant to schedule VI of The Companies Act, 1956.
- 21) Utilization Of Public Issue Proceeds.

	Utilization	Use Of funds till date (In millions)	Use Of funds anticipated in the offer document.(In Millions)
1	New Project	54.56	73.28
2	Working Capital	55.25	54.07
3	Capital Issue Expenses	12.93	14.40
4	General Corporate Expense	26.68	27.60
	TOTAL	149.42	169.35

For and on behalf of
N K Goel & Co.
Chartered Accountants

For and on behalf of
Board of Directors

N K Goel
Proprietor (Membership# 500-16570)

Pradeep Gupta
Chairman & Managing Director

New Delhi
Dated: May 17, 2006

Krishan Kant Tulsan
Executive Director

Manhar Kapoor
Company Secretary

CYBER MEDIA (INDIA) LIMITED

SCHEDULE 22: BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. Registration Details

Registration No.

			1	4	3	3	4
3	1	-	0	3	-	0	6

Balance Sheet Date

Date Month Year

State Code

5	5
---	---

2. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

			2	8	2	3	7
--	--	--	---	---	---	---	---

Right Issue

		N	I	L			
--	--	---	---	---	--	--	--

Bonus Issue

		N	I	L			
--	--	---	---	---	--	--	--

Private Placement

		N	I	L			
--	--	---	---	---	--	--	--

3. Position of Mobilization and Deployment of funds (Amounts in Rs. Thousands)

Total Liabilities

		5	1	4	4	5	5
--	--	---	---	---	---	---	---

Total Assets

		5	1	4	4	5	5
--	--	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

		1	0	0	0	1	2
--	--	---	---	---	---	---	---

Reserves & Surplus

		2	4	3	7	1	2
--	--	---	---	---	---	---	---

Secured Loans

			8	2	5	5	1
--	--	--	---	---	---	---	---

Unsecured Loans

		N	I	L			
--	--	---	---	---	--	--	--

Deferred tax liability

			2	0	6	2	9
--	--	--	---	---	---	---	---

Application of Funds

Net fixed Assets

		1	2	2	2	1	1
--	--	---	---	---	---	---	---

Investments

		1	2	3	8	4	7
--	--	---	---	---	---	---	---

Net Current Assets

		1	4	8	2	4	9
--	--	---	---	---	---	---	---

Miscellaneous Expenditure

			5	2	5	9	7
--	--	--	---	---	---	---	---

Accumulated Losses

		N	I	L			
--	--	---	---	---	--	--	--

4. Performance of Company (Amount in Rs. Thousands)

Turnover including Other Incomes

		5	5	3	7	5	7
--	--	---	---	---	---	---	---

Total Expenditure

		4	5	7	5	1	8
--	--	---	---	---	---	---	---

Profit/Loss Before Tax

			7	5	5	6	9
--	--	--	---	---	---	---	---

Profit/Loss after Tax

			5	0	6	6	9
--	--	--	---	---	---	---	---

Earning per Shares in Rs.

			5	.	3	2	
--	--	--	---	---	---	---	--

Dividend Rate %

					N	I	L
--	--	--	--	--	---	---	---

5. Generic Names of Three Principal Products of the Company.

Item Code

N	O	T	-	A	P	P	L	I	C	A	B	L	E
---	---	---	---	---	---	---	---	---	---	---	---	---	---

Product Description

P	U	B	L	I	S	H	I	N	G		O	F		M	A	G	-
A	Z	I	N	E	S												

Item Code

N	O	T	-	A	P	P	L	I	C	A	B	L	E
---	---	---	---	---	---	---	---	---	---	---	---	---	---

Product Description

O	R	G	A	N	I	S	I	N	G		C	O	N	F	E	R	-
E	N	C	E		&		E	X	H	I	B	I	T	I	O	N	

Item Code

N	O	T	-	A	P	P	L	I	C	A	B	L	E
---	---	---	---	---	---	---	---	---	---	---	---	---	---

Product Description

				N	I	L											
--	--	--	--	---	---	---	--	--	--	--	--	--	--	--	--	--	--

Signatures to schedules 1 to 22

For and on behalf of
N K Goel & Co.
Chartered Accountants

For and on behalf of
Board of Directors

Manhar Kapoor
Company Secretary

N K Goel
Proprietor (Membership# 500-16570)

Pradeep Gupta
Managing Director

Krishan Kant Tulshan
Executive Director

New Delhi,
Dated: May 17,2006

