



**VIRGO GLOBAL MEDIA LIMITED**

**14th Annual Report  
2011-2012**

**VIRGO GLOBAL MEDIA LIMITED****BOARD OF DIRECTORS**

Mr. P Syam Prasad	Director
Mr. B V Satya Sai Prasad	Director
Mr. Hafeezuddin Shaik Imam	Director

<b>Auditors:</b>	<b>Bankers:</b>
M/s. P. Murali & Company, Chartered Accountants, 6-3-655/2/3, Somajiguda, Hyderabad – 500 082.	Syndicate Bank, Banjara Hills, Hyderabad UCO Bank, M.G.Road, Hyderabad
<b>Registered Office:</b>	<b>Registrar &amp; Share Transfer Agents:</b>
Plot No. 5, Mithila Nagar, Road No. 10, Banjara Hills, Hyderabad – 500 034	Aarthi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad – 500 029, Ph. No. 040-27638111/27634445; Fax.No. 040-27632184

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As the members are already aware, the Ministry of Corporate Affairs ('MCA') has taken a "Green Initiative in Corporate Governance" by allowing the companies to service the documents to its members through electronic mode. Recognizing the spirit of the circulars issued by the MCA, we are now sending this Annual Report comprising of Notice, Balance Sheet, Statement of Profit & Loss, Directors' Report, Auditors' Report, etc. to the email addresses of the members made available to the Company by the Depositories (CDSL / NSDL) or registered by the members directly with the Company's RTA. For those members who have not yet registered their email, we are sending the Annual Report in physical mode. In case you wish to receive future communication in electronic mode, kindly register your email address through the following link: <http://www.aarthiconsultants.com/GoGreen.php>. Please note that as a Member of the Company, you are entitled to receive all such communication in physical form, upon request.



## NOTICE

Notice is hereby given that the Fourteenth Annual General Meeting of the Company will be held on Saturday, the 29th day of September 2012 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 as at 31<sup>st</sup> March 2012 and Statement of Profit and Loss for the year ended on that date together with the reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. P.Syam Prasad, who retires by rotation and being eligible, offers him-self for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of Fourteenth Annual General Meeting until the conclusion of the Fifteenth Annual General Meeting and to fix their remuneration.

**"RESOLVED THAT P. Murali & Company (FRN: 007257S), Chartered Accountants, Hyderabad be and ore hereby re-appointed as Statutory Auditors of the Company to hold office from the conclusion of this 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.**

For and on behalf of the Board

Sd/-  
P Syam Prasad  
Director

Place: Secunderabad  
Date: 14.08.2012

### Notes:-

- A. A Member entitled to attend and vote at the Annual General Meeting [the Meeting] is entitled to appoint a proxy to attend and vote on a poll instead of himself and proxy need not be a member of the Company. The Proxy in order to be effective must be deposited at the Registered Office not less than Forty Eight Hours before the Meeting.
- B. The Register of Members and Share Transfer Books of the Company shall remain **closed from Monday, September 24<sup>th</sup> 2012 to Saturday, September 29<sup>th</sup> 2012 (both days inclusive)** for the purpose of ensuing Annual General Meeting.
- C. The members are requested to –
  - i) Quote Ledger Folio/Client ID in all the correspondence.
  - ii) Bring the copy of the Annual Report and attendance slip with them to the Annual General Meeting and to deposit the same duly filled in and signed for attending the meeting.
- D. Shareholders holding shares in physical form are requested to advise any change of address immediately to company's Registrar and Share Transfer Agent, Aarathi Consultants Private Limited, Hyderabad. Shareholders holding shares in electronic form must send the advice about change in address to their respective Depository Participants and not to the Company.
- E. Members seeking any information with regard to accounts are requested to write to the Company at least 10 days in advance of the meeting to enable the management to keep the information ready.
- F. Under Section 109A of the Companies Act, 1956 shareholders ore entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are

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requested to send their requests in Form 2B (which will be made available on request) to the Registrars and Transfer Agents, M/s. Aarthi Consultants Private Limited, Hyderabad.

G. At the ensuing Annual General Meeting Mr. P Syam Prasad shall retire by rotation and being eligible, offers himself for re-appointment. Pursuant to clause 49 of the listing agreement, the particulars of Mr. P. Syam Prasad are given hereunder:

**ADDITIONAL INFORMATION ON DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT  
AT THE ANNUAL GENERAL MEETING:  
(Pursuant to Clause 49 of the Listing Agreement)**

Name of Director	:	Mr. P. Syam Prasad
Date of Birth	:	15 <sup>th</sup> August, 1964
Date of Appointment	:	13 <sup>th</sup> April, 2009
Qualifications	:	Bachelor of Commerce
Expertise in specific functional areas	:	Over 15 years of experience in Banking, Finance and general management and worked with various industrial sectors during his career.
List of other companies in which Directorship held	:	NIL
List of the Committees of other Companies in which chairmanship/ Membership held	:	NIL
Chairman/Member of the Committees of the Company	:	Member of the Audit Committee; and Share holdres/Investors Grievance Committee
Shareholding in the Company	:	NIL
Relationship between Directors inter-se	:	No

**Directors' Report**

To  
The Members  
Virgo Global Media Limited

Your Directors have pleasure in presenting the Fourteenth Annual Report of your company and the Audited Financial Accounts for the year ended on March 31, 2012.

**Financial Results :**

Particulars	Rs in Lakhs	
	2011-12	2010-11
Net Sales/Income from Operations	7.35	5.70
Other Income	2.58	2.73
Total Income	9.93	8.43
Financial Expenses	0.32	0.28
Depreciation and Write Offs	0.30	0.30
Other Expenses	6.02	4.22
Provision for taxation	0.42	0.00
Profit/(Loss)	1.21	3.76
Equity Share Capital(1,05,04,300 Shares of Rs 4/- each)	420.17	420.17

**Review of Operations:**

During the year under review, your Company had earned a total income of Rs 9.93 Lakhs as against Rs 8.43 Lakhs during the previous year and the Net Profit for the current year was Rs. 1.21 lakhs as against a Net Profit of Rs. 3.76 Lakhs for the Corresponding period. The Total income includes other income of Rs. 2.58 Lakhs. Despite the serious efforts that have been put in by the Management, Your Company could not succeed in getting business opportunities in Media and Broadband Internet Segments, due to global economic slowdown and lack of adequate resources at the disposal of the Company. Your Company is considering various other options, details of which would be communicated to the Members in due course.

**Fixed deposits:**

The Company has not accepted any Fixed Deposits, falling within the purview of Section 58A of the Companies Act, 1956.

**Auditors:**

M/s. P. Murali & Company (FRN: 007257S), Chartered Accountants, Statutory Auditors of the Company holds office in accordance with the provisions of the Companies Act, 1956 upto the conclusion of this Annual General Meeting and are eligible for re-appointment.

**Directors:**

At the ensuing Annual General Meeting Mr. P. Syam Prasad retires by rotation and being eligible, offered himself for re-appointment.



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Mr. P. Syam Prasad ceased to be the Executive Director of the company with effect from 27th April, 2012 consequent to the expiry of his terms as Executive Director. Mr. P Venkata Ramana had resigned from the board with effect from 21st December 2011.

### **Stock Exchange Listing:**

Presently, the Equity Shares of the Company are listed on Bombay Stock Exchange Limited [BSE]. The Company confirms that it has paid Annual Listing Fees due to the Stock Exchanges where the Company's securities are listed for the year 2012-13.

### **Directors' Responsibility Statement:**

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

- a) In the preparation of the Accounts for the twelve months period ended March 31, 2012; the applicable accounting standards have been followed and there are no material departures there from.
- b) They have selected such accounting policies in consultation with Statutory Auditors of the Company and applied consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the profit of the Company for the financial year.
- c) They have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956. They confirm that there are

adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

- d) They have prepared accounts for the year ended March 31, 2012 on a going concern basis.

### **Corporate Governance and Management Discussion and Analysis Report:**

A separate report on Corporate Governance along with Auditors' Certificate on its compliance and Management Discussion and Analysis forming part of this report are annexed hereto.

### **Particulars of Employees:**

None of the employees are drawing remuneration in excess of the limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended.

Particulars in respect of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo required under Companies (Disclosure of particulars in the Directors Report) Rules 1988:

- A. **Conservation of Energy:-** The Company is not a manufacturing Company and hence the details in respect of the above are not applicable.
- B. **Technology Absorption:-** Your Company is committed to use state of Art technology for improving the quality of its services.
- C. **Research and Development:-** Your Company has not undertaken any R&D activity in any specific area during the year under review.



- D. **Disclosure of Particulars relating to Foreign Exchange Earnings and Outgo:-** Your Company's Operation did not result into any Foreign Exchange earnings or outgo.

**Acknowledgements :**

Your Directors gratefully acknowledge and appreciate the support extended by the Syndicate Bank, UCO Bank and various departments of Central and State Governments, SEBI and Stock Exchanges. Your Directors express their grateful thanks to the valued shareholders for the trust and confidence reposed in the Company.

For and on behalf of the Board

Sd/-

**P Syam Prasad**  
Director

Sd/-

**BVSS Prasad**  
Director

Place: Secunderabad

Date: 14.08.2012



## MANAGEMENT DISCUSSION ANALYSIS AND BUSINESS OUTLOOK

*(This review contains Management's discussion of the Company's operational results and financial condition, and should be read in conjunction with the accompanying audited financial statements and associated notes).*

### Industry Structure, Development and Outlook:

The Internet Industry consists of companies that provide a wide variety of products and services primarily online through their Web sites. Operations include, but are not limited to, search engines, retailers, travel services, as well as dial-up and broadband access services. The industry is not particularly capital intensive, although some participants must continually invest in their operations to remain competitive. Companies having healthy cash flow, which can be used for capital expenditures, to make acquisitions, and to repurchase shares.

Companies in the Internet Industry operate in a highly competitive environment, subject to rapid technological change. Barriers to entry vary, depending upon the particular markets served. Internet companies operate on the global stage, and results often depend upon the performance of overseas markets and currency exchange rates. Moreover, weakness in the retail economy or lower online advertising expenditures can hinder the performance of many participants. Still, long-term prospects for the industry are fairly encouraging. Trends such as increasing worldwide Internet usage, overseas expansion, and the continued popularity of online advertising ought to further benefit companies in this industry. As a result, many industry participants seem well-positioned in attractive markets.

Given the dynamic nature of the Internet industry, companies must innovate to remain competitive. This can simply mean offering customers new products and services. However, industry participants must also position themselves to benefit from technological developments, and the creation or expansion of markets.

### Opportunities, Threats, Risks and Concerns:

There are very good opportunities in this industry for all companies. For large ISPs, relationships with telcos are becoming manifold. Telcos want to enter the market, and ISPs do not want to run the risk of losing out to the telcos, so many partnerships arise. Mergers with content providers are also occurring. This is the easiest way for both types of company to make their way into the other's market.

The major driving forces for Internet Service Provider Companies include growing use of the internet and emerging new internet technology applications; increasing globalization of the industry; changes in the long term industry growth rate; technological change and manufacturing process innovation; marketing innovation; changes in cost and efficiency; regulatory influences and government policy changes.

The key factors for success of a Private ISP will be a technical edge, financial capability to sustain losses over at least two years, high marketing and promotional budgets, strategic alliances with ancillary service providers, and lobbying power with the central and state governments.

On the other hand, rivalry within the industry; threat of Substitute Products; threat of New Entrants; bargaining power of Suppliers; bargaining Power of Buyers are some of the risks that the Industry is facing. Because of these risks, some companies are even offering out of this industry by changing their line of business.





And, broadly speaking, ISPs face threats/ challenges in four inter-related areas:

1. Customer Relations;
2. Technology;
3. Regulatory Framework; and
4. Resources

**Analysis of financial performance of the company :**

In continuation to the previous annual report, even during the year under report, the Company had very lean operations as most of the Company's new business opportunities could not materialize. Thus, your company's total income was Rs.9.93 lakhs as against Rs. 8.43 lakhs during the previous year and the net profit was Rs.1.21 lakhs as against a net profit of Rs.3.76 lakhs for the corresponding period.

**Liquidity and capital resources:**

There are no significant changes in Shareholders' funds and loan funds during the financial year 2011-12.

**Internal control systems and their adequacy:**

The internal audit and other internal controls and internal checks implemented in the Company are adequate and commensurate with the size and nature of operations providing sufficient assurance and safe guarding all assets, authorizing all transactions and its recording and reporting properly and timely. The Audit Committee constituted by the Board of Directors reviews regularly the financial and other related aspects as per the requirements of the Corporate Governance.

**Cautionary Statement :**

Statements in the Management Discussion and Analysis describing the Company's Objectives, projections, estimates, expectations may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand, supply and price conditions in the domestic/overseas markets in which the Company may operate, changes in the Government regulations, tax laws and other statutes and other incidental factors.



## **CORPORATE GOVERNANCE**

### **Company's Philosophy :**

The Company believes that good corporate governance practices enable the management to direct and control the affairs of the Company in an efficient manner and to achieve the Company's goal of maximizing value for all its stake holders.

The Board considers itself as a trustee of its shareholders and acknowledges its responsibilities to the Shareholders for creating and safeguarding shareholder's wealth, while upholding the core values of transparency, integrity, honesty and accountability.

The Company's code of conduct serves as a guide to the employees on the values, ethics and business principles expected of them.

The Company is committed to the best governance norms. It strongly believes in setting the high standards in all its endeavors.

### **Board of Directors :**

The Board of Virgo Global Media Limited comprised of three directors as on August 14, 2012 and out of these three Non Executive

Directors, two are Independent. Accordingly, the composition of the Board is in conformity with Clause 49 of the listing agreement entered with Stock Exchange.

The Directors bring with them rich and varied experience in different fields of corporate functioning. The Board meets at regular intervals for planning, assessing and evaluating all important business activities.

None of the Directors on the Board is a member on more than 10 committees or Chairman of more than 5 committees as specified in clause 49, across all the Companies in which he is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

The names and categories of the Directors on the Board, their attendance at Board meetings held during the year and the number of Directorships and Committee memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited Companies and companies incorporated outside India. Chairmanship / membership of Board committees include membership of Audit and Shareholders/ Investor Grievance Committee.

Name	Category	No. of Board Meetings attended during the year 2011-12	Whether Attended AGM held on 30.09.2011	No. of Directorships in other public Companies		No. of committee positions held in other public Companies	
				Chairman	Member	Chairman	Member
Mr. P Syam Prasad*	Non-independent non-Executive Director	5	Yes	-	-	-	-
Mr. B V S Sai Prasad	Independent Director	5	No	-	-	-	-
Mr. Hafeezuddin Shaik Imam	Independent Director	5	No	-	-	-	-
Mr. P Venkata Ramana**	Independent Director	4	No	-	-	-	-