

# **ANNUAL REPORT**

**STAF.MAX INFOMEDIA LIMITED**

**4<sup>th</sup> ANNUAL REPORT 2003-2004**

**STARMAX INFOMEDIA LIMITED****Annual Report 2003-2004****BOARD OF DIRECTORS:**

Mr. D. A. Gadgil (upto 1 <sup>st</sup> August, 2004)	Director
Mr. Ranjit Prabhu	Managing Director
Mr. M. N. Chaturvedi	Director
Mr. Kishore Hegde	Director

**AUDITORS**

M/s Tushar M. Lehri & Associates, Chartered Accountants

**BANKERS**

Syndicate Bank


 Report Junction.com
**REGISTERED OFFICE**

A.K. Industrial Estate, Veer Savarkar Flyover, S. V. Road, Goregaon (W), Mumbai 400 062.

**CONTENTS**

Directors' Report	3
Corporate Governance Report	5
Auditors' Report	10
Balance Sheet	12
Profit & Loss Account	13
Schedules	14
Cash Flow Statement	22

**STARMAX INFOMEDIA LIMITED****Annual Report 2003-2004****DIRECTORS' REPORT****To: The Members,**

Your Directors have pleasure in presenting the Forth Annual Report of your company along with the Profit and Loss Account for the year ended on 31st March, 2004 and the Balance Sheet as on that date and Auditors' Report thereon.

**Financial Highlights****(Rs. in Lakhs)**

Year ended March 31	2004	2003
Total Income	64.30	31.53
Less : Operating Expenses	39.93	27.82
Operating Profit	24.37	3.71
Less: Financial Expenses	0.08	7.75
Less: Depreciation / Deferred Revenue Expenses	160.83	80.02
Profit/(Loss) Before Tax	(136.54)	(84.08)
Provision For tax	Nil	Nil
Profit/(Loss) after Tax	(136.54)	(84.06)
Profit/(Loss) brought forward from previous year	(459.36)	(375.29)
Balance carried to Balance Sheet	(595.90)	(459.35)

**Operations:**

During the year under review company has achieved Gross Revenue of Rs. 64.30 Lakhs against Rs. 31.53 Lakhs the previous year, an increase of 103.93%. Company incurred a total sum of Rs. 39.93 Lakhs towards operating expenses against previous year of Rs. 27.82 Lakhs, an increase of 43.53%. Operating Profit for the year ended 31-03-2004 stood at Rs. 24.37 Lakhs against Rs. 3.71 Lakhs for the previous year, a rise of 556.87%. After providing for Rs. 160.91 Lakhs towards Financial charges, Depreciation and Deferred Revenue Expenses, Company incurred a loss of Rs. 136.54 Lakhs against a loss of Rs. 84.06 Lakhs for the previous year, an increase of 62.43%.

**Business Outlook:**

With the IT MNC's competing for the skilled IT manpower, companies are experiencing an acute shortage of skilled IT professionals. Companies often find it difficult to recruit highly skilled and quality software professionals for urgent project needs. Our company has made extensive plans to leverage this new phenomenon by offering Professional Services to fill the gap of IT manpower experienced by the Indian and MNC companies.

The company plans to have a nationwide presence by opening offices at the IT hubs and at other locations thru Business Partnerships.

**Dividend:**

Your Directors do not recommend any dividend, considering the losses incurred during the year ended on 31st March, 2004.

**Director's Responsibility Statement:**

It is hereby confirmed that:

- in preparation of the accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the Company for the year under review;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the accounts for the financial year ended 31st March, 2004 on a 'going concern' basis.

**STARMAX INFOMEDIA LIMITED****Annual Report 2003-2004****Fixed Deposits:**

The Company has not accepted any Fixed Deposits under Section 58 A of the Companies Act, 1956 during the year under review.

**Corporate Governance:**

The Company is taking adequate steps to ensure that all the mandatory provisions of Corporate Governance, as prescribed under the listing agreement of the Stock Exchange, are complied with. The detailed report of Corporate Governance together with Management Discussion and Analysis are given elsewhere in the Annual Report of the Company along with certificate from Statutory Auditor of Company.

**Utilization of IPO Funds:**

There is no material variation between the projection and actual utilization of IPO funds of the Company. The major portion of the funds was utilized for projected capital & revenue expenditure. Thereafter, the project was abandoned by the old promoters. The Company was taken over by the new promoters with effect from 1st April 2003. The new promoters and the management have taken appropriate measures to revive the Company and have succeeded in posting a positive growth in this financial year.

**Directors:**

Mr. Kishore H. Hegde has been appointed as additional director of the Company pursuant to section 260 of the Companies Act, 1956 with effect from 28th October, 2003. He hold office of directorship upto the date of ensuing Annual General Meeting. The Company has received notice in writing from a member proposing his candidature for the office of Directorship under the provisions of Section 257 of the Companies Act, 1956.

As per the provisions of the Articles of Association of the Company, Mr. M. N. Chaturvedi, Director of the Company retire by rotation. Being eligible, he has offered himself for reappointment.

The Board recommends the appointment of Mr. Kishore Hegde and Mr. M. N. Chaturvedi to the members of the Company for their approval.

**Auditors:**

Your Company's Auditors M/s. Tushar M. Lehri & Associates, Chartered Accountants, retire at the ensuing Annual General meeting. The Board of Directors recommend the appointment of M/s. Gadgil & Co., who, being eligible, have given their consent in writing to the Board, for their appointment under Section 224 of the Companies Act, 1956. Members are requested to appoint them to hold office till conclusion of the next Annual General Meeting of the Company and fix their remuneration.

**Conservation of Energy:**

The activities of your company require minimal energy consumption and every endeavor has been made to ensure the optimal use of energy, avoid wastage and conserve energy as far as possible.

**Foreign Exchange Earnings and Outgo:**

The details of Foreign Exchange Earnings and Outgo are detailed in Schedule 13 - Notes forming a part of the Accounts.

**Particulars of Employees:**

There is no employee drawing remuneration equivalent to or exceeding the amount prescribed under Section 217(2A) of the Companies Act, 1956 and as such the information is nil.

**Acknowledgments:**

Your directors take this opportunity to thanks all the shareholders of the Company, the Bankers, Registrars and Transfer Agents, Auditors, Customers, Vendors and executives of the respective agencies, for their continued support during the year.

Your Directors place on record their appreciation to all the employees and consultants of the company for their untiring personal efforts as well as their collective contribution to the Company's significantly improved performance during the year.

**For and on behalf of the Board**

**Ranjit Prabhu**  
Managing Director

**Place : Mumbai**  
**Date : 30<sup>th</sup> July, 2004**

## REPORT ON CORPORATE GOVERNANCE

## 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company believes in high degree of transparency and accountability in its business operations and business practices and continues to adopt all measures to increase its level. The Company respects the rights of all its stakeholders to information on the performance of the Company. The Company is committed to maintain high standard of corporate governance towards its shareholders, Government, clients, employees and society.

## 2. BOARD OF DIRECTORS

## Composition and Category of Directors

Name	Category	Designation	No. of Meetings attended	No. of Membership on Board of Other Companies	No. of other board committee member or chairperson	Attendance at the last AGM held
Ranjit H. Prabhu	Executive Director	Managing Director	6	--	--	Yes
* D. A. Gadgil	Independent & Non-Executive Director	Director	6	4	1	Yes
Kishore Hegde	Independent & Non-Executive Director	Director	1	--	--	N.A.
M. N. Chaturvedi	Independent & Non-Executive Director	Director	1	--	--	Yes

\* Mr. D. A. Gadgil continued as director of the Company upto 1<sup>st</sup> August 2004.

## Meeting of the Board of Directors

During the financial year 2003-2004, the Board of Directors met six times on the following dates:  
03/04/2003, 30/06/2003, 30/07/2003, 01/08/2003, 28/10/2003 & 30/01/2004.

## 3. AUDIT COMMITTEE

The Audit Committee of the Company has been re-constituted with three Independent Directors. Members of audit committee were as follows:

Mr. D. A. Gadgil	-	Chairman
Mr. Kishore Hegde	-	Member
Mr. M. N. Chaturvedi	-	Member

Meetings and attendance during the year

Members	Meetings held	Meetings attended
Mr. D A Gadgil	4	4
Mr. M N Chaturvedi	4	2
Mr. Kishore Hegde	4	2

During the year, the Audit Committee met four times. Audit Committee is working in accordance well determined scope and objectives assigned to it by the Board of Directors as stipulated under clause 49 of the Listing Agreement and under Section 292A of the Companies Act, 1956.

**STARMAX INFOMEDIA LIMITED****Annual Report 2003-2004****5. INVESTOR RELATIONS COMMITTEE.**

The Company does not have a Investor Relations Committee.

**Queries/Request**

Nature of Queries/Request	Received	Cleared
Dematerialisation of Shares	3	3
Transfer of Shares	2	2
<b>TOTAL</b>	<b>5</b>	<b>5</b>

**6. DATE, VENUE AND TIME FOR THE LAST THREE ANNUAL GENERAL MEETINGS.**

Date	Venue	Time	No. of Special Resolutions
29/09/2003	Kamat's Klub, 12, S.V. Road, Goregaon (W), Mumbai 400 062..	9.00 A. M.	Two
27/09/2002	-- Do--	9.00 A.M.	One
16/07/2001	-- Do--	11.00 A.M.	Two

Resolution for delisting of equity shares from Ahmedabad Stock Exchange was passed through postal ballot last year. All other resolutions were carried unanimously by show of hands.

**7. DISCLOSURES**

The company has no materially significant related party transaction with its promoters, the directors or the management, their relatives etc. that may potentially conflict with the interest of the Company at large.

Details are provided in Note No. 8 of Schedule 13 to the Notes forming part of the Accounts in accordance with provisions of Accounting Standard 18.

**8. MEANS OF COMMUNICATION**

The quarterly audited financial results are generally published in Free Press Journal, the English newspaper and in Navshakti, a regional language newspaper.

The complete quarterly audited financial statements, press release and presentations made to institution or analyst, if any, are posted on the company's web site at [www.star-max.com](http://www.star-max.com).

**9. GENERAL SHAREHOLDER INFORMATION****i. The Financial Calendar for F. Y. 2004-2005**

Particulars	Date
Unaudited First Quarter Result	On or before 31st July, 2004
Unaudited Second Quarter Result	On or before 31st October, 2004
Unaudited Third Quarter Result	On or before 31st January, 2005
Unaudited Forth Quarter Result OR Audited Annual Result	On or before 30th April, 2005 or 30th June, 2005 (Audited)

ii. Date, Time, Venue Of AGM: 30<sup>th</sup> September, 2004, 9.00 A.M., Event banquet, Opp. Central Bank, Near Filmistan Studio, S. V. Road, Goregaon (W), Mumbai 400 062.

iii. Date of Book Closure : 24<sup>th</sup> September, 2004 to 30<sup>th</sup> September, 2004 (both days inclusive)

iv. The Shares of the Company are listed on The Stock Exchange, Mumbai

v. Stock Code: 532342

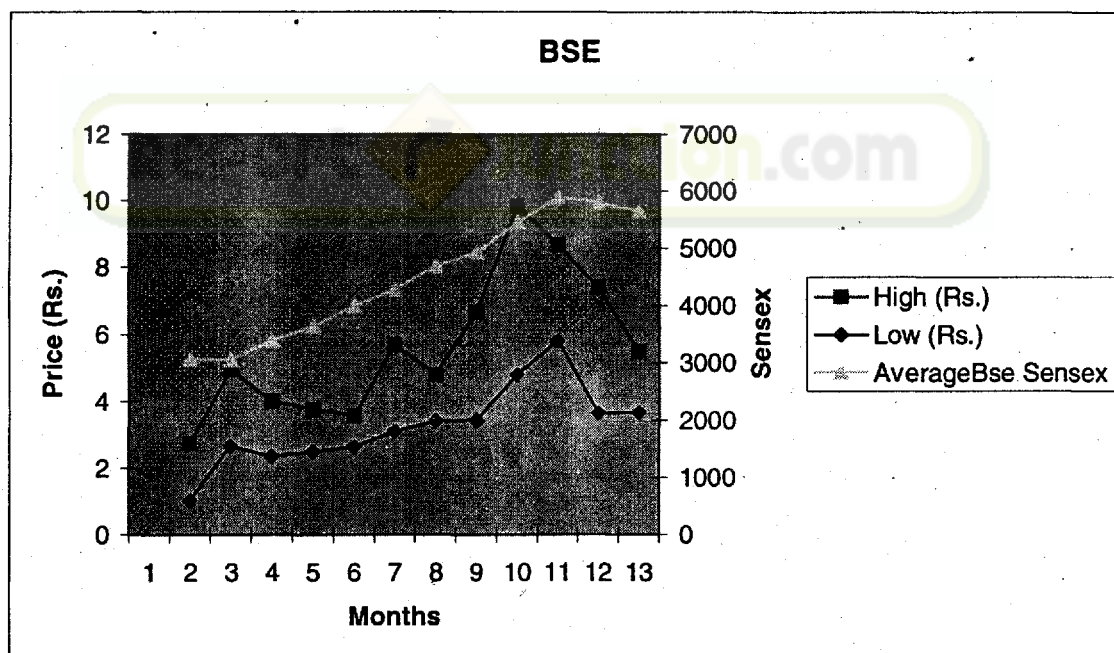
vi. Stock Market Data



**STARMAX INFOMEDIA LIMITED****Annual Report 2003-2004**

Monthly high &amp; low of the closing price at BSE &amp; NSE during financial year 2003-2004 :

Month and Year	BSE Index		Share Price	
	High	Low	High (Rs.)	Low (Rs.)
Apr-03	3215.24	2924.03	2.75	1.05
May-03	3164.25	2942.78	4.95	2.65
Jun-03	3583.06	3181.97	4.01	2.37
Jul-03	3739.76	3554.13	3.75	2.50
Aug-03	4244.73	3741.66	3.57	2.64
Sep-03	4434.26	4134.15	5.70	3.10
Oct-03	4930.53	4455.08	4.80	3.41
Nov-03	5097.84	4771.23	6.68	3.44
Dec-03	5797.33	5131.54	9.85	4.80
Jan-04	6194.11	5593.74	8.68	5.80
Feb-04	6035.80	5567.12	7.40	3.65
Mar-04	5935.19	5365.40	5.50	3.66

**Source:**BSE Websit - [www.bseindia.com](http://www.bseindia.com)

vii Registrar and Share Transfer Agent :

**MONDKAR COMPUTERS PVT. LTD.**

21, Shakil Niwas, Opp. Satya Saibaba Temple, Mahakali Caves Road, Andheri (East), Mumbai 400 093.

viii Equity Shares of the Company are transferred in demat form through NSDL &amp; CDSL depository services. Over 95% of the listed shares of the company have been dematerialized.

ix Share Transfer System : The power to approve the transfer of shares has been delegated by the Board to the share transfer agent. Share transfer requests are processed within an average of 15 days from the date of receipt. Letters are sent to the shareholders after transfer of shares in their name giving an option for dematerialisation of the physical shares. Physical share are dematerialized and electronic credit is given to the those shareholders who opt for dematerialisation and in respect of other shareholders who have not opted for dematerialisation, share certificates are dispatched by registered post.

**STARMAX INFOMEDIA LIMITED****Annual Report 2003-2004**

x Address for correspondence :

A. K. Industrial Estate, Veer Savarkar Flyover, S.V. Road, Goregaon (W), Mumbai 400 062.

xi Distribution Schedule:

As of March 31, 2004, the distribution of our shareholding was as follows:

Category	No. of Holders	%	No. of Shares	%
1-5000	1043	62.08	302311	2.97
5001-10000	364	21.67	334565	3.28
10001-20000	103	6.13	162496	1.60
20001-30000	28	1.67	73264	0.72
30001-40000	36	2.14	129428	1.27
40001-50000	24	1.43	115040	1.13
50001-100000	35	2.08	272195	2.67
100001 - Above	47	2.80	8793801	86.36
<b>Total</b>	<b>1680</b>	<b>100.00</b>	<b>10183100</b>	<b>100.00</b>

xii The Company has not issued GDRs/ADRs. There are no outstanding warrants or any convertible instruments.

### **Management Discussion and Analysis**

#### **Industry Structure and developments**

IT Industry continued to grow at a medium pace, not showing the gigantic pace of the late 90s or the slowness of the past 2 years. With the economy showing a positive outlook in the last couple of years, signs of gradual revival are in clear sight. MNCs are outsourcing more in volumes to their Indian counterparts. The initial success of the large MNCs in the offshore outsourcing business has allayed the apprehensions of other mid or large size companies. Companies across verticals and industries are increasingly looking at ways and means to outsource their critical business processes.

There have been pressures on Governments in the first-world countries like USA, UK to frame rules, policies to arrest offshore outsourcing. But, the need to save costs and maximize stakeholder value by offshoring is quite compelling and continues to be on the corporate radar.

#### **Opportunities and Threats**

The multimedia and web-publishing business has gradually shifted from the small business enterprise to large companies. With the decline of the Dot-com business worldwide, there has been a substantial erosion of Ecommerce and Ebusiness.

The economy of first-world countries having been opened up, trade barriers having been reduced and exports being promoted in a big way, the large-sized and MNCs are increasingly looking for more and more ways of developing software jointly with cross-cultural teams across the world. Consequently the Indian Software Services business continues to grow and more and more. IT MNC's are moving their software development to India and other offshore destinations.

With the IT MNC's competing for the skilled IT manpower, companies are experiencing an acute shortage of skilled IT professionals. Companies often find it difficult to recruit highly skilled and quality software professionals for urgent project needs. Our company has made extensive plans to leverage this new phenomenon by offering Professional Services to fill the gap of IT manpower experienced by the Indian and MNC companies.

The company plans to have a nationwide presence by opening offices at the IT hubs and at other locations thru Business Partnerships.

#### **Outlook**

With the business scenario stabilizing across the globe, resulting in recovery and job creation, the software industry is again on an assured growth path. Software application development outsourcing is becoming increasingly common. The software skill the Indian professional can offer has been recognized all over the world and as such more and more IT MNC's are moving their software development to India and other offshore destinations. Leading Indian IT companies and the MNC's setting up development centers in India are all projecting a robust growth in their requirement of IT professionals.