



**VIRGO GLOBAL MEDIA LIMITED**

**13th Annual Report  
2010 - 2011**

## Board of Directors

Mr. P Syam Prasad

Executive Director

Mr. B V Satya Sai Prasad

Director [19.02.2011]

Mr. Hafeezuddin Shaik Imam

Director [19.02.2011]

Mr. Venkataramana Peesapati

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, Abids, 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	Aarathi Consultants Private Limited, 1-2-285, Domalguda, Hyderabad - 29. Ph. No. 040-27638111/27634445 Fax. No. 040-27632184

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### Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the mail ids by click on the following link and update their mail ids with RTA, so that all communications from the Company would be sent to them through the mail: <http://www.aarthiconsultants.com/GoGreen.php>

## NOTICE

Notice is hereby given that the Thirteenth Annual General Meeting of the Company will be held on Friday, the 30<sup>th</sup> day of September 2011 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 2011 and Profit and Loss Account 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. Venkat Ramana, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of Thirteenth Annual General Meeting until the conclusion of the Fourteenth Annual General Meeting and to fix their remuneration.

**"RESOLVED** THAT P. Murali & Company (FRN: 007257S), Chartered Accountants, Hyderabad be and are 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.

### Special Business

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED** THAT Mr. B V Satya Sai Prasad, who was appointed as an Additional Director by the Board of Directors on 19<sup>th</sup> February 2011 and who holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member

proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED** THAT Mr. Hafeezuddin Shaik Imam, who was appointed as an Additional Director by the Board of Directors on 19<sup>th</sup> February 2011 and who holds office up to the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 and who is eligible for appointment and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidature for the office of a Director, be and is hereby appointed as a Director of the Company liable to retire by rotation".

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED** that pursuant to the provisions of Sections 198,269,309,310 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII (as amended from time to time) thereto, the consent of the members of the Company be and is hereby accorded for re-appointment of Mr.P.Syam Prasad as Executive Director of the Company for a period of One Year with effect from April 27, 2011 without any remuneration."

7. To consider and if thought fit, to pass with or without modification, the following resolution as a Special Resolution:

**"RESOLVED** that pursuant to the provisions of Section 94(1)(d) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of other statutory authorities, wherever applicable, the Authorized Share Capital of the Company be and is hereby altered from Rs.6,69,74,200/- consisting of 1,05,04,300 Equity shares of Rs.4/- each and



24,95,700 Equity shares of Rs.10/- each to Rs.6,69,74,200/- consisting of 1,67,43,550 equity shares of Rs.4/- each.

**"RESOLVED** FURTHER that the existing Authorized Capital Clause of the Memorandum of Association of the Company be and is hereby replaced with the following clause:

"The Authorized Share Capital of the Company is Rs.6,69,74,200/- (Rupees Six Crore Sixty Nine Lakhs Seventy Four Thousand and Two Hundred only) consisting of 1,67,43,550 equity shares of Rs.4/- each with power to the company to consolidate, convert, subdivide, reduce or increase the capital and to issue any new shares with any preferential or special right / condition or both attached thereto."

8. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution:

**"RESOLVED** that pursuant to the provisions of Section 31(1) of the Companies Act, 1956 the existing Article 4 of the Articles of Association of the Company be and is hereby deleted and in its place the following Article be substituted therefore."

"The Authorized Share Capital of the Company is Rs.6,69,74,200/- (Rupees Six Crore Sixty Nine Lakhs Seventy Four Thousand and Two Hundred only) consisting of 1,67,43,550 equity shares of Rs.4/- each."

For and on behalf of the Board

Sd/-  
**P Syam Prasad**  
Executive Director

Place: Secunderabad

Date: 30.08.2011

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### 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. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
- c. The Register of Members and Share Transfer Books of the Company shall remain closed from Monday, September 26<sup>th</sup>, 2011 to Friday, September 30<sup>th</sup>, 2011 [both days inclusive] for the purpose of ensuing Annual General Meeting.
- d. The members are requested to-
- Quote Ledger Folio/Client ID in all the correspondence.
  - Bring the copy of the Annual Report and attendance slip with them to the Annual General Meeting and to deposit the same
- e. Shareholders holding shares in physical form are requested to advise any change of address immediately to company's Registrar and Share Transfer Agent, Aarthi 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.
- f. 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.
- g. Under Section 109A of the Companies Act, 1956 shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are 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.
- duly filled in and signed for attending the meeting.

h. As Mr. Clinton Travis Caddell has resigned with effect from 12<sup>th</sup> August, 2011, hence at the ensuing Annual General Meeting Mr.P.Venkat Ramana, shall retire by rotation and being eligible, offers himself for re-appointment. Further Mr.BV.Satya Sai Prasad and Mr. Hafeezuddin Shaik Imam, who have been appointed as the additional Directors of the Company are proposed to be appointed as the Directors of the Company liable to retire by rotation and Mr.P. Syam Prasad, subject to the approval of shareholders of the Company, had been reappointed as Executive Director of the Company for a period of one year with effect from April 27, 2011 without any remuneration. Pursuant to clause 49 of the listing agreement, the particulars of Mr.P.Venkat Ramana, Mr.BV.Satya Sai Prasad, Mr.Hafeezuddin Shaik Imam and Mr.P.Syam Prasad are given hereunder:

#### **Mr. P. Venkat Ramana**

Mr. P. Venkat Ramana aged 45 years has done his Bachelor's Degree in Architecture and Masters in Management from University of Oklahoma City, USA. He is the Managing Partner of M/s. Murty & Manyam Architects and Engineers, Hyderabad, which is a forty five year old firm and regarded as highly professional and enjoys the confidence of all clients over these years and has grown from strength to strength. He has been at the helm of M/s.Murty & Manyam Architects and Engineers since 1995 and has contributed to the growth of the firm. He is a member of the Council of Architects (COA) and Associate of Indian Institute of Architects (AIIA). He is not having any Directorships in other companies. He is not holding any shares of the Company.

#### **Mr. B.V.S. Sai Prasad**

Mr. Balija Venkata Satya Sai Prasad, aged 48 years, has done his Bachelor's Degree in Science. He is the Promoter and Chairman and Managing Director of M/s. Sai Rayalaseema Paper Mills Limited. He took over this Company through BIFR. He has over 25 years of rich experience in the areas of forming, mining, property development, and general management, legal. He is not having any Directorships in other

companies other than M/s. Sai Rayalaseema Paper Mills Limited. He is not holding any shares of the Company.

#### **Mr. Hafeezuddin Shaik Imam**

Mr. Hafeezuddin Shaik Imam, aged 65 years, is an eminent businessman in Hyderabad and he is the first generation entrepreneur. He is having over 45 years of rich experience in construction, real estate, media, and infrastructure sectors. His directorships in other companies include M/s. Kasila Forms Limited, M/s. Nandy Energy Pvt. Ltd., M/s. Sankalp Energy Pvt. Ltd., M/s. Sankalp Infratech India Pvt. Ltd. and M/s. Sankalp Agrovet India Pvt. Ltd. He is not holding any shares of the Company.

#### **Mr. P.Syam Prasad**

Mr. P.Syam Prasad aged 45 years. He holds Bachelor of Commerce. His line of expertise includes Banking, Finance and Management and has worked with various industrial sectors during his career. He is not having any Directorships in other companies. He is not holding any shares of the Company.

### **Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956**

#### **Item 4:**

Mr. B.V.S. Sai Prasad has been appointed as an Additional Director by the Board of Directors on 19<sup>th</sup> February 2011 and holds the office upto this Annual General Meeting. His continuation on the Board will enable the Company to gain from his considerable experience and expertise in relation to the Company's business. Notice pursuant to the provisions of Sec 257 of the Companies Act, 1956 together with the requisite deposit has been received from a member proposing his candidature for the office of Director liable to retire by rotation. The Board recommends his appointment.

None of the Directors of the Company is in any way concerned or interested in this resolution except with Mr. B.V.S. Sai Prasad.

#### **Item No. 5:**

Mr. Hafeezudin Shaik Imam has been appointed as an Additional Director by the Board of Directors on



19<sup>th</sup> February 2011 and holds the office upto this Annual General Meeting. His continuation on the Board will enable the Company to gain from his considerable experience and expertise in relation to the Company's business. Notice pursuant to the provisions of Sec 257 of the Companies Act, 1956 together with the requisite deposit has been received from a member proposing his candidature for the office of Director liable to retire by rotation. The Board recommends his appointment.

None of the Directors of the Company is in any way concerned or interested in this resolution except with Mr. Hafeezudin Shaik Imam.

#### **Item No. 6:**

Mr.P.Syam Prasad was appointed as Executive Director of the Company for a period of one year with effect from April 27, 2011. As the said term due to be expired, the Board of Directors, vide a circular resolution dated April 26, 2011 have, subject to the approval of shareholders in ensuing Annual General Meeting, reappointed him as Executive Director of the Company for a period of one year with effect from April 27, 2011 without any remuneration. In terms of provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 the said reappointment requires the approval of the Shareholders and hence the same is placed before the members. Your Directors recommend the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in this resolution except Mr.P.Syam Prasad, being an appointee.

#### **Item No.7 & 8**

Members are requested to kindly note that in the eighth Annual General Meeting of the Company held on 28<sup>th</sup> September, 2006, the Company had passed the following resolution for reduction of Capital, subject to the confirmation by the Hon'ble High Court of Andhra Pradesh:

*"RESOLVED that pursuant to the provisions of Section 100 of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for*

*the time being in force) and subject to the confirmation by the Hon'ble High Court of Andhra Pradesh, Hyderabad, the paid up capital of the Company be reduced from Rs. 10,50,43,000 (Rupees Ten Crore Fifty Lakhs Forty Three Thousand only) divided into 1,05,04,300 Equity Shares of Rs.10/- each as Rs.4,20,17,200/- (Rupees Four Crore Twenty lakhs Seventeen Thousand and Two Hundred only) (divided into 1,05,04,300 equity shares of Rs. 4/- each) as fully paid up and that such reduction be effected by cancelling the Equity Share capital of Rs.6,30,25,800/- (Rupees Six Crore Thirty Lakhs Twenty Five Thousand and Eight Hundred only) which has been lost or is unrepresented by available assets to the extent of Rs.6/- per equity share in cash and every share of the Company which have been issued."*

*"FURTHER RESOLVED THAT the accumulated losses of the Company be written off to the tune of Rs.6,30,25,800/- (Rupees Six Crore Thirty Lakhs Twenty Five Thousand and Eight Hundred only) by cancelling the paid up capital of the Company aggregating to Rs.6,30,25,800/- (Rupees Six Crore Thirty Lakhs Twenty Five Thousand and Eight Hundred only) of Rs.6/- per equity share."*

*"RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to call for cancellation of the already issued share certificates pursuant to the Companies (Issue of Share Certificates) Rules, 1960 and to do all such acts, deeds, matters and things, as may be necessary, proper or expedient, to give effect to this Resolution including appointment of advocates, file and verify petition, affirm, Affidavits, appear in the High Court and do all acts, deeds, matters and things, connected with or incidental to giving effect to this Resolution."*

Pursuant to this, the Company had filed Petition no. 55 of 2007 with the Hon'ble High Court of Andhra Pradesh praying for the confirmation of the said capital reduction.

The Hon'ble High Court of Andhra Pradesh, Hyderabad vide its Order dated 10<sup>th</sup> April, 2007 has confirmed the Capital Reduction and passed the following order:

*"The Authorized Capital of Online Media Solutions Limited is henceforth Rs. 6,69,74,200/- (Rupees Six Crore Sixty Nine Lakhs Seventy Four Thousand and Two Hundred only) divided into 24,95,700 (Twenty four lakhs Ninety five Thousand Seven Hundred) shares of Rs. 10/- (Rupees Ten) each and 1,05,04,300 (One Crore Five Lakhs Four Thousand Three Hundred) shares of Rs.4/- (Rupees Four) each reduced from Rs. 13,00,00,000/- (Rupees Thirteen Crore only) divided into 1,30,00,000 shares of Rs. 10/- (Ten) each.*

*The Issued and paid up capital of the Company is henceforth Rs.4,20,17,200/- (Rupees Four Crore Twenty Lakhs Seventeen Thousand and Two Hundred only) divided into 1,05,04,300 equity shares of Rs.4/- each reduced from Rs. 10,50,43,000/- (Rupees Ten Crore Fifty Lakhs Forty Three Thousand only) divided into 1,05,04,300 equity shares of Rs. 10/- each. At the date of the registration of this minute, 1,05,04,300 shares of Rs.4/- each have been issued and are deemed to be fully paid up.*

*The name of the Company shall henceforth be "ONLINE MEDIA SOLUTIONS LIMITED (AND REDUCED)" on and until the 31<sup>st</sup> day of March, 2008."*

The Members are requested to kindly note that in spite of the Hon'ble High Court order, due to oversight, the Authorized share capital of the Company has been continued in the records of the Company and even in the record of the Registrar of Companies, Andhra Pradesh as Rs.13,00,00,000 divided into 1,30,00,000 equity shares of Rs.10/- each. However, the paid up capital has been reduced from Rs. 10/- per share to Rs.4/- per share and this has

been updated in the records of the Bombay Stock Exchange.

In view of two different class of equity shares (authorized share capital consisting of 24,95,700 equity shares of Rs.10/- each and the paid up capital consisting of 1,05,04,300 equity shares of Rs.4/- each), issuing and listing of further shares may create confusion and to overcome the same, it is proposed to alter the same by way of altering the authorized capital of Rs.6,69,74,200/- in terms of Section 94(1)(d) of the Companies Act, 1956, which brings unanimity in the equity shares of the Company. Consequently the authorized capital would become Rs.6,69,74,200/- consisting of 1,67,43,550 shares of Rs.4/- each.

The proposed alteration of authorized share capital and consequential alterations to the Memorandum and Articles of Association reflecting the proposed alteration requires, the approval of Shareholders and hence the resolutions are placed before you. The authorized share capital of the company as was published in Annual Reports for the years ended March 31, 2007; March 31, 2008; March 31, 2009 and March 31, 2010 shall be read as 1,05,04,300 Equity shares of Rs.4/- each and 24,95,700 Equity shares of Rs.10/- each aggregating to Rs. 6,69,74,200/- in stead of 1,30,00,000 equity shares of Rs. 10/- each aggregating to Rs. 13,00,00,000/- , which was published inadvertently.

None of the Directors of the Company is concerned or interested in this resolution.

Your Directors recommend the resolution for approval.

For and on behalf of the Board

Place: Secunderabad  
Date: 30.08.2011

Sd/-  
**P. Syam Prasad**  
Executive Director



**Directors’ Report**

To  
The Members  
Virgo Global Media Limited

Your Directors have pleasure in presenting the Thirteenth Annual Report of your company and the Audited Financial Accounts for the year ended on 31<sup>st</sup> March 2011.

**Financial Results**

Rs in Lakhs

<b>Particulars</b>	<b>2010-11</b>	<b>2009-10</b>
Net Sales/Income from Operations	<b>5.70</b>	3.12
Other Income	<b>2.73</b>	2.07
Total Income	<b>8.43</b>	5.19
Financial Expenses	<b>0.28</b>	0.30
Depreciation and Write Offs	<b>0.30</b>	0.30
Other expenses	<b>3.49</b>	4.39
Provision for taxation	<b>0.00</b>	0.00
Profit/(Loss)	<b>3.76</b>	0.26
Equity Share Capital (1,05,04,300 Shares of Rs 4/- each)	<b>420.17</b>	420.17

**Review of Operations**

During the year your Company’s total income is Rs.8.43 lakhs as against Rs.5.19 lakhs during the previous year and the net profit is Rs.3.76 lakhs as against a profit of Rs.0.26 lakhs for the corresponding period. The total income includes other income of Rs.2.73 lakhs as against Rs.2.07 lakhs of previous year. Your company is exploring various business opportunities in Media and Broadband internet segments.

**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. Venkat Ramana retires by rotation and being eligible, offered himself for re-appointment. The Company has received notice under section 257 of the Act from its member, in respect of Mr. B V Satya Sai Prasad and Mr. Hafeezuddin Shaik Imam proposing their candidature as Directors liable to retire by rotation.

Further, the Board of Directors vide Circular Resolution dated April 26, 2011 have reappointed, subject to your approval, Mr.P.Syam Prasad as Executive Director of the Company for a period of One Year with effect from April 27, 2011 without any remuneration.

**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 for the year 2011-12.

**Directors’ Responsibility Statement**

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

- (a) in the preparation of the Accounts for the twelve months period ending 31<sup>st</sup> March 2011, 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 31<sup>st</sup> March 2011 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 31<sup>st</sup> March 2011 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 operations 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 various departments of Central and State Government, SEBI and Stock Exchanges. Your Directors express their grateful thanks to our valued shareholders for the trust and confidence reposed in the Company.

For and on behalf of the Board

Sd/-  
**P Syam Prasad**  
Executive Director

Sd/-  
**B.V.S. Sai Prasad**  
Director

Place: Secunderabad  
Date: 30.08.2011



## **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**

As the broadband revolution continues, the ever increasing competition in the broadband service market is forcing broadband service suppliers to plan their strategies for delivery of "triple play" services, with voice, data and video provided by a single connection. Over recent years, as the internet and intranets have evolved, increasing requirements for bandwidth intensive applications such as peer to peer file sharing and tele-working have resulted in relentlessly increasing demands for higher broadband bandwidth provisioning. However, it is the bandwidth required for next generation TV and video services, such as Video on Demand (VoD) and more significantly, high definition TV which have recently begun to place the most pressure on bandwidth provisioning in broadband networks.

There are a myriad of competing technologies which can provide the bandwidth required to deliver broadband services, but each technology has its limits in terms of bandwidth, reliability, cost or coverage. Optical fiber offers almost limitless bandwidth capabilities, has excellent reliability and is becoming increasingly economical to install. Consequently, fiber seems to be unsurpassed in its superiority over the other broadband technologies. However, many competitive copper and wireless technologies are developing at a significant pace and some technologies have so far managed to continually meet the ever increasing bandwidth requirements of the consumer.

In order to remain competitive as the broadband market evolves; broadband service suppliers must have a strategy to be able to offer a triple play service at some point in the future; that is, voice, data and video.

### **Opportunities and Threats**

Since 2005, when the first broadband services were launched in India, the number of broadband subscribers in the country has shown a steady growth. The broadband subscriber base reached close to 10.52 million in October 2010 up from 7.40 million at the end of October 2009, representing a YOY growth of approximately 30 per cent. The Indian government is supporting broadband sector growth, as it has recognized its importance in the economic and social development of the country. For the same purpose, the Indian government is also supporting a number of wireless technologies like 3G and WiMAX.

However, intense competition and falling prices in maturing markets coupled with the challenges presented by changing

usage patterns and the adaptation of new technologies are all starting to threaten the viability of the current broadband business model.

### **Analysis of financial performance of the company**

In continuation to the previous annual report, even during the year under report also the Company had very lean operations as the company was evaluating new business opportunities. Thus, your company's total income was Rs. 8.43 lakhs as against Rs. 5.19 lakhs during the previous year and the net profit was Rs. 3.76 lakhs as against a net profit of Rs. 0.26 lakhs for the corresponding period.

### **Liquidity and capital resources**

There is no change in Shareholders funds and loan funds during the financial year 2010-11. Presently the Company is making efforts to take up new projects in Media and Broadband internet segments and is hopeful that efforts would turn into concrete proposals during the current financial year and improve its future business possibilities. Once the said proposals materialize, the company would explore various financing options to meet anticipated needs of the future projects.

### **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.

### **Human Resource Development and Industrial Relations**

The Industrial relations during the year has been good and satisfactory. Due to limited operations, no new welfare measures were undertaken.

### **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 experienced 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 operates, 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 shareholders 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 four directors as on August 30, 2011 out of which one Director is Executive and the remaining three Directors are Independent. Accordingly, the composition of the Board is in conformity with Clause 49 of the listing agreement entered with Stock Exchanges.

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.

Five Board Meetings were held during the year ended March 31, 2011 and the gap between any two successive meetings did not exceed four months. The dates on which the Board Meetings were held as follows:

May 15, 2010; August 13, 2010; November 12, 2010; February 14, 2011 and February 19, 2011.

None of the Non-executive directors have any material pecuniary relationship with the Company.

Necessary information as mentioned in Annexure 1A to clause 49 of the listing agreement has been placed before the Board.

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 2010-11	Whether Attended AGM held on 29.09. 2010	No. of Directorships in other public Companies		No. of committee positions held in other public Companies	
				Chairman	Member	Chairman	Member
*Mr. D P Sreenivas	Independent Non-Executive Director	2	No	-	1	-	2
*Mr. C Travis Caddell	Independent Non-Executive Director	5	Yes	-	-	-	-
**Mr.P. Venkat Ramana	Independent Non-Executive Director	3	No	-	-	-	-
**Mr. B.V.S. Sai Prasad	Independent Non-Executive Director	Nil	No	-	-	-	-
**Mr. Hafeezuddin Shaik Imam	Independent Non-Executive Director	NIL	No	-	-	-	-
Mr. P. Syam Prasad	Executive Director	5	Yes	-	-	-	-

\* Mr. D P Sreenivas has resigned on 19<sup>th</sup> October 2010 and Mr. Travis Caddell resigned on 12<sup>th</sup> August, 2011

\*\*Mr. P. Venkat Ramana has been appointed as Director with effect from 29<sup>th</sup> September, 2010.

\*\*Mr. B.V.S. Sai Prasad and Mr. Hafeezuddin Shaik Imam have been appointed as Additional Directors with effect from 19<sup>th</sup> February, 2011.

### **Audit Committee**

The Audit Committee of the Company consists of 3 directors, out of whom 2 are independent Directors including the Chairman, who has related financial management expertise. All the members of the committee are financially literate. Accordingly, the composition of the committee is in conformity with Clause 49 of the listing agreement entered with Stock Exchange.

The Audit Committee of the Board is responsible for oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, adequate and credible; and reviewing with management the annual

financial statements before submission to the Board. The Committee periodically reviews with the management the adequacy of internal control systems.

The Committee periodically interacts with the internal auditors to review the manner in which they are performing their responsibilities.

The Committee holds discussion with external auditors before the commencement of statutory audit on the nature and scope of audit and ascertains any areas of concern and reviews their written comments. The Committee reviews the financial and risk management policies of the Company. The Committee has full access to financial data and to the company's staff. The

Committee also reviews the quarterly financial statements before they are submitted to the Board.

Related party transactions entered into by the company, if any are placed before the Audit committee for its review on quarterly basis.

The last Annual General Meeting of the Company was held on September 29, 2010 and the Chairman of the Audit Committee has attended the same.

The composition of the Audit Committee and particulars of meetings attended by the members are as follows:

<b>Name</b>	<b>Category</b>
*Mr. P. Venkata Ramana	Independent Non-Executive Director
**Mr. B.V.S. Sai Prasad,	Independent Non-Executive Director
Mr. P Syam Prasad	Executive Director

\*Mr. P. Venkat Ramana has been appointed as a Director with effect from 29<sup>th</sup> September 2010.

\*\*Mr. B.V.S. Sai Prasad has been appointed with effect from 12<sup>th</sup> August 2011.

\*\*\*Mr. D.P. Sreenivas ceased to be member with effect from 19<sup>th</sup> October 2010. Mr. C. Travis Caddell ceased to be member with effect from 12<sup>th</sup> August 2011.

Four Committee meetings were held during the year ended March 31, 2011 i.e. on May 15, 2010; August 13, 2010; November 12, 2010 and February 14, 2011.

The necessary quorum was present at all meetings.

### **Remuneration Committee**

The company does not have a "Remuneration Committee". The Board of Directors of the company recommended that all such items that may be required to be discussed at a meeting of Remuneration Committee could be considered at a meeting of the Board of Directors.

As on March 31, 2011, no director of the company holds any shares of the company to report.

No remuneration or sitting fee is paid to any Director and there are no pecuniary relationships or transactions entered with the non-executive directors' vis-à-vis the company.

### **Investors' Grievance & Share Transfer Committee**

The Company has a Shareholders'/Investors' Grievance Committee to perform all the functions relating to handling of all sorts of shareholders' grievances like non-transfer of shares, loss of share certificates, non-receipt of notices/annual reports etc., and to look after share transfers/transmissions periodically. The Committee inter-alia also approves issue of duplicate share certificates and oversees and reviews all matters connected with the securities transfers.

The shareholders'/Investors Grievance Committee of the Company consists of three directors, two of whom are independent Directors.

The Composition of the shareholder/ investors Grievance Committee is given below.

<b>Name</b>	<b>Category</b>
*Mr. P. Venkata Ramana	Independent Non-Executive Director
**Mr. B.V.S. Sai Prasad,	Independent Non-Executive Director
Mr. P. Syam Prasad,	Executive Director

\*Mr. P. Venkat Ramana has been appointed as a Director with effect from 29<sup>th</sup> September 2010.

\*\*Mr. B.V.S. Sai Prasad has been appointed with effect from 12<sup>th</sup> August 2011.

\*\*\*Mr. D.P. Sreenivas ceased to be member with effect from 19<sup>th</sup> October 2010. Mr. C. Travis Caddell ceased to be member with effect from 12<sup>th</sup> August 2011.

During the year, no meeting of Shareholders'/Investors Grievance Committee was held.

There were no complaints at the beginning of the year and the company has not received any complaints from its members during the year.



**General Body Meetings:**

The last three annual general meetings were held at Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad - 500 051 as detailed below:

<b>Year</b>	<b>No. of Meeting</b>	<b>Day, Date and Time of the Meeting</b>
2009-10	12 <sup>th</sup> AGM	Wednesday, the September 29, 2010 at 3.00 P.M.
2008-09	11 <sup>th</sup> AGM	Wednesday, the September 30, 2009 at 3.00 P.M.
2007-08	10 <sup>th</sup> AGM	Tuesday, the September 30, 2008 at 4.00 P.M.

During the last three Annual General Meetings of the Company, there were no special resolutions passed by the members.

For past three years there were no ordinary or special resolutions passed that require a postal ballot. No Special Resolution, which requires approval through postal ballot, is proposed to be conducted at the ensuing Annual General Meeting.

**Disclosures:**

- i. There are no materially significant related party transactions of the Company with Promoters, directors or the Management or their relatives or the Subsidiary Company which have potential conflict with the interest of Company at large.
- ii. There were no cases of non-compliance by the Company, penalties, strictures imposed on the Company by stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years ended March 31, 2011.

- iii. The Company is in compliance with all the mandatory requirements and yet to fulfill non-mandatory requirements including Whistle Blower policy as prescribed in Annexure I D to Clause 49 of the Listing Agreement of the Stock Exchange.
- iv. Code of conduct: The code of conduct as adopted by the Board of Directors is applicable to all directors, senior management and employees in above officers' level. The prime purpose of the code is to create an environment wherein all the Board Members and Senior Management of the Company maintain ethical standards and to ensure compliance to the laid down ethical standards. The Company is under process of developing its website and once the same is done it undertakes to place the same in the website.

**Declaration as required under Clause 49 of the Listing Agreement :**

All the directors and senior management of the Company have affirmed compliance with the Company's code of conduct for the financial year ended March 31, 2011.

Sd/-  
P. Syam Prasad  
Executive Director

Secunderabad  
30.08.2011

- v. Compliance: At every Board meeting, a statement of Compliance with all laws and regulations as certified by the Executive Director is placed before the Board for its review. The Board reviews the compliance of all the applicable laws and gives appropriate directions wherever necessary.
- vi. Risk Management: The Board discusses the significant business risks identified by the management and the mitigation process being taken up.
- vii. Preferential Issue Proceeds: The company did not raise any funds during the year under preferential issue mode.

viii. CEO & CFO certificate: The certificate as contemplated in Clause 49 of the listing agreement was given by the Executive Director of the company and the same was placed before the Board for its noting, in its meeting held for approval of audited financial statements of the company.

capital. The audit confirms that the total issued / paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

ix. Secretarial Audit: A practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository services (India) Limited (CDSL) and the total issued and listed

### **Means of Communication**

The quarterly, half-yearly and annual results of the Company are published in leading newspapers in India which include, the Financial Express, Business standard, Andhrabhoomi and Andhrajyothi.

### **General Shareholders information**

i) Annual General Meeting

Date	:	September 30, 2011
Time	:	3.00 P.M
Venue	:	Plot No. 1 & 9, IDA, Phase II, Cherlapally, Hyderabad - 500 051

As required under Clause 49, particulars of Directors seeking re-appointment are given in the notes to the notice calling the Annual General Meeting to be held on September 30, 2011.

ii) Financial Calendar

Year ending	:	March 31, 2011
AGM	:	September 30, 2011

iii) Date of Book Closure : 26.09.2011 to 30.09.2011  
(Both days inclusive)

iv) Listing on Stock Exchange : The Bombay Stock Exchange Limited  
(The Company has paid the listing fee for 2011-12 to the Bombay Stock Exchange Ltd.)

v) Stock Code / Symbol : BSE: 532354

vi) International Securities Identification Number (ISIN) allotted to the Company's Shares : INE400B01020



vii) Market Price Data : During the year the suspension of trading in Bombay Stock Exchange Limited was revoked from August, 2010 onwards. High, Low (Based on the closing prices) and number of shares traded during each month in the last financial year on the Bombay Stock Exchange Limited are as follows:

Month	BSE		
	High	Low	No. of Shares Traded
August - 2010	11.19	4.57	1104676
September - 2010	6.47	4.66	341138
October - 2010	5.01	4.40	175638
November - 2010	4.81	3.79	90462
December - 2010	4.90	3.26	133561
January - 2011	3.58	2.73	50941
February - 2011	3.20	2.42	48785
March - 2011	3.20	2.61	21020

viii) Registrar and Transfer Agents:  
 Name & Address : Aarathi Consultants Private Limited,  
 1-2-285, Domalguda, Hyderabad - 500029.  
 Tel: 91 - 40-27638111/4445  
 Fax: 91 - 40-27632184  
 E-mail : info@aarthiconsultants.com  
 Contact Person: Mr. Bhaskara Murthy

ix) Share Transfer System:

The Company's shares are traded in the stock exchanges compulsorily in Demat form. The Company's Registrar and Transfer agent is the common agency to look after physical and Demat share work. The shares lodged for transfer at the registrar are processed and returned to shareholders within the stipulated time.

x) Shareholding (as on March 31, 2011):

a) Distribution of shareholding as on March 31, 2011

Category	No. of Shareholders		No. of Shares	
	Total	%	Total	%
1 — 5000	5188	87.35	1657246	15.78
5001 — 10000	381	6.42	771926	7.35
10001 — 20000	198	3.33	765341	7.29
20001 — 30000	45	0.75	280064	2.67
30001 — 40000	43	0.72	399231	3.80
40001 — 50000	7	0.11	83142	0.79
50001 — 100000	36	0.60	636181	6.06
100001 and above	41	0.69	5911169	56.26
<b>TOTAL</b>	<b>5939</b>	<b>100.00</b>	<b>10504300</b>	<b>100.00</b>



b) Categories of Shareholders as on March 31, 2011

<b>Category of Shareholders</b>	<b>No. of shareholders</b>	<b>No. of shares</b>	<b>% of share capital</b>
Promoters	1	3353750	31.93
Private Corporate Bodies	116	349874	3.33
Indian Public	5814	6697067	63.76
NRIs	3	101558	0.97
Clearing Members	5	2051	0.01
<b>Grand Total</b>	<b>5939</b>	<b>10504300</b>	<b>100.00</b>

xi) Dematerialization of shares and liquidity:

Equity shares of the Company representing 58.57% of the company's share capital are dematerialized as on March 31, 2011.

The Company's shares are regularly traded on Bombay Stock Exchange Limited.

xii) As on March 31, 2011, the company did not have any outstanding GDRs / ADRs / Warrants or any convertible instruments

xiii) Address of Correspondence : Virgo Global Media Limited  
Plot no 5, Mithila Nagar, Road No. 10  
Banjara Hills, Hyderabad - 500 034

**Auditor's Certificate on Corporate Governance**

**To**  
**The Members of**  
**Virgo Global Media Limited**  
**Hyderabad**

We have examined the relevant records relating to compliance condition of corporate governance of **Virgo Global Media Limited** ("the company") for the year ended 31' March, 2011 as stipulated in clause 49 of the listing agreement of the said company with the Stock Exchanges.

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination, conducted in the manner described in the Guidance note on "Certification of Corporate Governance" issued by the Institute of Chartered Accountants of India was limited to procedures and implementation thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the company.

In our opinion and to the best of our information and explanations given to us and on the basis of our examination described above, the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Place: Hyderabad  
Date: 26.08.2011

**P. Murali & Co.**  
Chartered Accountants  
Sd/-  
**Mukund Vijayrao Joshi**  
Partner  
Membership No. 024784



## **AUDITORS' REPORT**

To  
The Members  
**VIRGO GLOBAL MEDIA LIMITED**

We have audited the attached Balance Sheet of **Virgo Global Media Limited** as at 31<sup>st</sup> March, 2011 and also the Profit & Loss Account for the period ended on that date annexed thereto and the cash flow statement for the period ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether; the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis of our opinion.

As required by the Companies (Auditor's report) order 2003 and as amended by the Companies (Auditor's report) (Amendment) order 2004, issued by the Central Government of India in terms of the sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

- ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- iii. The balance sheet dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the balance sheet dealt with by this report comply with the Accounting standards referred to in sub-section (3C) of section 211 of Companies Act, 1956;
- v. On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed Director in terms of clause(g) of sub-section(1) of section 274 of Companies Act, 1956;
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a. In the case the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
  - b. In the case of the Profit & Loss Account, of the Profit for the period ended on that date; and
  - c. In the case of Cash Flow Statement, of the cash flows for the period ended on that date:

For **P Murali & Co;**  
Chartered Accountants  
FRN : 007257S

Sd/-

Place: Hyderabad  
Date: 30.08.2011

**P. Murali Mohana Rao**  
Partner  
Membership No. 23412

**ANNEXURE TO THE AUDITORS' REPORT**

- I. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets.
  - (b) As explained to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies between the book records and the physical inventory have been noticed on such verification.
  - (c) The company has not disposed off substantial part of the fixed assets during the year.
- II. The company has no Inventory. Hence this clause is not applicable.
- III. (a) The Company has not granted any loans, secured or unsecured to Companies, Firms or other parties covered in the register maintained U/s.301 of Companies Act, 1956.
  - (b) As the Company has not granted any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been granted to parties listed in the register maintained under section 301 is prejudicial to the interest of the company, is not applicable.
  - (c) As no loans are granted by company, the clause of receipt of interest & principal amount from parties is not applicable to the company.
  - (d) No loans have been granted to Companies, Firms & other parties listed in the register U/s. 301 of the Companies Act, 1956, hence overdue amount of more than rupees one lakh does not arise and the clause is not applicable.
- (e) The Company has not taken any loans, secured or unsecured from Companies, Firms or other parties covered in the register maintained U/s.301 of the Companies Act, 1956.
- (f) As the Company has not taken any loans, the clause of whether the rate of interest & other terms and conditions on which loans have been taken from parties listed in the register maintained under section 301 is prejudicial to the interest of company, is not applicable.
- (g) As no loans are taken by the company, the clause of repayment of interest & principal amount to parties is not applicable to the company.
- IV. In our opinion and according to the information and explanations given to us, there are generally adequate internal control systems commensurate with the size of company and the nature of its business with regard to purchase of fixed assets and for sale of goods and services. There is no continuing failure by the company to correct any major weaknesses in internal control.
- V. (a) In our opinion and according to the information and explanation give to us, since no contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been made by the company in respect of any party in the financial year, the entry in the register U/s. 301 of the Companies Act, 1956 does not arise.
  - (b) According to the information and explanations give to us, as no such contracts or arrangements made by the company, the applicability of the clause of charging the reasonable price having regard to the prevailing market prices at the relevant time does not arise.



- VI. The Company has not accepted any deposits from the public and hence the applicability of the clause of directives issued by the Reserve Bank of India and provisions of section 58A, 58AA or any other relevant provisions of the Act and the rules framed there under does not arise. As per information and explanations given to us the order from the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal has not been received by the Company.
- VII. In our opinion, the company is having internal audit system, commensurate with its size and nature of its business.
- VIII. In respect of the Company, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956.
- IX. (a) The Company is regular in depositing statutory dues including Income Tax, Cess and any other statutory dues with the appropriate authorities and at the last of the financial year there were no amounts outstanding which were due for more than 6 months from the date they became payable.
- (b) According to the information and explanations given to us, no undisputed amounts are payable in respect of Income Tax, Cess and any other statutory dues as at the end of the period, for a period more than six months from the date they became payable.
- X. The company has been registered for a period of not less than 5 years, and its accumulated losses at the end of the financial year is more than fifty percent of its networth and the company has not incurred cash losses in this financial year and in the immediately preceding financial year.
- XI. According to information and explanations given to us, the Company has not taken any loans from Banks or Financial Institutions. Hence this clause of repayment of dues to Financial Institutions or Banks or debenture holders and the defaulted payment therein is not applicable to the Company.
- XII. According to the information and explanations given to us, the company has not granted any loans or advance on the basis of security by way of pledge of shares, debentures and other securities and hence the applicability of the clause regarding maintenance of adequate documents in respect of loans does not arise.
- XIII. This clause is not applicable to this company as this company is not covered by the provisions of special status applicable to Chit Fund in respect of Nidhi / Mutual Benefit Fund / Societies.
- XIV. According to the information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other investments and hence the provisions of clause 4(xiv) of the Companies (Auditor's Report) order 2003, are not applicable to the company.
- XV. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions, and hence the applicability of this clause regarding terms and conditions which are prejudicial to the interest of the company does not arise.
- XVI. According to the information and explanations given to us, the company

- has not obtained any Term Loans, hence this clause is not applicable.
- XVII. According to the information and explanations given to us, no funds are raised by the company on short-term basis. Hence the clause of short term funds being used for long-term investment does not arise.
- XVIII. According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 and hence the applicability of the clause regarding the price at which shares have been issued and whether the same is prejudicial to the interest of the Company does not arise.
- XIX. According to the information and explanations given to us, the company does not have any debentures and hence the applicability of the clause regarding the creation or security or charge in respect of debentures issued does not arise.
- XX. According to information and explanations given to us, the company has not raised money by way of public issues during the year, hence the clause regarding the disclosure by the management on the end use of money raised by Public Issue is not applicable.
- XXI. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year under audit.

**For P Murali & Co;**  
Chartered Accountants  
FRN : 007257S

Sd/-  
**P. Murali Mohana Rao**  
Partner  
Membership No. 23412

Place: Hyderabad  
Date: 30.08.2011



**BALANCE SHEET AS AT 31ST MARCH, 2011**

(Amount in Rupees)

	Sch.	As at March 31, 2011	As at March 31, 2010
<b>I SOURCES OF FUNDS</b>			
<b>Shareholders Funds</b>			
Share Capital	1	4,20,17,200	4,20,17,200
<b>Loan Funds</b>			
Un secured Loans	2	1,50,99,751	1,47,50,409
<b>Deferred Tax Liability / (Asset)</b>		29,589	35,799
<b>Total</b>		<b>5,71,46,540</b>	<b>5,68,03,408</b>
<b>II APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	2,15,904	2,15,904
Less: Depreciation		1,39,118	1,08,831
Net Block		<b>76,786</b>	<b>1,07,073</b>
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	4	2,25,000	1,65,000
Cash and Bank Balances	5	28,28,234	29,25,973
Loans and Advances	6	1,49,40,744	1,40,75,961
		<b>1,79,93,978</b>	<b>1,71,66,934</b>
<b>Current Liabilities &amp; Provisions</b>			
Current liabilities	7	6,50,462	5,73,391
		<b>6,50,462</b>	<b>5,73,391</b>
<b>Net Current Assets</b>		<b>1,73,43,516</b>	<b>1,65,93,543</b>
<b>Miscellaneous Expenditure</b>	8	32,95,060	32,95,060
<b>Profit &amp; Loss Account</b>			
		3,64,31,178	3,68,07,732
<b>Total</b>		<b>5,71,46,540</b>	<b>5,68,03,408</b>
Accounting policies and Notes to Accounts	14	-	-
The Schedules referred to above forms an integral part of Balance Sheet			

As per our report attached  
for **P. Murali & CO.**  
Chartered Accountants

Sd/-

**P. Murali Mohana Rao**

Partner

Place: Secunderabad

Date : 30.08.2011

For and on behalf of the Board

Sd/-

**P. Syam Prasad**

Executive Director

Sd/-

**B.V.S. Sai Prasad**

Director

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

(Amount in Rupees)

	Sch.	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>Income</b>			
Sales	9	5,70,000	3,12,000
Other Income	10	2,73,136	2,06,521
<b>Total</b>		<b>8,43,136</b>	<b>5,18,521</b>
<b>Expenditure</b>			
Personnel Expenditure	11	1,34,000	99,000
Administrative and Selling Expenses	12	2,88,068	3,39,985
Financial Expenses	13	27,682	29,928
Depreciation		30,287	30,287
<b>Total</b>		<b>4,80,037</b>	<b>4,99,200</b>
<b>Profit / (Loss) before Taxation</b>		<b>3,63,099</b>	<b>19,321</b>
Provision for taxation			
- Current		0	0
- Fringe Benefit Tax		-	0
- Deferred		6,210	6,411
<b>Profit / (Loss) after taxation</b>		<b>3,69,309</b>	<b>25,732</b>
Prior period adjustments		7,245	0
<b>Net Profit / (Loss)</b>		<b>3,76,554</b>	<b>25,732</b>
Profit brought forward from previous period after adjustment of the Capital Reduction Amount		(3,68,07,732)	(3,68,33,464)
<b>Deficit transferred to Balance Sheet</b>		<b>(3,64,31,178)</b>	<b>(3,68,07,732)</b>
Earnings per share (Basic / Diluted) (Nominal Value of Share of Rs. 4/- each)		0.036	0.002
No. of shares used in computing EPS		1,05,04,300	1,05,04,300
Accounting policies and Notes to accounts The Schedules referred to above forms an integral part of Profit and Loss Account	14		

As per our report attached  
for **P. Murali & CO.**  
Chartered Accountants

For and on behalf of the Board

Sd/-  
**P. Murali Mohana Rao**  
Partner

Sd/-  
**P. Syam Prasad**  
Executive Director

Sd/-  
**B.V.S. Sai Prasad**  
Director

Place: Secunderabad  
Date : 30.08.2011



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31-03-2011**

(Amount in Rupees)

	<b>As at March 31, 2011</b>		<b>As at March 31, 2010</b>					
<b>1 SHARE CAPITAL</b>								
Authorised: 24,95,700 Equity Shares of Rs. 10/- each and 1,05,04,300 equity shares of Rs. 4/- each	<b>6,69,74,200</b>	<b>6,69,74,200</b>						
<b>Issued, Subscribed and Paid up:</b> 1,05,04,300 Equity Shares of Rs 4-.each fully paid up (Previous year: 1,05,04,300 Equity Shares of Rs. 4/- each)	4,20,17,200	4,20,17,200						
<b>Total</b>	<b>4,20,17,200</b>	<b>4,20,17,200</b>						
<b>2 UN SECURED LOANS</b>								
<b>Total</b>	1,50,99,751	1,47,50,409						
	<b>1,50,99,751</b>	<b>1,47,50,409</b>						
<b>3 FIXED ASSETS</b>								
	<b>GROSS BLOCK</b>			<b>DEPRECIATION</b>			<b>NET BLOCK</b>	
Particulars	Cost as at 01.04.2010	Additions during the year	As at 31.03.2011	Upto 01.04.2010	For the year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Computers	1,74,800	-	1,74,800	1,04,272	28,335	1,32,607	42,193	70,528
Office Equipments	41,104	-	41,104	4,559	1,952	6,511	34,593	36,545
<b>Total</b>	<b>2,15,904</b>	<b>-</b>	<b>2,15,904</b>	<b>1,08,831</b>	<b>30,287</b>	<b>1,39,118</b>	<b>76,786</b>	<b>1,07,073</b>
Previous Year	2,15,904	-	2,15,904	78,544	30,287	1,08,831	1,07,073	1,37,360
<b>4 SUNDRY DEBTORS</b>								
Unsecured, considered good Debts outstanding					2,25,000		1,65,000	
<b>Total</b>					<b>2,25,000</b>		<b>1,65,000</b>	



**SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31-03-2011**

(Amount in Rupees)

	<b>As at March 31, 2011</b>	As at March 31, 2010
<b>5 CASH AND BANK BALANCES</b>		
Cash on hand	121	842
Balances with Scheduled Banks in:		
- Current Accounts	62,601	3,30,127
- Margin Money Deposits	27,65,512	25,95,004
<b>Total</b>	<b>28,28,234</b>	<b>29,25,973</b>
<b>6 LOANS AND ADVANCES</b>		
Unsecured, considered good		
Advances recoverable in cash or kind or for value to be received	1,15,29,919	1,04,77,604
Advances to Staff	6,000	6,000
Balance with Govt. Departments	25,80,686	25,80,686
Prepaid expenses	0	2,30,160
Deposits	1,81,515	1,81,515
Prepaid Taxes	6,42,624	5,99,996
<b>Total</b>	<b>1,49,40,744</b>	<b>1,40,75,961</b>
<b>7 CURRENT LIABILITIES</b>		
Statutory Liabilities	90,722	95,701
Other creditors / liabilities	5,59,740	4,77,690
<b>Total</b>	<b>6,50,462</b>	<b>5,73,391</b>
<b>8 MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Preliminary and Project expenses	32,95,060	32,95,060
<b>Total</b>	<b>32,95,060</b>	<b>32,95,060</b>



## SCHEDULES FORMING PART OF THE PROFIT &amp; LOSS ACCOUNT AS AT 31-03-2011

(Amount in Rupees)

	For the year ended March 31, 2011	For the year ended March 31, 2010
<b>9 SALES AND SERVICES</b>		
- Domestic turnover	5,70,000	3,12,000
<b>Total</b>	<b>5,70,000</b>	<b>3,12,000</b>
<b>10 OTHER INCOME</b>		
Interest received on Fixed Deposits	2,13,136	1,59,168
Interest on Income Tax Refund	0	28,624
Miscellaneous income	60,000	18,729
<b>Total</b>	<b>2,73,136</b>	<b>2,06,521</b>
<b>11 PERSONNEL EXPENDITURE</b>		
Salaries, Wages	1,34,000	99,000
<b>Total</b>	<b>1,34,000</b>	<b>99,000</b>
<b>12 ADMINISTRATIVE AND SELLING EXPENSES</b>		
Rates and Taxes	28,034	38,812
Printing and Stationary	50,210	62,350
Communication expenses	33,697	30,000
Conveyance	5,173	5,927
Vehicle Maintenance	-	18,700
Advertisement expenses	9,450	47,482
Listing Fees	11,474	11,030
Professional and Consultancy	13,328	21,000
Auditors Remuneration	55,150	55,150
Office maintenance	-	4,000
Other Administrative expenses	81,552	45,534
<b>Total</b>	<b>2,88,068</b>	<b>3,39,985</b>
<b>13 FINANCIAL EXPENSES</b>		
Bank Charges & Commission	27,682	29,928
<b>Total</b>	<b>27,682</b>	<b>29,928</b>

## **SCHEDULE - 14 NOTES FORMING PART OF THE ACCOUNTS**

### **A. Significant Accounting Policies**

#### **General**

- (i) These accounts are prepared on the historical cost basis and on the accounting principles of a going concern.
- (ii) Accounting policies not specifically referred to otherwise are consistent and in consonance with generally accepted accounting principles.

#### **Revenue Recognition**

- (i) Revenue from Internet is recognised on accrual basis.
- (ii) Other income comprises of Interest earned on Banks Deposit.

#### **Fixed Assets**

- (i) Fixed assets are stated at cost less accumulated depreciation. Cost of acquisition of fixed assets is inclusive of freight, duties, taxes and incidental expenses thereto.

#### **Depreciation and Amortisation**

- (i) Depreciation is provided on straight-line method on pro-rata basis and at the rates and manner specified in the Schedule XIV of the Companies Act, 1956.
- (ii) Preliminary Expenses are amortised over the period of 10 years.
- (iii) Public Issue Expenses are amortised over the period of 10 years.

#### **Taxation**

The current charge for income tax is calculated in accordance with the relevant tax regulations applicable to the Company. Deferred tax asset and liability is recognised for future tax

consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per the financial statements. Deferred tax asset & liability are measured as per the tax rates/laws that have been enacted or substantively enacted by the Balance Sheet date.

#### **Earning Per Share**

The earning considered in ascertaining the company's earning per share comprises net profit after tax. The number of shares used in computing basic earning per share is the weighted average number of shares outstanding during the year.

#### **Gratuity**

No provision for gratuity has been made as no employee has put in qualifying period of service for entitlement of this benefit.

### **B. Notes to Accounts**

1. Particulars of Employees in accordance with Sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rule 1975. NIL
2. **Confirmation of Balances with Sundry Debtors and Sundry Creditors**

Company has taken necessary steps to get the confirmation of balances from the parties.

### **3. Segment Reporting ( AS - 17)**

Since the Company operate in one segment, segment reporting as required under Accounting Standard - 17 is not disclosed here separately.

### **4. Related Party Transactions (AS-18)**

Company related party Transactions - Nil



**5. Earning Per Share: (EPS) ( AS -20)**

Calculation of EPS

	<b>2010-2011</b>	<b>2009-2010</b>
Profit after tax during the year ( Rs.)	3,76,554	25,732
Earnings available to Equity Share Holders for Basic & Diluted EPS (Rs.)	3,76,554	25,732
Weighted Average Number of Shares taken for computation of EPS		
- Basic	1,05,04,300	1,05,04,300
- Diluted	1,05,04,300	1,05,04,300
Earnings Per Share		
- Basic	0.036	0.002
- Diluted	0.036	0.002
Face Value of the Share	4.00	4.00

**6. Impairment of Assets ( As -28)**

There is no impairment Loss on any assets that has occurred in terms of As -28

**7. Auditor's Remuneration :**

	Current Year (Rs.)	Previous Year (Rs.)
Audit Fee	55,150/-	55,150/-

8. The Company is engaged in the provision of Internet services. The production and sales in quantitative terms are not possible, as required under paragraphs 3 & 4C of part -II of Schedule VI to the Companies Act, 1956.
9. There are no dues to SSI Units outstanding for more than 30 days.
10. In accordance with Accounting Standard 22 (AS 22) issued by the ICAI, the Company has accounted for deferred income tax during the year. The deferred income tax assets provision for the current year amounts to Rs.6,210/-towards deferred income tax Asset . (Previous year Rs.6,411/- towards deferred income tax Asset).

**11.Prior Period Adjustments:**

Prior period adjustments of Rs. 7,245 shown in the Profit and Loss account is the net amount of the debits and credits pertaining to previous years, which were not provided during those periods.

12. The company is contingently liable for Rs. 22.00 lacs towards bank guarantees issued in favour of DoT, ISP.
13. Previous years figures have been regrouped wherever necessary.
14. The figures have been rounded off to the nearest rupee.

**SIGNATURES TO SCHEDULES 1 To 14**

As per our report attached  
for **P. Murali & CO.**  
Chartered Accountants

Sd/-

**P. Murali Mohana Rao**

Partner

Place: Secunderabad

Date : 30.08.2011

For and on behalf of the Board  
**VIRGO GLOBAL MEDIA LIMITED**

Sd/-

**P. Syam Prasad**

Executive Director

Sd/-

**B.V.S. Sai Prasad**

Director

**Statement of Cash Flows for the year ended 31.03.2011**

(Rupees in lakhs)

	<b>31.03.2011</b>	<b>31.03.2010</b>
<b>A Cash Flow from operating activity</b>		
Net Profit before tax	3.63	0.19
<b>Adjustments for:</b>		
Depreciation	0.30	0.30
Miscellaneous Expenditure Written off	0.00	0.00
Other Income	(2.73)	(2.07)
Operating Profit before working capital changes	<b>1.20</b>	<b>(1.58)</b>
<b>Adjustments for:</b>		
Trade and other receivables	(0.60)	2.87
Trade advances	(8.22)	(4.88)
Trade Payable	0.77	2.43
<b>Cash generated from operations</b>	<b>(6.85)</b>	<b>(1.16)</b>
Direct Taxes paid (net)	(0.43)	(0.13)
Cashflow before extraordinary items	(7.27)	(1.29)
Extra ordinary items	0.07	0.00
<b>Net Cash flow from operating activity</b>	<b>(7.20)</b>	<b>(1.29)</b>
<b>B Cash Flow from Investing Activity</b>		
Disposal of fixed assets	0.00	0.00
Un Secured Loans	3.49	(151.43)
Other income	2.73	2.07
<b>Net Cash used for investing activity</b>	<b>6.22</b>	<b>(149.36)</b>
<b>C Cash Flow from financing activities</b>		
Repayment of Working capital Loan	0.00	0.00
<b>Net cash generated from financing activity</b>	<b>0.00</b>	<b>0.00</b>
Cash and cash equivalents (Opening Balance)	29.26	179.91
Net increase in Cash & Cash equivalents (A+B+C)	(0.98)	(150.65)
Cash and cash equivalents (Closing Balance)	28.28	29.26

As per our report attached  
for **P. Murali & CO.**  
Chartered Accountants

For and on behalf of the Board

Sd/-  
**P. Murali Mohana Rao**  
Partner

Sd/-  
**P. Syam Prasad**  
Executive Director

Sd/-  
**B.V.S. Sai Prasad**  
Director

Place: Secunderabad  
Date : 30.08.2011



**BALANCE SHEET ABSTRACT AND COMPANY'S BUSINESS PROFILE:**

**I. Registration Details:**

Registration No.	01-031187	State Code:	01
Balance Sheet Date:	31.03.2011		

**II. Capital Raised during the year (Amount in Rs. Lacs)**

Public Issue:	NIL	Rights Issue:	NIL
Bonus Issue:	NIL	Private Placement:	NIL

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Lacs)**

Total Liabilities:	571.46	Total Assets:	571.46
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**Sources of Funds:**

Paid-up Capital	420.17	Reserves and Surplus	NIL
Secured Loans:	NIL	Unsecured Loans:	150.99
Deferred Tax Liability	0.29		

**Application of Funds:**

Net Fixed Assets	0.77	Investments	NIL
Net Current Assets:	173.43	Misc. Expenditure	32.95

\* includes Deferred Tax Liabilities

Accumulated Losses:	364.31
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**IV. Performance of company (Amount in Rs. Lacs)**

Turnover/Income	8.43	Total Expenditure	4.80
Profit before tax	3.63	Profit after tax	3.69
Earning per Share in Rs.	NIL	Dividend Rate	NIL

**V. Generic Names of Three Principal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC Code)	:	NIL
Product Description	:	Internet Services

**VIRGO GLOBAL MEDIA LIMITED**

(Plot no 5, Mithila Nagar, Road No. 10, Banjara Hills, Hyderabad - 500 034)

**PROXY FORM**

I/We.....of.....  
being a member / members of the above named company, hereby appoint  
.....  
of..... as my / our Proxy  
to vote for me / us on my / our behalf at the 13<sup>th</sup> Annual General Meeting of the Company, to be  
held on Friday, September 30, 2011 at 3.00 pm at Plot No. 1 & 9, IDA, Phase - II, Cherlapally,  
Hyderabad - 500 051 and at any adjournment thereof.

Affix  
Revenue  
Stamp

Signed this..... day of ..... 2011.

**NOTE :**

- a) A Member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote on  
pole instead of himself.
- b) Proxy need not be a member.
- c) The proxy form duly completed should be deposited at the registered office of the company not  
less than 48 hours before the time fixed for holding the meeting.

**VIRGO GLOBAL MEDIA LIMITED**

(Plot no 5, Mithila Nagar, Road No. 10, Banjara Hills, Hyderabad - 500 034)

**ATTENDANCE SLIP**

(Please present this slip at the entrance of the meeting venue)

Regd. Folio/ : ..... Shares held : .....

Client ID/ DPID : .....

I hereby record my presence at the 13<sup>th</sup> Annual General Meeting to be held on Friday, September  
30, 2011 at 3.00 pm at Plot No. 1 & 9 IDA Phase II, Cherlapally, Hyderabad - 500 051.

Name of the Shareholder : .....

Name of the Proxy : .....

Signature of member/proxy : .....

- Note :
- 1) Members are requested to sign at the time of handing over this slip.
  - 2) Members are requested to register their names at least 15 minutes prior to the commencement  
of the meeting.

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**VIRGO GLOBAL MEDIA LIMITED**

(Formerly known as Online Media Solutions Limited)

Plot no 5, Mithila Nagar,  
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Hyderabad - 500 034