

Online Media

Solutions Limited



6th Annual Report

2003-2004



BOARD OF DIRECTORS

Sri K.S. Naarayana	Managing Director
Sri S.Y. Sree Kumar	Jt. Managing Director
Sri P.V. Narasimha Rao	Executive Director
Sri K. Srinivasa Rao	Director
Sri P. Vijay Kumar	Director
Sri M. Sanjay Kumar	Director
Smt. P. Sujana	Director
Sri S.K. Mahesh	Director
Sri B. Rama Krishna Rao	Director

AUDITORS

M/s. MOGILI SRIDHAR & CO.,
Chartered Accountants,
6-3-655/2/3, 1st Floor,
Somajiguda,
Hyderabad - 500 082.

BANKERS

Central Bank of India
Charminar Branch, Hyderabad.

Tamilnadu Mercantile Bank Limited
Kishanganj Branch, Hyderabad.

UCO Bank
Abids Circle Branch, Abids, Hyderabad.

REGISTERED OFFICE

#3-5-874/A, 4th Floor,
Vipanchi Estate,
Main Road, Hyderguda,
Hyderabad - 500 029.

SHARE TRANSFER AGENTS

M/s. Aarthi Consultants Pvt. Ltd.,
1-2-285, Domalguda,
Hyderabad-500 029.



NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the members of ONLINE MEDIA SOLUTIONS LIMITED will be held at Snathak Bhawan, 5-4-790/1, Lane opposite G. Pulla Reddy Sweets, Abids, Hyderabad. on *Thursday, the 30th September, 2004 at 10.30 a.m.* to transact the following business.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2004 and the Balance Sheet as on that date together with the Reports of the Director's and Auditor's for the year ended 31st March, 2004.
2. To appoint a Director in the place of Sri M. Sanjay Kumar, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Smt. P. Sujana, Director, who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint Auditors and authorise the Board to fix their remuneration:

To consider and if thought fit, to pass the following resolution, with or without modification(s) as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956 M/s. MOGILI SRIDHAR & CO Chartered Accountants, Hyderabad be and are hereby re-appointed as Statutory Auditors of the company, to hold office from the conclusion of this meeting till the conclusion of the next Annual General Meeting of the company, on such remuneration as may be fixed by the Board of Directors of the Company".

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modifications(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any of the Companies Act, 1956, Mr. S. K. Mahesh in respect of whom the company has received a notice proposing his appointment, be and is hereby appointed as a Director of the Company, whose period of office shall be liable for retirement by rotation"

6. To consider and if thought fit, to pass with or without modifications(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any of the Companies Act, 1956, Mr. K.S. Naarayana in respect of whom the company has received a notice proposing his appointment, be and is hereby appointed as a Director of the Company, whose period of office shall be liable for retirement by rotation"



7. To consider and if thought fit, to pass with or without modifications(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any of the Companies Act, 1956, Mr. P.V. Narasimha Rao, in respect of whom the company has received a notice proposing his appointment, be and is hereby appointed as a Director of the Company, whose period of office liable for retirement by rotation"

8. To consider and if thought fit, to pass with or without modifications(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any of the Companies Act, 1956, Mr. B. Rama Krishna Rao, in respect of whom the company has received a notice proposing his appointment, be and is hereby appointed as a Director of the Company, whose period of office shall be liable for retirement by rotation"

9. To consider and if thought fit, to pass with or without modifications(s) the following resolution as an Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 & Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, consent of the company be and is hereby accorded to appoint Mr. K.S. Naarayana as Managing Director of the company for a period of three years commencing from 4.09.2004 on a remuneration of Rs.50,000/- per month"

10. To consider and if thought fit, to pass with or without modifications(s) the following resolution as an Special Resolution.

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 & Schedule XIII and other applicable provisions, if any of the Companies Act, 1956, consent of the company be and is hereby accorded to appoint Mr. P.V. Narasimha Rao as Executive Director of the company for a period of three years commencing from 4.09.2004 on a remuneration of Rs.50,000/- per month"

BY ORDER OF THE BOARD OF DIRECTORS
for ONLINE MEDIA SOLUTIONS LIMITED

PLACE : HYDERABAD
DATE : 4th September 2004

K.S. NAARAYANA
MANAGING DIRECTOR

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. The instrument appointing the proxy in order to be valid and effective shall be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Members / Proxies should bring their duly filled attendance slips sent herewith for attending the meeting.
4. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers to facilitate the identification of their attendance at the meeting.
5. The Register of Members and Share Transfer Books of the company will remain closed on 29th September 2004 and 30th September 2004 (both days inclusive).
6. Shareholders seeking any clarification / information on the Annual Accounts are requested to forward his/her queries to the company at least 7 days prior to the meeting so that the required information can be made available at the meeting.
7. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

ITEM NO. 5

Sri S. K. Mahesh was appointed as Additional Director of the Company at the meeting of the Board of directors held on 05.10.2003 and shall hold his office only up to this Annual General Meeting. The company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. S.K. Mahesh to the office of Director together with a deposit of Rs. 500/-.

Mr. S.K. Mahesh is a businessman. He has vast knowledge and experience in business management and administration.

Your Board of Directors recommend his appointment and except Mr. S.K. Mahesh none of the directors is interested in the said resolution.

ITEM NO. 6 & 9

Sri K.S Naarayana was appointed as Additional Director of the Company at the meeting of the Board of directors held on 12.08.2004 and shall hold his office only up to this Annual General Meeting. He was also appointed as Managing Director of the company on 04.09.2004. The company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr.K. Satyanarayana to the office of Director together with a deposit of Rs. 500/-.

Mr. K.S. Naarayana is a businessman. He has vast knowledge and experience in the Industry of Electronics. His experience and expertise would add value to the Company. Your Board of Directors recommend his appointment as Managing Director and except Mr. K.S. Naarayana none of the directors is interested in the said resolution.

ITEM NO. 7 & 10

Mr. P.V. Narasimha Rao was appointed as additional director on 04.09.2004 and also as executive director on the even date. He has a Masters Degree in Business Administration (M.B.A). He has worked with Medinova for over a decade. He has rendered services in various departments such as Administration, Personal relations and Financial Management. His rich experience and expertise can be vastly helpful to the company.



The company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. P.V. Narasimha Rao, to the office of Director together with a deposit of Rs. 500/-.

Your Board of Directors recommend his appointment as executive director and except Mr. P.V. Narasimha Rao, none of the directors is interested in the said resolution.

ITEM NO. 8

Sri B. Rama Krishna Rao is a businessman. He has a masters degree in Commerce and he is certified associate of Indian Institute of Banking (CAIIB). He has vast knowledge in finance and accounting with an experience of over 18 years.

The company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. B. Rama Krishna Rao to the office of Director together with a deposit of Rs. 500/-.

Your Board of Directors recommend his appointment and except Mr. B. Rama Krishna Rao none of the directors is interested in the said resolution.

Details of Director seeking reappointment at the ensuing Annual General Meeting of the Company (Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges).

Name of the Director	Date of Birth	Date of Appointment	Qualification	Expertise in functional area	List of companies in which Outside directorship held as on 31.3.2004
<i>Sri Sanjay Kumar</i>	10.08.1964	12.05.01	B.com	Management	Nil
Smt. P. Sujana	02.10.1962	11.01.01	B.A	Finance	Nil
Sri P.V. Narasimha Rao	30.08.1960	04.09.04	M.B.A	Marketing and P.R	1. Horizon television Pvt. Ltd. 2. Summit Communications Pvt. Ltd.
Sri B. Rama Krishna Rao	12.09.1960	04.09.04	M.Com. CAIIB	Finance and Accounting	Nil
K.S. Naarayana	10.08.1970	12.08.04	B.Com	Business Organisation and Management	Nil
S.K. Mahesh	20.06.1966	05.10.03	B.Sc	Information Technology	Nil

BY ORDER OF THE BOARD OF DIRECTORS
for ONLINE MEDIA SOLUTIONS LIMITED

PLACE : HYDERABAD
DATE : 4th September 2004

K.S. NAARAYANA
MANAGING DIRECTOR



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Sixth Annual Report and the Audited Accounts of your company, together with the Schedules and notes thereon, for the Financial Year ended 31st March, 2004

FINANCIAL RESULTS :

PARTICULARS	(Rupees in Lakhs)	
	2003-04	2002-03
Income from Operations	136.46	177.86
Profit/Loss before Interest and depreciation	98.38	72.96
Interest	0.14	2.24
Depreciation	55.16	54.77
Profit after Tax & depreciation	5.84	6.08
Provision for Deferred Tax	30.85	5.58
Balance brought forward	(17.09)	(18.29)
Balance carried forward	(42.10)	(17.09)

PERFORMANCE :

Your company's gross income from operations for the year under review is Rs.136.46 lacs compared to Rs.177.86 lacs achieved during the previous year. The Profit After Tax of the Company as on 31st March, 2004 is Rs. 5.84 lacs as against Rs.6.08 lacs achieved during the previous year. The other income for the year is to the tune of Rs.16.32 lacs when compared to Rs. 7.27 lacs in the last year.

During the year under review the company has adopted several cost reduction methods, thereby maintaining the profits of the company at a stable position as compared to the previous year, though there has been a minor fall in the profits.

The market for Software and Internet related services continue to be in the recession.

MANAGEMENT DISCUSSION & ANALYSIS AND CORPORATE GOVERNANCE

Reports on Management Discussion & Analysis and status report on compliance of Corporate Governance are annexed and form part of Annual Report.



DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 on the Directors' Responsibility Statement, it is hereby confirmed:

- That in the preparation of the annual accounts for the financial year ended 31st March, 2004, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- That the Directors selected such accounting policies and applied them consistently and made judgement 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 or loss of the Company for the financial year ended 31st March, 2004;
- That the Directors took proper and sufficient care to maintain adequate accounting records in accordance with the provisions of this Act to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- That the Directors prepared the annual accounts for the financial year ended 31st March 2004, on a going concern basis.

FIXED DEPOSITS

The company has not accepted any Fixed Deposits during the year under review as per the provisions of section 58A of the Companies Act, 1956, and the rules made thereunder and no such amount in respect of Fixed Deposit (principal or interest) was outstanding on the date of the Balance Sheet.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Sri M. Sanjay Kumar and Smt. P. Sujana Directors, will retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Sri P.V. Narasimha Rao and Sri Rama Srinivas directors of the Company have vacated the office w.e.f. 30.09.2004. Sri K. Srinivasa Rao has resigned the office of Managing Directorship w.e.f. 12.08.2004. Smt. K.V.N. Lakshmi has resigned the office of the directorship w.e.f. 04.09.2004. Sri S.K. Mahesh (appointed on 05.10.2003) Sri K.S. Naarayana (appointed on 12.08.2004) and Sri B. Rama Krishna Rao (appointed on 04.09.2004) and Sri P.V. Narasimha Rao (appointed on 04.09.2004) who have been appointed as Additional Directors during the year will vacate the office at the ensuing Annual General Meeting and are proposed to be appointed as Directors under Section 257 of Companies Act, 1956. Sri K.S. Naarayana appointed as Managing Director and Sri P.V. Narasimha Rao was appointed as Executive Director w.e.f. 04.09.2004.

AUDITORS

M/s. Mogili Sridhar & Co., Chartered Accountants, Hyderabad, will retire at the ensuing Annual General Meeting and are eligible for re-appointment as Statutory Auditors of the Company. In terms of the provisions of section 224A of the Companies Act, 1956. An Ordinary Resolution is proposed for the re-appointment.



INDUSTRIAL RELATIONS

Your Company is maintaining cordial and harmonious relations with the workmen and the employees at various levels. Your Directors' express their deep sense of appreciation for the excellent support and the contributions made by employees at all levels for the successful operations of the company during the year.

PERSONNEL

Particulars of employees as required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended do not apply to your company since no employee of the company falls within the limits stipulated under the said Rules.

CONSERVATION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE

The particulars relating to Conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo as required 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 as follows:

Particulars furnished pursuant to Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988.

- A. **Conservation of Energy:** The Company is not a manufacturing Company and hence the details in respect of the above are not applicable.
- B. **Research and Development:** The Company has not undertaken any R&D activity in any specific area during the year under review, and hence no cost has been incurred towards the same.
- C. **Technology Absorption:** Nil.
- D. **Disclosure of particulars of foreign exchange earnings and outgo:**

Foreign Exchange outgo during the current accounting period	: nil
Foreign Exchange Earnings	: nil

ACKNOWLEDGMENTS

Your Directors gratefully acknowledge and appreciate the support extended by the Banks, various departments of Central and State Governments, SEBI and Stock Exchanges. Your Directors express their grateful thanks to the Customers, Subscribers and Cable Operators for their continued support and to our valued shareholders for the trust and confidence reposed in the Company.

By order and on behalf of the board
for ONLINE MEDIA SOLUTIONS LIMITED

PLACE : HYDERABAD
DATE : 4th September, 2004.

K.S. NAARAYANA
MANAGING DIRECTOR

S.Y. SREEKUMAR
Jt. MANAGING DIRECTOR