



27th Annual Report

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PENTAMEDIA
GRAPHICS LIMITED 

Corporate Mission

“Constant improvisation
of entertainment using the computer
as a camera”



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Chairman & CEO	Dr. V. Chandrasekaran
Board of Directors	Dr. S. Ramani Mr. T.V. Krishnamurthy Ms. Usha Ganesarajah Mr. S.D. Viswanathan (w.e.f 29th May 2003)
Company Secretary	Padma Suresh
Auditors	M/s. S. Viswanathan, Chartered Accountants, Chennai
Legal Advisors	Mr. T. K. Seshadri Mr. T.K. Bařkar
Bankers	Bank of India Global Trust Bank Ltd HSBC Ltd. UTI Bank Ltd.
Registered Office	"Softowers", No.1, First Main Road, United India Colony, Kodambakkam, Chennai 600 024, Tamil Nadu, India
Development Centre / Studio	Software Development Park & Multimedia Center, 1/162, IT Super Highway, (Old Mahabalipuram Road), Thaiyur Sengammal Village, Kelambakkam, Kancheepuram District -603 103 Tamil Nadu, India

PENTAMEDIA GRAPHICS LIMITED
Regd. Office: "Softowers ", 1, First Main Road
United India Colony, Chennai - 600 024.

NOTICE TO THE SHAREHOLDERS

Notice is hereby given that the 27th Annual General Meeting of the shareholders of the Company will be held on Friday, the 22nd August 2003 at 10 A.M. at Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the accounts for the year ended 31st March 2003 together with the Reports of the Board of Directors and Auditors thereon.
2. To elect a Director in the place of Dr. S. Ramani, who retires by rotation and being eligible offers himself for re-election.

SPECIAL BUSINESS

APPOINTMENT OF AUDITOR

3. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT M/s. CNGSN & Associates, Chartered Accountants, Chennai, be and are hereby appointed as Auditors of the Company in the place of M/s.S.Viswanathan Chartered Accountants, at a remuneration as may be fixed in this behalf by the Board of Directors of the Company, to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting".

TO CONSIDER INCREASE IN AUTHORISED CAPITAL

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased from Rs.250,00,00,000 (Rupees Two Hundred and Fifty Crore) divided into 24,50,00,000 (Twenty Four Crore Fifty Lakh) Equity Shares of Rs. 10/- (Rupees Ten) each and 50,00,000 (Fifty Lakh) Cumulative/Non-cumulative Preference Shares of Rs.10/- (Rupees Ten) each to Rs.360,00,00,000 (Rupees Three Hundred and Sixty Crore) divided into 35,50,00,000 (Thirty Five Crore Fifty Lakh) equity shares of Rs. 10/-(Rupees Ten) each and 50,00,000 (Fifty Lakh) Cumulative/Non-cumulative Preference Shares of Rs.10/-(Rupees Ten) each with or without voting rights with a power to consolidate or subdivide into such classes and to increase or reduce the capital whenever the circumstances warrant."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company be amended as per Section 16 of the Companies Act, 1956, by replacing the following clause in place of existing "Clause V".

The Authorised Share Capital of the Company is Rs.360,00,00,000 (Rupees Three Hundred and Sixty Crore) divided into 35,50,00,000(Thirty Five Crore and Fifty Lakh) Equity Shares of Rs. 10/-(Rupees Ten) each and 50,00,000 (Fifty Lakh) Cumulative/Non-cumulative Preference Shares of Rs.10/- (Rupees Ten) each and such shares are with or without voting rights with a power to consolidate or subdivide into such classes and to increase or reduce the capital whenever the circumstances warrant.

The Company has power, from time to time, to increase or reduce its capital and divide the share in the capital for the time being into other classes and to attach thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restriction, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges, conditions or restrictions in such manner as may for the time being be permitted by the Articles of Association of the Company or the legislative provisions for the time being in force in that behalf."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT the existing Article 6 of the Articles of Association of the Company be and is hereby altered as per Section 31 of the Companies Act, 1956, as follows:

The Authorised Share Capital of the Company is Rs.360,00,00,000 (Rupees Three Hundred and Sixty crore) divided into 35,50,00,000 (Thirty Five Crore Fifty Lakh) Equity Shares of Rs. 10/-(Rupees Ten) each and 50,00,000 (Fifty Lakh) Cumulative/Non-cumulative Preference Shares of Rs.10/-(Rupees Ten) each, and such shares are with or without voting rights with a power to consolidate or subdivide into such classes and to increase or reduce the capital whenever the circumstances warrant.

The Company has power to issue preference shares carrying a right of redemption out of profits or out of the proceeds of a fresh issue of shares liable to be redeemed at the option of the Company and the Directors may subject to the provisions of the Companies Act, 1956 exercise such powers in any manner as they may think fit."

APPOINTMENT OF DIRECTOR

7. To consider and if deemed fit, to pass with or without modifications(s), the following resolution as an **ORDINARY RESOLUTION**:

"RESOLVED THAT Mr. S. D. Viswanathan, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956, in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."

ISSUE OF GDRs / FCCBs

8. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to Section 81, Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approvals, consents, permissions and/or sanctions as may be necessary of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), the Stock Exchanges and any other appropriate authorities, institutions or bodies and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission or sanction, the Board of Directors of the Company (hereinafter referred to as " the Board", which term shall be deemed to include any committee of the Board exercising the powers conferred by the Board) be and is hereby authorised on behalf of the Company to issue/offer and allot Equity Shares / Preference Shares / Convertible Notes/ Securities with or

without detachable warrants/ any Securities convertible into Equity shares whether optionally or otherwise/Euro Convertible Bonds (ECB's)/Foreign Currency Convertible Bonds (FCCB's) /Global Depository Receipts (GDR's) / American Depository Receipts (ADR's) / Secured Premium Notes (SPN)/Preference Shares, (hereinafter referred to as "Securities") for an aggregate amount not exceeding USD 100 Million (with permissible green shoe option) or equivalent in Indian and/or in any other currency(ies) (inclusive of such premium, as may be fixed on such Equity Shares) or upto such limit as may be permitted by the Ministry of Finance or such other Authorities whichever is higher, directly to Indian or Foreign Investors (whether institutions, incorporated bodies, mutual funds and/or individuals or otherwise and whether or not such investors are members, promoters, directors or their associates of the Company) through public issue(s), Rights issue(s), Private placement(s), preferential allotment for cash or stock swap or acquisition of distribution rights / source codes / digital contents / business / companies, or conversion of outstandings / loans due to creditors / lenders or a combination thereof at such time or times and in such tranche or tranches, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest etc. as may be decided and deemed appropriate by the Board at the time of such issue or allotment considering the prevailing market conditions and other relevant factors wherever necessary in consultation with the Lead Managers and Underwriters or through the subsidiaries, so as to also enable the Company to get listed at Indian Stock Exchanges and Overseas Stock Exchanges such as Singapore, Luxembourg, London, NASDAQ and/ or New York Stock Exchange and/ or any of the other Overseas Stock Exchanges."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to accept any modifications in the proposal as may be required by the authorities involved in such issues but subject to such conditions as the SEBI/GOI/RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board."

"RESOLVED FURTHER THAT without prejudice to the generality of the above, issue of securities in International offering may have all or any term or combination of terms in accordance with the International practice including but not limited to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payment whatsoever and all such terms as are provided in International offering of this nature including terms for issue of additional Equity Shares or variation of the conversion price of the Securities during the duration of the securities."

"RESOLVED FURTHER THAT the Board is also entitled to enter into and execute all such arrangement/agreement with any Lead Managers / Underwriters / Guarantors / Depositors / Custodians and all such agents as may be involved or concerned in such offering of securities and to remunerate all such agents including by way of payment or commission, brokerage, fees, expenses incurred in relation to the issue of securities and other expenses, if any or the like."

"RESOLVED FURTHER THAT the board be and is hereby also authorised subject to approval of the Reserve Bank of India and the concerned authorities to secure the entire or any part of the issue by creation of the mortgage/charge on the company's immovable and movable properties, present and future, such charge to rank either pari passu with or second, subsequent, subservient and subordinate to all the mortgages/ charges created /to be created by the Company for all existing and future borrowings and facilities whatsoever."

"RESOLVED FURTHER THAT the company and/or any agency or body authorised by the Company may issue Global Depository Receipts and/or other form of securities mentioned herein above representing the underlying Equity Shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the Capital markets."

"RESOLVED FURTHER THAT the Securities issued in international offering shall be deemed to have been made abroad in the markets and/or at the place of issue of the Securities in International markets and shall be governed by English or American law, as the case may be."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities referred to in paragraph(s) above as may be necessary in accordance with the terms of the offering and all such shares to rank pari passu with the existing Equity Shares of the Company in all respects, excepting such right as to dividend and voting as may be provided under the terms of the issue and in the Offer Document."

"RESOLVED FURTHER THAT for the purpose of giving effect to any issue of allotment of Equity Shares or Securities representing the same, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable and to settle any questions, difficulty or doubt that may arise in regard to the offering, issue, allotment and utilisation of the issue proceeds, as it may in its absolute discretion, deem fit and proper."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Senior Executive(s) / Officer(s) of the Company to give effect to the resolution".

CONVERSION OF SECURED / UNSECURED LOANS INTO EQUITY SHARES

9. To consider and if thought fit, to pass with or without modification(s) the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to Section 81(1A) and 81(3) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approvals, consents, permissions and/or sanctions as may be necessary of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), the Stock Exchanges and any other appropriate authorities and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission or sanction, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee of the Board exercising the powers conferred by the Board) be and is hereby authorized on behalf of the company to issue and allot 9,30,00,000 Equity Shares /GDRs at a price not lower than that determined as per SEBI guidelines consequent to conversion of secured/unsecured loans extended to the Company by banks viz., Global Trust Bank, HSBC, UTI and BOI into equity shares at such time or times and in such tranche or tranches, as may be decided and deemed appropriate by the Board at the time of such issue or allotment considering the prevailing market conditions. "

"RESOLVED FURTHER THAT the Board be and is hereby authorised to accept any modifications in the proposal as may be required by the authorities involved in such issues

but subject to such conditions as the SEBI/GOI/RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and are hereby severally authorized to do all acts, deeds, matters and things that may be necessary as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to the conversion of loan into equity shares and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit."

TO ISSUE AND ALLOT EQUITY SHARES/WARRANTS ON PREFERENTIAL BASIS

10. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions if any of the Companies Act, 1956 and subject to the approvals, consents, permissions and/or sanctions as may be necessary of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Stock Exchanges and any other appropriate authorities, institutions or bodies and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission or sanction, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee of the Board exercising the powers conferred by the Board) be and is hereby authorised on behalf of the Company to issue/offer and allot Equity Shares / Convertible Notes/ Securities with or without detachable warrants/ any Securities convertible into Equity Shares whether optionally or otherwise/Secured Premium Notes (SPN),(hereinafter referred to as "Securities") upto a quantity not exceeding 3,40,00,000 Equity Shares/warrants of Rs.10/- each at a price not lower than that as determined as per SEBI guidelines to the persons/entities mentioned in the explanatory statement annexed hereto on private placement and/or preferential basis from time to time in one or more tranches, which would ultimately result in an increase in the nominal value of the subscribed equity share capital of the company to such extent.

"RESOLVED FURTHER THAT 10% of the issue price per warrant be paid at the time of allotment of warrants to the persons specified in the explanatory statement annexed hereto and said amount will be forfeited by the company in case the option is not exercised by the allottees within such period as per the prevailing SEBI guidelines."

"RESOLVED FURTHER THAT the relevant date for the purpose of calculating the price of the issue of warrants shall be 22nd July 2003."

"RESOLVED FURTHER THAT the Auditors' Certificate as laid before this Meeting, verifying that the proposed preferential allotment of warrants to certain identified Allottees are in accordance with SEBI Guidelines and all other Compliances under the Companies Act are complete in all respect, be and is hereby noted and adopted by the members of the company."

"RESOLVED FURTHER THAT for the purpose of giving effect to any issue of allotment of Equity Shares or Securities representing the same, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable and to settle any questions, difficulty or doubt that may arise in regard to

the offering, issue, allotment and utilisation of the issue proceeds, as it may in its absolute discretion, deem fit and proper."

ACQUISITION OF A TELEVISION COMPANY BY STOCK SWAP

11. To consider and if thought fit, to pass the following resolution with or without modification(s) the following resolution as a **SPECIAL RESOLUTION**:

"RESOLVED THAT pursuant to Section 81(1A) and other applicable provisions, if any, of Companies Act, 1956 and subject to the approvals, consents, permissions and/or sanctions as may be necessary of the Government of India (GOI), Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), the Listing Agreement entered by the Company with the Stock Exchanges and any other appropriate authorities and subject to such conditions as may be prescribed by any of them in granting any such approval, consent, permission or sanction, the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include any Committee of the Board exercising the powers conferred by the Board) be and is hereby authorized on behalf of the Company to issue and allot 15,30,00,000 Equity Shares at a price not lower than that determined as per SEBI guidelines at such time or times and in such tranche or tranches, by stock swap to the shareholders of M/s. Intelevison Limited, as may be decided by the Board including the terms of issue, and to accept any modification in the proposal as may be required by the authorities involved in such issues, but subject to such conditions as to GOI/SEBI/ RBI or such other authorities may impose at the time of their approvals and as agreed by the Board."

RESOLVED FURTHER THAT the Auditors' Certificate as laid before this Meeting, verifying that the proposed preferential allotment of shares to identified allottee are in accordance with SEBI Guidelines and all other compliances under the Companies Act are complete in all respect, be and is hereby noted and adopted by the members of the company."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and are hereby severally authorized to do all acts, deeds, matters and things that may be necessary as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard and to finalise and execute all documents and writings as may be necessary, proper, desirable or expedient as it may deem fit.

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 THE PROXY NEED NOT BE A MEMBER. THE PROXY IN ORDER TO BE EFFECTIVE SHOULD BE DULY STAMPED, COMPLETED AND SIGNED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LATER THAN 48 HOURS BEFORE THE MEETING.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business under Item Nos.3 to 11 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 19th August 2003 to 22nd August 2003 (both days inclusive)
4. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 10.00A.M. to 1.00 P.M. on all days, except

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Saturdays and Sundays, until the date of the Annual General Meeting or any adjournment thereof.

5. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with Mrs. Padma Suresh, Company Secretary at the Company's Registered Office for further particulars. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account will be transferred to the Investor Education and Protection Fund established by the Central Government as per the amendment to section 205A read with section 205C of the Companies Act, 1956.
6. Members are requested to bring their copies of the Report and Accounts to the meeting. Members are requested to bring the Attendance Slip duly filled in and handover the same at the entrance of the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
7. Members are requested to notify immediately any change in their address to the Company or its Share Transfer Agents and in case their shares are held in dematerialised form, this information should be passed on to their respective Depository Participants without any delay.
8. Members desirous of getting information about the accounts or operations of the Company are requested to address their queries to the Company Secretary at least seven days in advance of the meeting so that the information required can be made readily available at the meeting.

By order of the Board
For Pentamedia Graphics Limited
Padma Suresh
Company Secretary

Place: Chennai
Date: 25th July 2003

Additional Information pursuant to Clause 49 of the Listing Agreement of the Stock Exchanges

Re-appointment of Dr.S.Ramani

Dr.S.Ramani is a B.E.(Mech), (B.E.), A&M, MSc.(Mech), PGDM, Ph.D. and has approximately 42 years of work experience. He has authored various books on computers. He has previously been the Head of Computer Science & Management Department of IIT Madras, the Director of NITE Bombay and the Vice Chancellor of Kanchi University. Being the longest in office, he retires by rotation and being eligible for re-appointment offers himself for re-appointment.

APPOINTMENT OF MR.S.D.VISWANATHAN AS DIRECTOR

Mr.S.D.Viswanathan was appointed as an Additional Director of the Company at the Board Meeting held on 29th May 2003.

Mr.S.D.Viswanathan has 45 years of professional corporate experience in executing projects and in corporate planning. He is an Honours Graduate in Electronics and Electrical Engineering and he commenced his career in Indian Railways for more than two decades where he finally held the position of Director of Inspection, Integral Coach Factory, Chennai. He held several positions in leading private sector companies and has been a Technological Consultant.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.3

As required under section 225(1) of the Companies Act, 1956, a special notice pursuant to section 190 of the said Act, has been received from a member proposing the appointment of M/s. CNGSN & Associates, Chartered Accountants, Chennai, as the Auditors

of the company to hold office from the conclusion of the 27th Annual General Meeting till the conclusion of the 28th Annual General Meeting on a remuneration to be determined by the Board of Directors. The retiring auditors have informed the company that they have no representation to make to the members of the company relating to the special notice.

The Board recommends the appointment of M/s. CNGSN & Associates, Chartered Accountants, Chennai, as Auditors of the company.

Interest of Directors.

None of the directors of the company is concerned or interested in the said resolution

ITEM NO.4,5 and 6

The present Authorised Share Capital of the Company is Rs.250,00,00,000 (Rupees Two Hundred Fifty Crores) divided into 24,50,00,000 (Twenty Four Crore Fifty Lakhs) Equity Shares of Rs.10/- each and 50,00,000(Fifty Lakh) Cumulative / Non Cumulative Preference Shares of Rs10/- each. The issued & paid-up capital at present is Rs.219,95,41,250/- (Rupees Two Hundred Nineteen Crore Ninety Five Lakh Forty One Thousand Two Hundred and Fifty)

As part of growth strategy, the Company will keep acquiring companies, which will complement and supplement its plan of growth. Moreover the Company is contemplating to approach institutions, mutual funds and other high net worth investors both in India & Overseas for private placement of shares or any securities convertible into equity shares. The company also proposes to convert the loans into equity shares subject to the approval of the authorities concerned.

The resolution at Items 5 and 6 of the accompanying Notice are for alteration of Clause V of the Company's Memorandum of Association and Article 6 of the Company's Articles of Association respectively for setting out increased authorised share capital of the Company. The said resolutions are a necessary consequence of the resolution Item No.4 of the Notice.

Section 31 of the Companies, 1956 requires a special resolution for the alteration of the Articles of Association of the Company.

Accordingly your Board recommend the resolutions set out at item nos.4-6 of the notice for approval of the Members

Interest of Directors.

None of the directors is in any way concerned or interested in this resolution.

Item No.7

Mr.S.D.Viswanathan was appointed as an Additional Director of the Company at the Board Meeting held on 29th May 2003.

Mr.S.D.Viswanathan has 45 years of professional corporate experience in executing projects and in corporate planning. He is an Honours Graduate in Electronics and Electrical Engineering and he commenced his career in Indian Railways for more than two decades where he finally held the position of Director of Inspection, Integral Coach Factory, Chennai. He held several positions in leading private sector companies and has been a Technological Consultant.

The company has received a notice in writing from a member alongwith a deposit of Rs.500/- proposing the candidature of Mr.S.D.Viswanathan for the office of a director under the provisions of Section 257 of the Companies Act, 1956.

The Board recommends the resolution for approval of the members.

Interest of Directors

None of the directors except Mr.S.D.Viswanathan is concerned or interested in the resolution.

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ITEM NO.8

The Company proposes to further issue securities by way of equity / equity linked instruments like American Depository Receipts (ADRs), Global Depository Receipts (GDRs) Convertible Debentures (whether fully convertible or not), Secured Premium Notes, and/ or other type of securities for cash or stock swap or acquisition of digital contents/ business or combination thereof through public offer / private placement, as mentioned in the resolution for an amount not exceeding US Dollars 100 Million (with permissible green shoe option) or equivalent in Indian or any other currency(ies) or upto such limit as may be permitted by the Ministry of Finance or such other Authorities. The purpose of the offer is to source the emerging opportunities for growth through acquisitions or otherwise, joint ventures and strategic alliances, both abroad and in India.

The Company will work out the mode of financing plans and also the utilisation plans in consultation with the Advisors, Lead Managers and/or other agencies wherever applicable subject to the approvals of Government of India, Reserve Bank of India, Securities and Exchange Board of India and other authorities concerned. Since the modalities and the terms of the issue will be decided by the Board, the issue price of such securities will be determined by the Board at the time of issue(s) depending on the prevailing market conditions and may be listed on Stock Exchange(s), whether in India or abroad, as may be deemed fit by the Board and may be represented by depositing receipts and/or such other securities. This resolution gives adequate flexibility in respect of working out the modalities of issue including size, timing and pricing and also issue such securities in such tranches, at such times and at such price and/or such other valuable consideration(s) as the Board may in its absolute discretion deem fit.

The special resolution, if passed, will have the effect of allowing the Board to issue and allot shares to Investors as detailed above, who may or may not be the existing shareholders of the Company.

The Directors recommends the resolution for approval of the members.

Interest of Directors

None of the directors is in any way concerned or interested in this resolution.

ITEM NO.9

The Company has borrowed loans from banks and these loans carry a clause for conversion of outstanding into equity shares. The Company is in the process of restructuring the existing outstandings in consultation with the lenders. As part of the restructuring, the Company proposes to convert part of the outstanding loan subject to the consent of the lenders, into equity shares at a price not lower than that determined as per SEBI guidelines. The Conversion will be subject to provisions of the Companies Act, SEBI Act and Guidelines and other appropriate authorities as may be required.

(a) The proposed allottees for the Securities are as follows:

Name of the Bank	Max. Quantity Proposed		% of	
	Pre-issue	Post Issue		
1. Global Trust Bank	3,00,00,000	Nil	9.59	
2. HSBC	2,00,00,000	Nil	6.39	
3. UTI Bank Limited	2,00,00,000	Nil	6.39	
4. BOI	2,30,00,000	Nil	7.34	

(b) There will not be any consequential changes in control of the company or in Board of Directors or in voting rights (except to the extent of voting rights acquired by the allottees as equity shareholders on the equity shares so allotted) as a result of the proposed allotment.

c) The shareholding pattern before and after the preferential allotment of securities is as follows:

	Before Allotment		After conversion of loans into equity shares to lenders (if exercised)	
	Shares	%	Shares	%
Promoter company	1925000	0.88	1925000	0.82
MF's/UTI's	140974	0.06	140974	0.05
Banks/FI's /Insurance Companies	818837	0.37	83818837	29.98
FII's	6171401	2.81	8171401	1.97
Private Corporate Bodies	26167617	11.90	26167617	8.36
Indian Public	105676077	48.04	105676077	33.77
NRI's/OCB's	2468226	1.12	2468226	0.79
GDR's	76585993	34.82	76585993	24.47
Grand Total	219954125	100.00	312954125	100.00

D) The allotment of securities is proposed to be made within 3 months from the passing of this resolution and the securities will be issued as per SEBI guidelines.

The Board recommends the resolution for approval of the members.

Interest of Directors

None of the Directors is in any way concerned or interested in this resolution.

ITEM NO.10

The company proposes to acquire distribution rights / source codes / digital content / businesses of entertainment / companies for cash and for that purpose it is proposed to issue, (hereinafter referred to as "Securities") upto a quantity not exceeding 1,40,00,000 (One Crore Forty Lakh) of Equity Shares of Rs.10/- each at a price not lower than that determined as per SEBI guidelines and as may be decided by the Board including the number of shares to be allotted and the terms of issue.

The warrants proposed to be issued will be converted into equity shares within 18 months from the date of allotment at the option of the warrant holder, upto a quantity not exceeding 2,00,00,000 number of warrants at a price determined as per SEBI guidelines.

a) The proposed allottees for the Securities/Warrants are as follows:

Name of the Allottees	Max. Quantity Proposed		% of	
	Pre-issue	Post Issue		
(a) Sathya Securities Pvt. Ltd.	1,00,00,000	0.00	2.88	
(b) Vijay Advertising Pvt.Ltd.	40,00,000	0.00	1.15	
(c) Vesa Holdings Pvt. Ltd.	1,00,00,000	0.70	3.32	
(d) Pentafour Software Employees Welfare Foundation	1,00,00,000	0.18	3.00	

As per SEBI guidelines, the following information is also given :

(b) The Board shall determine the price at which the allotment shall be made but such price shall not be less than the minimum determined as per the guidelines of SEBI.

(c) The purpose and reason of such proposed allotment : To acquire the distribution rights / source codes / digital content / business of entertainment / companies for cash and for working capital and general corporate purposes.

(d) There will not be any consequential changes in control of the company or in Board of Directors or in voting rights (except to the extent of voting rights acquired by the allottees

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as equity shareholders on the equity shares so allotted) as a result of the proposed allotment.

- e) M/s.Vesa Holdings Private Limited and M/s.Pentafour Software Employees Welfare Foundation are the promoter companies.
- f) A) The shareholding pattern before and after the preferential allotment of securities is as follows:

	Before Allotment		After issue of shares / warrants (if exercised)*	
	Shares	%	Shares	%
Promoter company	1925000	0.88	21925000	6.32
MF's/UTI's	140974	0.06	140974	0.04
Banks/FI's/Insurance Companies	818837	0.37	93818837	27.04
FII's	6171401	2.81	6171401	1.78
Private Corporate Bodies	26167617	11.90	40167617	11.58
Indian Public	105676077	48.04	105676077	30.46
NRI's/OCB's	2468226	1.12	2468226	0.71
GDR's	76585993	34.82	76585993	22.07
Grand Total	219954125	100.00	346954125	100.00

- g) The allotment of securities is proposed to be made within 3 months from the passing of this resolution and the securities will be issued as per SEBI guidelines.

* The post issue percentage include the shares proposed to be allotted on conversion of loan into equity as set out under item no.9 of this notice.

Interest of Directors

Dr.V.Chandrasekaran who is a shareholder of M/s.Vesa Holdings Pvt. Ltd., may be deemed to be concerned or interested in this Resolution.

Item No.11

M/s. Intelelevision Limited, a television company was incorporated on 16.08.2000. This company was incubated by Pentamedia Graphics Limited. The company provides entertainment programmes through Splash Channel. The Splash Channel, India's first 24-hour kids English channel. Splash, which has been on air for the last 2 and a half years, caters to the 2-16 years spectrum, offering content for toddlers, tweens and teenagers, on a variety of interesting subjects. With its core focus on offering edutainment, infotainment and entertainment through serials, movies and specials, the channel's programming has been specifically designed to suit the viewing preferences of Indian kids. The channel has over 1500 hours of content and has also procured a teleport license to set up its own teleport for uplinking.

M/s.Pentamedia Graphics Limited proposes to acquire M/s.Intelelevision Limited by stock swap. M/s.R.Subramaniam & Company, Chartered Accountants, Chennai have valued the business of M/s.Intelelevision Limited at Rs.18 Crore. It is proposed to issue Equity Shares ,(hereinafter referred to as "Securities")

upto a quantity not exceeding 1,53,00,000 (One Crore Fifty Three Lakh) of Rs.10/- each at a price not lower than that determined as per SEBI guidelines and as may be decided by the Board including the number of shares to be allotted and the terms of issue.

- (a) The proposed allottees for the Securities are as follows:

Name of the Allottees	Max. Quantity Proposed		% of	
			Pre-issue	Post Issue
1. Jay Financial Services Pvt. Limited	72,00,000	—	—	1.98
2. Forsee Financial & Consultancy Services Pvt. Ltd.	77,04,000	—	—	2.13
3. Mrs.K.Padma	18,000	—	—	0.00
4. Mr.Ghevarchand Jain	1,98,000	—	—	0.05
5. Mrs.Nirmala Narendranath	1,80,000	—	—	0.04

- b) There will not be any consequential changes in control of the company or in Board of Directors or in voting rights (except to the extent of voting rights acquired by the allottees as equity shareholders on the equity shares so allotted) as a result of the proposed allotment.

- c) The shareholding pattern before and after the preferential allotment of securities is as follows:

	Before Allotment		After acquisition (if exercised)*	
	Shares	%	Shares	%
Promoter company	1925000	0.88	21925000	6.05
MF's/UTI's	140974	0.06	140974	0.04
Banks/FI's /Insurance Companies	818837	0.37	93818837	25.90
FII's	6171401	2.81	6171401	1.71
Private Corporate Bodies	26167617	11.90	55071617	15.20
Indian Public	105676077	48.04	106072077	29.28
NRI's/OCB's	2468226	1.12	2268226	0.68
GDR's	76585993	34.82	76585993	21.14
Grand Total	219954125	100.00	362254125	100.00

- d) The allotment of securities is proposed to be made within 3 months from the passing of this resolution and the securities will be issued as per SEBI guidelines.

* The post issue percentage include the shares proposed to be allotted on conversion of loan into equity shares, issue of shares/warrants on preferential basis as set out under item no.9 and 10 of this notice.

The Board recommends the resolution for approval of the members.

Interest of Directors

None of the Director may be deemed to be concerned or interested in this Resolution.

By order of the Board
For Pentamedia Graphics Limited

Place: Chennai
Date: 25th July 2003

Padma Suresh
Company Secretary

Chairman's letter

*Two roads diverged in a wood, and
I took the one less travelled by, and that has made all the difference.*

—Robert Frost

Dear friends,

I have great pleasure in writing this letter to all of you and would like to share with you, your company's progress last year. Time indeed flies and we have come to the end of yet another fiscal – A year that saw us forging ahead steadily in five streams of Entertainment – Studio, Media, Themed, Sports and Web.

A decade ago, the company decided to venture into graphics & animation – it was a humble beginning, a team with 5 members making interactive CD-ROMs. Today, our movie Alibaba has been nominated for a selection to the prestigious Academy Awards (the Oscars) in the USA, which is another feather in our cap, another first for the Pentamedia Family. We decided to try something different and we are reaping the dividends.

Three of our other movies – 'Son of Aladdin', 'Buddha' and 'Gulliver's Travels' are in various stages of production and the next fiscal will see these movies being released. Our Visual Effects division continues to work closely with the Indian film industry on various feature films. Our Media division will be releasing Whistle, a live action film, while our Sports Complex is ready in Mayajal-our theme park. Our Web casting portal Numtv is continually adding new content for its viewers and is also gearing up to offer ASP services and E-Learning on its site. The company is also developing content for the incubated TV channel - Splash, India's first 24-hour kids channel in English.

During the last 2 years, the whole world has been reeling under the impact of various unforeseen events and situations, which have depressed everything right from masses to markets and finance to fitness!

In view of the disturbed environmental conditions worldwide, we have decided to take up all our productions/co-productions with a definitive period of completion and release, for an effective cash-flow system.

We are trying to simulate and emulate companies like Walt Disney, Pixar, AOL Time Warner etc in producing content using technology as a tool and have produced six animation films in the last six years, which I feel is a unique record.

The financial model, mainly equity of the above international companies, are 40 to 150 times our existing equity of Rs.250 crores. This has made us to study their content process and also the debt/equity model.

To reduce the high cost debt already incurred we have to increase the equity and reduce debt to have a higher level of comfort. We will drive our restructuring through demerging our various businesses in various streams of entertainment to enable each of these entities to have a clear focus, make their own strategic investments and alliances with business partners.

We are confident that with the continued dynamic restructuring of our businesses/products and resources, and investor support, we will be able to reach our goals in the digital entertainment world!

We are ready to take on the challenges in the forthcoming year and hope that it brings a lot of exciting business opportunities our way!

I would like to take this opportunity to thank all of you, our stakeholders, for your co-operation and support at all times.

Dr. V. Chandrasekaran
Chairman & CEO