



VITAL

COMMUNICATIONS LTD.

Report  Junction.com

CERTIFIED TRUE COPY

For Vital Communications Ltd.

Nreexi

Director

12th

ANNUAL REPORT

2006-2007

VITAL COMMUNICATIONS LIMITED

BOARD OF DIRECTORS

Mrs. Shubha
Sh. S.S.Sabharwal
Sh. Manoj Kumar

AUDITORS

Rakesh Raj & Associates
Chartered Accountants
D-28, South Ext. -1,
New Delhi

REGISTERED OFFICE

606, Kailash Building,
Kasturba Gandhi Marg,
New Delhi 110 001

BANKERS

1.Oriental Bank of Commerce
"H" Block
Connaught Place,
New Delhi 110001

2.UTI Bank
Statesman House
Barakhamba, Connaught Place
New Delhi 110001

SHARE TRANSFER AGENTS

Intime Spectrum Registry Ltd.
A-40, 2nd Floor,
Nariana Industrial Area, Phase II
New Delhi 110 028

VITAL COMMUNICATIONS LTD.
Regd. Office: 606, Kailash Building,
Kasturba Gandhi Marg, New Delhi – 110 001

CONTENTS

Page No.

Notice

Report of the Directors & Management
Discussion and Analysis

Corporate Governance

Auditor's Report

Balance Sheet

Profit and Loss Account

Schedules to Accounts

Notes on the Balance Sheet and
Profit and Loss Account

Cash Flow Statement

VITAL COMMUNICATIONS LTD.

Regd. Office: 606, Kailash Building, Kasturba Gandhi Marg,
New Delhi – 110 001

NOTICE

NOTICE is hereby given that the 12th ANNUAL GENERAL MEETING of the Members of Vital Communications Ltd. will be held on Saturday, the 29th day of September 2007 at 11.00. A.M. at Retreat Motel/Resort, Alipur, Main G.T.Karnal Road, Near Palla Mod, Delhi –110 036 to transact the following business:

ORDINARY BUSINESS:

Adoption of Director's Report and Annual Accounts

1. To consider and adopt the audited Balance Sheet as at 31.3.2007 and the Profit & Loss Account the for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.

Appointment of Directors retiring by rotation

2. To Appoint a Director in place of Mr. S.S.Sabharwal who retires by rotation and being eligible offer herself for re-appointment.

Appointment of Auditors

3. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company and to fix their remuneration.

SPECIAL BUSINESS

Appointment of Manoj Kumar as Director

1. To consider and if thought fit to pass with or without modifications , the following resolution as an ordinary resolution:-
“**RESOLVED THAT** Sh. Manoj Kumar , Who was Co-opted as Additional Director of the Company as on 30-06-2007 be and is hereby Appointed as Director of the Company.”

By order of the Board of Directors

Place: New Delhi
Dated: 05 September, 2007

Mrs Shubha
Director

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/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY INSTRUMENT 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 28th September to 29th September, 2007 (both days inclusive) for AGM purpose.
3. Members are requested to notify any change in their addresses, at its Registered Office or to its Share Transfer Agents.
4. As a measure of economy, copies of 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/Proxies should bring the Attendance Slip, duly filled in, for attending the Meeting.
6. In case of Joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members who hold shares in dematerialized form, are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.

By order of the Board of Directors

**Place: New Delhi
Dated: 05 September, 2007**

**Mrs Shubha
Director**

Annexure to the Notice

Explanatory Statement Pursuant to Section 173(2) of the Act:-

Your Board of Directors Co-opted Sh. Manoj Kumar as additional Director of the Company as on 30-06-2007 as per requirement of Section 260 of the Companies Act, 1956 the appointment of Additional Director is required to confirm as Director in Annual General Meeting of the Company. None of the Director except Manoj Kumar is interested in the proposed resolution. Your Board has recommend to pass the aforesaid resolution as ordinary Resolution.



REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

Your Directors are pleased to present their Eleventh Annual Report and Audited Accounts for the Year ended 31st March, 2007.

FINANCIAL RESULTS

	Year ended 31st March, 2007 (Rs. In Lac)	Year ended 31st March, 2006 (Rs. In Lac)
Sales and allied Income	2.49	195.08
Profit after Interest but before Depreciation & Taxation	-172.81	83.10
Net Profit before Tax	-102.05	-2.43
Provision for FBT	0.34	0.61
Deferred Income Tax	-16.60	-0.31
Profit after Tax	-85.81	-2.73

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

INDUSTRY STRUCTURE AND DEVELOPMENT

NASSCOM's annual study on the performance of the IT services sector in 2006-07 has shown that it exceeded analyst expectations. The IT software and service segment alone notched up revenue of US\$ 39.6 billion and a growth of 30.7 percent during the year. Based on these spiraling figures, NASSCOM is estimating 2007-08 growth statistic to touch anywhere between 24 and 27 percent. The software and service exports segment grew by 33 percent to register revenues of US\$ 31.4 billion in FY. 2006-07, up from US\$ 23.6 billion in FY. 2005-06

INTERNAL CONTROL SYSTEMS

Your company's internal control systems and procedures are commensurate with the size of operations and adequate enough to meet the following objectives:

- Efficient use and safeguarding of resources
- Compliances with statutes, policies and procedure
- Transactions being accurately recorded and promptly reported.

FINANCIAL PERFORMANCE

The company has a turnover of Rs.24.90 lac during the year 2005-06 as against Rs. 195.08 in the previous year. The net loss of Rs 85.81 lac during the year as against a loss of Rs. 2.73 lac in previous year.

HUMAN RESOURCES

Human resource development continues to be a core organizational objectives of the company. The company recognizes that its human resources is its greatest strength in realizing its goals and objectives.

Risk Management

The company constantly endeavors to broaden the charter of risk management to include opportunities as well as threats. Risk Management is an important part of decision making at all levels of the company.

DIVIDEND

Yours Directors regrets their inability to propose any dividend in view of the loss during year.

RESERVES

The Reserves at the end of the year 31st March 2007 is at Rs.465.60 Lacs as against the total Reserves of Rs. 551.41 lacs in previous year.

MATERIAL CHANGES AFTER THE DATE OF BALANCE SHEET

There has been no material change in the performance of the Company during the current year commencing from 1st April, 2007.

PARTICULARS OF EMPLOYEES:

None of the employee's particulars are covered under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule 1975.

CORPORATE GOVERNANCE

A report on the Corporate Governance Code along with a Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is given in **Annexure 'A'** which forms part of this report.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors' Responsibility Statement is given in **Annexure 'B'**, which forms part of this report.

FOREIGN EXCHANGE EARNINGS AND OUTGO - Nil

PARTICULARS REGARDING ENERGY CONSERVATION

The particulars as described under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, are not applicable to the company.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The company's business demands constant absorption and adaptation of changing technologies to stay competitive in the rapidly changing world. The software development centers are constantly absorbing, adapting and deploying new technologies. Significant efforts have gone towards migration of professionals to the new technology.

FIXED DEPOSITS

The company has not accepted any fixed deposits during the year therefore the provisions of Section 58A of the Companies Act, 1956 are not applicable to the Company.

DIRECTORS

In accordance with the provisions of the Articles of Association of the Company Mr. S.S.Sabharwal is due to retire by rotation and being eligible, offer herself for re-appointment.

WHOLETIME DIRECTOR

Mr. J.P.Madaan has resigned from the Post of Wholetime Director as on 31-03-2007 and from the post of Director as on 30-06-2007. In the absence of Wholetime Director Smt. Shubha is looking the work of Whole Time Director till this date, Company has not appointed any Whole Time Director.

ADDITIONAL DIRECTOR

On the resignation of Mr. J.P.Madaan to maintain the number of statutory Number of Directors. Mr.Manoj Kumar appointed as Additional Director of the Co. as on 30-06-2007 and his appoint will be Confirmed in the Annual General Meeting of the Company.

AUDITORS

The Auditors M/s Rakesh Raj & Associates, Chartered Accountants, New Delhi, retire at the conclusion of the forthcoming Annual General Meeting and tender its resignation & M/s Navneet Goel & Co. Chartered Accountants offers its willingness to hold the office of the Auditors of the Company.

CLARIFICATION OF QUALIFICATION IN AUDITOR'S REPORT

As there is no qualification in Auditor's Report, need for clarification for the same does not arise.

STOCK EXCHANGES

The shares of your company are listed on BSE and NSE. The Annual Listing fees of the Bombay Stock Exchange Ltd. for the year 2007-08 has been paid. The process of delisting from Ahemadabad Stock Exchange and Jaipur Stock Exchange is going on. Revocation of suspension of trading of shares of the company from NSE is still under process.