

# **Online Media Solutions Limited**



**8th Annual Report  
2005-2006**



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## **BOARD OF DIRECTORS**

Sri. Rama Srinivas	Chairman & C.E.O
Sri Ellath Kandy Surendran	Director
Sri D. Penchala Srinivas	Director
Sri Clinton Travis Caddell	Director
Sri Shyam Bhethanabhotla	Director
Sri P.V.Narasimha Rao	Additional Director
Sri Janaki Rama Raju	Additional Director

## **AUDITORS**

M/s. P. Murali & Co.,  
Chartered Accountants  
6-3-665/2/3, Somajiguda  
Hyderabad - 500 082

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## **BANKERS**

Central Bank of India  
Charminar Branch, Hyderabad

Uco Bank  
Abids Circle Branch, Hyderabad

## **REGISTERED OFFICE**

9-1-83 & 84  
Amarchand Sharma Complex  
S.D. Road  
Secunderabad - 500 003

## **SHARE TRANSFER AGENTS**

Aarthi Consultants Private Limited  
1-2-285, Domalguda  
Hyderabad - 500 029



## NOTICE

NOTICE is hereby given that the 8<sup>th</sup> Annual General Meeting of the Members of ONLINE MEDIA SOLUTIONS LIMITED will be held on Thursday, the 28<sup>th</sup> day of September 2006 at 3.00 P.M at Plot No. 1 & 9 IDA Phase II, Cherlapally, Hyderabad – 500 051 to transact the following business:-

### ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet and Profit and Loss Account for the year ended 31<sup>st</sup> March 2006 together with the Reports of the Directors and Auditors for the year ended 31<sup>st</sup> March 2006.
2. To appoint a Director in place of Mr. Ellath Kandy Surendran, Director who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shyam Bhethanabhotla, Director who retires by rotation and being eligible offers himself for re-appointment
4. To appoint Auditors and authorize 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 P. Murali & Co; Chartered Accountants, Hyderabad be and are hereby re-appointed as Statutory Auditors of the company to hold office from the conclusion of this Annual General 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 modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. P.V. Narasimha Rao who was appointed as an Additional Director of the Company by the Board of Directors on 8<sup>th</sup> February 2006, who holds office under section 260 of the Companies Act, 1956, up to the date of ensuing Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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

**"RESOLVED THAT** Mr. Janaki Rama Raju, who was appointed as an Additional Director of the Company by the Board of Directors on 8<sup>th</sup> February, 2006 who holds office under section 260 of the Companies Act, 1956, up to the date of ensuing Annual General Meeting and in respect of whom the Company has received notice in writing proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

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



**"RESOLVED THAT** pursuant to the provisions of Section 100 of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to confirmation by the Hon'ble High Court of Andhra Pradesh, Hyderabad, the paid up capital of the Company be reduced from Rs. 10,50,43,000 (Rupees Ten Crores Fifty Lakhs Forty three Thousand only) divided into 1,05,04,300 shares of Rs. 10/- each as Rs. 4,20,17,200/- (Rupees Four Crores Twenty Lakhs Seventeen Thousand and Two Hundred only) (divided into 1,05,04,300 equity shares of Rs. 4/- each) as fully paid up and that such reduction be effected by canceling the Equity share capital of Rs. 6,30,25,800/- (Rupees Six Crores Thirty Lakhs Twenty Five Thousand and Eight Hundred only) which has been lost or is unrepresented by available assets to the extent of Rs. 6/- per equity share in each and every share of the Company which have been issued "

**"FURTHER RESOLVED THAT** the accumulated losses of the Company be written off to the tune of Rs. 6,30,25,800/- (Rupees Six Crores Thirty Lakhs Twenty Five Thousand and Eight Hundred only) by canceling the paid up capital of the Company aggregating to Rs. 6,30,25,800/- (Rupees Six Crores Thirty Lakhs Twenty Five Thousand and Eight Hundred only).

**"RESOLVED FURTHER THAT** the board of directors be and is hereby authorized to call for cancellation of the already issued share certificates and to re-issue fresh Share certificates pursuant to the Companies (Issue of Share Certificates) Rules, 1960" and to do all such acts, deeds, matters and things, as may be necessary, proper or expedient, to give effect to this resolution including appointment of Advocates, file and verify petition, affirm Affidavits, appear in the High Court and to do all acts, deeds, matters and things, connected with or incidental to giving effect to this Resolution".

**"RESOLVED FURTHER THAT** consequential amendments to the capital clauses of the Memorandum and Articles of Association of the Company be made after the said reduction becomes operative and effective."

By order of the Board  
For ONLINE MEDIA SOLUTIONS LIMITED

PV Narasimha Rao  
Director

Place: Secunderabad

Date: 2<sup>nd</sup> September 2006



## 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 from 27<sup>th</sup> September 2006 to 28<sup>th</sup> September 2006 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. The relevant explanatory statement in respect of the special business set out above as required by Sec.173(2) of the Companies Act, 1956 is annexed here to.

### Explanatory Statement

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

#### Item # 5:

Sri P.V.Narasimha Rao was appointed by the Board of Directors as an additional Director with effect from 8<sup>th</sup> February 2006 Under section 260 of the Companies Act, 1956, Sri P.V.Narasimha Rao holds office only upto the date of this Annual General Meeting. The company has received a notice in writing under section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- from a member signifying his intention to propose the name of Sri P.V.Narasimha Rao candidature for the office of Director.

The Board recommends the Resolution for the members' approval in the Annual General Meeting.

#### Item # 6:

Sri Janaki Rama Raju was appointed by the Board of Directors as an additional Director with effect from 8<sup>th</sup> February 2006 Under section 260 of the Companies Act, 1956, Sri Janaki Rama Raju holds office only upto the date of this Annual General Meeting. The company has received a notice in writing under section 257 of the Companies Act, 1956, along with a deposit of Rs. 500/- from a member signifying his intention to propose the name of Sri Janaki Rama Raju candidature for the

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office of Director.

The Board recommends the Resolution for the members' approval in the Annual General Meeting.

**Item # 7:**

The members are aware that the Company is incurring losses continuously since last few years and the accumulated loss as per the Audited Balance Sheet as on 31-03-2006 is Rs. 9,68,79,188/- resulting in erosion of net worth despite all efforts to make the company turn-around and profit making. To have a healthy debt-equity ratio and a true and fair representation of the capital by the available assets of the Company, the proposal was envisaged to reduce Rs. 6,30,25,800/- (Rupees Six Crores Thirty Lakhs Twenty Five Thousand and Eight Hundred only) out of the paid up capital of the Company (so as to bring parity with and making it representative of the residue of the assets at present held by the Company) and also to write off accumulated losses to the extent of Rs. 6,30,25,800/- (Rupees Six Crores Thirty Lakhs Twenty Five Thousand and Eight Hundred only) from the accumulated losses of Rs. 9,68,79,188/-.

Consequent to reduction of Capital the shareholders will get 1,05,04,300 Equity Shares of Rs. 4/- each aggregating to Rs. 4,20,17,200/- against as many shares as are held by them of Rs. 10/- per share paid up.

Pursuant to Section 100 of the Companies Act, 1956 this Resolution will be effective after confirmation by the Hon'ble High Court. Subsequent to passing of this Resolution, the Company would approach the Hon'ble High Court of A.P. for its confirmation. Your Board of Directors recommends this Special Resolution for approval of the Members.

The Shareholding pattern for pre & post period of proposed reduction of capital is given herewith.



### SHAREHOLDING PATTERN PRE AND POST REDUCTION OF CAPITAL

Code	category	Pre Reduction of Capital					Post Reduction of Capital				
		Share-holders	shares	demat shares	% 1	% 2	Share-holders	shares	demat shares	% 1	% 2
(A)	Shareholding of Promoter and Promoter Group										
(1)	Indian										
a.	Individuals/Hindu Undivided Family										
b.	Central Government/State Government(s)										
c.	Bodies Corporate	1	3309900	0	31.51	31.51	1	1323960	0	31.51	31.51
d.	Financial Institutions/Banks Others :-										
e.	Mutual Funds										
f.	Trusts										
	Sub Total (A)(1)	1	3309900	0	31.51	31.51	1	1323960	0	31.51	31.51
(2)	Foreign										
a.	Individuals (Non Resident Individuals/ Foreign Individuals)										
b.	Bodies Corporate										
c.	Institutions										
	Others :-										
d.	Overseas Corporate Bodies										
	Sub Total (A)(2)										
	Total Shareholding of Promoter and Promoter Group										
	(A)=(A)(1)+(A)(2)	1	3309900	0	31.51	31.51	1	1323960	0	31.51	31.51
(B)	Public Shareholding										
(1)	Institutions										
a.	Mutual Funds/UTI										
b.	Financial Institutions /Banks										
c.	Central Government /State Government(s)										



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d.	Venture Capital Funds										
e.	Insurance Companies										
f.	Foreign Institutional Investors										
g.	Foreign Venture Capital Investors										
	Sub Total (B)(1)										
(2)	Non-Institutions										
a.	Bodies Corporate	71	215067	215067	2.05	2.05	71	86027	86027	2.05	2.05
b.	Individuals										
	i. Individual share-holders holding nominal share capital										
	upto Rs.1 lakh	5774	3700002	2957085	35.22	35.22	5774	1480001	1480001	35.22	35.22
	i. Individual share-holders holding nominal share capital										
	in excess of Rs.1 lakh	80	3179131	2864531	30.27	30.27	80	1271652	1145812	30.27	30.27
	Others :-										
c.	Non Resident Individuals	1	100000	100000	0.95	0.95	1	40000	40000	0.95	0.95
d.	Overseas Corporate Bodies										
e.	Trusts										
f.	Employees										
g.	Clearing Members	2	200	200	0	0	2	80	80	0	0
	Sub Total (B)(2)	5928	7194400	6136883	68.49	68.49	5928	2877760	2454753	68.49	68.49
	Total Public Shareholding (B)=(B)(1)+(B)(2)	5928	7194400	6136883	68.49	68.49	5928	2877760	2454753	68.49	68.49
	Total (A)+(B)	5929	10504300	6136883	100	100	5929	4201720	2454753	100	100
(C)	Shares held by Custodians and against Depository Receipts have been issued										
	Grand Total (A)+(B)+(C)	5929	10504300	6136883	100	100	5929	4201720	2454753	100	100

None of the directors is interested or concerned in this Resolution.





### **ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:**

**As required under the Listing Agreement, the particulars of Directors who are proposed to be appointed/re-appointed are given below:**

Name	Mr. Ellath Kandy Surendran
Age	50 years
Qualifications	B.E (Electronics)
Expertise	Over 10 years in Technology
Other Directorships	1

Name	Mr. Shyam Bhethanabhotla
Age	39 years
Qualifications	MS (USA)
Expertise	Technical expert in relation to Entertainment Media, Cable & Satellite TV Network.
Other Directorships	1

Name	Mr. P.V.Narasimhara Rao
Age	44 years
Qualifications	M.B.A
Expertise	Brand Building, Public & Media Relations etc.,
Other Directorships	NIL

Name	Mr. Janaki Ram Raju
Age	38 years
Qualifications	B.Com
Expertise	Entertainment Media, Cable & Satellite TV Network.
Other Directorships	4



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## DIRECTORS REPORT

To  
The Esteemed Shareholders  
Online Media Solutions Limited

Your Directors have pleasure in presenting the Eighth Annual Report on the Business and operations of your Company and the Audited Financial Accounts for the year ended 31<sup>st</sup> March 2006

Financial Results	Rs in Lakhs	
Particulars	2005-06	2004-05
Total Income	17.82	90.03
EBITDA	(3.74)	(324.96)
Interest	0.00	0.00
Depreciation	3.14	640.63
Amortization	5.39	10.54
Tax	-	0.00
Profit After Tax	(12.67)	(976.13)
Provision for Deferred Tax Asset (Liability)	8.19	16.29
Others	-	37.81
Balance Brought Forward	(964.12)	(42.10)
Balance Carried Forward	(968.79)	(964.13)

### Performance

Your company's gross income from operations for the year under review is Rs. 17.82 lakhs compared to Rs. 90.03 achieved in last year. The Company suffered a loss of Rs. 12.67 Lakhs as on 31<sup>st</sup> March 2006 as against a Loss of Rs. 976.13 Lakhs during the previous year. The Other income for the year is Rs. 8.20 Lakhs as against Rs. 9.28 Lakhs in the previous year.

### Management Discussion and Analysis

Management Discussion & Analysis report is annexed hereto as Annexure A and form part of this Report.

### Directors Responsibility Statement

In accordance with the Section 217(2AA) of the Companies Act, 1956 the Board of Directors Affirm:

- that in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- that the Directors had selected such accounting policies and applied them consistently and made judgments 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 Loss of the company for the period;
- the Directors had taken proper and sufficient care for the maintenance of adequate accounting