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4th

Annual
Report
1998-1999



certified true copy
For Vital Communications Ltd. COMMUNICATION LTD.

[Signature]
Company Secretary



VITAL COMMUNICATIONS LTD

BOARD OF DIRECTORS

Shri P K Sandell Chairman
Shri Vinay Talwar Managing Director
Shri Vijay Jhindal Director
Shri S K Khanna Director
Shri B L Dhawan Director

AUDITORS

Shri Naresh Gupta
Chartered Accountant
New Delhi

Bankers

Punjab & Sind Bank
The Catholic Syrian Bank Ltd.

REGISTERED OFFICE

MB-18, Indraprakash Building
Barakhamba Road
New Delhi - 110001

CORPORATE OFFICE

606, Kailash Building
Kasturba Gandhi Marg
New Delhi - 110001

SOFTWARE DEVELOPMENT CENTER

D-52, Sector 6,
Noida - 201 301
(Uttar Pradesh)

REGIONAL OFFICES

Flat No 34, Unit No 1/1
Ground floor, 11th Cross
Indira Nagar, 1st Stage
Bangalore - 560038
5, Sindoor Plaza, 3rd Floor
No 42, Montieth Road
Egmore
Chennai

SHARE TRANSFER AGENTS

In-House Share Registry
3, Community Cente
Naraina Phase I
New Delhi - 110028



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Notice is hereby given that the Fourth Annual General Meeting of the members of the Company will be held at MB 18, Indraprakash Building, Barakhamba Road, New Delhi - 110 001 on Thursday, the 30th September 1999 at 10.00 A.M. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1999 and the Profit & Loss Account for the year ended on that date, together with the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Shri B.L. Dhawan who retires by rotation and being eligible, offers himself for re-appointment..
3. To appoint Auditor to hold office for the period from the conclusion of this meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

By Order of the Board of Directors

Registered Office:
MB – 18, Indraprakash Building,
Barakhamba Road,
New Delhi - 110 001

Vinay Talwar
Managing Director

Dated : 25th August, 1999



NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY TO BE VALID SHOULD BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the company will remain closed from 27th September to 30th September 1999 (both days inclusive).
3. Members are requested to notify any change in their addresses, at its Corporate Office or to its Share Transfer Agents .
4. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of the Annual Report to the Meeting.
5. Members are requested to affix their signature at the space provided on the attendance slip annexed to the proxy form and hand over the slip at the entrance to the place of the Meeting.

By Order of the Board of Directors

Registered Office:
MB – 18, Indraprakash Building,
Barakhamba Road,
New Delhi - 110 001

Vinay Talwar
Managing Director

Dated : 25th August 1999



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their Fourth Annual Report and Audited Accounts for the Year ended 31st March, 1999.

FINANCIAL RESULTS

	Year ended 31 st March, 1999 (Rs. In lacs)	Year ended 31 st March, 1998 (Rs. In lacs)
Sales & other Income	468.83	410.88
Profit after interest but before Depreciation & Taxation	48.80	46.91
Net Profit	36.56	36.35
Provision for Tax	3.84	3.82
Profit after Tax	32.72	32.53

PROMISE VS PERFORMANCE

The performance of the Company vis-a-vis the projections made in the Prospectus dated 13th November 1995 are as follows:

PARTICULARS	PROJECTIONS 1998-99	ACTUALS 1998-99
Sales and other Income	2370.00	468.83
PBDIT	465.23	78.61
PBDT	398.53	48.80
Profit before Tax	385.03	36.56
Profit after Tax	263.03	32.72

The reason for reduction in sale and profit as compared to projections is non-receipt of full allotment money and delay in alternate sources of finance, shortfall in projected sources of finance and non availability of working capital from the banks.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure annexed hereto, which forms a part of this Report.



FIXED DEPOSITS

At the end of the financial year under review, there were no deposits, which matured but remained unclaimed as on date. During the year under report, the company has accepted/renewed deposits from 14 depositors aggregating Rs.2.29 lacs.

DIRECTORS

In accordance with the provisions of the Articles of Association of the company and the Companies Act, 1956, Shri B. L. Dhawan, Director retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

AUDITORS

Mr.Naresh Gupta , Chartered Accountants, auditors of the Company retires at the conclusion of the ensuing Annual General Meeting and being eligible .offers themselves for reappointment. Members are requested to appoint the auditors and to fix their remuneration.

PERSONNEL

The management – employee relations remained cordial throughout the year. The Directors wish to place on record their deep appreciation for the devoted and sincere efforts of the officers, staff and other workers of the company.

There is no employee 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.

Auditors' Remarks :-

As regards remarks in the Auditors' Report the notes wherever referred to are self-explanatory.

ACKNOWLEDGMENT

Your Directors take this opportunity to express their gratitude to Uttar Pradesh Financial Corporation and company's Bankers for their support, guidance and help throughout the year.

For and on behalf of the Board of Directors

P. K. SANDELL
Chairman

New Delhi
Date:25th August, 1999

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Certified true copy
For Vital Communications Ltd.
[Signature]
Company Secretary



ANNEXURE TO THE DIRECTORS' REPORT

Additional Information Pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 and forming part of the aforesaid Directors' Report for the year ended 31st March, 1999.

A. Conservation of Energy

As in the past, the company continued its efforts to improve methods of energy conservation and utilisation.

B. Foreign Exchange Earning and Outgo



ANNEXURE TO THE AUDITORS' REPORT (REFERRED TO IN PARA 1 OF OUR REPORT OF EVEN DATE)

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. A major portion of the fixed assets have been physically verified by the management during the year. In our opinion the frequency of verification of fixed assets by the management is at reasonable intervals, having regards to the size of the Company and the nature of the assets. No material discrepancies between the book records and the physical verification were noticed.
2. None of the fixed assets have been revalued during the year.
3. Physical verification has been conducted by the management at reasonable intervals during the year in respect of finished goods, stores and raw materials.
4. In our opinion and according to the information and explanations given to us, the procedure of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
5. We were informed that no material discrepancies have been noticed on physical verification of stocks as compared to books of accounts.
6. In our opinion, the valuation of stocks is fair and proper in accordance with normally accepted accounting principles.
7. The Company has not taken any loans secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, or from the companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
8. The Company has not granted any loans secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 or from the Companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956.
9. The parties to whom loans or advances in the nature of loans and deposits have been given are generally repaying the principal and interest amount as per stipulations, when-ever made.
10. In our opinion and according to the information and explanations given to us, there are adequate interest and principal payments being received by the company.