



# **CONNECT COMMUNICATE & ENGAGE EXPERIENTIALLY**



## **VIRTUALSOFT SYSTEMS LIMITED**

### **ANNUAL REPORT 2017-2018**

## **Virtualsoft Systems Limited**

<b>BOARD OF DIRECTORS</b>	Mr. Gokul Tandan	Managing Director
	Mr. Rajendra V. Kulkarni	Director
	Mr. S C Rajpal	Director
	Mrs. Ritu Tandon	Director
	Ms. Ashima Puri	Director
<b>COMPANY SECRETARY</b>	Ms. Ritika Ahuja	
<b>CHIEF FINANCIAL OFFICER (CFO)</b>	Mr. Athar Ahmad	
<b>BANKERS</b>	HDFC BANK LIMITED S-355, Panchshila Park. New Delhi-110 017.	
<b>STATUTORY AUDITORS</b>	Krishna Neeraj & Associates, Chartered Accountants, 54, Ground Floor, Rajendra Palce, New Delhi-110008	
<b>REGISTERED OFFICE</b>	S-101, Panchsheel Park,, New Delhi-110 017	
<b>SHARE TRANSFER AGENT</b>	Mas Services Ltd. T-34, Okhla Industrial Area, Phase-II, New Delhi–110020	

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## NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of the Company will be held on Friday, September 28, 2018 at 9:00 a.m. at Ambika Palace, B-3/B, 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, 2018 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. Gokul Tandan, Director who retires by rotation and being eligible, has offered himself for re-appointment.
3. To ratify the appointment of M/s Krishna Neeraj & Associates, Chartered Accountants as Auditors of the Company who has been appointed for a period of 5 years & to hold the office until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

4. VSL EMPLOYEES STOCK OPTION SCHEME 2018

To consider and, if thought fit, to pass the following resolutions with or without modifications, as a Special Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act 2013, the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (the “SBEB Regulations”) (including any statutory modification(s) or re-enactment of the Act or the SBEB Regulations, for the time being in force) and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include any Committee, including Nomination and Remuneration Committee (NRC), which may exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot at any time to or for the benefit of such person(s) who are in the employment of the Company, including Directors of the Company whether whole time or otherwise whether working in India or out of India, excluding Independent Directors, under a Scheme titled “VSL EMPLOYEE STOCK OPTION SCHEME 2018” (hereinafter referred to as the “ESOP Scheme, 2018” or “Scheme”), options exercisable into equity shares not more than 10,00,000 equity shares of Rs. 10 each of the Company at an exercise price at a discount up to a maximum of 25% to the Market price of Share, in one or more tranches and on such terms and conditions as may be fixed or determined by the NRC/Board/Committee in accordance with the provisions of the Companies Act 2013 or SBEB Regulations or other provisions of the laws as may be prevailing and applicable at that time, each option granted being exercisable for one equity share of the Company.”

**“RESOLVED FURTHER THAT** the NRC/Board be and is hereby authorised to issue and allot Equity shares upon exercise of such options from time to time in accordance with ESOP Scheme, 2018 and such equity shares shall rank pari passu in all respects with the existing Equity Shares of the Company.”

**“RESOLVED FURTHER THAT** in case of any corporate action(s) such as rights issue, bonus issues, stock split, merger and sale of division and others, if any additional stock options are issued by the NRC/Board to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 10,00,000 stock options shall be deemed to be increased/adjusted to the extent of such additional options issued”

**“RESOLVED FURTHER THAT** for the purpose of giving effect to any creation, offer, issue, allotment of equity shares, the NRC/Board/Committee be and is hereby authorized on behalf of the Company, to evolve, decide upon and bring in to effect the Scheme and make any modifications, changes, variations, alterations, or revisions in the said Scheme from time to time or to suspend, withdraw or revive the Scheme from time to time as may be specified by any statutory authority and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties, or doubts that may arise in this regard without requiring the NRC/Board to secure any further consent or approval of the members of the Company.”

**RESOLVED FURTHER THAT** The Employees shall not have right to receive any dividend or to vote or in any manner enjoy the benefits of a shareholder in respect of option granted to them, till shares are issued on exercise of option.

**EXPLANATORY STATEMENT:**

**ITEM NO. 4**

This is the first time the Company has approved Employee Stock Option Schemes i.e. ESOP 2018.

In order to attract and retain the talented employees, ESOP Scheme is considered to be one of the best tools & therefore the Company introduces ESOP Scheme to reward, retain & incentivize the employees through ESOP scheme.

Therefore, the Board of Directors in their Meeting held on August 14, 2018 had resolved to initiate a new ESOP Scheme. Under the proposed ESOP 2018 Scheme, it was proposed to issue 10,00,000 stock options to the eligible employees at an exercise price at a discount up to a maximum of 25% to the Market price of Share, under ESOP Scheme 2018. The ESOP 2018 Scheme shall be implemented and administered directly by the Nomination & Remuneration Committee - NRC (or Compensation Committee) as appointed by the board Company and they and Company shall conform to the accounting policies specified in Regulation 15 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

**Explanation as per Rule 12 of Companies (Share Capital and Debentures) Rules, 2014:**

The total number of stock options to be granted	10,00,000
Identification of classes of employees entitled to Participate in the ESOP Scheme	As per the Scheme
The appraisal process for determining the eligibility of employees to the ESOP Scheme	To be decided by the Nomination and Remuneration Committee (NRC)
The requirements of vesting	As per the Scheme
The maximum period within which the option shall be vested	Minimum period of vesting not less than 12 months (1 year) from the date of grant of options; Maximum period of vesting to be decided by the NRC subject to Scheme
The exercise price	At a discount up to a maximum of 25% to the Market price of Share  • where the Market price will be the closing market price one day prior to the date of the each Grant, on the stock exchange where highest trading volume is registered.  • where the quantum of Discount will be decided by the NRC for each of the Grant of options, subject to the condition that the exercise price will not be less than the face value of the share under any circumstances.
The exercise period and process of exercise	As per Scheme
The lock-in period, if any	As decided by the NRC subject to the provisions of SEBI (Insider Trading) Regulations, 1992 and the Insider Trading code of the Company
The maximum number of options to be granted Per employee and in aggregate	To be decided by NRC subject to applicable Laws
The method which the company shall use to value its options	As per the Scheme



## Virtualsoft Systems Limited

The conditions under which options vested in Employees lapse e.g. in case of termination of Employment for misconduct	As per the Scheme
The specific time period within which the Employees shall exercise the vested options In the event of a proposed termination of Employment or resignation of employee	As per the Scheme
A statement to the effect that the Company Shall comply with the applicable accounting Standards	The Company shall comply with the applicable accounting Standards

A copy of the Scheme is available at the Corporate Office of the Company for inspection by the members.

Your Directors recommend this resolution for your approval as a Special Resolution.

None of the Directors or Key Managerial Personnel or relatives of Directors and Key Managerial Persons are concerned or interested in this resolution.

### Registered Office:

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

Dated: August 23, 2018

By Order of the Board of Directors

Gokul Tandan  
Managing Director  
Virtualsoft Systems Limited

### 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.**
2. The instrument of proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday September 22, 2018 to Friday September 28, 2018 (both days inclusive).
4. 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
5. Electronic copy of the Notice of General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
6. Voting through electronic means
  - I. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-Voting facility as an alternative mode of voting which will enable the Members to cast their votes electronically. Necessary arrangements have been made by the Company with National Securities Depository Limited (NSDL) to facilitate e-voting. E-voting is optional and members shall have the option to vote either through e-voting or in person at the general meeting.
  - II. The Members whose names appear in the Register of Members/list of Beneficial Owners as received from National Securities Depository (NSDL) on 21st September, 2018 are entitled to vote on the resolutions set forth in this Notice.



The Voting period will commence at 9.00 am on 25th September 2018 and will end at 5.00 pm on 27th September, 2018.

III. The instructions for members for voting electronically are as under:-

(A) In case of members receiving e-mail:-

- i) If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- ii) Log on to the e-voting website [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- iii) Click on "Shareholders" tab to cast your votes.
- iv) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	Same
DOB*#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	Same
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	Same

Members who have not updated their PAN with the Company/Depository Participants are requested to use the default number: RMCEV1234Z in the PAN field.

- # Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the value 30/05/2014 in the DOB column or the <Default Value> in the Dividend Bank details field.
- vi) After entering these details appropriately, click on "SUBMIT" tab.
- vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily

enter their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character(@ # \$ % & \*). Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through NDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Kindly note that this changed password is to be also used by the Demat holders for voting for resolutions for the Company or any other Company on which they are eligible to vote, provided that Company opts for e-voting through NSDSL platform.

- viii) Click on the relevant EVSN on which you choose to vote.
- ix) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x) Click on the "Resolutions File Link" if you wish to view the entire Resolutions. xi) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (B) In case of members receiving the physical copy of Notice of EGM [for members whose e-mail IDs are not registered with the company/ depository participant(s) or requesting physical copy]:
  - i. Initial password is provided as below at the bottom of the Attendance Slip for the AGM
  - ii. Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.
- (C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to [https:// www.evoting.nsdl.com](https://www.evoting.nsdl.com) and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- (D) The voting period begins at 9.00 am on 26th September 2018 and will end at 5.00 pm on 28th September 2018. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 23, 2018, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (E) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) under help section or write an email to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- IV. The Company has appointed Mr. Sanjeev Kumar Jha, Practicing Company Secretary holding CP No: 9870 as the Scrutinizer for conducting the e-voting process in fair and transparent manner.
- V. A copy of this notice has been placed on the website of the Company and the website of NSDL.
- 7. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

**Registered Office:**

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

Dated: August 23th, 2018

By Order of the Board of Directors

Gokul Tandan  
Managing Director  
Virtualsoft Systems Limited

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting for your consideration and approval the Twenty Sixth Annual Report of Your Company for the financial year ended March 31, 2018.

### 1 Financial Result

PARTICULARS	(Rupees in Lacs)	
	Year Ended 31.03.2018	Year Ended 31.03.2017
<b>1. Income from Operations</b>		
a) Net Sales/ Income From Operations	101.40	110.65
b) Other Operating Income	6.31	0.46
<b>Total Income (a+b)</b>	<b>107.71</b>	<b>111.11</b>
<b>2. Expenses</b>		
a. Cost of Materials Consumed	-	-
b. Purchase of Stock In Trade	75.96	77.28
c. Change in the inventories of Finished Goods, Work in Progress and Stock in Trade	-	-
d. Depreciation & Amortisation expenses	1.94	3.68
e. Employee Benefit Expenses	44.20	64.35
f) Finance cost	0.36	4.94
g). Other expenditure	33.35	38.19
<b>Total Expenses</b>	<b>155.81</b>	<b>188.44</b>
<b>3. Profit/(Loss) before Exceptional items and Extraordinary items and TAX (1-2)</b>	<b>(48.10)</b>	<b>(77.33)</b>
4. Exceptional Items	-	-
5. Profit/(Loss) before Extraordinary Items and tax (3-4)	(48.10)	(77.33)
6. Extraordinary items		
7. Profit/(Loss) before Tax (5-6)	(48.10)	(77.33)
8. TAX Expenses		
Current Tax	-	-
Deferred Tax	-	-
<b>Total Tax Expenses</b>	<b>-</b>	<b>-</b>
9. Net Profit/(Loss) for the period (7-8)	(48.10)	(77.33)
10. Other Comprehensive income/(Loss)		
(a) items that will not be reclassified to profit and loss in subsequent period, net of tax	-	-
(b) Items that will be reclassified to profit and loss in subsequent period, net of tax	-	-
Other Comprehensive income/(Loss) for the period ( Net of Tax Expense)	-	-
11. Total Comprehensive income for the period (9+10)	(48.10)	(77.33)
12. Paid-up equity share capital	1,029.76	1,029.76





13. Earnings Per Share before and after extraordinary  
Items (from Continuing Operations)  
(of Rs. 10/- each )

(a) Basic (Rs.)	(0.47)	(0.75)
(b) Diluted (Rs.)	(0.47)	(0.75)

## 2. BUSINESS AND OPERATIONS OF THE COMPANY

### 1. BUSINESS AND OPERATIONS OF THE COMPANY

**VirtualSoft-Co-creating, Integrating &Optimising World's best & most innovative roaming, communications & collaboration platforms, Apps and solutions to provide consumers and enterprises an unbeatable communication & productivity experience.**

Video Rich Broadband and 4G mobile networks – with 5G coming by the end of this decade - are revolutionizing the way we do business and run our lives.Virtual Soft through its vReach division offer outstanding digital broadband solutions. vReach uses technology developed inhouse and by our best-of-breed global partners to the advantage of large enterprises, associations and media companies as well as their customers and consumers. Broadband network& application solutions offer a convergence of voice, data and video that can be used for your enterprise – by creating and leveraging business function specific virtual events – both live & on-demand, and also by embedding contextual communication & video functionality into key enterprise processes , greatly enhancing the user experience and their productivity impact. This is ideally done through an annual engagement contract with VirtualSoft.

A proprietary system called v Code 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 and communications infrastructure to make real-time business meeting and events more cost-effective and convenient by reducing travel and extending reach to globally dispersed customers, partners, and co-workers over low and high bandwidth connections through a simple browser interface.

VirtualSoft'svReach division also offers Rich Media

content creation and migration services using proprietary technology and business methods. Over the last many years VirtualSoft has created near video on-demand content synchronized with Power point slides and other interactive mechanisms for leading conference organizers like CII, FICCI,Nasscom, Exhibitions India, Invest India and Sugar Technologists' Association of India and for leading enterprises such as SAP,IBM, India Today, Gangaram Hospital, JamiaMillialslamia University and Indian Federation of Neuro Rehabilitation (IFNR)

We has created over 12,000 hours of such content for over 600 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.

vReach has also created a Demand Generation Practice where it uses its own and third party platforms, in-house multi-media content development, social media – web and telemarketing to create customized channel training & development, sales enablement and customer engagement programs mainly for Business to Business brands, in the Technology space.

In the year under Review, we continued making progress on both the Digital Demand Generation and Telecom initiatives that were launched in the past few years.

In Demand Generation, we continued to strengthen the strategic partnership for India and APAC with 6Connex Inc. ([www.6Connex.com](http://www.6Connex.com)) – a California based global leader in Virtual Experience & Virtual Destination based business solutions. Supplementing 6Connex's latest Version 7 Technology/ Platform with our own domain competence, technology, processes and goto market ecosystem, Virtual Soft is poised launched a range of next generation Virtual Experience based events for demand generation, customer engagement, collaboration, learning and knowledge management. This will build on the work done in the past few years for brands like CNBC/ Web 18, Cisco, Oracle, and Intel – both at the India & APAC level.

The Telecom Division launched for global roaming

solutions and services under “Roam1” brand (www. roam1.com), in FY 2010-11. The global roaming business portfolio was hived off into a subsidiary Roam 1 Telecom Ltd during FY 13-14, we continue to make significant progress in terms of innovative and unique product introductions and plans as well as gaining market share and acceptance – both from end –customers and channel partners.

Our key offerings in Roam 1 Telecom Ltd, are based on Global or Regional (e.g Europe) Single Sim Product or Platform , that contains multiple IMSI Profiles or local country specific numbers – anywhere from 3 to 12 in ONE SIM that provides low cost Voice and data services when the subscriber travels overseas. This SIM provides Free Incoming in over 60 countries and provides low cost Call Back to India. This is offered through both prepaid and post-paid plans. The billing is in real time and is visible instantly on the web which ensures that there is no room for over billing. The customer gets to retain the card and can publish the number as his permanent International Number on his business card and stationary etc. This way every time the customer goes abroad, he adds talk time on his card which makes repeat business very easy for us. The Global Single SIM Product is supported by a wide array of country and continent specific products and plans for voice and data.

Roam1 launched the Konnect VOIP Dialling App on a pilot basis for International Roamers, in the last fiscal, which has met with success, with hundreds of paid users successfully using this App every month. This App was enhanced in the year under review with the goal of launching this to a wider section of users in India, post getting certain regulatory approvals. and overseas.

VirtualSoft thus develops, integrates, optimizes and deploys the technologies of the day to provide the infrastructure, application platforms and Apps needed for rich and enhanced communications & international roaming services for enterprises and consumers – as well as for creating collaborative virtual business solutions for sales, customer engagement, training and knowledge management.

In the year under Review, with an intent to synergise the two divisions at a corporate level, the C2E3 Initiative was strengthened. C2E3 stands for Connect Communicate Engage Experientially and Cost – Effectively and provides a bridge for the Telecom & Roam 1 Division to collaborate with the Virtual Events and Demand Gen Division in technology & product

development, marketing and large partner and account development. This will create unique cross developed product offerings, solutions and services in the enhanced communications and collaboration space – including for and based on web and video conferencing, cloud telephony& unified communications, Rich Communication Services (RCS) , connected device life-cycle management solutions and will facilitate more sales yield from our sales teams & goto market partners. VirtualSoft now intends strengthening its Systems and Solutions Integration capability in this area , including the capability to offer Mobile First, On -Premises and and integrated/blended C2E3 and digital transformation solutions to both Large Enterprises and SMEs – directly and through Business Partners. The company is also examining setting up an incubator / accelerator in domains of expertise, interest and future growth

With the foundation in Enterprise Broadband solutions, Telecom and Roaming Solutions and now the C2E2 Initiative – all of which are being enhanced for major scale up, the Company now expects significant growth in both revenues and profitability in the years to come.

### **3. DIVIDEND**

Your Directors do not recommend a dividend due to loss incurred for the current financial year.

### **4. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

The provisions of Section 125(2) of the Companies Act, 2013 do not apply pertaining to this financial year as there was no dividend declared and paid last year.

### **5. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the ends of the financial year to which this financial statement relate on the date of this report

### **6. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The Company has devised and implemented a mechanism for risk management and has developed a Risk Management Policy. The Policy provides for constitution of a Risk Committee, which will work towards creating a Risk Register, identifying internal