



**VIRTUALSOFT**  
Get The Digital Edge

# Catalyzing Innovative Broadband Services & Solutions...



**VIRTUALSOFT SYSTEMS LIMITED**  
ANNUAL REPORT 2007-2008



## Virtualsoft Systems Limited

### **BOARD OF DIRECTORS**

Mr. Gokul Tandan  
Mr. Rajendra V. Kulkarni  
Mr. Ashok K. Anand  
Mr. Suresh Rajpal  
Mr. Gurmukh Singh

Managing Director  
Whole time Director  
Director  
Director  
Director

### **COMPANY SECRETARY**

Mr. Atul Kumar

### **BANKERS**

HDFC BANK LIMITED  
D-965, Opp. Mata Ka Mandir  
New Friends Colony  
New Delhi-110 065.

### **STATUTORY AUDITORS**

Nath Ahuja & Co.  
Chartered Accountants  
S-400, Graater Kailash -II  
New Delhi-110 048

### **REGISTERED OFFICE**

S-101, Panchsheel Park,  
New Delhi-110 017

### **SHARE TRANSFER AGENT**

Mas Services Pvt. Ltd.  
AB-4, Safdarjung Enclave,  
New Delhi – 110 029

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## Virtualsoft Systems Limited

**NOTICE**

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of the Company will be held on Tuesday, September 30, 2008 at 9:00 a.m. at **Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053**, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2008 and the Profit & Loss Account for the year ended as on that date and the Reports of Auditors and Directors thereon.
2. To re-appoint Mr. Gurmukh Singh, Director who retires by rotation and being eligible, has offered himself for re-appointment.
3. To re-appoint Mr. Ashok Kumar Anand, Director who retires by rotation and being eligible, has offered herself for re-appointment.
4. To appoint M/s. Nath Ahuja & Co., Chartered Accountants as Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

**SPECIAL BUSINESS : AT**

5. To consider and if fit, to pass with or without modification/s the following resolution as a Special Resolution.
6. "RESOLVED THAT in accordance with the provisions of Section 269, 309 and other applicable provisions of the Companies Act 1956, if any, the company hereby approves the term of re-appointment of Mr. Rajendra V Kulkarni who was re-appointed by The Board of Director of the company, as a Wholetime Director with effect from 1 July 2008, subject to the approvals of the share holders in the AGM for a period of Three years up to June 30 2011.

Registered Office:  
S-101, Panchsheel Park,  
New Delhi-110 017.

By Order of the  
Board of Directors

Dated: August 14, 2008

**Atul Kumar**  
Company Secretary

**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 OF THE COMPANY.

The instrument of proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

2. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday September 27, 2008 to Tuesday 30, 2008 (both days inclusive)**.
3. Member are requested:
  - i. to kindly notify the change of address, if any to the Company/ the Registrar / Depository Participant.
  - ii. To bring their copy of the Annual Report,
  - iii. to deposit to duly completed attendance slip at the meeting
4. **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

**Item No. 5**

The Board of Directors of the Company re-appointed Mr. Rajendra V Kulkarni as a Whole time Director of the Company on its meeting held on 30th June 2008, under section 269 of companies Act, 1956, with effect from 1, July 2008 for 3 years up to 30, June 2011, on all existing terms and conditions & remuneration subject to the approval of the members in the ensuing Annual General Meeting of the company.

Registered Office:  
S-101, Panchsheel Park,  
New Delhi-110 017.

By Order of the  
Board of Directors

Dated: August 14, 2008

**Atul Kumar**  
Company Secretary



Virtualsoft Systems Limited

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting for your consideration and approval the Seventeenth Annual Report of your Company for the financial year ended March 31, 2008.

### 1. FINANCIAL RESULTS

(Figures in Lacs)

Particulars	Year Ended 31.03.2008	Year Ended 31.03.2007
1 Net Sales/Income from operations	105.97	512.64
2 Other Income	5.81	0.00
3 Total Income (1+2)	111.78	512.64
4 Expenditure:		
a. Increase/Decrease in stock in trade and work in progress	0.00	0.00
b. Consumption of raw materials	0.00	0.00
c. Purchase of traded goods	70.99	483.15
d. Employees cost	25.45	21.90
e. Depreciation	12.62	64.11
f. Other Costs	53.02	25.21
g. Total	162.08	594.37
5 Interest	0.02	0.10
6 Exceptional Items	0.00	0.00
7 Profit(+) / Loss (-) form Ordinary Activities before tax (3)-(4+5+6)	(50.32)	(81.83)
8 Tax Expenses		
Fringe Benefit Tax	0.73	0.70
9 Net Profit(+) /Loss(-) from Ordinary Activities after tax (7-8)	(51.05)	(82.53)
10 Extraordinary Items ( net of tax expense Rs.	0.00	0.00
11 Net Profit(+) /Loss(-) for the period (9-10)	(51.05)	(82.53)
12 Paid up equity Share Capital ( Face Value of Share Rs. 10/-)	754.76	754.76
13 Reserves excluding Revaluation Reserve	20.00	20.00
14 Earning Per Share (EPS)		
a. Basic and diluted EPS before Extraordinary items	(0.68)	(1.09)
b. Basic and diluted EPS after Extraordinary items	(0.68)	(1.09)
15 Public Shareholding		
Number of Shares	1,788,125	1,788,125
Percentage of Shareholding	23.39%	23.39%





## Virtualsoft Systems Limited

### 2. BUSINESS AND OPERATIONS OF THE COMPANY

#### VIRTUAL SOFT- PIONEERING BROADBAND SERVICES & SOLUTIONS

Broad band networks are revolutionizing the way we do business. Virtual Soft and its v Reach division offer outstanding digital broadband solutions for enterprise customers. Using use technology ,consulting & managed services and creative content packaging and development expertise to the advantage of your organization. Broadband content & network services solutions – seamlessly integrated - offer you a convergence of voice, data and video that can be used on-demand and live for your business needs.

Virtual Soft transforms conventional business, learning, entertainment and media enterprises into rich media digital corporations. It uses the technologies of the day to set up the infrastructure, create content and provide managed services for streaming interactive rich media content over the internet, intranet or extranet.

A proprietary system called vCode guarantees clarity and seamless delivery of audio, video and multimedia files across both narrowband and broadband networks.

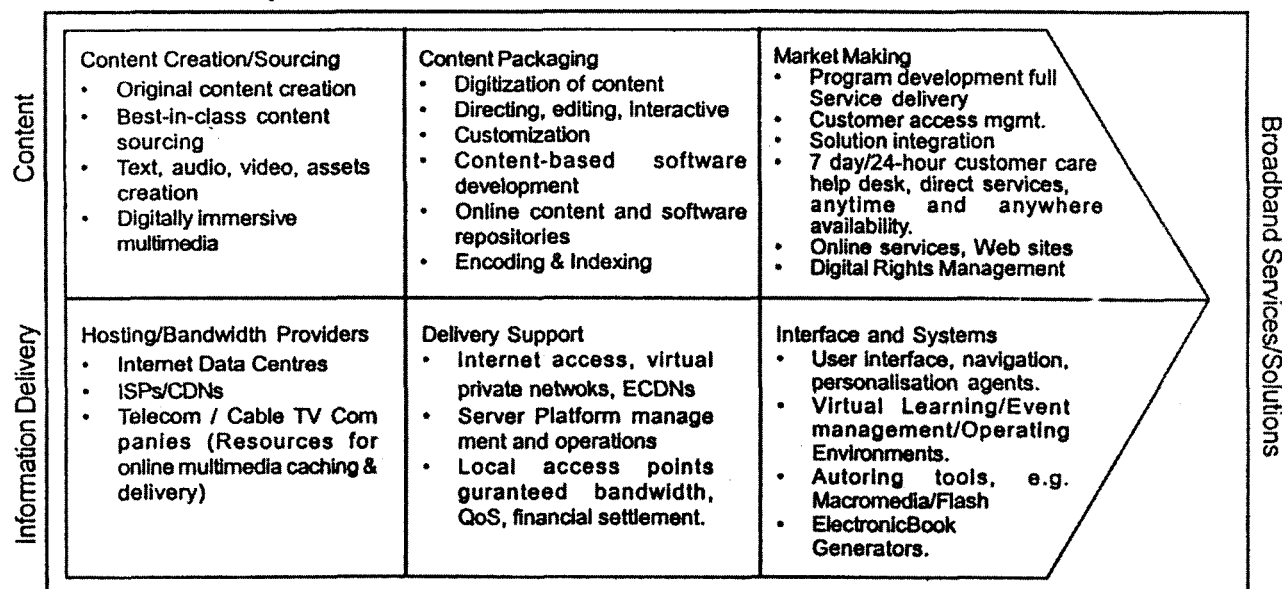
Virtual Soft has developed a world-class Enterprise Communication Platform called vReach that utilizes

existing corporate computing infrastructure to make real-time business meetings, learning programs, as well as conference & exhibition events more cost-effective and convenient by reducing travel and extending reach to globally dispersed customers, partners, and co-workers over low-bandwidth network connections through a simple browser interface.

VirtualSoft's vReach division also offers Rich Media content creation and migration services using proprietary technology and business methods. It creates near video on-demand content synchronized with Power point slides and other interactive mechanisms for leading conference organizers like CII, FICCI, Nasscom, Indian Chamber of Commerce, The Times of India Group, The Federation of Asian Advertising Associations, India Today Group and for leading enterprises such as IBM, SAP, HCL, The World Bank and the Tata Group. In the past one year, VirtualSoft has also this service to two global medical conferences and a number of national medical conferences.

It has created over 8000 hours of such content for over 400 different conferences and training events. This content is available in CD/DVD form as well as on knowledge on-demand servers accessible over the intranet and/or internet.

#### VirtualSoft's Unique Broadband Services/Solutions Business Model





## Virtualsoft Systems Limited

### 3. DIVIDEND

Your Directors do not recommend a dividend.

### 4. AUDITORS

M/s. Nath Ahuja & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

### 5. DIRECTOR

Mr. Gurmukh Singh and Mr. Ashok Kumar Anand retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

### 6. DEPOSIT

The Company has not accepted deposits from the public for the year under consideration.

### 7. PARTICULARS OF EMPLOYEES

There is no employee of the Company who has received remuneration in excess of such sum as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### 8. CAPITAL MARKET DEVELOPMENTS

As on date, 78.60% of Shares are in Demat form and are listed on various stock exchanges. The Company has, from time to time, reminded the shareholders/investor, holding the Shares in Physical form to convert their Shareholding to dematerialized form.

### 9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

(a) Details of Conservation of Energy

The Company uses electric energy for its equipment such as air-conditioners, computer terminals, lighting and utilities in the work premises.

- By identifying potential areas for saving;
- By incorporating energy efficient equipment;
- By automation.

#### (b) Technology Absorption

#### Research & Development

Specific areas in which Research & Development work has been done in the Company- Intranet Content Delivery Network (ICDN) solution. This solution helps Companies slash costs and raise intellectual capital.

#### © Foreign Exchange Earnings

There had been no foreign exchanges earnings, during the year.

### 10. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors wish to state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that they 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 profit and loss of the Company for that period;



## Virtualsoft Systems Limited

- (c) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that they had prepared the annual accounts on a going concern basis.

### 11. CORPORATE GOVERNANCE

A Separate statement on Corporate Governance along with the Auditor's Certificate on its compliance is given as part of the Annual Reports.

### 12. ACKNOWLEDGEMENTS

Your Directors acknowledge with a deep sense of gratitude the continued support extended by investors, customers, business associates, bankers and vendors. Your Directors take this opportunity to thank the regulatory and governmental authorities.

**For and on behalf of the Board of Directors**

Place: New Delhi  
Date: August 14, 2008

Mr. Gokul Tandan  
Managing Director

Mr. R.V.Kulkarni  
Wholtime Director

## Corporate Governance Report

Corporate Governance is about commitment to values and about ethical business conduct. Its about how an organization is managed. This includes its Corporate Structure, its culture, policies and manner in which it deals with various stakeholders. Accordingly timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of Corporate Governance. This improves public understanding of the structure, activities and policies of the Organization. Consequently the Organization is able to attract investors, and to enhance the trust and confidence of the stakeholders.

Your Company believes that sound Corporate Governance is critical to enhance and retain investor trust. Accordingly, your Company always seeks to attain its performance rules with integrity. The Board extends its fiduciary responsibilities in the widest sense of the term. Your Company's endeavors to enhance long – term shareholder value and respect minority rights in all our business decisions.

### 1. VSL Philosophy on Corporate Governance

1. Satisfy the spirit of law and not just the letter of the law. Corporate Governance standards should go beyond the law.
2. Be transparent and maintain high degree of disclosures levels. When in doubt, disclose.
3. Make a clear distinction between personal conveniences and corporate resources.

4. Communicate externally, in a truthful manner, about how the Company is run internally.
5. Have a simple and transparent corporate structure driven solely by the business needs.
6. Management is the trustee of the shareholder's capital and not the owner.

### 2. Board of Directors

At the core of its Corporate Governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the Company. Your Company believes that an active, well – informed and independent Board is necessary to ensure the highest standards of Corporate Governance. Majority of the Board, 3 out of 5, are independent Directors.

During the Financial Year ended 31st March 2008, Five Board meetings were held on 30.06.07, 31.07.07, 14.08.07, 31.10.07 & 31.01.08

The Last Annual General Meeting was held on 28th September 2007 and the last Extra – ordinary General Meeting was held on 17th, January 2001.

The Composition of the Board, attendance of Directors at the Board Meetings held during the year under review as well as in the last Annual General Meeting and the number of other Directorships / Committee positions held by them are as under: -



## Virtualsoft Systems Limited

S. No.	Name & Designation	Category	No. Of other Directorships held	No of Board meetings		Attended last AGM (28.09.07)
				Held	Attended	
1.	Mr. Gokul Tandan	MD	5	5	5	Yes
2.	Mr. Rajendra V. Kulkarni	WTD	6	5	5	Yes
4.	Mr. Ashok Anand	NEID	1	5	2	Yes
5.	Mr. Gurmukh Singh	NEID		5	4	Yes

(MD- Managing Director, WTD – Whole Time Director, NEID – Non-Executive Independent Director)

## Directorship / Committee Positions

S. No.	Name of the Director	Directorships	Committees Positions		
			Name of the Company	Committee	Position
1.	Mr. Gokul Tandan	5	1. M/s. Goto Customers Services Pvt. Ltd. 2. M/s. Virtual Software & Training Pvt. Ltd. 3. CPM India Sales & Marketing Pvt. Ltd. 4. M/s. Foundation Technologies ( Pvt.) Ltd. 5. M/s. Techsure Online Services Pvt. Ltd.		Director Director Director Director Director
2.	Mr. Rajendra V. Kulkarni	6	1. M R Capital Pvt. Ltd. 2. M/s. Vijay Stampings Pvt. Ltd. 3. M/s. Foundation Technologies ( Pvt.) Ltd. 4. M/s. Virtual Software & Training (P). Ltd. 5. Advani Exports Pvt. Ltd. 6. SME Business Services Ltd.		Director Director Director Director Director Director
3.	Mr. Suresh Rajpal	3	1. M/s. Tecnova India Pvt. Ltd. 2. M/s. Purolator Pvt. Ltd. 3. M/s. Four Soft Pvt. Ltd.		Director Director Director
4.	Mr. Ashok Anand	1	1. M/s. Virtual Software & Training Pvt. Ltd.		Director
5.	Mr. Gurmukh Singh				

None of the Directors on the Board hold Directorships in more than fifteen Companies and hold memberships in more than ten Committees and they do not act as Chairman of more than five Committees across all the Companies in which they are Directors.