

# **CONNECT COMMUNICATE & ENGAGE EXPERIENTIALLY**

**Telecom Division**

**ROAM11**  
MOBILE

**Virtual Events &  
Demand Gen. Division**

 **vReach™**

## **VIRTUALSOFT SYSTEMS LIMITED**

### **ANNUAL REPORT 2013-2014**

## BOARD OF DIRECTORS

Mr. Gokul Tandan	Managing Director
Mr. Rajendra V. Kulkarni	Director
Mr. Ashok K. Anand	Director
Mr. Suresh Rajpal	Director
Mrs. Ritu Tandan	Additional Director

## COMPANY SECRETARY

Mr. Atul Kumar

## CHIEF FINANCIAL OFFICER(CFO)

Mr. Athar Ahmad

## BANKERS

HDFC BANK LIMITED  
S-355, Panchsheel Park, New Delhi-110017

## STATUTORY AUDITORS

Nath Ahuja & Co. Chartered Accountants S-400,  
Graater Kailash -II New Delhi-110 048

## REGISTERED OFFICE

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

## SHARE TRANSFER AGENT

Mas Services Pvt. Ltd. AB-4, Safdarjung Enclave New Delhi-110029

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## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting for your consideration and approval the Twentieth Annual Report of Your Company for the financial year ended March 31, 2014.

### 1 Financial Result

#### PARTICULARS

(Rupees in Lacs)

	Year Ended 31.03.2014	Year Ended 31.03.2013
1. (a) Net Sales/Income from Operations	616.44	283.84
(b) Other Operating Income	11.23	0.00
2. Expenditure		
a. Increase/decrease in stock in trade and work in progress	-22.64	6.08
b. Consumption of raw materials	0.00	0.00
c. Purchase of traded goods	353.64	194.87
d. Employees cost	322.06	200.56
e. Depreciation	10.74	9.26
f. Other expenditure	265.28	205.76
g. Total	929.06	616.53
(Any item exceeding 10% of the total expenditure to be shown separately)	0.00	0.00
3. Profit from Operations before Other Income, Interest and Exceptional Items (1-2)	(301.39)	(332.70)
4. Other Income	0.00	19.82
5. Profit before Interest and Exceptional Items (3+4)	(301.39)	(312.87)
6. Interest		0.43
7. Profit after Interest but before Exceptional Items (5-6)	(301.39)	(312.87)
8. Exceptional items	471.41	0.00
9. Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)	170.02	(312.87)
10. Tax expense	0.00	0.00
11. Net Profit (+)/ Loss (-) from Ordinary Activities after tax (9-10)	170.02	(312.87)
12. Extraordinary Item (net of tax expense Rs.	0.00	0.00
13. Net Profit(+)/ Loss(-) for the period (11-12)	170.02	(312.87)
14. Paid-up equity share capital (Face Value of the Share shall be indicated)	1029.76	1029.76
15. Reserve excluding Revaluation	20.00	20.00

16. Earnings Per Share (EPS)

a) Basic and diluted EPS before Extraordinary items for the period,	1.65	(3.04)
for the year to date and for the previous year (not to be annualized)		
b) Basic and diluted EPS after Extraordinary items for the period,	1.65	(3.04)
for the year to date and for the previous <b>year (not to be annualized)</b>		

17. Public Shareholding

- No. of shares	2,677,517	2,677,517
- Percentage of shareholding	26.00%	26.00%

18. Promoters and promoter group

Shareholding \*\*

a) Pledged/Encumbered

- Number of shares	0.00	0.00
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	0.00	0.00
- Percentage of shares (as a % of the total share capital of the company)	0.00	0.00

b) Non-encumbered

- Number of Shares	7,620,083	7,620,083
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	74.00%	74.00%
- Percentage of shares (as a % of the total share capital of the company)	74.00%	74.00%

## **1. BUSINESS AND OPERATIONS OF THE COMPANY**

### **VIRTUAL SOFT-LEVERAGING**

**ROAMING, TELECOM, VIRTUAL EVENT & VIRTUAL EXPERIENCE TECHNOLOGIES TO PROVIDE UNIQUE & EXCEPTIONAL "CONNECT ,COMMUNICATE & ENGAGE, EXPERIENTIALLY & COST - EFFECTIVELY (C2E3)" PRODUCTS, PLATFORMS , PROGRAMS AND SOLUTIONS TO LARGE BUSINESS CUSTOMERS AND CONSUMERS**

Video Rich Broadband & 3G / 4G mobile networks - with LTE/ 5G coming soon - are revolutionizing the way we do business and run our lives. Virtual Soft and its v Reach division offer outstanding digital broadband solutions. They use technology developed inhouse and by our best-of -breed global partners to the advantage of large enterprises, associations and media companies as well as their customers and consumers. Broadband network & application solutions offer you a convergence of voice, data and video that can be used for your business - by creating and leveraging business function specific virtual events - both live & on-demand, ideally through an annual engagement contract with VirtualSoft.

VirtualSoft develops, integrates and deploys the technologies of the day to set up the infrastructure & application platforms needed for streaming interactive rich media content - as well as creating and managing virtual events - over the internet, intranet or extranet.

A proprietary system called v Code guarantees clarity and seamless delivery of audio, video and multimedia files across both narrowband and broadband networks.

Virtual Soft has developed a world-class Enterprise Communication Platform called vReach that utilizes existing corporate computing and communications infrastructure to make real-time business meeting and events more cost-effective and convenient by reducing travel and extending reach to globally dispersed customers, partners, and co-workers over low and high bandwidth connections through a simple browser interface.

VirtualSoft's vReach division also offers Rich Media content creation and migration services using proprietary technology and business methods. It creates near video on-demand content synchronized with Power point slides and other interactive mechanisms for leading conference organizers like CII, FICCI, The Times of India Group, The Federation of Asian Advertising Associations, India Today;

and for leading enterprises such as SAP, IBM, The World Bank and the Tata Group.

It has created over 10,000 hours of such content for over 500 different conferences and training events. This content is available in CD/DVD form as well as on knowledge on-demand servers accessible over the intranet and/or internet.

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

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

The Telecom Division that launched global roaming solutions and services under the "Roam1" brand ([www.roam1.com](http://www.roam1.com)), in FY 2010-11 continued to make significant progress in terms of innovative and unique product introductions and plans as well gaining market share and acceptance - from end -customers and channel partners.

Our flagship product here is the Global Single Sim Product, that contains 3 Telephone Numbers or Profiles (UK -Italy-USA) that provides low cost telephony in international roaming. This SIM provides Free Incoming in over 90 countries and provides low cost Call Back to India. This is offered through both a prepaid and post-paid plans, with real-time billing that allows the Indian Customer to control his international telephony expenses. The billing is in real time and is visible instantly on the net which ensures that there is no room for over billing. The customer gets to retain the card and can publish the number as his permanent International Number on his business card and stationary etc. This way every time the customer goes abroad, he adds talk time on his card which makes repeat business very easy for us. The Global Single SIM Product is supported by a wide array of country and continent specific products and plans for voice, data and Blackberry Messaging.



During the year under review, your Company, completed the proposal for selling the Roam 1 Division's running and operating business on a Slump Sale Basis, to Roam 1 Telecom Ltd, New Delhi wef close of Business Hours of 30th June 2014 for Part Cash and Part Stock - that has lead to Roam1 Telecom becoming a Majority held subsidiary of your Compoany. This development will allow dedicated focus and build out of the Roaming / Telecom Business as a stand alone Business which should be beneficial both to the Roam 1 business venture as well as your Company.

In the year under Review, with an intent to synergise the two divisions at a corporate level, the C2E3 Initiative was strengthened. C2E3 stands for Connect Communicate Engage Experientially and Cost - Effectively and provides a bridge for the Telecom & Roam 1 Division to collaborate with the Virtual Events and Demand Gen Division in technology & product development, marketing and large partner and account development. This will lead to unique cross developed product offerings (e.g mobile sales, mobile learning and mobile marketing & couponing tools and platforms), cost rationalisation as well as more sales yield from our goto market partners and large enterprise accounts.

With the foundation in Enterprise Broadband solutions, Telecom and Roaming Solutions and now the C2E2 Initiative - all of which are scaling up well, the Company now expects significant growth in both revenues and profitability in the current year and the years to come.

## **2 DIVIDEND**

Your Directors do not recommend a dividend.

## **3. AUDITORS**

M/s. Nath Ahuja & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## **4. DIRECTORS**

Mr. Suresh Rajpal and Mr. Ashok Kumar Anand retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

Mrs. Ritu Tandan who was appointed as an Additional Director in the Meeting of the Board of Directors of the Company held on May 30, 2014 and who hold office up to the date of the ensuing Annual General Meeting of the Company and being eligible offer themselves for re-appointment.

## **5. DEPOSITS**

The Company has not accepted deposits from the public for the year under consideration.

## **6. PARTICULARS OF EMPLOYEES**

There is no employee of the Company who has received remuneration in excess of such sum as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

## **7. CAPITAL MARKET DEVELOPMENTS**

As on date, 94.66% of Shares are in Demat form and are listed on various stock exchanges. The Company has, from time to time, reminded the shareholders/ investor, holding the Shares in Physical form to convert their Shareholding to dematerialized form.

## **8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO**

### **(a) Details of Conservation of Energy**

The Company uses electric energy for its equipment such as air-conditioners, computer terminals, lighting and utilities in the work premises.

All possible measures have been taken to conserve energy

By identifying potential areas for saving;

By incorporating energy efficient equipment;

By automation.

### **(b) Technology Absorption**

Research & Development Specific areas in which Research & Development work has been done in the Company- Intranet Content Delivery Network (ICDN) solution. This solution helps Companies slash costs and raise intellectual capital.

### **(c) Foreign Exchange Earnings**

There had been no foreign exchanges earnings, during the year.

## **9. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors wish to state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of

- the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that they had prepared the annual accounts on a going concern basis.

## 10. CORPORATE GOVERNANCE

A Separate statement on Corporate Governance along with the Auditor's Certificate on its compliance is given as part of the Annual Reports.

## 11. ACKNOWLEDGEMENTS

Your Directors acknowledge with a deep sense of gratitude the continued support extended by investors, customers, business associates, bankers and vendors. Your Directors take this opportunity to thank the regulatory and governmental authorities.

**For and on behalf of the Board of Directors**

Place : New Delhi  
Date : August 14, 2014

Mr. Gokul Tandan  
Managing Director

Mr. R.V.Kulkarni  
Wholetime Director

## Corporate Governance Report

Corporate Governance is about commitment to values and about ethical business conduct. It is about how an organization is managed. This includes its Corporate Structure, its culture, policies and manner in which it deals with various stakeholders. Accordingly timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of Corporate Governance. This improves public understanding of the structure, activities and policies of the Organization. Consequently the Organization is able to attract investors, and to

enhance the trust and confidence of the stakeholders.

Your Company believes that sound Corporate Governance is critical to enhance and retain investor trust. Accordingly, your Company always seeks to attain its performance rules with integrity. The Board extends its fiduciary responsibilities in the widest sense of the term. Your Company's endeavors to enhance long - term shareholder value and respect minority rights in all our business decisions.

### 1. VSL Philosophy on Corporate Governance

- i Satisfy the spirit of law and not just the letter of the law. Corporate Governance standards should go beyond the law.
- 1 Be transparent and maintain high degree of disclosures levels. When in doubt, disclose.
- 2 Make a clear distinction between personal Conveniences and corporate resources.

- 1 Communicate externally, in a truthful manner, about how the Company is run internally.
- 2 Have a simple and transparent corporate structure driven solely by the business needs.
- 3 Management is the trustee of the shareholder's capital and not the owner.

### 2. Board of Directors

At the core of its Corporate Governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the Company. Your Company believes that an active, well

- informed and independent Board is necessary to ensure the highest standards of Corporate Governance. Majority of the Board, 3 out of 5, are independent Directors.

During the Financial Year ended 31st March 2014, Five Board Meetings were held on 30.05.13, 08.08.2013, 14.08.13 & 14.11.13 & 14.03.14,

The Last Annual General Meeting was held on 30th September 2013 and the last Extra - ordinary General Meeting was held on 12th, September 2013.

The Composition of the Board, attendance of Directors at the Board Meetings held during the year under review as well as in the last Annual General Meeting and the number of other Directorships / Committee positions held by them are as under :

S. No.	Name & Designation	Category	No. Of other Directorships held	No of Board meetings		Attended last AGM (30.09.13)
				Held	Attended	
1.	Mr. Gokul Tandan	MD	7	5	5	Yes
2.	Mr. Rajendra V. Kulkarni	WTD	13	5	5	Yes
3.	Mr. Suresh Rajpal	NEID	9	5	2	No
4.	Mr. Ashok Anand	NEID	6	5	3	No

(MD- Managing Director, WTD - Whole Time Director, NEID - Non-Executive Independent Director)

**Directorship / Committee Positions**

S. No.	Name of the Director	Directorships	Committees Positions Name of the Company	Committee	Position
1.	Mr. Gokul Tandan	7	1. M/s. Goto Customers Services Pvt. Ltd. 2. M/s. Virtual Software & Training Pvt.Ltd. 3. CPM India Sales & Marketing Pvt. Ltd 4. M/s. Foundation Technologies ( Pvt.) Ltd. 5. M/s. Digitivate Solutions Pvt. Ltd. 6. M/s. Vreach Solutions Pvt. Ltd. 7. M/s. Roam 1 Telecom Ltd.		Director Director Director Director Director Director Director
2.	Mr.Rajendra V. Kulkarni	13	1. M R Capital Pvt. Ltd. 2. M/s. Vijay Stampings Pvt. Ltd. 3. M/s. Prime Valves India Ltd. 4. M/s. Marble Arch Estate Pvt. Ltd 5. M/s. Verna Estate Pvt. Ltd. 6. M/s. Mountain Valley Springs Pvt. Ltd. 7. M/s. Multiple Zones India Pvt. Ltd. 8. M/s. Foundation Technologies ( Pvt.) Ltd. 9. M/s. Virtual Software & Training (P). Ltd. 10. M/s. MZI Services India Pvt. Ltd. 11. M/s.SME Business Services Ltd. 12. M/s. Office Zone Products Pvt. Ltd. 13. Roam 1 Telecom Ltd.		Director Director Director Director Director Director Director Director Director Director Director Director Director
3.	Mr. Suresh Rajpal	9	1. M/s. Vishnova Solution Pvt. Ltd. 2. M/s Gisil Design Pvt.Ltd. 3. M/s. Electronic Tender.Com(India) Pvt.Ltd 4. M/s. Inde Pay networksPvt.Ltd. 5. M/s. Navis EximPvt.Ltd 6. M/s. Cosmo Films Ltd. 7. M/s. Visnova InteractivePvt.Ltd. 8. M/s. Inde Livelihood Foundation 9. M/s. Mobi Rel Technology Services (I) Pvt. Ltd.		Director Director Director Director Director Director Director Director Director



4.	Mr. Ashok Anand	6	1. M/s.Inprint Marketing Pvt.Ltd. 2. M/s.First Choice Graphics Pvt.Ltd. 3. M/s. Inprint Expotech Pvt Ltd. 4. M/s. Inprint Exclusives India Pvt.Ltd. 5. M/s.SourceGraphics India Pvt.Ltd. 6. M R Towers Pvt.Ltd.	Director Director Director Director Director Director
5.	Ms. Ritu Tandan	3	1. M/s. Foundation Technologies Pvt. Ltd. 2. M/s. Vreach Solutions Pvt. Ltd. 3. M/s. Vemanya Design Worx Pvt. Ltd.	Director Director Director

None of the Directors on the Board hold Directorships in more than fifteen Companies and hold memberships in more than ten Committees and they do not act as Chairman of more than five Committees across all the Companies in which they are Directors.

### 2.1 Information Placed before the Board

In addition to the matters which statutorily require Board's approval, as required by Corporate Governance, the following matters are regularly placed before the Board :

- Minutes of Audit Committee Meetings, Share Transfer & Investors Grievance Committee Meetings.
- Recruitment and Remuneration of senior executives below the board level.
- Details of Joint Ventures / Collaboration Agreement.
- Disclosure of material related party transaction, if any
- Compliance with Regulatory and statutory requirements including listing requirements & Shareholders services.
- Details of show cause, demand, prosecution and penalty notices which are materially important
- Transactions involving substantial payments towards goodwill, brand equity or intellectual Property.
- Sale of material nature of investments, subsidiaries and assets, which are outside the normal course of business.

### 3. Committees of the Board

In terms of the SEBI code, the Board of the Company has constituted the Following Committees:

#### 3.1 Audit Committee

Share Transfer and Investors Grievance Committee.

#### 3.1 Audit Committee

The following are the members and their attendance at the committee meetings:-

S.No.	Name of Directors	Status	No. of meetings	
			Held	Attended
1.	Mr. Ashok Kumar Anand	Chairman	4	2
2.	Mr. Suresh Rajpal	Member	4	2
3.	Mr. Rajendra V Kulkarni	Member	4	4

During the period 01.04.13 to 31.03.14, the Audit Committee met 4 times on 30.05.13, 14.08.13, 14.11.13 & 14.2.14

The broad terms of references of Audit Committee are as follows:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment / re- appointment of external and internal auditors, tax auditors, fixation of statutory audit fees, internal audit fees and tax audit fees and also approval for payment of any other services.
- Review and management the annual financial statements before submission to the Board.
- Review quarterly UN - audited /audited financial results, half yearly review report.
- Review with Management, external and internal auditors the adequacy of internal control system.

- Review the adequacy of internal audit programme, internal audit reports; follow up reports and guidelines prepared for internal audit.
- To do any internal investigations either departmentally or with the help of internal auditors or any other outside agency into matters where they are suspected fraud or irregularities.
- Discussion with external Auditors before the Audit commences about nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- Review the Company's financial and Risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors.

### 3.2 Share Transfer and Investors Grievance Committee

The Committee consists of two Directors and Company Secretary including whole time Director and is chaired by managing Director.

This Committee looks into transfer and transmission of Shares, issue of duplicate share certificates, consolidation and sub - division of shares and investors' grievance. This Committee particularly looks into Investors Grievances and oversees the performance of the in- house Share Department/ Share Transfer Agents and to ensure prompt and

efficient investors' services. The Committee met Four times during the year 2013 - 2014. The following are the members and their attendance at the Committee Meetings:-

Name of Member	No. of meetings	
	Held	Attended
1. Mr. Gokul Tandan	4	4
2. Mr. Rajendra V. Kulkarni	4	4
3. Mr. Atul Kumar	4	4

### 4. General Body Meetings

Location and time where General Meetings held in the last 3 years is given below:

Year	AGM / EGM	LOCATION	DATE	TIME
2012 - 2013	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053	30 09.2013	9:00 A.M.
2012 - 2013	EGM	S-101, Panchsheel Park, New Delhi-17	12 09.2013	Postal Ballot
2011 - 2012	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053	30 09.2012	9:00 A.M.
2010 - 2011	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053	28 09.2011	9:00 A.M.
2009 - 2010	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053	30 09.2010	9:00 A.M.

No special resolution was put through postal ballot in the last AGM. At the ensuing AGM also there is no such resolution to be passed through Postal Ballot.

8. Disclosures on materially significant related party transactions with Promoters, Directors, Management, their Subsidiaries or Relatives etc., which may have potential conflict with the interest of the Company at large.

None of the materially significant transactions with any of the related parties were in conflict with the interest of the Company.

6. Non - compliance by Company, penalties, strictures imposed on the Company by Stock Exchanges / Securities and Exchange Board of India (SEBI) etc.

During the last three years, there were no strictures or penalties or penalties imposed by either SEBI or the Stock Exchanges or any Statutory Authority for non - compliance of any matter related to the Capital Markets.

7. Means of Communication

This is being done through Quarterly, half yearly and annual results, which are being published in English and Hindi daily newspapers

8. General Shareholders Information:

Detailed information in this regard provided in the shareholder information section forms part of this Annual Report.

9. Compliance Certificate of the Auditors

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to The Director's Report.

The Certificate from the Statutory Auditors will be sent to the Listed Stock Exchanges along with the Annual Return of The Company.

**SHAREHOLDERS INFORMATION**

Registered Office : S-101, Panchsheel Park, New Delhi-110 017

Annual General Meeting : Date & Time: 30th September, 2014 at 9:00 A .M.

Venue : Rama Krishna Banquets Hall, Near Main Market, Bhajanpura,  
Main Wazirabad Road, Delhi - 110 053

Financial Calendar :

-Financial reporting for the quarter ending June 30. 2014 : 14th August 2014

-Financial reporting for the quarter ending Sep 30. 2014 : 14th November 2014

-Financial reporting for the quarter ending Dec 31. 2014 : 14th February 2015

-Financial reporting for the Year ending March 31. 2015 : 30th May 2015

Date of Book Closures: September 22, 2014 to September 30, 2014, both days inclusive.

## Statement Showing Shareholding Pattern

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)1 (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)= (VIII) / (IV)*100
(I)	(II)	(III)	(IV)	(V)				
(A)	Shareholding of Promoter and Promoter Group2							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	3	3040083	3040083	29.522	29.522	0	0
(b)	Central Government/ State Government(s)				0.00	0.00		0.00
(c)	Bodies Corporate	2	4580000	4580000	44.476	44.476	0	0
(d)	Financial Institutions/ Banks				0.00	0.00		0.00
(e)	Any Others(Specify)				0.00	0.00		0.00
(e-i)					0.00	0.00		0.00
(e-ii)					0.00	0.00		0.00
	Sub Total(A)(1)	5	7620083	7620083	74.00	74.00	0	0.00
2	Foreign							0.00
a	Individuals (Non-Residents Individuals/ Foreign Individuals)				0.00	0.00		0.00
b	Bodies Corporate				0.00	0.00		0.00
c	Institutions				0.00	0.00		0.00
d	Any Others(Specify)				0.00	0.00		0.00
d-i					0.00	0.00		0.00
d-ii					0.00	0.00		0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	5	7620083	7620083	74.00	74.00	0	0.00
(B)	Public shareholding							0.00
1	Institutions							0.00
(a)	Mutual Funds/ UTI				0.00	0.00		0.00
(b)	Financial Institutions / Banks	1	50000	50000	0.49	0.49	N.A.	0
(c)	Central Government/ State Government(s)				0.00	0.00		0.00
(d)	Venture Capital Funds				0.00	0.00		0.00
(e)	Insurance Companies				0.00	0.00		0.00
(f)	Foreign Institutional Investors				0.00	0.00		0.00
(g)	Foreign Venture Capital Investors				0.00	0.00		0.00
(h)	Any Other (specify)				0.00	0.00		0.00
(h-i)					0.00	0.00		0.00
(h-ii)					0.00	0.00		0.00
	Sub-Total (B)(1)	1	50000	50000	0.49	0.49		0.00
B 2	Non-institutions							0.00
(a)	Bodies Corporate	39	83150	72750	0.81	0.81	N.A.	0
(b)	Individuals							0.00
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	2688	874999	495753	8.50	8.50	N.A.	0
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	20	1501943	1491933	14.59	14.59	N.A.	0
(c)	Any Other (specify) (NRI)	50	161800	11500	1.57	1.57	N.A.	0
(c-i)	Any Other (Clearing Member)	6	5625	5625	0.06	0.06	N.A.	0
(c-ii)					0.00	0.00		0.00
	Sub-Total (B)(2)	2803	2627517	2077561	25.52	25.52		0.00
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	2804	2677517	2127561	26.00	26.00		0.00
	TOTAL (A)+(B)	2809	10297600	9747644	100.00	100.00		0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued							0
1	Promoter and Promoter Group					0.00		0.00
2	Public					0.00		0
	Sub-Total (C )	0	0	0		0	0	0
	GRAND TOTAL (A)+(B)+(C)	2809	10297600	9747644		100.00	0	0.00

**Status of Dematerialization as on March 31, 2014**

<b>PARTICULARS</b>	<b>NO. OF SHARES</b>	<b>% TO TOTAL CAPITAL</b>
National Security Depository Limited	9169841	89.05%
Central Depository Services (India) Limited	577803	5.61%
TOTAL DEMATERIALIZED	9747644	94.66%
PHYSICAL	549956	5.34%
GRAND TOTAL	10297600	100%

**CERTIFICATE ON CORPORATE GOVERNANCE CERTIFICATE**

**M/s VIRTUAL SOFT SYSTEMS LIMITED**

1. We have examined the compliance of conditions of Corporate Governance by **M/s. VIRTUAL SOFT SYSTEMS LIMITED**. ('the Company') for the year ended 31st March, 2014 as stipulated in Clause 49 of the Listing Agreement of the said with various Stock Exchange (hereinafter referred to as "the agreement").
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Company.
3. In our opinion and based on our review and to the best of our information and according to the explanations given to us, we certify that the conditions of the Corporate Governance as stipulated I clause 49 of the agreement have been complied with in all material aspects of the Company.
4. As required by the Guidance note issued by the institute of Chartered Accountants of India, we have to state that as per the records maintained by the Share transfer and / Investor Grievance Committee, there was o investor except in cases which are constrained by disputes and legal impediments.
5. 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.

For S. R. Sharma & Associates  
Practicing Company Secretary  
Membership No. 3942

Place: New Delhi  
Date: 14 Aug, 2014

## INDEPENDENT AUDITOR'S REPORT

### To the Members of VirtualSoft Systems Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of VirtualSoft Systems Limited ('the Company') which comprise the balance sheet as at 31 March 2014, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Basis for Qualified Opinion

As discussed in Note No. 38 under "Other Explanatory Notes", relating to the application on Reverse Charge Mechanism of Section 66A of the Finance Act, 1994, the liability of Service Tax has been understated to the extent of Rs. 10,74,342/- on telecommunication services which Rs. 10,74,342/- is available for credit on Input Basis.

Also, As per Section 180(1) of the Companies Act, 2013 which states that, "The Board of Directors of a company shall exercise the following powers only with the consent of the company by a special resolution, namely to borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital

and free reserves, apart from temporary loans obtained from the company's bankers in

the ordinary course of business."The Company's records indicate that the Company has violated the above mentioned provisions.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i). in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;
- (ii). in the case of the statement of profit and loss, of the loss for the year ended on that date; and
- (iii). in the case of the cash flow statement, of the cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. As required by section 227(3) of the Act, we report that:
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. 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;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
  - e. on the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For Nath Ahuja & Co.**  
Chartered Accountants  
Firm's registration number: 001083N

Narinder Nath Ahuja  
Proprietor  
Membership No. 80178

New Delhi  
30th May, 2014

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

### (Referred to our report of even date)

- |   |  |
|---|--|
| <p>i) In respect of its fixed assets:</p> <p>(a) In our opinion and on the basis of the information and explanation given to us, the Company is maintaining Fixed Assets Register showing necessary particulars. The Company is in the process of updating its records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) As explained to us, the physical verification of fixed assets was conducted by the management at reasonable intervals and the discrepancies noticed on such verification are properly dealt within the books of accounts. However we were not provided with any records. In our opinion, we are unable to comment on the frequency of physical verification having regard to the size of the Company and the nature of assets.</p> <p>(c) The Company has not disposed off any fixed assets which are substantial, and therefore does not affect going concern.</p> | <p>(b) The Company has taken Unsecured loans from companies, firms or other parties covered in the register maintained under Section 301 of the Act. At the year end, an amount outstanding against the loan taken from the above mentioned parties aggregated to Rs. 1,29,654,961/- (Rupees Twelve Crore Ninty Six Lakh Fifty Four Thousand Nine Hundred and Sixty One). The maximum balance outstanding during the year was Rs. 1,29,654,961/- (Rupees Twelve Crore Ninty Six Lakh Fifty Four Thousand Nine Hundred and Sixty One). In our opinion, having regard to the long term involvement with the above mentioned company and considering the explanations given to us in this regard, the terms and conditions of the above are not, prima facie, prejudicial to the interests of the Company. Unsecured Loans from parties amounting to Rs. 12,04,76,071/- carries interest @ 12% p.a. and no Interest is charged on Loan amounting to Rs. 91,78,890/-. The payment of Interest and Principal amount is irregular.</p> |
| <p>ii) In respect of its inventories:</p> <p>(a) As informed and represented to us, inventories were physically verified during the year by the management at reasonable intervals.</p> <p>(b) According to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate having regard to the size of the company and nature of its business.</p> <p>(c) According to the information and explanation given to us, the company is maintaining proper records of inventory and there was no material discrepancies noticed on physical verification.</p>  | <p>iv) In our opinion and according to the information and explanations given to us, the internal control system commensurate with the size of the company and nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods &amp; services are weak.</p> <p>v) In our opinion and according to the information and explanations given to us, register under section 301 have not been presented, therefore we cannot comment on the transactions entered therein.</p> <p>vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the year. Therefore, the provisions of clause 4 (vi) of the said order are not applicable to the Company.</p>  |
| <p>iii) In respect of unsecured loans granted/received by the company, the details are not covered in the register under section 301 of the Companies Act, 1956 and according to the information and explanation given to us:</p> <p>(a) The Company has not given any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.</p>   | <p>vii) In our opinion and according to the information and explanations given to us, the Company have Internal Audit System commensurate with the size and nature of its business.</p> <p>viii) According to the information and explanation given to us, the Central Government has not</p>  |

- prescribed the maintenance of cost records under section 209 (1) (d) of the Act, in respect of the products manufactured by the company.
- ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company is not regular in depositing statutory dues including Provident Fund, Service Tax, and Income Tax with appropriate authorities. As explained to us, the provisions of Employees' State Insurance Act, 1948, are not applicable to the Company.
- According to the information and explanations given to us, there was no undisputed amounts payable as at 31st March, 2014 for a period of more than six month from the date they became payable except for Service Tax amounting to Rs. 49,377/-, Tax deducted at Source amounting to Rs. 3,19,511/- and Provident Fund amounting to Rs. 9,996/-.
- (b) According to the records of the company, there are no dues of sale tax, income tax, custom duty, wealth tax which have not been deposited on account of any dispute.
- x) In our opinion the accumulated losses of the company amounting to Rs 14.41 Crore more than its net worth Rs. (-) 4.11 Crore. The company has a cash loss of Rs. 1.68 Crore in the current year and Rs. 3.09 Crore of the preceding year.
- xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks or bond holders.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) The provisions of any special statue applicable to Chit fund / Nidhi / Mutual Benefit Fund / Societies are not applicable to the Company.
- xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, and debentures and other investments.
- xv) According to the information and explanations given by the management, the company has not given any guarantee for loans taken by others from bank or financial institution.
- xvi) According to the records of the company, the company has not obtained any term loans during the year.
- xvii) According to the information and explanations given to us, no funds raised on short basis have been used for long term purpose. No long-term funds have been used to finance short-term assets except working capital.
- xviii) According to the information and explanations given to us, the company has made any preferential allotment of shares during the year.
- xix) The company has no outstanding debentures as at the year end.
- xx) The Company has not raised any money by public issue during the year.
- xxi) During the course of our examination of the books of account, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.

**For Nath Ahuja & Co.**  
Chartered Accountants  
Firm's registration number: 001083N  
  
Narinder Nath Ahuja  
Proprietor  
Membership No. 80178  
  
New Delhi  
30th May, 2014

**Balance Sheet as at 31 March, 2014**

Particulars	Note No.	As at 31 March, 2014	As at 31 March, 2013
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	4	<b>102,976,000</b>	102,976,000
(b) Reserves and surplus	5	<b>(144,079,585)</b>	(174,382,508)
		<b>(41,103,585)</b>	(71,406,508)
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	130,300,851	101,161,584
(b) Other long-term liabilities	4	-	433,479
		130,300,851	101,595,063
<b>3 Current liabilities</b>			
(a) Trade payables	5	2,148,232	8,549,920
(b) Other current liabilities	6	4,938,774	6,634,797
(c) Short-term provisions	7	1,051,729	625,615
		<b>8,138,735</b>	<b>15,810,333</b>
<b>TOTAL</b>		<b>97,336,001</b>	<b>45,998,887</b>
<b>B ASSETS</b>			
<b>4 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	8	1,814,076	4,182,367
(ii) Intangible assets	9	-	8,400
(iii) Intangible assets under development	10	4,511,334	26,460,908
(b) Non-current investments	11	79,200,000	-
(c) Long-term loans and advances	12	7,531,049	1,973,849
		<b>93,056,459</b>	<b>32,625,524</b>
<b>5 Current assets</b>			
(a) Inventories	13	-	804,437
(b) Trade receivables	14	798,804	7,730,393
(c) Cash and bank balances	15	1,810,114	701,948
(d) Short-term loans and advances	16	1,670,624	4,136,585
		<b>4,279,542</b>	<b>13,373,363</b>
<b>TOTAL</b>		<b>97,336,001</b>	<b>45,998,887</b>
Other Explanatory notes forming part of the financial statement	25 - 34		

In terms of our report of even date attached.

for **Nath Ahuja & Company**  
VSL Chartered Accountants  
ICAI Firm Registration Number : 001083N

**N N Ahuja**                      **Rajendra V. Kulkarni**  
Proprietor                      Whole Time Director  
Membership number : 080178

New Delhi  
30th May, 2014

For and on behalf of the Board of Directors of

**Gokul Tandon**                      **Atul Kumar**  
Managing Director                      Company Secretary

**Statement of Profit and Loss for the year ended 31 March, 2014**

Particulars	Note No.	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>A CONTINUING OPERATIONS</b>			
Income			
Revenue from operations (net)	17	8,489,818	3,644,834
Other income	18	55,143	-
Total Revenue		8,544,961	3,644,834
Expenses			
Employee benefit expense	19	13,122,734	4,064,662
Other operating expenses	20	6,283,552	3,455,943
Finance cost	21	1,176,974	1,593
Depreciation and amortisation expenses	22	387,443	430,587
Total Expenses		20,970,703	7,952,785
Profit / (Loss) before exceptional items and tax		(12,425,742)	(4,307,951)
Add: Exceptional items	23	47,141,150	-
Profit / (Loss) before tax		34,715,408	(4,307,951)
Tax expense:			
Less: Current tax		-	-
Less: Deferred tax		-	-
Total tax expense		-	-
Profit /(Loss) after tax from continuing operations	I	34,715,408	(4,307,951)
<b>B. DISCONTINUED OPERATIONS</b>	24		
Loss from discontinued operations (before tax)		(4,412,484)	(26,978,528)
Tax expense of discontinued operations		-	-
Loss after tax from discontinued operations	II	(4,412,484)	(26,978,528)
<b>C. TOTAL OPERATIONS</b>			
Profit / (Loss) for the year from total operations	I+ II	30,302,924	(31,286,479)
Earnings per equity share (nominal value of share Rs. 10/- each)			
Basic and diluted earnings per share			
~Continuing operations		3.37	(0.46)
~Total operations		2.94	(3.32)
Other Explanatory notes forming part of the financial statement	25 - 34		

In terms of our report of even date attached.

for **Nath Ahuja & Company**

Chartered Accountants

ICAI Firm Registration Number : 001083N

**N N Ahuja**

Proprietor

Membership number : 080178

**Rajendra V. Kulkarni**

Whole Time Director

**Gokul Tandon**

Managing Director

**Atul Kumar**

Company Secretary

New Delhi

30th May, 2014

## Cash Flow Statement for the year ended 31 March, 2014

Particulars	Note No.	31 March, 2014	31 March, 2013
<b>A Cash flow from operating activities</b>			
Profit / (Loss) before tax from			
~Continuing operations		34,715,408	(4,307,951)
~Discontinued operations		(4,412,484)	(26,978,528)
Profit / (Loss) before tax from total operations		30,302,924	(31,286,479)
Adjustments for:			
Depreciation and amortisation on continuing operations		387,443	430,587
Depreciation and amortisation on discontinued operations		167,280	495,226
Net (gain) / loss on slump sale of International SIM division 23		(47,141,150)	
Finance costs		1,234,095	39,183
Interest income		12,085	-
<b>Profit / (Loss) before working capital changes</b>		(15,037,323)	(30,321,483)
Movement in working capital :			
(Increase) / decrease in inventories		804,437	608,134
(Increase) / decrease in trade receivables		6,931,589	(2,348,723)
(Increase) / decrease in other receivables, loans and advances		(3,091,239)	(521,757)
(Decrease) / increase in trade payables, other current and long term liabilities		(8,531,191)	6,094,373
(Decrease) / increase in provisions		426,114	65,769
Cash generated from operations		(18,497,613)	(26,423,686)
Taxes paid, net		-	-
Net cash flow (used in) / from operating activities (A)		(18,497,613)	(26,423,686)
<b>B Cash flow from investing activities</b>			
Capital expenditure on fixed assets, including capital advances		(9,361,478)	(9,107,714)
Investment in Roam1 Telecom Ltd.		(79,200,000)	499,940
Proceeds from sale of International SIM Card Division 23		80,000,000	-
Interest received		12,085	-
Net cash flow (used in) / from investing activities (B)		(8,549,393)	(8,607,774)
<b>C Cash flow from financing activities</b>			
Proceeds from issue of equity shares		-	23,850,000
Receipt from borrowings		29,139,267	10,689,747
Finance costs		(1,234,095)	(39,183)
Net cash flow (used in) / from financing activities (C)		27,905,172	34,500,564
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		858,166	(530,896)
Add: Balance of Cash and cash equivalents as at the beginning of the year		630,708	1,161,604
Cash and cash equivalents as at the end of the year		1,488,874	630,708
<b>a) The reconciliation to the cash and bank balances as given in note 15 is as follows:</b>			
Cash and bank balances including non current bank balances, as per note 15		1,810,114	701,948
Less: Term deposits placed with banks		250,000	-
Less: Unpaid dividend accounts *		71,240	71,240
Cash and cash equivalents at the end of the year		1,488,874	630,708

\* These balances are not available for use by the company as they represent corresponding unpaid dividend liabilities



Notes:

- 1 Figures in bracket indicate cash outflow
  - 2 The above cash flow statement has been prepared under the indirect method setout in AS-3 'Cash Flow Statement' notified under the Companies (Accounting Standard) Rules, 2006 (as amended).
  - 3 Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification.
- 

In terms of our report of even date attached.

for **Nath Ahuja & Company**

Chartered Accountants

ICAI Firm Registration Number : 001083N

**N N Ahuja**

Proprietor

Membership number : 080178

New Delhi

30th May, 2014

**For and on behalf of the Board of Directors of VSL**

**Rajendra V. Kulkarni**

Whole Time Director

**Gokul Tandon**

Managing Director

**Atul Kumar**

Company Secretary

## Notes to the financial statements for the year ended 31 March, 2014

### 1. Share capital

[ Item No. 1(a) ]

#### Authorized:

1,50,00,000 Equity Shares of Rupees 10 each 150,000,000 150,000,000  
(31 March 2013: 1,50,00,000 Ordinary Shares of Rupees 10 each)

150,000,000 150,000,000

#### Issued

1,02,97,600 Equity Shares of Rupees 10 each  
(31 March 2013: 1,02,97,600 Ordinary Shares of Rupees 10 each) 102,976,000 102,976,000

#### Subscribed and paid-up:

1,02,97,600 Equity Shares of Rupees 10 each 102,976,000 102,976,000

(31 March 2013: 1,02,97,600 Ordinary Shares of Rupees 10 each)

102,976,000 102,976,000

Additional information:

#### (1) The movement in subscribed and paid-up share capital is set out below:

Equity Shares of Rupees 10 each	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	1,02,97,600	102,976,000	75,476,000	75,476,000
Shares allotted during the year	-	-	27,50,000	27,500,000
	<b>1,02,97,600</b>	<b>102,976,000</b>	<b>1,02,97,600</b>	<b>102,976,000</b>

(a) 27,50,000 Equity Shares of face value of Rupees 10 per share were allotted on 27th July, 2012 to Promoter Group on preferential basis.

#### (2) Shareholder holding more than 5% shares in the company:

	As of 31 March 2014		As of 31 March 2013	
Name of shareholders	No. of Shares	%	No. of Shares	%
(a) Virtual Software and Training Private Limited	<b>45,00,000</b>	<b>43.69</b>	45,00,000	43.69
(b) Gokul Tandan	<b>24,00,000</b>	<b>23.31</b>	24,00,000	23.31
(c) Mohini Tandan	<b>6,40,083</b>	<b>6.22</b>	6,40,083	6.22

#### (3) Terms/Rights attached to equity shares:

The Company has only one class of equity shares having par value of Rupee 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend (if proposed) by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general Meeting.

## 2. Reserves and surplus

[ Item No. 1(b) ]	As at 31 March, 2014	As at 31 March, 2013
(a) Capital Reserve		
Balance as per last balance sheet	2,000,000	2,000,000
(b) General Reserve		
Balance as per last balance sheet	24,952,364	24,952,364
(c) Security Premium Reserves		
Balance as per last balance sheet		
(d) Deficit in the Statement of Profit and loss		
Balance as per last balance sheet	(201,334,872)	(170,048,393)
Add: Profit/(Loss) for the year	30,302,924	(31,286,479)
Net deficit in Statement of Profit and loss	(171,031,948)	(201,334,872)
	(144,079,585)	(174,382,508)

## 3. Borrowings

[ Item No. 2(a) ]

	As at 31 March, 2014			As at 31 March, 2013		
	Long -term-	Short term	Total	Long -term	Short -term	Total
<b>A. Secured Borrowings</b>						
(a) Term Loans						
(i) From financial institutions	645,889		645,889	228,217	-	228,217
<b>B. UnSecured Borrowings</b>						
(a) Loans from related parties						
(i) From directors	120,476,071	-	120,476,071	91,754,477	-	91,754,477
(ii) From related parties	9,178,890	-	9,178,890	9,178,890	-	9,178,890
	130,300,851	-	130,300,851	101,161,584	-	101,161,584

### Additional information:

- (1) Secured loan from Others represent vehicle loans from bank/finance companies which are secured by hypothecation of vehicles of the Company.
- (2) UnSecured loan from directors and related parties do not carry any interest, also the maturity is dependent on the funds available with the company.
- (3) Loans from Directors includes amount of Rs. 12,04,76,071/- due to Mr. Gokul Tandon, out of this total an amount of Rs. 8,00,00,000 would be converted into Equity Shares on preferential basis. Process of such Conversion of that loan into Equity Shares has already been initiated.

(4) Details on analysis of borrowings i.e. Maturity profile, Interest rate and Currency of borrowings.

Currency of Borrowings	Rate of Interest (Weighted average)	As of 31 March, 2014	within year	Maturity Profile		over five year
				between one and two year	between two and five year	
Indian Rupees	11.79%	645,889	201,758	309,147	134,984	-
Rate of Currency of Borrowings	Interest (Weighted average)	As of 31 March, 2013	within year	between one and two year	between two and five year	over five year
Indian Rupees	12.33%	228,217	156,930	71,287	-	-

**4. Other long-term liabilities**

[ Item No. 2(b) ]

	As at 31 March, 2014	As at 31 March, 2013
(a) Security deposit received^	-	433,479
	-	<u>433,479</u>

^ Security deposit received represent refundable security deposits received from subscribers on activation of connections granted thereto and are repayable on disconnection, net of outstanding, if any and security deposits received from channel partners.

**5. Trade payable**

[ Item No. 3(a) ]

	As at 31 March, 2014	As at 31 March, 2013
(a) Creditors for supplies/services	2,148,232	8,549,920
(b) Advances received from customers	-	-
	<u>2,148,232</u>	<u>8,549,920</u>

**6. Other current liabilities**

[ Item No. 3(b) ]

(a) Unpaid dividend account [refer note 34]	71,240	71,240
(b) Credit balance in staff imprest/advance	389,308	219,186
(c) Accrued salaries and benefits	1,482,525	3,640,465
(d) Revenue taxes payable	2,448,831	2,674,934
(e) Other liabilities	546,870	28,973
	<u>4,938,774</u>	<u>6,634,797</u>

**7. Short-term provisions**

[ Item No. 3(c) ]

Provisions for employee benefits		
Provision for Gratuity	844,788	418,674
Provision for Leave Encashment	206,941	206,941
	<u>1,051,729</u>	<u>625,615</u>

Additional information:

(1) Provision for gratuity and leave encashment has been valued and certified by the management.

<b>8. Tangible assets</b> [ Item No. 4(a)(i) ]	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total
<b>Gross Block</b>					
<b>As of April 1, 2012</b>	3,706,933	494,700	2,071,644	2,061,662	8,334,939
Additions	17,000		746,023	210,681	973,704
Disposals			8,000	39,300	47,300
As of March 31, 2013	3,723,933	494,700	2,809,667	2,233,043	9,261,343
Additions		745,062	1,037,938	105,200	1,888,200
Disposals/Sale	3,723,933		2,423,618	2,034,670	8,182,221
Adjustments for slump sale					
As of March 31, 2014	-	1,239,762	1,423,987	303,573	2,967,322
<b>Accumulated Depreciation</b>					
As of April 1, 2012	2,557,841	27,296	1,022,070	547,008	4,154,215
Charge for the year	235,135	47,126	288,416	354,084	924,761
Elimination on account of disposals	-	-	-	-	-
As of March 31, 2013	2,792,976	74,422	1,310,486	901,092	5,078,976
Charge for the year	177,380	64,515	225,417	86,361	553,673
Elimination on account of disposals	2,969,277	-	236,594	444,088	3,649,959
Adjustments for slump sale	1,079	-	441,307	387,058	829,444
As of March 31, 2014	-	138,937	858,002	156,307	1,153,246
<b>Net Block</b>					
As of April 1, 2012	1,149,092	467,404	1,049,574	1,514,654	4,180,724
As of March 31, 2013	930,957	420,278	1,499,181	1,331,951	4,182,367
As of March 31, 2014	-	1,100,825	565,985	147,266	1,814,076

<b>9. Intangible assets</b> [ Item No. 4(a) (ii) ]	Mobile application software	Trade Mark	Total
<b>Gross Block</b>			
<b>As of April 1, 2012</b>	-	10,500	10,500
Additions	-	-	-
Disposals			
As of March 31, 2013	-	10,500	10,500
Additions	297,810		297,810
Disposals/Sale			-
Adjustments for slump sale	297,810	10,500	308,310
As of March 31, 2014	-	-	-
As of April 1, 2012	-	1,050	1,050
Charge for the year	-	1,050	1,050
Elimination on account of disposals			-
As of March 31, 2013	-	2,100	2,100
Charge for the year		1,050	1,050
Elimination on account of disposals	-		-
Adjustments for slump sale		3,150	3,150
As of March 31, 2014	-	-	-
As of April 1, 2012	-	9,450	9,450
As of March 31, 2013	-	8,400	8,400
As of March 31, 2014	-	-	-

**Additional information:**

- (1) During the course of slump sale, assets and liabilities has been transferred to Roam1 Telecom Ltd. For more information read Note No. 24 .

**10. Intangible assets under development**

[ Item No. 4(a) (iii)]

	<b>As at 31 March, 2014</b>	As at 31 March, 2013
Vreach division		
CRM Software	2,471,334	2,471,332
Software under development	2,040,000	750,000
International Roaming Card division		
CRM Software	-	22,941,766
Phone application under Development for Roam1		
	-	297,810
	<u>4,511,334</u>	<u>26,460,908</u>

**11. Non-current Investments**

[ Item No. 4(b) ]

	<b>As at 31 March, 2014</b>	As at 31 March, 2013
Trade Investment (at cost)		
Investments in Unquoted Equity Instruments		
Subsidiary Company		
Roam1 Telecom Limited: 1,20,00,000 ( 31 March 2013: NIL)	79,200,000	-
Equity shares of Rupees 10 each fully paid-up	<u>79,200,000</u>	<u>-</u>

**Additional information:**

- (a) During the year, the company has transferred its International SIM card division on going concern basis to Roam1 Telecom Ltd. by way of slump sale, pursuant to the above Roam1 Telecom has issued 1,20,00,000 equity shares of Rs. 10/- each fully paid-up at Rs. 56/- premium

**12. Long-term Loans and Advances**

[ Item No. 4(c) ]

	<b>As at 31 March, 2014</b>	As at 31 March, 2013
Unsecured, Considered good		
Electricity, telephone and other deposits	352,500	14,920
Deposits with creditors	-	1,091,694
Loans and advances to related parties	7,150,743	154,485
Inter-corporate deposits	21,457	-
Rental deposits	-	712,750
Other loans and advances	6,349	-
	<u>7,531,049</u>	<u>1,973,849</u>



Additional information:

**(a) Disclosures as per Clause - 32 of the listing agreement:**

Loans and advances to related parties in the nature of loans:

Name of the company	Relationship	As at 31 March, 2014	Maximum balance outstanding during the year
Roam1 Telecom Limited	Subsidiary	6,996,258	7,942,300
Vreach Sololutions Private Limited	Associate	154,485	154,485
		<u>7,150,743</u>	<u>8,096,785</u>

**13. Inventories**

[ Item No. 5(a) ]

	As at 31 March, 2014	As at 31 March, 2013
Stock-in-trade [refer note (a) and (b) below]	-	804,437
	<u>-</u>	<u>804,437</u>

Additional information:

- (a) The Stock in trade represents the value of ERCV amount and the International Roaming Cards lying idle with the company.
- (b) The Management has taken and valued the Closing Stock-in-trade at the lower of cost and net realizable value as per AS-2, and represented that it has been physically verified at reasonable interval.

**14. Trade Receivables**

[ Item No. 5(b) ]

	As at 31 March, 2014	As at 31 March, 2013
Unsecured, unless otherwise stated		
Outstanding for a period exceeding six months		
Considered good	708,619	4,487,047
Considered doubtful	-	-
Less: provision for doubtful receivables	<u>85,334</u>	<u>366,347</u>
	623,286	4,120,700
Other receivables		
Considered good	<u>175,518</u>	<u>3,609,693</u>
	175,518	3,609,693
	<u>798,804</u>	<u>7,730,393</u>

**15. Cash and Bank balances**

[ Item No. 5(c) ]

	As at 31 March, 2014	As at 31 March, 2013
Cash and Cash equivalents		
(a) Balances with Banks		
In current accounts	700,590	458,047
In deposits accounts with original maturity of 3 months or less	4,000	-
(b) Cash on hand	<u>784,285</u>	<u>172,661</u>
	1,488,874	630,708

**Other Bank balances**

(a) In dividend accounts	71,240	71,240
(b) In deposits accounts with original maturity of more than 12 months	250,000	-
	<u>321,240</u>	<u>71,240</u>
	1,810,114	701,948

**16. Short-term Loans and Advances**

[ Item No. 5(d) ]

	<b>As at 31 March, 2014</b>	<b>As at 31 March, 2013</b>
Unsecured, considered good		
Interest free advances to employees	324,700	1,473,049
Prepaid expenses	-	954,145
Balances with government authorities:		
(a) as advance tax including tax deducted at source	1,335,048	1,315,255
(b) as Input service tax credit	-	344,136
Others	10,876	50,000
	<u>1,670,624</u>	<u>4,136,585</u>

**17. Revenue from Operations**

**Continuing Operations**

**Sale of Services**

Video Recording and IVR set-up services	8,489,818	3,644,834
	<u>8,489,818</u>	<u>3,644,834</u>

**18. Other Income**

	<b>For the year ended 31 March, 2014</b>	<b>For the year ended 31 March, 2013</b>
Interest income from bank deposit	12,085.00	-
Liabilities provision written back	40,000.00	-
Miscellaneous income	3,058.00	-
	<u>55,143.00</u>	<u>-</u>

**19. Employees benefit expenses**

	<b>For the year ended 31 March, 2014</b>	<b>For the year ended 31 March, 2013</b>
Salaries and Wages	12,581,889	3,938,916
Contribution to provident and other funds	10,632	10,632
Staff welfare expenses	104,099	115,114
Provision for gratuity	426,114	-
	<u>13,122,734</u>	<u>4,064,662</u>

**20. Other expenses**

	<b>For the year ended 31 March, 2014</b>	<b>For the year ended 31 March, 2013</b>
Project expenses for recording etc.	533,705	1,029,929
Power, fuel and electricity	1,000	-
Communication expenses	282,964	287,234
Rent including lease rent	629,412	708,300
Repairs and office maintenance	6,015	19,289
Rate, fees and subscription	67,500	54,520
Sales commission, discounts and rebates	31,508	5,750
Advertising, publicity and business promotion	76,851	59,162
Legal, professional and consultancy	1,008,500	216,881
Travelling and conveyance	494,067	147,182
Office supplies, printing and stationery	32,148	34,016
Payment to auditors	45,750	-
Bank charges	534	1,055
Charity and donations	-	-
Other administrative expenses	3,073,598	892,625
	<b>6,283,552</b>	<b>3,455,943</b>

**21. Finance cost**

	<b>For the year ended 31 March, 2014</b>	<b>For the year ended 31 March, 2013</b>
Interest expenses		
-On directors loans	797,822	-
-On term loans	29,549	-
-On others	349,603	1,593
	<b>1,176,974</b>	<b>1,593</b>

Additional information:

- (a) Interest expenses on others represent interest paid on delayed tax payments

**22. Depreciation and amortization**

	<b>For the year ended 31 March, 2014</b>	<b>For the year ended 31 March, 2013</b>
Depreciation on tangible assets	387,443	430,587
Amortization of intangible assets	-	-
	<b>387,443</b>	<b>430,587</b>

Additional information:

- (a) Refer note 24 on fixed assets for detail on assets transferred on slump sale

## 23. Exceptional Items

[ Item No. 4(c) ]

Pursuant to the Slump Sale agreement executed between Virtualsoft systems Limited and Roam1 Telecom Limited ( a subsidiary of Virtualsoft systems Limited) dtd. 27-September-2013 as ratified by the shareholders of Virtualsoft systems Limited on 14th September, 2013, the company has transferred its International Roaming Cards division on going concern basis to Roam1 Telecom Limited with effect from the close of business hours of 30th June, 2013. Profit on such sale has been considered as exceptional item.

International Roaming Card division

Sales consideration	80,000,000
Less: Net worth of the division	32,858,850
Profit on slump sale of division	47,141,150

## 24. Discontinued operations

Pursuant to the approval granted by the members by way of Postal Ballot on 14th Septemebr, 2013, the International Roaming Card division of the company was sold and transfered as a going concern on a Slump Sale basis to Roam1 Telecom Limited ( a new subsidiary of Virtualsoft systems Limited) with effect from the close of business hours of 30th June, 2013, for a consideration of Rupees 8.0 Crores discharged by Roam1 Telecom Limited through issue of 1,20,00,000 shares of Rupees 10/- each par value at Rupees 56/- premium plus Rupees 8.0 Lacs as cash consideration. Accordingly, the approved International Roaming Card division has been considered as a discontinued operations under Accounting Standard - 24

**The operating activities of the Company's Discontinued operations has been summarised as follows:**

(a) The revenue in respect of the ordinary activities attributable to the discontinued operation:

	For the period ended 30 June, 2013	For the year ended 31 March, 2013
Revenue		
Revenue from operations (net)	12,812,439	26,716,231
Other income	1,068,088	75,443
Total Revenue	13,880,527	26,791,674
Expenses		
Purchases of stock-in-trade	8,692,091	19,487,327
Changes in inventories of stock-in-trade	(286,492)	608,134
Employee benefit expense	4,959,114	15,991,532
Other expenses	4,703,897	17,150,393
Finance cost	57,121	37,590
Depreciation and amortisation expenses	167,280	495,226
Total Expenses	18,293,011	53,770,202
Loss/Profit from discontinued operation before tax	(4,412,484)	(26,978,528)
Tax expense of discontinued operation	-	-
Loss/Profit from discontinued operation (net of tax)	(4,412,484)	(26,978,528)

**(b) The Net Cash Flows attributable to the discontinued operation are as follows:**

	<b>For the period ended 30 June, 2014</b>	<b>For the year ended 31 March, 2013</b>
Operating Activities	(4,188,084)	(26,445,712)
Investing Activities	(20,154,303)	(7,862,488)
Financing Activities	24,393,199	34,384,358
Net Cash Inflows/(Outflows)	50,813	76,158

**(c) The Net Carrying amounts of the assets and liabilities disposed off on 30 June 2013 are as follows:**

	<b>As at 30 June, 2014</b>	<b>As at 31 March, 2013</b>
Tangible assets	2,986,668	2,420,221
Intangible assets	360,160	10,500
Intangible assets under development	24,210,492	23,239,576
Current Assets	13,794,843	8,888,884
Current Liabilities	8,493,313	12,575,650
Net worth	32,858,850	21,983,531

**25 Corporate information**

Virtualsoft Systems limited is a listed company and having the presence in USA, U.K. Singapore and India. The vision of the company is to empower business and learning communities with rich "knowledge-on-demand". Company is engaged in: Pioneering Broadband, Virtual Event & Providing Mobile Roaming Services & Solutions.

The Registered Office of the company is:- S-101, Panchsheel Park, New Delhi-110017 and Corporate Office is currently located at C-123, Okhla Phase -I, New Delhi- 110020

**26 Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**27 Summary of significant accounting policies**

**27.1 Use of estimates**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

**27.2 Inventories**

Inventories are valued at the lower of cost (on weighted average basis) and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

**27.3 Cash and cash equivalents (for purposes of Cash Flow Statement)**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances

(with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 27.4 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 27.5 Depreciation and amortization

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following :

- a.) Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalization.
- b.) Intangible assets being Trade Mark which are amortized over the estimated useful life of 10 years.
- c.) No depreciation has been charged by the management on the Completion of CRM Software.

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

#### 27.6 Revenue recognition

##### Sale of goods

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales exclude sales tax and value added tax.

##### Sale of services

"Revenues from contracts priced on a time and material basis are recognized when services are rendered and related costs are incurred."

##### Other Income

Interest income is accounted on accrual basis.

#### 27.7 Tangible fixed assets

"Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.""

#### 27.8 Intangible assets

"Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.



- 27.9 Foreign currency transactions and translations**  
**Initial recognition**  
 Transactions in foreign currencies entered into by the Company at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.
- Measurement of foreign currency monetary items at the Balance Sheet date**  
 "Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at the year-end rates."
- Treatment of exchange differences**  
 Exchange differences arising on settlement of short-term foreign currency monetary assets and liabilities are recognized as income or expense in the Statement of Profit and Loss.
- 27.10 Employee benefits**  
**Types of employee benefits**  
 Employee benefits include Provident Fund, Gratuity fund, Compensated absences.
- Defined contribution plans**  
 The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.
- 27.11 Segment reporting**  
 The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/(loss) amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance.  
 The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.
- 27.12 Earnings per share**  
 Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.
- 27.13 Taxes on income**  
 Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.  
 Deferred tax is not recognised as virtual certainty doesnot exist.  
 No provision for taxes has been made in the Current year on account of brought forward losses.
- 27.14 Reverse Charge Mechanism**  
 Services related to purchase of SIM Cards from territory outside India, are not received in India, therefore these kind of Service are not liable to be judged under Reverse Charge Mechanism of Section 66A of the Service Tax Act..
- 27.15 Provisions and contingencies**  
 A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date, if any. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

**27.16 Investments**

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

**27.17 Leases**

"Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year." "Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis."

**27.18 Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

**28. Disclosures under Accounting Standard 11 on "Effects on Change in Foreign Exchange Rates"**

(a) Foreign currency exposure not hedged by any derivative instrument or otherwise

Particulars	Currency code	As of 31 March, 2014		As of 31 March, 2013	
		In Foreign Currency	In Indian Rupees	In Foreign Rupees	In India Rupees
Receivables	SGD	-	-	9,000	393,721
	USD	-	-	10,007	544,251
Payables	SGD	-	-	26,670	1,149,219
	USD	-	-	42,403	2,306,250

(b) Outstanding forward contracts entered by the company for the purpose of hedging its foreign currency exposure

The company do not hedge its foreign currency exposure, accordingly it does not have any outstanding forward contracts

**29. Disclosures under Accounting Standard 15 on "Employees benefits"**

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 10,632 (Year ended 31 March, 2014) for Provident Fund contributions in the Statement of Profit and Loss.

Provision for gratuity is made as Management Policy and the company has not made any provision for leave encashment during the year

**30. Disclosures under Accounting Standard 19 on "Leases"**

- (a) Total of minimum future lease payments under non-cancelable operating leases for various periods are as follows

	As of 31 March, 2014	As of 31 March, 2013
Amount payable not later than one year	1,080,000	1,188,037
Amount payable later than one year but not later than five years	4,887,682	5,967,682
Amount payable later than five years	-	-

- (b) The company has entered into operating lease agreements that are renewable on a periodic basis and cancelable at company's option.
- (c) The company has not entered into sublease agreements in respect of these leases.
- (d) Total of minimum future lease payments under financial lease arrangement for certain vehicles for various periods are as follows:-

	As of 31 March, 2014	As of 31 March, 2013
Amount payable not later than one year	262,020	394,830
Amount payable later than one year but not later than five years	518,430	780,450
Amount payable later than five years	-	-

**31. Disclosures under Accounting Standard 17 on "Segment Reporting"**

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Event Management Services and International Roaming Card Services. Business Segment related to SIM Cards were operational for only 3 Months in Virtual Soft Systems Limited and thereof sold out to Roam1 Telecom Limited on slump sale basis. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. Geographical revenues are allocated based on the location of the customer. Geographically the customer of the company are based in India only.

	Business Segment		In Rupees
	Event management Services 01-Apr-2013 to 31-Mar-2014	International Roaming Card Services 01-Apr-2013 to 30-June-2013	Total
(a) Revenue	8,489,818	12,812,439	21,302,257
(b) Results	(12,425,742)	(4,412,484)	(16,838,226)
(c) Exceptional Income		47,141,150	47,141,150
(d) Profit before tax			30,302,924
(e) Net Profit for the year			30,302,924
(f) Segment Assets	97,336,001	41,352,163	138,688,164
(g) Segment Liabilities	138,439,586	8,493,313	146,932,899

	Business Segment		In Rupees
	Event management Services 01-Apr-2012 to 31-Mar-2013	International Roaming Card Services 01-Apr-2012 to 30-June-2013	Total
(a) Revenue	3,644,834	26,716,231	30,361,065
(b) Results	(4,307,951)	(26,978,528)	(31,286,479)
(c) Exceptional Income		-	-
(d) Profit before tax			(31,286,479)
(e) Net Profit for the year			(31,286,479)
(f) Segment Assets	7,636,564	15,780,301	23,416,865
(g) Segment Liabilities	67,271,817	54,013,155	121,284,972

**32. Disclosures under Accounting Standard 18 on "Related Party Transactions"**

(a) List of related parties

**(i) Key Managerial Personnel (KMP)**

Mr. Gokul Tandan  
Mr. Manpreet Singh  
Mr. Rajendra V Kulkarni  
Mr. Reet Mohinder Singh Ahluwalia

**(ii) Enterprises over which KMP / Relatives of KMP can exercise significant influence**

Multiple Zone India Private Limited  
Multiple Zones Services LLP  
M.R. Capital Private Limited  
Arms Communication Private Limited  
Visnova Solutions Private Limited  
Foundation Technologies Private Limited  
SME Business Services Private Limited  
GoTo Customer Services Private Limited  
V Reach Solutions Private Limited

**(b) Details of transactions carried out with related parties in the ordinary course of business during the period:**

Related Parties	Nature of Transaction	Ob/Liab Tfs Cr. (+ve)/ De.(-ve)	Payment	Laon Received	TDS	Closing Balance Cr. (+ve)/ De.(-ve)
(i) Subsidiary Company						
Roam1 Telecom Limited	Running Account	29,034	39,159,488	37,764,144	-	(1,366,310)
	CRM Development Charges	-	7,584,300	-	758,430	(8,342,730)
(ii) Key Managerial Personnel (KMP)						
Mr. Rajendra V Kulkarni	Loan & Advances	150,000	-	-	-	150,000
	Imprest	-	92,027	92,027	-	-
Mr. Gokul Tandan	Unsecured Loan	(91,754,477)	605,000	28,126,594	-	(119,276,071)
	Interest on Unsecured Loan		182,559	797,822	797,82	535,481
	Imprest	(35,400)	134,465	99,065	-	-
(iii) Enterprises over which KMP / Relatives of KMP can exercise significant influence						
Visnova Solution Private Ltd.	Legal & Professional	(201,321)	201,321	-	-	-
M.R. Capital (P) Ltd.	CRM Development	(164,017)	315,703	168,540	16,854	-
Foundation Technologies P Ltd.	Unsecured Loan	(6,190,488)	-	-	-	(6,190,488)
SME Business Services Ltd.	Project Expenses	(65,236)	-	-	-	(65,236)
GOTO Customer Services Pvt. Ltd.	Unsecured Loan	(838,402)	-	-	-	(838,402)
Vreach Solution (P) Ltd.	Loan & Advances	154,485	-	-	-	154,485

**33. Disclosures under Accounting Standard 20 on "Earning per share"**

	As of 31 March, 2014	As of 31 March, 2013
For Basic/Diluted EPS		
(a) Calculation of Weighted average number of equity shares		
Number of shares at the begning of the year	10,297,600	7,547,600
Equity Shares issued during the year	-	2,750,000
Total number of equity shares outstanding at the end of the year	10,297,600	10,297,600
Equity Shares of Rs. 10/- outstanding for 248 days		2,750,000
Equity Shares of Rs. 10/- outstanding for 365 days	10,297,600	7,547,600
Weighted average number of equity shares outstanding during the year	10,297,600	9,416,093
(b) Net profit after tax available for equity shareholders	30,302,924	(31,286,479)
Earning per share		
For Continuing Operations	3.37	(0.46)
For Total Operations	2.94	(3.32)

**34. Other disclosures as per Companies Act, 1956**

Pursuant to section 205C of the Companies Act 1956, dividends that are unpaid / unclaimed for a period of seven years or more from the date they become due for payment are required to be transferred to the Investors Education and Protection Fund (IEPF) administered by the central government. The following unpaid / unclaimed dividends have not been transferred to IEPF A/C.

Year	As of 31 March, 2014	As of 31 March, 2013
1997-98	43,850	43,850
1996-97	27,390	27,390
	71,240	71,240

**35. Other disclosures as per Revised Schedule VI of the Companies Act, 1956**

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>(a) Expenditure in Foreign Currency (on accrual basis)</b>		
Services purchase	8,424,641	18,853,983
<b>(b) Earnings in Foreign Exchange (on accrual basis)</b>		
Income from foreign transactions	810,084	1,982,400

**36. Reconciliation and confirmations**

Balances of Debtors and Creditors and Loans and Advances to/from parties, Security Deposits are subject to reconciliations and confirmations.

**37. Provision for tax**

In view of the carried forward losses, no provision for current tax have been made during the year. Provision for Deferred tax has also not been recognized in the Balance Sheet in view of the fact that there exists no virtual certainty supported by convincing evidence that there will be available sufficient future profits against which such deferred tax asset can be adjusted.

**38. Service tax on Reverse Charge Mechanism**

As per Section 66A of the Finance Act, 1994, provides that service tax be charged on the basis of Reverse Charge Mechanism in respect of telecommunication services from territory outside India. However, the management is of the opinion that no Service Tax is applicable in respect of such purchases. Considering the above the Service Tax liability amounts to Rs. 10,74,342/-. However the company has not made any such provision.

**39. Intangible assets under development**

The company is developing a software called Live Webcast Suite for providing telecom services. The expenses of Rs. 12,90,000/- incurred during the year has been capitalized. The management is of the opinion that since the process is still going on & hence no amortization is required during this year.

**40. Previous year's figures**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**41. Prior period items**

There is no material prior period items included in the statement of profit & loss required to be disclosed as per AS-5, notified by the Companies (Accounting Standard) rules, 2006.

**42. Others disclosures**

- (a) There are no Contingent liabilities as on the date of balancesheet.
- (b) As at year end, there was no amount due to any small scale industrial undertaking.
- (c) The company has not received any Government Grants during the year.
- (d) Figures are rounded off to nearest rupee.

In terms of our report of even date attached.

for **Nath Ahuja & Company**

Chartered Accountants

ICAI Firm Registration Number : 001083N

**N N Ahuja**

Proprietor

Membership number : 080178

**Rajendra V. Kulkarni**

Whole Time Director

**Gokul Tandon**

Managing Director

**Atul Kumar**

Company Secretary

New Delhi

30th May, 2014

**For and on behalf of the Board of Directors of VSL**

## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors of VirtualSoft Systems Limited

We have audited the accompanying consolidated financial statements of VirtualSoft Systems Limited ('the Company') and its subsidiaries, which comprise the consolidated balance sheet as at 31 March 2014, the consolidated statement of Profit and Loss and Consolidated Cash Flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Basis for Qualified Opinion

As discussed in Note No. 38 under "Other Explanatory Notes", relating to the application on Reverse Charge Mechanism of Section 66A of the Finance Act, 1994, the liability of Service Tax has been understated to the extent of Rs. 10,74,342/- on telecommunication services which Rs. 10,74,342/- is available for credit on Input Basis.

Also, As per Section 180(1) of the Companies Act, 2013 which

states that, "The Board of Directors of a company shall exercise the following powers only with the consent of the company by a special resolution, namely to borrow money, where the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business." The Company's records indicate that the Company has violated the above mentioned provisions.

As discussed in our audit report for Roam1 Telecom Limited, the subsidiary of VirtualSoft Systems Limited, Note No. 34 under "Explanatory Notes to Financial Statements", relating to the application on Reverse Charge Mechanism of Section 66A of the Finance Act, 1994, the liability of Service Tax has been understated to the extent of Rs. 31,61,750/- on telecommunication services which Rs. 31,61,750/- is available for credit on Input Basis.

As discussed in our audit report for Roam1 Telecom Limited, the subsidiary of VirtualSoft Systems Limited, Note No. 23.5 under "Summary of Significant Accounting Policies" no depreciation has been charged by the management on Completion of CRM Software. As per Accounting Standard 26 - Intangible Assets amount of Rs. 8,04,91,530/- should be capitalized during the year and accordingly depreciation be charged.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the consolidated balance sheet, of the state of affairs of the Company as at 31st March, 2014;
- (ii) in the case of the consolidated statement of profit and loss account, of the profit for the year ended on that date; and
- (iii) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

We draw attention to our audit report for Roam1 Telecom Limited, Note No. 25 under "Disclosures under Accounting Standards 15 on Employees Benefits". As stated in the Note, the Company has not registered itself under the provisions of Provident Fund Act and Employee State Insurance Act. Also the company has not made the provisions for expected liability towards gratuity and leave encashment for the year.

As discussed in the audit report for Roam1 Telecom Limited, we did not observe the counting of the physical inventories as of 31st March, 2014. Owing to the nature of the Company's records, we were unable to satisfy ourselves as to inventory quantities by other audit procedures.

### For Nath Ahuja & Co.

Chartered Accountants

Firm's registration number: 001083N

New Delhi  
30th May, 2014

Narinder Nath Ahuja  
Proprietor  
Membership No. 80178



**Consolidated Balance Sheet as at 31 March, 2014**

Particulars		Note No.	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>A</b>	<b>EQUITY AND LIABILITIES</b>			
1	<b>Shareholders' funds</b>			
	(a) Share capital	4	102,976,000	102,976,000
	(b) Reserves and surplus	5	(100,960,442)	(174,382,508)
			2,015,558	(71,406,508)
2	Minority Interest		13,519,417	-
3	Non-current liabilities			
	(a) Long-term borrowings	6	146,775,851	101,161,584
	(b) Other long-term liabilities	7	458,376	433,479
			147,234,227	101,595,063
4	Current liabilities			
	(a) Trade payables	8	12,863,683	8,549,920
	(b) Other current liabilities	9	13,329,129	6,634,797
	(c) Short-term provisions	10	1,051,729	625,615
	(d) Short-term borrowings	6	460,000	-
			27,704,541	15,810,333
	<b>TOTAL</b>		<b>190,473,743</b>	<b>45,998,887</b>
<b>B</b>	<b>ASSETS</b>			
1	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	11	6,973,244	4,182,367
	(ii) Intangible assets	12	67,467,363	8,400
	(iii) Intangible assets under development	13	85,032,864	26,460,908
	(b) Long-term loans and advances	14	3,100,079	1,973,849
			162,573,550	32,625,524
2	<b>Current assets</b>			
	(a) Inventories	15	1,978,699	804,437
	(b) Trade receivables	16	18,757,492	7,730,393
	(c) Cash and cash equivalents	17	2,578,038	701,948
	(d) Short-term loans and advances	18	4,585,964	4,136,585
			27,900,193	13,373,363
	<b>TOTAL</b>		<b>190,473,743</b>	<b>45,998,887</b>
	Summary of Significant Accounting Policies	3		
	Notes forming part of the financial statement	1 - 43		

In terms of our report of even date attached.

for **Nath Ahuja & Company**

VSL Chartered Accountants

ICAI Firm Registration Number : 001083N

**N N Ahuja**

Proprietor

Membership number : 080178

New Delhi

30th May, 2014

**Rajendra V. Kulkarni**

Whole Time Director

For and on behalf of the Board of Directors of

**Gokul Tandon**

Managing Director

**Atul Kumar**

Company Secretary

**Consolidated Statement of Profit and Loss for the year ended 31 March, 2014**

Particulars	Note No.	As at 31 March, 2014	As at 31 March, 2013
<b>A CONTINUING OPERATIONS</b>			
Income			
Revenue from operations (net)	19	48,831,073	3,644,834
Other income		55,143	-
Total Revenue		48,886,216	3,644,834
Expenses			
Purchases of stock-in-trade		26,671,434	
Changes in inventories of stock-in-trade	21	(1,978,699)	
Employee benefit expense	22	27,247,316	4,064,662
Other operating expenses	23	20,076,573	3,455,943
Finance cost	24	1,689,934	1,593
Depreciation and amortisation expenses	25	906,472	430,587
Total Expenses		74,613,029	7,952,785
Profit / (Loss) before exceptional items and tax		(25,726,813)	(4,307,951)
Add: Exceptional items	26	47,141,150	
Profit / (Loss) before tax		21,414,336	(4,307,951)
Tax expense:			
Less: Current tax		-	-
Less: Deferred tax		-	-
Total tax expense		-	-
Loss after tax from continuing operations	I	21,414,336	(4,307,951)
<b>B DISCONTINUED OPERATIONS</b>	27		
Profit / (Loss) from discontinued operations (before tax)		(4,412,484)	(26,978,528)
Tax expense of discontinued operations		-	-
Profit after tax from discontinued operations	II	(4,412,484)	(26,978,528)
<b>C TOTAL OPERATIONS</b>			
Profit / (Loss) for the year from total operations	I+ II	17,001,852	(31,286,479)
Earnings per equity share (nominal value of share Rs. 10)			
Basic and diluted earnings per share			
~Continuing operations	34	2.08	(0.46)
~Total operations	34	1.65	(3.32)
Summary of Significant Accounting Policies	3		
Notes forming part of the financial statement	1 - 43		

In terms of our report of even date attached.

for **Nath Ahuja & Company**

Chartered Accountants

ICAI Firm Registration Number : 001083N

**N N Ahuja**

Proprietor

Membership number : 080178

**Rajendra V. Kulkarni**

Whole Time Director

For and on behalf of the Board of Directors of VSL

**Gokul Tandon**

Managing Director

**Atul Kumar**

Company Secretary

New Delhi

30th May, 2014

**Consolidated Cash Flow Statement for the year ended 31 March, 2014**

	Particulars	Note No.	31 March, 2014	31 March, 2013
A	Cash flow from operating activities			
	Profit / (Loss) before tax from			
	~Continuing operations		21,414,336	(4,307,951)
	~Discontinued operations		(4,412,484)	(26,978,528)
	Profit / (Loss) before tax from operations		17,001,852	(31,286,479)
	Adjustments for:			
	Depreciation and amortisation on continuing operations		906,472	430,587
	Preliminary expenses written off		5,807	-
	Depreciation and amortisation on discontinued operations		167,280	495,226
	Net (gain) / loss on slump sale of International SIM division		(47,141,150)	
	Interest income		12,085	-
	Finance costs		1,747,055	39,183
	Profit / (Loss) before working capital changes		(27,300,599)	(30,321,483)
	Movement in working capital :			
	(Increase) / decrease in inventories		(1,174,262)	608,134
	(Increase) / decrease in trade receivables		(11,027,099)	(2,348,724)
	(Increase) / decrease in other receivables, loans and advances		(8,517,581)	(521,757)
	(Decrease) / increase in trade payables, other current and long term liabilities		18,000,777	6,094,373
	(Decrease) / increase in provisions		426,114	65,769
	Cash generated from operations		(29,592,650)	(26,423,687)
	Taxes paid, net		36,866	-
	Net cash flow (used in) / from operating activities (A)		(29,629,515)	(26,423,687)
B	Cash flow from investing activities			
	Capital expenditure on fixed assets		(16,634,375)	(9,107,714)
	Investment in Roam1 Telecom Ltd.		(79,200,000)	499,940
	Proceeds from sale of International SIM Card Division		80,000,000	-
	Interest received		12,085	-
	Net cash flow (used in) / from investing activities (B)		(15,822,290)	(8,607,774)
C	Cash flow from financing activities			
	Receipt from borrowings		45,849,267	10,689,748
	Issue of equity shares		2,298,750	23,850,000
	Finance Cost		(1,747,055)	(39,183)
	Net cash flow (used in) / from financing activities (C)		46,400,962	34,500,565
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)		949,157	(530,896)
	Add: Balance of Cash and cash equivalents as at the beginning of the year		1,307,642	1,161,604
	Cash and cash equivalents as at the end of the year [Refer note (a) below]		2,256,799	630,708
a)	Components of cash and cash equivalents			
	Balances with bank in current accounts		596,472	458,047
	Cash on hand		1,660,326	172,661
			2,256,799	630,708

Notes:

- 1 Figures in bracket indicate cash outflow
  - 2 The above cash flow statement has been prepared under the indirect method setout in AS-3 'Cash Flow Statement' notified under the Companies (Accounting Standard) Rules, 2006 (as amended).
  - 3 Previous year figures have been regrouped and recast wherever necessary to conform to the current year classification.
- 

In terms of our report of even date attached.

for **Nath Ahuja & Company**

Chartered Accountants

ICAI Firm Registration Number : 001083N

**For and on behalf of the Board of Directors of VSL**

**N N Ahuja**

Proprietor

Membership number : 080178

**Rajendra V. Kulkarni**

Whole Time Director

**Gokul Tandon**

Managing Director

**Atul Kumar**

Company Secretary

New Delhi

30th May, 2014

## Notes to the financial statements for the year ended 31 March, 2014

### 1 Corporate information

Virtualsoft Systems limited is a listed company and having the presence in USA, U.K. Singapore and India. The vision of the company is to empower business and learning communities with rich “knowledge-on-demand”. Company is engaged in: Pioneering Broadband, Virtual Event & Providing Mobile Roaming Services & Solutions.

The Registered Office of the company is:- S-101, Panchsheel Park, New Delhi-110017 and Corporate Office is currently located at C-123, Okhla Phase -I, New Delhi- 110020

Roam1 Telecom Limited is a subsidiary of Virtualsoft Systems Limited (a BSE listed company). The company is providing International Roaming Card Services & Solutions.

The Registered Office of the company is:- S-101, Panchsheel Park, New Delhi-110017 and Corporate Office is currently located at C-123, Okhla Phase -I, New Delhi- 110020

### 2 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### 3 Summary of significant accounting policies

#### 3.1 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

#### 3.2 Inventories

Inventories are valued at the lower of cost (on weighted average basis) and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

#### 3.3 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### 3.4 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 3.5 Depreciation and amortization

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following :

- a.) Assets costing less than Rs. 5,000 each are fully depreciated in the year of capitalization.
- b.) Intangible assets being Trade Mark which are amortized over the estimated useful life of 10 years.
- c.) Intangible assets being Software Development on Roam1 Phone which are amortized over the estimated useful life of 5 years.
- d.) No depreciation has been charged by the management on the Completion of CRM Software.

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

### **3.6 Revenue recognition**

#### **Sale of goods**

Sales are recognized, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales exclude sales tax and value added tax.

#### **Sale of services**

"Revenues from contracts priced on a time and material basis are recognized when services are rendered and related costs are incurred. ""

#### **Other Income**

Interest income is accounted on accrual basis.

### **3.7 Unbilled Revenue**

Unbilled revenue represent revenue recognized in respect of services provided from the last bill cycle date to the end of the reporting period. These are billed in subsequent periods as per the terms of the billing plans/ contractual arrangements.

### **3.8 Tangible fixed assets**

"Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalized and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.""

### **3.9 Intangible assets**

"Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset. ""

### **3.10 Foreign currency transactions and translations**

#### Initial recognition

Transactions in foreign currencies entered into by the Company at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

#### Measurement of foreign currency monetary items at the Balance Sheet date

"Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at the year-end rates.""

#### Treatment of exchange differences

Exchange differences arising on settlement of short-term foreign currency monetary assets and liabilities are recognized as income or expense in the Statement of Profit and Loss.

### **3.11 Employee benefits**

#### Types of employee benefits

Employee benefits include Provident Fund, Gratuity fund, Compensated absences.

#### Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

#### Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

#### Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. Long Service Awards are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

### **3.12 Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/(loss) amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

### **3.13 Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.



### 3.14 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is not recognised as virtual certainty doesnot exist.

No provision for taxes has been made in the Current year on account of brought forward losses.

### 3.15 Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date, if any. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

### 3.16 Leases

"Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year." "Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis."

### 3.17 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

## 4. Share capital

[ Item No. 1(a) ]	As at 31 March, 2014	As at 31 March, 2013
<b>Authorized:</b>		
1,50,00,000 Equity Shares of Rupees 10 each (31 March 2013: 1,50,00,000 Ordinary Shares of Rupees 10 each)	150,000,000	150,000,000
	150,000,000	150,000,000
<b>Issued</b>		
1,02,97,600 Equity Shares of Rupees 10 each (31 March 2013: 1,02,97,600 Ordinary Shares of Rupees 10 each)	102,976,000	102,976,000
Subscribed and paid-up:		
1,02,97,600 Equity Shares of Rupees 10 each (31 March 2013: 1,02,97,600 Ordinary Shares of Rupees 10 each)	102,976,000	102,976,000
	102,976,000	102,976,000

Additional information:

**(1) The movement in subscribed and paid-up share capital is set out below:**

Equity Shares of Rupees 10 each	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	<b>1,02,97,600</b>	<b>102,976,000</b>	1,02,97,600	75,476,000
Shares allotted during the year	-	-	27,50,000	27,500,000
	<b>1,02,97,600</b>	<b>102,976,000</b>	1,02,97,600	102,976,000

- (a) 27,50,000 Equity Shares of face value of Rupees 10 per share were allotted on 27th July, 2012 to Promoter Group on preferential basis.

**(2) Shareholder holding more than 5% shares in the company:**

	As of 31 March 2014		As of 31 March 2013	
Name of shareholders	No. of Shares	%	No. of Shares	%
(a) Virtual Software and Training Private Limited	<b>45,00,000</b>	<b>43.7</b>	45,00,000	43.7
(b) Gokul Tandan	<b>24,00,000</b>	<b>23.71</b>	24,00,000	23.71
(c) Mohini Tandan	<b>6,40,083</b>	<b>6.22</b>	6,40,083	6.22

**(3) Terms/Rights attached to equity shares:**

The Company has only one class of equity shares having par value of Rupee 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend (if proposed) by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general Meeting.

**5. Reserves and surplus**

[ Item No. 1(b) ]	As at 31 March, 2014	As at 31 March, 2013
(a) Capital Reserve Balance as per last balance sheet	2,000,000	2,000,000
(b) General Reserve Balance as per last balance sheet	24,952,364	24,952,364
(c) Security Premium Reserves Balance as per last balance sheet	53,760,000	
(d) Deficit in the Statement of Profit and loss Balance as per last balance sheet	(201,334,872)	(170,048,393)
Add: Loss for the year	19,662,066	(31,286,479)
Net deficit in Statement of Profit and loss	(181,672,806)	(201,334,872)
	(100,960,442)	(174,382,508)

## 6. Borrowings

[ Item No. 3(a) and 4(a) ]

	As at 31 March, 2014			As at 31 March, 2013		
	Long-term	Short-term	Total	Long-term	Short-term	Total
<b>A. Secured Borrowings</b>						
(a) Term Loans						
(i) From financial institutions	645,889		645,889	228,217		228,217
<b>B. UnSecured Borrowings</b>						
(a) Loans from related parties						
i) From directors	136,951,071	60,000	137,011,071	91,754,477	-	91,754,477
(ii) From related parties	9,178,890	400,000	9,578,890	9,178,890	-	9,178,890
	146,775,851	460,000	147,235,851	101,161,584	-	101,161,584

### Additional information:

- (1) Secured loan from Others represent vehicle loans from bank/finance companies which are secured by hypothecation of vehicles of the Company.
- (2) UnSecured loan from directors do not have any maturity specified, and no rate of interest specified.
- (3) Loans from Directors includes amount of Rs. 12,04,76,071/-due to Gokul Tandon ( Director) out of this total, an amount of Rs-8,00,00,000 would be converted into Equity Shares on preferential basis. Process of such Conversion of loan (given by Gokul Tandon) into Equity Shares has already commenced.
- (3) Details on analysis of borrowings i.e. Maturity profile, Interest rate and Currency of borrowings.

Currency of Borrowings	Rate of Interest (Weighted average)	As of 31 March, 2014	within year	Maturity Profile		
				between one and two year	between two and five year	over five year
Indian Rupees	11.79%	645,889	201,758	309,147	134,984	-
Indian Rupees	NIL	16,935,000	460,000	-	-	16,475,000

  

Rate of Currency of Borrowings	Interest (Weighted average)	As of 31 March, 2013	within year	Maturity Profile		
				between one and two year	between two and five year	over five year
Indian Rupees	12.33%	228,217	156,930	71,287	-	-
Indian Rupees	NIL	225,000	-	-	-	225,000

## 7. Other long-term liabilities

[ Item No. 3(c) ]

	As at 31 March, 2014	As at 31 March, 2013
(a) Security deposit received^	458,376	433,479
	458,376	433,479

^ Security deposit received represent refundable security deposits received from subscribers on activation of connections granted thereto and are repayable on disconnection, net of outstanding, if any and security deposits received from channel partners.

**8. Trade payable**

	As at 31 March, 2014	As at 31 March, 2013
[ Item No. 4(b) ]		
(a) Creditors for supplies/services	10,521,904	8,549,920
(b) Advances Received from Customers	2,341,779	-
	<b>12,863,683</b>	<b>8,549,920</b>

**9. Other current liabilities**

[ Item No. 4(c) ]		
(a) Unpaid dividend account (Refer Note No. 34)	71,240	71,240
(b) Credit balance in staff imprest/advance	755,553	219,186
(c) Accrued salaries and benefits	3,385,002	3,640,465
(d) Revenue taxes payable	8,155,541	2,674,934
(e) Other liabilities	961,793	28,973
	<b>13,329,129</b>	<b>6,634,797</b>

**10. Short-term provisions**

[ Item No. 4(d) ]		
Provisions for employee benefits		
Provision for Gratuity	844,788	418,674
Provision for Leave Encashment	206,941	206,941
	<b>1,051,729</b>	<b>625,615</b>

**Additional information:**

- (1) Provision for gratuity has been valued and certified by the management.  
(2) Provision for leave encashment has been valued and certified by the management.

**11. Tangible assets**

[ Item No. 3(a) and 4(a) ]	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total
<b>Gross Block</b>					
<b>As of April 1, 2012</b>	3,706,933	494,700	2,071,644	2,061,662	8,334,939
Additions	17,000	-	746,023	210,681	973,704
Disposals	-	-	8,000	39,300	47,300
As of March 31, 2013	3,723,933	494,700	2,809,667	2,233,043	9,261,343
Additions	-	745,062	1,037,938	105,200	1,888,200
Additions on account of Slump Sale	130,132	-	3,607,616	1,877,652	5,615,400
Disposals/Sale	3,723,933	-	2,423,618	2,034,670	8,182,221
Adjustments for slump sale					
<b>As of March 31, 2014</b>	<b>130,132</b>	<b>1,239,762</b>	<b>5,031,603</b>	<b>2,181,225</b>	<b>8,582,722</b>
<b>Accumulated Depreciation</b>					
As of April 1, 2012	2,557,841	27,296	1,022,070	547,008	4,154,215
Charge for the year	235,135	47,126	288,416	354,084	924,761
Elimination on account of disposals	-	-	-	-	-
As of March 31, 2013	2,792,976	74,422	1,310,486	901,092	5,078,976
Charge for the year	182,885	64,515	496,996	265,509	1,009,905
Elimination on account of disposals	2,969,277	-	236,594	444,088	3,649,959
Adjustments for slump sale	1,079	-	441,307	387,058	829,444
As of March 31, 2014	5,505	138,937	1,129,581	335,455	1,609,478
<b>Net Block</b>					
As of April 1, 2012	1,149,092	467,404	1,049,574	1,514,654	4,180,724
As of March 31, 2013	930,957	420,278	1,499,181	1,331,951	4,182,367
As of March 31, 2014	124,627	1,100,825	3,902,022	1,845,770	6,973,244

**12. Intangible assets**

[ Item No. 3(a) and 4(a) ]

**Gross Block**

**As of April 1, 2012**

	Goodwill	Mobile application software	CRM Software	Trade Mark	Total
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As of March 31, 2013	-	-	-	10,500	10,500

Additions	67,200,000	297,810	-	-	67,497,810
Addition on account of Slump Sale	-	297,810	-	32,350	330,160
Disposals/Sale	-	-	-	-	-
Adjustments for slump sale	-	297,810	-	10,500	308,310

<b>As of March 31, 2014</b>	<b>67,200,000</b>	<b>297,810</b>	<b>-</b>	<b>32,350</b>	<b>67,530,160</b>
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As of April 1, 2012	-	-	-	1,050	1,050
Charge for the year	-	-	-	1,050	1,050
Elimination on account of disposals	-	-	-	-	-
As of March 31, 2013	-	-	-	2,100	2,100
Charge for the year	-	59,562	-	4,285	63,847
Elimination on account of disposals	-	-	-	-	-
Adjustments for slump sale	-	-	-	3,150	3,150

<b>As of March 31, 2014</b>	<b>-</b>	<b>59,562</b>	<b>-</b>	<b>3,235</b>	<b>62,797</b>
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As of April 1, 2012	-	-	-	9,450	9,450
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As of March 31, 2013	-	-	-	8,400	8,400
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<b>As of March 31, 2014</b>	<b>67,200,000</b>	<b>238,248</b>	<b>-</b>	<b>29,115</b>	<b>67,467,363</b>
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**Additional information:**

- (1) Tangible Assets amounting to Rs. 2986668/- were purchased in course of Slump Sale by Roam 1 Telecom Limited.
- (2) Intangible Assets amounting to Rs. 3,30,160/- were purchased in course of Slump Sale by Roam1 Telecom Limited.
- (3) Capital Work in Progress amounted to Rs. 7,38,14,177/- was purchased in course of Slump Sale by Roam1 Telecom Limited.
- (4) Goodwill have arisen on account of Consolidation.

**13. Intangible assets under development**

[ Item No. 3(a) and 4(a) ]

	As at 31 March, 2014	As at 31 March, 2013
CRM Software	82,962,864	2,471,332
Software under development	2,040,000	750,000
CRM	-	22,941,766
Software Development for Roam1 Phone	-	297,810
Website	30,000	-
	<b>85,032,864</b>	<b>26,460,908</b>

**14. Long-term Loans and Advances**

[ Item No. 4(c) ]

Unsecured, Considered good  
Electricity, telephone and other deposits  
Deposits with creditors  
Loans and advances to related parties  
Inter-corporate deposits  
Rental deposits  
Other loans and advances  
Preliminary Expenses written off

<b>As at 31 March, 2014</b>	<b>As at 31 March, 2013</b>
367,420	14,920
1,397,305	1,091,694
154,485	154,485
21,457	-
1,141,450	712,750
6,349	-
11,613	-
<b>3,100,079</b>	<b>1,973,849</b>

Additional information:

**(a) Disclosures as per Clause - 32 of the listing agreement:**

Loans and advances to related parties in the nature of loans:

Name of the company	Relationship	<b>As at 31 March, 2014</b>	Maximum balance outstanding during the year
Vreach Soloutions Private Limited	Associate	<b>154,485</b>	154,485

**15. Inventories**

[ Item No. 4(b) ]

Valued at cost or net relizable value  
Stock-in-trade

<b>As at 31 March, 2014</b>	<b>As at 31 March, 2013</b>
1,978,699	804,437
<b>1,978,699</b>	<b>804,437</b>

Additional information:

- (a) The Stock in trade represents the value of ERCV amount and the International SIM Cards lying with the company.  
(b) The Inventory has been taken, valued, cerified and physically verified by the management.

**16. Trade Receivables**

[ Item No. 4(c) ]

Unsecured, unless otherwise stated  
Outstanding for a period exceeding six months  
Considered good  
Considered doubtful  
Less: provision for doubtful receivables

<b>As at 31 March, 2014</b>	<b>As at 31 March, 2013</b>
4,808,110	4,487,047
-	-
85,334	366,347
<b>4,722,777</b>	<b>4,120,700</b>
Other receivables	
Considered good	3,609,693
Considered doubtful	-
Less: provision for doubtful receivables	-
<b>14,034,715</b>	<b>3,609,693</b>
<b>18,757,492</b>	<b>7,730,393</b>

**17. Cash and Bank balances**

[ Item No. 4(d) ]

Cash and Cash equivalents

(a) Balances with Banks

In current accounts

In deposits accounts with original maturity of 3 months or less

(b) Cheques on hand

(c) Cash on hand

	As at 31 March, 2014	As at 31 March, 2013
	592,472	458,047
	4,000	-
	1,660,326	172,661
	2,256,798	630,708

**Other Bank balances**

(a) In deposits accounts with original maturity of more than 3 months but less than 12 months

(b) In deposits accounts with original maturity of more than 12 months

(c) Margin Money deposits

(d) Unclaimed Dividend Account

Less: Amount disclosed under non-current assets

	250,000	-
	-	-
	71,240	71,240
	321,240	71,240
	-	-
	2,578,038	701,948

**18. Short-term Loans and Advances**

[ Item No. 4(b) ]

Unsecured, considered good

Interest free loans and advances to employees

Prepaid expenses

Balances with government authorities:

as advance tax including tax deducted at source

as Input service tax credit

Others

	As at 31 March, 2014	As at 31 March, 2013
	2,326,867	1,473,049
	-	954,145
	1,371,914	1,315,255
	876,308	344,136
	10,876	50,000
	4,585,964	4,136,585

Additional information:

(a) Interest free advances to employees includes Rupees. 15,25,000/- due from directors

**19. Revenue from Operations**

[ Item No. 4(c) ]

**Continuing Operations**

**Sale of Services**

Video Recording and IVR set-up services

Voice Revenue [refer note (a) below]

Others [refer note (b) below]

	For the year ended 31 March, 2014	For the year ended 31 March, 2013
	8,489,818	3,644,834
	37,932,799	-
	2,408,456	-
	48,831,073	3,644,834

Additional information:

(a) Voice Revenue is from International Roaming Cards and includes unbilled revenue of Rupees. 9,16,216/-

(b) Others include revenue share from the vendors under long-term partnership contract.

<b>20. Other Income</b> [ Item No. 4(c) ]	<b>For the year ended 31 March, 2014</b>	<b>For the year ended 31 March, 2013</b>
Interest income from bank deposit	12,085	
Liabilities provision written back	40,000	
Miscellaneous income	3,058	
	<u>55,143</u>	<u>-</u>
<b>21. Changes in inventories of stock-in-trade</b> [ Item No. 4(c) ]	<b>For the year ended 31 March, 2014</b>	<b>For the year ended 31 March, 2013</b>
ERCV and SIM Cards		
Opening Stock-in-trade	-	-
Closing Stock-in-trade	1,978,699	-
	<u>(1,978,699)</u>	<u>-</u>
<b>22. Employees benefit expenses</b> [ Item No. 4(b) ]	<b>For the year ended 31 March, 2014</b>	<b>For the year ended 31 March, 2013</b>
Salaries and Wages	26,127,231	3,938,916
Contribution to provident and other funds	10,632	10,632
Staff welfare expenses	383,339	115,114
Provision for gratuity	426,114	-
Directors Remuneration	300,000	-
	<u>27,247,316</u>	<u>4,064,662</u>

Additional information:

- (a) Roam1 Telecom Limited is not registered with labour department under PF, ESI and Shops and Establishments Act.
- (b) Roam1 Telecom Limited has also not deducted any amount from employees for the PF and ESI. Also, the company has not made any provision for the possible liability of PF, ESI, Gratuity, Leave encashment and bonus.

<b>23. Other expenses</b> [ Item No. 4(c) ]	<b>For the year ended 31 March, 2014</b>	<b>For the year ended 31 March, 2013</b>
Custom duty and freight	338,970	
Project expenses for recording etc.	533,705	1,029,929
Power, fuel and electricity	538,284	-
Communication expenses	1,461,663	287,234
Rent including lease rent	2,702,142	708,300
Repairs and office maintenance	649,968	19,289
Rate, fees and subscription	292,531	54,520
Loss on account of foreign exchange	460,097	-
Sales commission, discounts and rebates	1,783,091	5,750
Advertising, publicity and business promotion	823,725	59,162
Meetings, conference and events	436,200	
Legal, professional and consultancy	2,720,699	216,881
Travelling and conveyance	3,001,061	147,182
Provision for doubtful debts	-	-



Office supplies, printing and stationery	326,385	34,016
Payment to auditors	203,250	-
Bank charges	214,833	1,055
Charity and donations	10,000	-
Preliminary expenses written off	5,807	-
Other administrative expenses	3,574,163	892,625
	<u>20,076,573</u>	<u>3,455,943</u>

**24. Finance cost**

[ Item No. 4(c) ]

Interest expenses

	<b>For the year ended 31 March, 2014</b>	<b>For the year ended 31 March, 2013</b>
-On directors loans	1,295,929	-
-On term loans	29,549	-
-On others	364,456	1,593
Other borrowing cost	<u>1,689,934</u>	<u>1,593</u>

Additional information:

- (a) Interest expenses on others represent interest paid on delayed tax payments

**25. Depreciation and amortization**

[ Item No. 4(c) ]

	<b>For the year ended 31 March, 2014</b>	<b>For the year ended 31 March, 2013</b>
Depreciation on tangible assets	843,675	430,587
Amortization of intangible assets	62,797	-
	<u>906,472</u>	<u>430,587</u>

Additional information:

- (a) Refer note 27 on fixed assets for detail on assets transferred on slump sale

**26. Exceptional Items**

[ Item No. 4(c) ]

Pursuant to the Slump Sale agreement executed between Virtualsoft systems Limited and Roam1 Telecom Limited ( a subsidiary of Virtualsoft systems Limited) dtd. 27-September-2013 as ratified by the shareholders of Virtualsoft systems Limited on 14th September, 2013, the company has transferred its International Roaming Cards division on going concern basis to Roam1 Telecom Limited with effect from the close of business hours of 30th June, 2013. Profit on such sale has been considered as exceptional item.

International Roaming Card division

Sales consideration	80,000,000
Less: Net worth of the division	<u>32,858,850</u>
<b>Profit on slump sale of division</b>	<b><u>47,141,150</u></b>

**27. Discontinued operations**

Pursuant to the approval granted by the members by way of Postal Ballot on 14th Septemebr, 2013, the

International Roaming Card division of the company was sold and transferred as a going concern on a Slump Sale basis to Roam1 Telecom Limited ( a new subsidiary of Virtualsoft systems Limited) with effect from the close of business hours of 30th June, 2013, for a consideration of Rupees 8.0 Crores discharged by Roam1 Telecom Limited through issue of 1,20,00,000 shares of Rupees 10/- each par value at Rupees 56/- premium plus Rupees 8.0 Lacs as cash consideration. Accordingly, the approved International Roaming Card division has been considered as a discontinued operations under Accounting Standard - 24

**The operating activities of the Company's Discontinued operations has been summarised as follows:**

- (a) The revenue in respect of the ordinary activities attributable to the discontinued operation:

	<b>For the year ended 30 June, 2013</b>	<b>For the year ended 31 March, 2013</b>
Revenue		
Revenue from operations (net)	12,812,439	26,716,231
Other income	1,068,088	75,443
Total Revenue	13,880,527	26,791,674
Expenses		
Purchases of stock-in-trade	8,692,091	19,487,327
Changes in inventories of stock-in-trade	(286,492)	608,134
Employee benefit expense	4,959,114	15,991,532
Other expenses	4,703,897	17,150,393
Finance cost	57,121	37,590
Depreciation and amortisation expenses	167,280	495,226
Total Expenses	18,293,011	53,770,202
Loss/Profit from discontinued operation before tax	(4,412,484)	(26,978,528)
Tax expense of discontinued operation	-	-
Loss/Profit from discontinued operation (net of tax)	(4,412,484)	(26,978,528)

**The Net Cash Flows attributable to the discontinued operation are as follows:**

	<b>For the year ended 30 June, 2013</b>	<b>For the year ended 31 March, 2013</b>
Operating Activities	(4,188,084)	(26,445,712)
Investing Activities	(20,154,303)	(7,862,488)
Financing Activities	24,393,199	34,384,358
Net Cash Inflows/(Outflows)	50,813	76,158

**The Net Carrying amounts of the assets and liabilities disposed off on 30 June 2013 are as follows:**

	<b>As at 30 June, 2013</b>	<b>As at 31 March, 2013</b>
Tangible assets	2,986,668	2,420,221
Intangible assets	360,160	10,500
Intangible assets under development	24,210,492	23,239,576
Current Assets	13,794,843	8,888,884
Current Liabilities	8,493,313	12,575,650
Net worth	32,858,850	21,983,531

**28 Disclosures under Accounting Standard 11 on "Effects on Change in Foreign Exchange Rates"**

- (a) Foreign currency exposure not hedged by any derivative instrument or otherwise

Particulars	As of 31 March, 2014			As of 31 March, 2013	
	Currency code	In Foreign Currency	In Indian Rupees	In Foreign Rupees	In India
Receivables	USD	12,458	748,720	-	-
	SGD	9,000	432,990	-	-
	LKR	25,000	11,465	-	-
Payables	USD	31,624	1,900,567	-	-
	SGD	43,444	2,090,111	-	-
	LKR	36,013	16,515	-	-

- (b) Outstanding forward contracts entered by the company for the purpose of hedging its foreign currency exposure. The company does not hedge its foreign currency exposure, accordingly it does not have any outstanding forward contracts.

**29. Disclosures under Accounting Standard 15 on "Employees benefits"**

Virtual Soft Systems Limited makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 10,632 (Year ended 31 March, 2014) for Provident Fund contributions in the Statement of Profit and Loss. Provision for gratuity has been made as per Management Policy. Provision for leave encashment has not been made during the year.

Roam1 Telecom Limited has not got itself registered under the provisions of Provident Fund Act and Employee State Insurance Act. Also, company is paying salaries and wages to some of the employees below the Delhi Government notified Minimum Wages as prescribed under the Minimum Wages Act.

Roam1 Telecom Limited has not made any provision for gratuity in respect of the employees who are transferred from Virtualsoft Systems Ltd. in continuation of their service. Also, the company has not taken any policy or deposited any amount of gratuity liability with the trust.

Roam1 Telecom Limited has not made any provision for leave encashment during the year.

**30. Disclosures under Accounting Standard 19 on "Leases"**

- (a) Total of minimum future lease payments under non-cancelable operating leases for various periods are as follows

	As of 31 March, 2014	As of 31 March, 2013
Amount payable not later than one year	3,853,682	1,188,037
Amount payable later than one year but not later than five years	14,663,046	5,967,682
Amount payable later than five years	-	-

- (b) The company has entered into operating lease agreements that are renewable on a periodic basis and cancelable at company's option.
- (c) The company has not entered into sublease agreements in respect of these leases.
- (d) Total of minimum future lease payments under financial lease arrangement for certain vehicles for various

periods are as follows:-

	As of 31 March, 2014	As of 31 March, 2013
Amount payable not later than one year	262,020	394,830
Amount payable later than one year but not later than five years	518,430	780,450
Amount payable later than five years	-	-

### 31. Disclosures under Accounting Standard 17 on "Segment Reporting"

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Event Management Services and International Roaming Card Services. Business Segment related to SIM Cards were operational for only 3 Months in Virtual Soft Systems Limited and thereof sold out to Roam1 Telecom Limited on slump sale basis. Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments. Geographical revenues are allocated based on the location of the customer. Geographically the customer of the company are based in India only.

	<b>Business Segment</b>		<b>In Rupees</b>
	Event management Services 01-Apr-2013 to 31-Mar-2014	International Roaming Card Services 01-Apr-2013 to 30-June-2013	Total
(a) Revenue	8,489,818	12,812,439	21,302,257
(b) Results	(12,425,742)	(4,412,484)	(16,838,226)
(c) Exceptional Income		47,141,150	47,141,150
(d) Profit before tax			30,302,924
(e) Net Profit for the year			30,302,924
(f) Segment Assets	97,336,001	41,352,163	138,688,164
(g) Segment Liabilities	138,439,586	8,493,313	146,932,899

  

	<b>Business Segment</b>		<b>In Rupees</b>
	Event management Services 01-Apr-2012 to 31-Mar-2014	International Roaming Card Services 01-Apr-2012 to 30-June-2013	Total
(a) Revenue	3,644,834	26,716,231	30,361,065
(b) Results	(4,307,951)	(26,978,528)	(31,286,479)
(c) Exceptional Income		-	-
(d) Profit before tax			(31,286,479)
(e) Net Profit for the year			(31,286,479)
(f) Segment Assets	7,636,564	15,780,301	23,416,865
(g) Segment Liabilities	67,271,817	54,013,155	121,284,972

**32. Disclosures under Accounting Standard 18 on "Related Party Transactions"**

(a) List of related parties

**(i) Key Managerial Personnel (KMP)**

Mr. Gokul Tandan  
Mr. Manpreet Singh  
Mr. Rajendra V Kulkarni  
Mr. Reet Mohinder Singh Ahluwalia

**(ii) Enterprises over which KMP / Relatives of KMP can exercise significant influence**

Multiple Zone India Private Limited  
Multiple Zones Services LLP  
M.R. Capital Private Limited  
Arms Communication Private Limited  
Visnova Solutions Private Limited  
Foundation Technologies Private Limited  
SME Business Services Private Limited  
GoTo Customer Services Private Limited  
V Reach Solutions Private Limited

**(b) Details of transactions carried out with related parties in the ordinary course of business during the period:**

Related Parties	Nature of Transaction	Ob/Liab Tfs Cr. (+ve)/ De.(-ve)	Payment	Laon Received	TDS	Closing Balance Cr. (+ve)/ De.(-ve)
<b>(i) Key Managerial Personnel (KMP)</b>						
Mr. Manpreet Singh	Imprest	700	354,738	506,695		152,657
	Unsecured Loan	-		60,000		60,000
	Salary	-	1,380,492	1,800,000	419,508	-
	Advance Given	(1,606,280)		81,280		(1,687,560)
Mr. Gokul Tandan	Unsecured Loan	(91,529,478)	2,055,000	45,826,594	-	(135,301,072)
	Interest on Unsecured Loan	-	212,559	1,292,181	49,436	1,030,186
	Director Remuneration	-	267,680	300,000	40,682	(8,362)
	Imprest	(34,793)	710,535	676,634	-	(892)
Mr. Reet M S Ahluwalia	Unsecured Loan	-	300,000	300,000	-	-
	Loans and Advances	150,000	-	-	-	150,000
Mr. Rajendra V Kulkarni	Legal and Professional Fees	-	135,000	150,000	15,000	-
	Imprest	(45,465)	153,947	211,901	-	(103,419)

(ii)Enterprises over which KMP / Relatives of KMP can exercise significant influence

Multiple Zone India (P) Ltd. Unsecured Loan	-	-	400,000	-	400,000
Arms Communications Pvt. Ltd. Advertisement Expenses	143,300	143,300	-	-	-
M.R. Capital (P) Ltd. CRM Development Charges	(3,314)	925,703	674,160	67,416	315,645
Multiple Zones Services LLP Communication Expenses	125,886	325,236	307,145	18,577	89,218
Visnova Solution Private Limited Legal & Professional Charges	201321	(201,321)	-	-	-
Foundation Technologies Private Limited Unsecured Loan	(6,190,488)	-	-	-	(6,190,488)
SME Business Services Limited Project Expenses	(65,236)	-	-	-	(65,236)
GOTO Customer Services Pvt. Ltd. Unsecured Loan	(838,402)	-	-	-	(838,402)
Vreach Solution (P) Ltd. Loan & Advances	154,485	-	-	-	154,485

33.Statement pursuant to Section 212 (8) of the Companies Act, 1956.  
relating to subsidiaries for the year ended 31 March, 2014

Name of the Subsidiary	Country of Registration	Reporting Currency	Financial Year End	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Turnover	Loss before tax	Provision for tax	Profit/(loss) after tax
Roam1 Telecom Ltd.	India	INR	31 March, 2014	14,998,750	51,870,357	112,629,977	45,760,870	40,341,255	(15,070,524)	-	(15,070,524)

34. Disclosures under Accounting Standard 20 on "Earning per share"

	As of 31 March, 2014	As of 31 March, 2013
For Basic/Diluted EPS - Continuing Operations		
<b>(a) Calculation of Weighted average number of equity shares</b>		
For Nominal Value of Rupees 10/- each		
Number of shares at the begning of the year	10,297,600	7,547,600
Equity Shares issued during the year	-	2,750,000
Total number of equity shares outstanding at the end of the year	10,297,600	10,297,600
Equity Shares of Rs. 10/- outstanding for 248 days	-	2,750,000
Equity Shares of Rs. 10/- outstanding for 365 days	10,297,600	7,547,600
Weighted average number of equity shares outstanding during the year	10,297,600	9,416,093 ]
<b>(b) Net profit after tax available for equity shareholders</b>	17,001,852	(31,286,479)
Earning per share		
For Contunuing Operations	2.08	(0.46)
For Total Operations	1.65	(3.32)

**35. Other disclosures as per Companies Act, 1956**

Pursuant to section 205C of the Companies Act 1956, dividends that are unpaid / unclaimed for a period of seven years or more from the date they become due for payment are required to be transferred to the Investors Education and Protection Fund (IEPF) administered by the central government. The following unpaid / unclaimed dividends have not been transferred to IEPF A/C.

<b>As of 31 March, 2014</b>	<b>As of 31 March, 2013</b>
43,850	43,850
27,390	27,390
<b>71,240</b>	<b>71,240</b>

**36. Other disclosures as per Revised Schedule VI of the Companies Act, 1956**

<b>For the year ended 31 March, 2014</b>	<b>For the year ended 31 March, 2013</b>
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**(a) Expenditure in Foreign Currency (on accrual basis)**

Capital expenses	71,444	-
Services purchase	33,782,921	-
Material purchase		

**(b) Earnings in Foreign Exchange (on accrual basis)**

Income from foreign transactions	3,218,540	-
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**37. Reconciliation and confirmations**

Balances of Debtors and Creditors and Loans and Advances to/from parties, Security Deposits are subject to reconciliations and confirmations.

**38. Provision for tax**

In view of losses, no provision for current tax have been made during the year. There is no virtual certainty that in future years there exist the profits against which deferred tax assets can be realized, hence no deferred tax assets has been created on the losses

**39. Service tax on Reverse Charge Mechanism**

As per Section 66A of the Finance Act, 1994 , provides that service tax be charged on the basis of Reverse Charge Mechanism in respect of telecommunication services from territory outside India. However, the management is of the opinion that no Service Tax is applicable in respect of such purchases .Considering the above the Service Tax liability amounts to Rs. 10,74,342/- in VirtualSoft Systems Limited. However the company has not made any such provision.

As per Section 66A of the Finance Act, 1994 , provides that service tax be charged on the basis of Reverse Charge Mechanism in respect of telecommunication services from territory outside India. However, the management is of the opinion that no Service Tax is applicable in respect of such purchases .Considering the above the Service Tax liability amounts to Rs. 31,61,750/- in Roam1 Telecom Limited. However the company has not made any such provision.

**40. Intangible assets under development**

The company is developing a software called Live Webcast Suite for providing telecom services. The expenses of Rs. 12,90,000/- incurred during the year has been capitalized . The management is of the opinion that since the process is still going on & hence no amortization is required during this year

Roam1 Telecom Limited is developing a software called CRM for providing telecom services. The expenses of Rs. 91,39,887/- incurred during the year has been capitalized. The management is of the opinion that since the process is still going on & hence no amortization is required during this year

**41. Previous year's figures**

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**42. Prior period Items**

There is no material prior period items included in the statement of profit & loss required to be disclosed as per AS-5, notified by the Companies (Accounting Standard) rules, 2006.

**43. Others disclosures**

- (a) There are no Contingent liabilities as on the date of balancesheet.
- (b) As at year end, there was no amount due to any small scale industrial undertaking.
- (c) The company has not received any Government Grants during the year.
- (d) Figures are rounded off to nearest rupee.

In terms of our report of even date attached.

for **Nath Ahuja & Company**

Chartered Accountants

ICAI Firm Registration Number : 001083N

**N N Ahuja**

Proprietor

Membership number : 080178

New Delhi

30th May, 2014

**Rajendra V. Kulkarni**

Whole Time Director

**Gokul Tandon**

Managing Director

**Atul Kumar**

Company Secretary

**For and on behalf of the Board of Directors of VSL**