

# Online Media

## Solutions Limited



**3rd Annual Report  
2000-2001**

## BOARD OF DIRECTORS

Mr.K.Srinivasa Rao	Managing Director
Mr. S. Y. Sree Kumar	Joint Managing Director
Mr. P.V. Narasimha Rao	Executive Director
Mrs.KVN Lakshmi	Executive Director
Mrs.M.Sushma Kumar	Director
Mr. P. Harinath Babu	Director
Mrs. P. Sujana	Director
Mr. P. Vijay Kumar	Director
Mr. M. Sanjay Kumar	Director
Mr. M.K.V. Subba Rao	Director
Mr. K. Basi Reddy	Director
Mr. K. Radhakrishna Murthy	Director

### Vice President (Admn)

Mr.K.S.Jagannathan

### Manager (Operations)

Mr. Srawan Kumar Reddy

## BANKERS

Central Bank of India  
Charminar Branch,  
Hyderabad.

The Tamilnadu Mercantile Bank Limited  
Kishanganj Branch,  
Hyderabad.

Vysya Bank Ltd.,  
Abids, Abid Road,  
Hyderabad.

## AUDITORS

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

## REGISTERED OFFICE

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

## SHARE TRANSFER AGENTS

### Physical Shares :

M/s.Venture Capital and  
Corporate Investments Ltd.,  
6-2-913/914, 3<sup>rd</sup> Floor,  
Progressive Towers,  
Khairatabad,  
Hyderabad – 500 004

### Demat Shares :

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



## NOTICE

NOTICE is hereby given that the THIRD Annual General Meeting of the members of the Company will be held on Friday the 28<sup>th</sup> day of September, 2001, at 10.00 A.M. at Lions Bhavan, 1-8-179, Lakhpath Buildings, near Paradise Circle, Secunderabad – 500 003 to transact the following Business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001, Profit and Loss Account for the financial year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Sri M.K.V. Subba Rao, Director of the Company, who retires by rotation.
3. To appoint a Director in place of Smt M. Sushma Kumar, Director of the Company, who retires by rotation and being eligible offers herself for reappointment.
4. To appoint Auditor and fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution.

"RESOLVED THAT Sri S.Y. Sree Kumar who was appointed as an Additional Director and Joint Managing Director of the company by the Board, who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director and Joint Managing Director of the Company".

6. To consider and if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Sri P. V. Narasimha Rao, who was appointed as an Additional Director and Executive Director of the company by the Board, who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director and Executive Director of the Company".

7. To consider and if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT Sri P. Vijay Kumar, who was appointed as an Additional Director of the company by the Board, who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing under Section 257 of the



Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, who shall be liable to retire by rotation."

8. **To consider and if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution:**

"RESOLVED THAT Sri P. Harinath Babu, who was appointed as an Additional Director of the company by the Board, who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, who shall be liable to retire by rotation."

9. **To consider and if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution:**

"RESOLVED THAT Sri M. Sanjay Kumar, who was appointed as an Additional Director of the company by the Board, who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation."

10. **To consider and if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution:**

"RESOLVED THAT Smt. P. Sujana, who was appointed as an Additional Director of the company by the Board, who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation".

11. **To consider and if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution:**

"RESOLVED THAT Sri K. Radhakrishna Murthy, who was appointed as an Additional Director of the company by the Board, who ceases to hold office under section 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, who shall be liable to retire by rotation."

12. **To consider and if thought fit to pass with or without modification, the following Resolution as an Ordinary Resolution:**

"RESOLVED THAT Sri Y. Naresh Kumar, in respect of whom the company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company in place of Mr. M.K.V. Subba Rao, who shall be liable to retire by rotation.



**13. To consider and if thought fit to pass with or without modification the following resolution as Special Resolution:**

"RESOLVED that in accordance with the provisions of Sec.81 and in particular Section 81 (1A) and any other applicable provisions, if any, of the companies Act, 1956 (including any amendment to/or re-enactment thereof) and subject to all necessary approvals, consent, permissions, and/or sanctions of the Government of India (GOI), Reserve Bank of India (RBI), Securities & Exchange Board of India (SEBI) and all other appropriate authorities, institutions or bodies and subject to such conditions as may be prescribed by them in granting such approval, consent, permission or sanction, the Board of Directors of the Company or Committee of the Board duly constituted and authorized (hereinafter referred to as "Board") be and is hereby authorized on behalf of the Company to issue and allot 21,47,500 Equity Shares of Rs.10/- each for consideration other than cash to Mr. P.V.Narasimha Rao and Associates, (comprising of the Directors of the Company and their associates) for the acquisition of their share in the project based at Republic of Mauritius on preferential basis at a price of Rs. 10/- each per equity share for **consideration other than cash** which is more than the price calculated as per SEBI guidelines."

"RESOLVED further that the above shares when issued shall rank pari-passu with the existing equity shares of the Company in all respects **except that they shall be entitled to prorata dividend from the date of allotment.**"

"RESOLVED further that the issue of the shares shall be deemed to have been made in India/abroad at the place of issue and shall be governed by the law of the country as applicable and the Board be and is hereby authorized to file such prospectus and other documents as may be required to be filed in India and or foreign country or countries and seek the listing of such securities in one or more International and or Indian Stock Exchanges."

"RESOLVED further that the Board be and is hereby authorized to engage the services of or appoint solicitors, advocates, legal advisors, merchant bankers, underwriters, guarantors, depositories, custodians and any such other agencies to act as managers, Lead Managers or in any other capacity or to advise or certify any matter relating to Company's accounts or otherwise, on such terms as to remuneration by way of commission, brokerage, fees or otherwise as the Board may in its absolute discretion deem appropriate."

"FURTHER RESOLVED That for the purposes of giving effect to the above resolution the board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things as it may at its discretion deem necessary or desirable for such purposes and to settle any question, difficulties or doubts that may arise in regard to any such issue or allotment as it may in its absolute discretion deem fit."

**14. To consider and if thought fit to pass with or without modification the following resolution as Special Resolution:**

"RESOLVED THAT pursuant to Section 163 of the Companies Act, 1956 the Company hereby approves that the Register of Members, the Index of Members and copies of all Annual Returns prepared u/s 159 of the Act together with the copies of certificates and documents required to be annexed thereto



u/s 161 of the Act or any one or more of them be kept at the office of the Company's Share Transfer Agents - M/s.Aarthi Consultants Pvt. Ltd., 1-2-285, Domalguda, Hyderabad - 500 029 instead of being kept at the Registered Office of the Company".

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

PLACE : HYDERABAD  
DATE : 24-08-2001

K. SRINIVASA RAO  
MANAGING DIRECTOR

## NOTES

- a) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
- b) PROXIES TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LATER THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
- c) THE RELATIVE EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS SET OUT ABOVE, AS REQUIRED BY SEC.173 (2) OF THE COMPANIES ACT, 1956 IS ANNEXED HERETO.
- d) THE REGISTER OF MEMBERS AND SHARE TRANSFER BOOKS OF THE COMPANY WILL REMAIN CLOSED FROM 25-09-2001 TO 28-09-2001 (BOTH DAYS INCLUSIVE) IN CONNECTION WITH THE ANNUAL GENERAL MEETING.

## ANNEXURE TO THE NOTICE EXPLANATORY STATEMENT

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

Item Nos. 5,6,7,8,9,10,11, & 12

Sri S.Y.Sree Kumar, Sri P.V. Narasimha Rao, Sri P. Harinath Babu, Smt. P. Sujana, Sri Pabba Vijay Kumar, Sri M. Sanjay Kumar, Sri K. Radhakrishna Murthy, were co-opted as Additional Directors as per the provisions of Section 260 of the Companies Act, 1956, they cease to be Directors at the ensuing Annual General Meeting. As required by Section 257 of the said Act. Notices along with a Deposit of Rs.500/- each received from Members signifying their intention proposing the appointment of Sri S.Y.Sree Kumar, Sri P.V. Narasimha Rao, Sri P. Harinath Babu, Smt. P. Sujana, Sri Pabba Vijay Kumar, Sri M. Sanjay Kumar, Sri K. Radhakrishna Murthy and Sri Yasala Naresh Kumar as Directors of the company.



The Board considers it desirable that the company should continue to avail itself of their services.

None of the other Directors except Sri S.Y.Sree Kumar, Sri P.V. Narasimha Rao, Sri P. Harinath Babu, Smt. P. Sujana, Sri Pabba Vijay Kumar, Sri M. Sanjay Kumar, Sri K. Radhakrishna Murthy and Sri Yasala Naresh Kumar interested in the resolution.

#### Item No. 13

The members are aware that your company has a well established set-up to undertake the networking, software development multi-media and web-based projects. Your company is contemplating various domestic and foreign projects, and therefore, has appointed Mr. S.Y. Sree Kumar, Mr. P. V. Narasimha Rao, Mr. P. Harinath Babu and Mrs. P. Sujana as Directors of the Company in the month of January.

Mr. P.V. Narasimha Rao conceived the idea of implementing the communication networking project at Mauritius. Mr. P. V. Narasimha Rao and their associates comprising of Mr. P.V.Narasimha Rao, Mr. P. Harinath Babu, Mrs. P. Sujana, Mr. S.Y.Sree Kumar Directors of the Company and Mr. L.V. Chowdary and B. Jaya Lakshmi are holding in principle approval from Republic of Mauritius for implementing Communication networking project.

This communication Networking project has been appraised by Andhra Pradesh Industrial and Technical Consultancy Organization Ltd., Hyderabad (APITCO – an Organization promoted by IDBI, IFCI, ICICI, APIDC, PSFC and other Banks) and has been considered viable. The project cost as per the appraisal report is Rs. 8.58 Crores. As per the appraisal note the project is expected to generate a revenue of Rs. 36.00 Crores in first year, 45.00 Crores in the second year and 54.00 Crores in the third year from the date of commencement of the project.

Mr. P.V. Narasimha Rao after being appointed as Director of your Company has expressed his interest to transfer the project to the Company. They have agreed in principle to transfer their share in the project to the Company on a consideration of Rs. 2 Crores and re-imbursement of preliminary expenses incurred by them to the tune of Rs. 14.75 lacs. This consideration is payable by way of allotment of 21,47,500 equity shares of Rs. 10/- each for consideration other than cash at par aggregating to Rs. 2,14,75,000. In light of the expected revenues to be accrued to the Company this consideration has been found justified by the Board.

The Price of Rs. 10/- per equity share is above the price calculated as per the existing guidelines of SEBI.

Hence, the enabling Resolution is being proposed to give adequate flexibility and discretion to the Board to finalize the terms in consultation with the financial Consultants/Advisors or such other authorities as may be required to be consulted in accordance with the established practice. The shares when issued will be listed on such Stock Exchanges where the existing shares of the Company are listed.

Consent of the members is being sought by a Special Resolution pursuant to the provisions of Section 81, and other applicable provisions of the Companies Act, 1956 in the manner laid down in that Section, in particular Sub-section (1-A) of the said section. The Special Resolution as set out at the item-2 of the Notice, if passed will have the effect of allowing the Board to issue and allot shares to the entities/persons on the terms and conditions as may be decided by the Board.

The Board may be authorized to take all such steps necessary for implementing this resolution.



## DISCLOSURES AS PER SEBI GUIDELINES FOR INVESTOR PROTECTION

**Class and identity of the allottees:** Individuals namely Mr. P.V. Narasimha Rao, Mr. S.Y. Sree Kumar, Mr. P. Harinath Babu, Mrs. P. Sujana, Directors of the Company and Mr. L.V. Chowdary and B. Jaya Lakshmi associates of the Directors.

**Price:** Rs. 10/- (which is higher than the price arrived at as per SEBI guidelines.)

**Purpose and reason for such allotment:** This allotment is towards the consideration for transfer of Communication Networking Project to be implemented at Mauritius to the Company.

### Consequential Changes in composition of the Board and control over the company:

Consequent to the allotment of the shares on preferential basis there will be a change in the composition Of the Board of Directors as Mr. S.Y. Sree Kumar and Mr. P.V. Narasimha Rao are made the Joint Managing Director and Executive Director respectively and the approval for the same is sought in the same meeting.

There will not be any change in the control over the company.

## SHAREHOLDING PATTERN

Sl. No.	NAME	Pre-Issue (As on 7.4.2001)		Post-Issue After Proposed Preferential Allotment	
		No. of Shares	% of Total Capital	No. of Shares	% of Total Capital
<b>A</b>	<b>PROMOTERS</b>	48,71,881	46.37	70,19,381	55.49
	Proposed Allottees : (Mr P.V.Narasimha Rao and his Associates)				
1	Harinath Babu	Nil	Nil	4,29,500	3.386
2	P.V. Narasimha Rao	Nil	Nil	4,29,500	3.386
3	S. Y. Sree Kumar	Nil	Nil	4,29,500	3.386
4	B. Jaya Lakshmi	Nil	Nil	3,54,400	2.8
5	P.Sujana	Nil	Nil	1,50,300	1.185
6	L.V.Chowdary	Nil	Nil	3,54,300	2.79
<b>B.</b>	<b>FIIIs/Banks/Mutual Funds/OCBs</b>	Nil	Nil	Nil	Nil
	<b>Public :</b>	56,32,419	53.65	56,32,419	44.51
	<b>Total</b>	1,05,04,300	100%	1,26,81,800	100%





The resolution approved in the Extraordinary General Meeting held on 17<sup>th</sup> May, 2001, could not be executed due to the delay in obtaining approvals from the Government of Republic of Mauritius, for implementing the Cable Networking project. Therefore, the Board once again recommends the passing of the Special Resolution.

Except Mr. S.Y. Sree Kumar, Mr. P.V. Narasimha Rao, Mr. P. Harinath Babu and Mrs. P. Sujana none the other directors is interested in the resolution.

#### Item No. 14

Under section 163 of the Companies Act, 1956, certain documents which are normally required to be kept at the registered office of the Company may be kept at any other place if such other place has been approved by special resolution passed by the Company in General Meeting.

The transfer agents for physical shares were M/s. Venture Capital and Corporate Investments Ltd., Hyderabad. The board of Directors of the Company have decided to appoint M/s. Aarthi Consultants Private Limited as registrars for demat as well as physical shares. Therefore it is necessary to shift the Company's records to their office at 1-2-285, Domalguda, Hyderabad - 500 029. Approval of the members is sought for this. The Directors recommend the passing of the resolution.

None of the Directors are interested in the resolution.

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

PLACE : HYDERABAD  
DATE : 24-08-2001

K. SRINIVASA RAO  
MANAGING DIRECTOR

P.V. NARASIMHA RAO  
EXECUTIVE DIRECTOR