



VIRTUALSOFT
Get The Digital Edge

**CONNECT
COMMUNICATE & ENGAGE
EXPERIENTIALLY**

<p>Telecom Division</p>  <p>ROAM MOBILE</p>		<p>Virtual Events & Demand Gen. Division</p>  <p> vReach™</p>
--	--	---

VIRTUALSOFT SYSTEMS LIMITED
ANNUAL REPORT 2011-2012



BOARD OF DIRECTORS

Mr. Gokul Tandan	Managing Director
Mr. Rajendra V. Kulkarni	Whole time Director
Mr. Ashok K. Anand	Director
Mr. Suresh Rajpal	Director

COMPANY SECRETARY

Mr. Atul Kumar

BANKERS

HDFC BANK LIMITED
D-965, Opp. Mata Ka Mandir
New Friends Colony
New Delhi-110 065.

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 – 110 029

C o n t e n t s

Notice	1
Directors' Report	2
Corporate Governance Report	5
Auditors' Report	12
Balance Sheet	15
Profit & Loss Account	16
Cash Flow Statement	17
Notes forming part of the Financial Statements	20

NOTICE

Notice is hereby given that the Twentieth One Annual General Meeting of the Members of the Company will be held on Friday , September 28, 2012 at 9:00 a.m. at Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi –110 053, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2012 and the Profit & Loss Account for the year ended as on that date and the Reports of Auditors and Directors thereon.
2. To re-appoint Mr. Suresh Rajpal, Director who retires by rotation and being eligible, has offered himself for re-appointment.
3. To re-appoint Mr. Ashok Kumar Anand, Director who retires by rotation and being eligible, has offered herself for re-appointment.
4. To appoint M/s. Nath Ahuja & Co., Chartered Accountants as Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

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

Dated: August 01, 2012

By Order of the
Board of Directors

Atul Kumar
Company Secretary

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The instrument of proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the Meeting.

An explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of the items under

2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday September 26, 2012 to Friday 28, 2012 (both days inclusive).
3. Member are requested:
 - i. to kindly notify the change of address, if any to the Company/ the Registrar / Depository Participant.
 - ii. To bring their copy of the Annual Report,
 - iii. to deposit to duly completed attendance slip at the meeting
 - iv. In the process of postal ballot completed on 17th July 2012, the Special Resolution for the transfer of undertaking from Virtual soft Systems Limited to Raom1 Telecom Limited the relevant date was quoted as 17th June 2012. Subsequently as per the Direction of Bombay Stock Exchange the relevant date was 16th June-2012. The same has been brought to the notice of the shareholders hereby.

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

Dated: August 01, 2012

By Order of the
Board of Directors

Atul Kumar
Company Secretary

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, 2012.

1 Financial Result

Particulars	Year Ended 31.03.2012	Year Ended 31.03.2011
1. (a) Net Sales/Income from Operations	430.73	125.66
(b) Other Operating Income	0.00	0.00
2. Expenditure		
a. Increase/decrease in stock in trade and work in progress	0.00	0.00
b. Consumption of raw materials	0.00	0.00
c. Purchase of traded goods	288.83	59.87
d. Employees cost	131.57	13.62
e. Depreciation	7.42	6.70
f. Other expenditure	134.21	47.05
g. Total	562.03	127.24
(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)	(131.30)	(1.58)
4. Other Income	16.62	4.95
5. Profit before Interest and Exceptional Items (3+4)	(114.68)	3.37
6. Interest	0.43	0.46
7. Profit after Interest but before Exceptional Items (5-6)	(115.11)	2.91
Exceptional items	0.00	0.00
9. Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)	(115.11)	2.91
10. Tax expense	0.00	0.00
11. Net Profit (+)/ Loss (-) from Ordinary Activities after tax (9-10)	(115.11)	2.91
Extraordinary Item (net of tax expense Rs.)	0.00	0.00
13. Net Profit(+)/ Loss(-) for the period (11-12)	(115.11)	2.91
14. Paid-up equity share capital (Face Value of the Share shall be indicated)	754.76	754.76
15. Reserve excluding Revaluation	20.00	20.00
16. Earnings Per Share (EPS)		
a) Basic and diluted EPS before Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	(1.53)	0.04
b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	(1.53)	0.04
17. Public Shareholding		
- No. of shares	2,327,519	2,329,517
- Percentage of shareholding	30.84%	30.86%
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	5,220,081	5,518,083
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	69.16%	69.14%
- Percentage of shares (as a % of the total share capital of the company)	69.16%	69.14%



1. BUSINESS AND OPERATIONS OF THE COMPANY

VIRTUAL SOFT- LEVERAGING

MOBILE ROAMING, TELECOM, VIRTUAL EVENT & DEMAND GEN TECHNOLOGIES TO PROVIDE UNIQUE & EXCEPTIONAL “CONNECT ,COMMUNICATE & ENGAGE, EXPERIENTIALLY (C2E2)” PRODUCTS, PLATFORMS , PROGRAMS AND SOLUTIONS TO LARGE BUSINESS CUSTOMERS AND CONSUMERS

Video Rich Broadband & 3G / 4G mobile networks 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 in house 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.

Virtual Soft transforms conventional business, learning, entertainment and media enterprises into rich media digital corporations. It uses 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 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 previous year.

In Demand Generation, we continued to strengthen the strategic partnership for India and APAC with 6Connex Inc. (www.6Connex.com) – a California based global leader in Virtual Experience based business solutions. Supplementing their technology with our own domain competence, processes and goto market ecosystem, Virtual Soft launched a range of next generation Virtual Experience based events for demand generation, customer engagement, collaboration, learning and knowledge management for brands like CNBC/ Web 18, Cisco, Oracle, and Intel – both at the India & APAC level.

Further, for Intel India we received a major demand generation assignment for their Small Medium Business (SMB) target audience in the Delhi/ NCR and Punjab territories. This was subsequently extended to Western and Southern India States.

The Telecom Division that launched global roaming solutions and services under the “Roam1” brand (www.roam1.com), continued to make significant progress in terms of innovative and and unique product introductions and plans as well gaining market share and acceptance – both 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.

In the year under Review, with an intent to synergise the two divisions at a corporate level, the C2E2 Initiative was conceived. C2E2 stands for Connect Communicate Engage Experientially 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 rationalization 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.

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, 92.67% 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.

© 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 01, 2012

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 goals 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

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

conveniences and corporate resources.

4. Communicate externally, in a truthful manner, about how the Company is run internally.
5. Have a simple and transparent corporate structure driven solely by the business needs.
6. 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, 2 out of 4, are independent Directors.

During the Financial Year ended 31st March 2012, Seven Board Meetings were held on 30.04.11, 30.05.11, 30.06.11, 30.07.11, 16.08.11, 31.10.11 & 31.01.12,

The Last Annual General Meeting was held on 30th September 2011 and the last Extra – ordinary General Meeting was held on 17th, July 2012.

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 .09.11)
				Held	Attended	
1.	Mr. Gokul Tandan	MD	6	7	7	Yes
2.	Mr. Rajendra V. Kulkarni	WTD	6	7	7	Yes
3.	Mr. Suresh Rajpal	NEID	3	7	3	No
4.	Mr. Ashok Anand	NEID	1	7	7	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. Roam1 Telecom Ltd.		Director Director Director Director Director Director Director
2.	Mr.Rajendra V. Kulkarni	14	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. M/s. Kromium Consulting Pvt. Ltd. 14. Roam1 Telecom Ltd.		Director Director Director Director Director Director Director Director Director Director Director Director Director Director
3.	Mr. Suresh Rajpal	8	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		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

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 requirement & 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: -

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	4
2.	Mr. Suresh Rajpal	Member	4	2
3.	Mr. Rajendra V Kulkarni	Member	4	4
4.	Mr. Ashok Anand	NEID	7	7

During the period 01.04.011 to 31.03.12, the Audit Committee met 4 times on 30.05.11, 31.07.11, 31.10.11 & 31.01.12]

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 2011 – 2012. 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
2011 - 2012	EGM	S-101, Panchsheel Park, New Delhi-17	17 07.2012	Postal Ballot
2010 - 2011	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi – 110 053	30 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.
2008 - 2009	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi – 110 053	30 09.2009	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.

5. 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: 28th September, 2012 At 9:00 A .M.
Venue : Rama Krishna Banquets Hall, Near Main Market, Bhajanpura,
Main Wazirabad Road, Delhi – 110 053

Financial Calender :

- Financial reporting for the quarter ending June 30. 2012 : End July 2012
- Financial reporting for the quarter ending Sep 30. 2012 : End Oct 2012
- Financial reporting for the quarter ending Dec 31. 2012 : End Jan 2013
- Financial reporting for the Year ending March 31. 2013 : End April 2013

Date of Book Closures: September 26, 2012 to September 28, 2011, both days inclusive.

Listing on Stock Exchanges:

The Equity Shares of the Company are listed on the Stock Exchange at Delhi, Mumbai, Jaipur & Ahemadabad.

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	As a percentage of (A+B+C) (VII)	Number of shares	As a percentage (IX)= (VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group2							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	2	640083	640083	8.48	8.48	0	0.00
(b)	Central Government/ State Government(s)				0.00	0.00	0	#DIV/0!
(c)	Bodies Corporate	2	4580000	4580000	60.68	60.68		0.00
(d)	Financial Institutions/ Banks				0.00	0.00		#DIV/0!
(e)	Any Others(Specify)				0.00	0.00		#DIV/0!
(e-i)					0.00	0.00		#DIV/0!
(e-ii)					0.00	0.00		#DIV/0!
	Sub Total(A)(1)	4	5220083	5220083	69.16	69.16	0	0.00
2	Foreign							
a	"Individuals (Non-Residents Individuals/ Foreign Individuals)"				0.00	0.00	0	#DIV/0!
b	Bodies Corporate				0.00	0.00	0	#DIV/0!
c	Institutions				0.00	0.00	0	#DIV/0!
d	Any Others(Specify)				0.00	0.00	0	#DIV/0!
	Sub Total(A)(2)	0	0	0	0.00	0.00	0	#DIV/0!
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	4	5220083	5220083	69.16	69.16	0	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00	0	#DIV/0!
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	4	5218083	4218083	69.14	69.14	0	0.00
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI				0.00	0.00		
(b)	Financial Institutions / Banks	1	50000	50000	0.66	0.66	0	0.00
(c)	Central Government/ State Government(s)				0.00	0.00		
(d)	Venture Capital Funds				0.00	0.00		
(e)	Insurance Companies				0.00	0.00		
(f)	Foreign Institutional Investors				0.00	0.00		
(g)	Foreign Venture Capital Investors				0.00	0.00		
(h)	Any Other (specify)				0.00	0.00		
(h-i)					0.00	0.00		
(h-ii)					0.00	0.00		
	Sub-Total (B)(1)	1	50000	50000	0.66	0.66	0	0.00
B 2	Non-institutions							
(a)	Bodies Corporate	43	87286	76886	1.16	1.16	0	0.00
(b)	Individuals							
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	2676	870777	488231	11.54	11.54	0	0.00
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	18	1145346	1135336	15.17	15.17	0	0.00
(c)	Any Other (specify)							
(c-i)	Non Resident India	52	167800	17500	2.22	2.22	0	0.00
(c-ii)	Clearing Member	6	6308	6308	0.08	0.08	0	0.00
	Sub-Total (B)(2)	2795	2277517	1724261	30.18	30.18	0	0.00
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	2796	2327517	1774261	30.84	30.84	0	0.00
	TOTAL (A)+(B)	2800	7547600	6994344	100.00	100.00		0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
1	Promoter and Promoter Group					0.00	0	#DIV/0!
2	Public					0.00	0	0
	Sub-Total (C)	0	0	0	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	2800	7547600	6994344	100.00	100.00	0	0.00

**Status of Dematerialization as on March 31, 2012**

PARTICULARS	NO. OF SHARES	% TO TOTAL CAPITAL
National Security Depository Limited	6406757	84.88%
Central Depository Services (India) Limited	587587	7.79%
TOTAL DEMATERIALIZED	6994344	92.67%
PHYSICAL	553256	7.33%
GRAND TOTAL	7547600	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, 2012 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 : 01 Aug, 2012

AUDITORS REPORT

The Members

1. We have audited the attached Balance Sheet of Virtualsoft Systems Limited as at March 31, 2012 and also the Profit and Loss Account and the Cash flow statement of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) Amendment Order 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, we have given in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from the examination of the books;
 - (iii) The balance sheet and the profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet and the profit and loss account and cash flow statement dealt with by this report comply with the requirements of the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2012 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss account read together with the Significant Accounting Policies & Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view: -
 - a) In the case of the balance sheet, of the state of affairs of the company as at 31st March 2012;
 - b) In the case of the profit and loss account, of the Loss for the year ended on that date; and
 - c) In the case of the Cash flow statement, of the Cash flows for the year ended on that date.

For Nath Ahuja & Co.
Chartered Accountants
FRN No. 001083N
(N.N. Ahuja)
Proprietor
M. No: 80178

Place : New Delhi
Date : 01.08.2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2012 OF VIRTUAL SOFT SYSTEMS LTD.

- | | |
|---|--|
| <p>1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the company and the nature of its assets.</p> <p>(c) During the year, in our opinion, a substantial part of the fixed assets has not been disposed off by the company.</p> <p>2. (a) The management has conducted physical verification of inventory at reasonable intervals during the year.</p> <p>(b) In our opinion, the procedures for physical verification of inventory followed by the Management are reasonable and adequate having regard to the size of the company and nature of its business.</p> <p>(c) The company is maintaining proper records of inventory and no discrepancies were noticed on physical verification of inventories as compared to book records</p> <p>3. (a) There is no party covered in the register maintained under section 301 of the companies Act, 1956 of the Companies Act, 1956 to whom the company has granted loans/Advances.</p> <p>(b) There are parties covered in the register maintained under section 301 of the Companies Act, 1956 from whom the company has taken loans/Advances. The amount involved during the year in the transaction was Rs 2,31,96,877/- and the company has repaid a total amount of Rs. 30,51,000/- towards the loan/ Advances during the year.</p> <p>(c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies,</p> | <p>(d) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever applicable.</p> <p>4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods/ services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.</p> <p>5 (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been entered.</p> <p>(b) The transactions made in pursuance of contracts or arrangements refer to in section 301 of the Act are, in our opinion at prices which are reasonable having regard to the prevailing market prices at the relevant time.</p> <p>6 The Company has not accepted any deposit from the public with in the provision of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.</p> <p>7 To the best of our knowledge and according to the explanation given to us the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.</p> <p>8 (a) According to the information and explanation given to us, the Company has not been regular in deposit of the provident fund, and TDS during the year with the appropriate authorities. As explained to</p> |
|---|--|

	us, the provisions of Employees' State Insurance Act, 1948, are not applicable to the Company.	14	In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
	(b) According to the information and explanations given to us, there was no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2012 for a period of more than six month form the date they became payable except for Tax deducted at source amounting to Rs: 6,01,278/-	15	In our opinion and according to the information and explanation given to us term loan amounting Rs.4,45,000/-have been taken by the company.
	(c) According to the information and explanation given to us, there are no dues of sales tax, customs duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute.	16	According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
9	In our opinion the accumulated losses of the company amounting to Rs 1462.18 Lakhs are more than fifty percent of its net worth Rs. -687.42 Lakhs. The company has a loss of Rs. 126.32lakhs in the current year.	17	According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
10	According to the information and explanation given to us the company has not defaulted in repayment of dues to any financial institution/bank.	18	The company has not issued the debentures during the year; question of creating security does not arise.
11	According to the information and explanation given to us the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.	19	The company has not raised any money by public issues during the period covered in our audit.
12	In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.	20	According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.
13	In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.		

For Nath Ahuja & Co.
Chartered Accountants
FRN No. 001083N

(N.N. Ahuja)
Proprietor
M. No: 80178

Place : New Delhi
Date : 01/08/2012



BALANCE SHEET

As on 31 March, 2012

Particulars	Note No.	As at	
		31 March, 2012 Amount in INR	31 March, 2011 Amount in INR
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	75,476,000	75,476,000
(b) Reserves and surplus	2	(143,096,029)	(131,585,678)
(c) Money received against share warrants		-	-
		(67,620,029)	(56,109,678)
2 Share application money pending allotment	20.1	3,650,000	3,250,000
3 Non-current liabilities			
(a) Long-term borrowings	3	90,645,151	71,503,577
		90,645,151	71,503,577
4 Current liabilities			
(a) Short-term borrowings	4	230,103	125,698
(b) Trade payables	5	6,460,523	1,509,489
(c) Other current liabilities	6	6,539,459	5,436,086
(d) Short-term provisions	7	559,846	470,885
		13,789,931	7,542,158
	TOTAL	40,465,053	26,186,057
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8A	4,180,724	2,666,203
(ii) Intangible assets	8B	9,450	-
(iii) Capital work-in-progress		18,279,600	10,756,011
		22,469,774	13,422,214
(b) Long-term loans and advances	9	1,921,426	1,345,970
(c) Other non-current assets		-	-
(d) Non Current Investment	10	499,940	-
		2,421,366	1,345,970
2 Current assets			
(a) Inventories	11	1,412,571	200,432
(b) Trade receivables	12	7,776,169	2,789,064
(c) Cash and cash equivalents	13	1,362,358	2,129,106
(d) Short-term loans and advances	14	5,022,814	6,299,271
		15,573,912	11,417,873
	TOTAL	40,465,053	26,186,057
See accompanying notes forming part of the financial statements	19		

In terms of our report attached.

For Nath Ahuja & Company
Chartered Accountants
FRN No. - 001083N

For and on behalf of the Board of Directors

N.N.Ahuja
Proprietor
M. No. - 80178

Rajendra V. Kulkarni
Whole-time Director

Gokul Tandan
Managing Director

Atul Kumar
Company Secretary

Place : New Delhi
Date : 01.08.2012



Statement of Profit and Loss

for the year ended 31 March, 2012

Particulars	Note No.	For the year ended 31 March, 2012 Amount in INR	For the year ended 31 March, 2011" Amount in INR
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	15	44,809,426	12,843,793
Revenue from operations		44,809,426	12,843,793
2 Expenses			
(a) Purchases of stock-in-trade	16 A	9,821,169	2,710,946
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	16 B	(1,212,139)	(200,432)
(c) Employee benefits expense	17	13,156,708	1,365,459
(d) Other expenses	18	33,812,273	8,007,582
Total		55,578,001	11,883,555
3 Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1 - 2)		(10,768,574)	960,238
4 Depreciation and amortisation expense	8 C	741,777	669,803
5 Profit / (Loss) before exceptional and extraordinary items and tax (3 + 4 + 5 + 6)		(11,510,351)	290,435
6 Profit / (Loss) before extraordinary items and tax (7 + 8)		(11,510,351)	290,435
7 Profit / (Loss) before tax (9 + 10)		(11,510,351)	290,435
8 Tax expense:			
(a) Current tax expense for current year		-	-
(b) (Less): MAT credit (where applicable)		-	-
(c) Current tax expense relating to prior years		-	-
(d) Net current tax expense		-	-
(e) Deferred tax		-	-
9 Profit / (Loss) for the year (13 + 15)		(11,510,351)	290,435
10i Earnings per share (of ` 10/- each):			
(a) Basic			
(i) Continuing operations	24 b	(1.53)	0.04
(ii) Total operations	24c	(1.53)	0.04
(b) Diluted			
(i) Continuing operations	24f	(1.53)	0.04
(ii) Total operations	24g	(1.53)	0.04
10.ii Earnings per share (excluding extraordinary items)			
(a) Basic			
(i) Continuing operations	24d	(1.53)	0.04
(ii) Total operations	24e	(1.53)	0.04
(b) Diluted			
(i) Continuing operations	24h	(1.53)	0.04
(ii) Total operations	24i	(1.53)	0.04
See accompanying notes forming part of the financial statements			

In terms of our report attached.

For Nath Ahuja & Company
Chartered Accountants
FRN No. - 001083N

N.N.Ahuja
Proprietor
M. No. - 80178

Place : New Delhi
Date : 01.08.2012

Rajendra V. Kulkarni
Whole-time Director

For and on behalf of the Board of Directors

Gokul Tandan
Managing Director

Atul Kumar
Company Secretary

Cash Flow Statement

for the year ended 31 March, 2012

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	Amount in INR	Amount in INR	Amount in INR	Amount in INR
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(11,510,351)		290,000
Adjustments for:				
Depreciation and amortisation	741,777		670,000	
Net unrealised exchange (gain) / loss	-	741,777	-	670,000
Operating profit / (loss) before working capital changes		(10,768,574)		960,000
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	(1,212,139)		(200,000)	
Trade receivables	(4,987,105)		(792,000)	
Short-term loans and advances	1,276,457		(2,529,000)	
Long-term loans and advances	(575,456)		799,000	
Other current assets	-		-	
Other non-current assets	-		-	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	4,951,034		-	
Other current liabilities	1,103,373		3,083,000	
Other long-term liabilities	-		-	
Short-term provisions	88,961		-	
Long-term provisions	-	645,125	-	361,000
Cash flow from extraordinary items		-		-
Cash generated from operations		(10,123,450)		1,321,000
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) operating activities (A)		(10,123,450)		1,321,000
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(9,789,337)		(10,977,000)	
Investment in equity shares	(499,940)		-	-
Amounts received from AOPs	-		-	-
Amounts received from LLPs	-		-	-



Virtualsoft Systems Limited

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	Amount in INR	Amount in INR	Amount in INR	Amount in INR
	(10,289,277)		(10,977,000)	
Cash flow from extraordinary items	-		-	
		(10,289,277)		(10,977,000)
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) investing activities (B)		(10,289,277)		(10,977,000)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	-		-	
Proceeds from issue of preference shares	-		-	
Redemption / buy back of preference / equity shares	-		-	
Proceeds from issue of share warrants	-		-	
Share application money received / (refunded)	400,000		3,250,000	
Proceeds from long-term borrowings	19,141,574		4,950,000	
Repayment of long-term borrowings	-		-	
Net increase / (decrease) in working capital borrowings	-		-	
Proceeds from other short-term borrowings	104,405		2,051,000	
Repayment of other short-term borrowings	-		-	
Finance cost	-		-	
Dividends paid	-		-	
Tax on dividend	-		-	
	19,645,979		10,251,000	
Cash flow from extraordinary items	-		-	
		19,645,979		10,251,000
Net cash flow from / (used in) financing activities (C)		19,645,979		10,251,000
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(766,748)		595,000
Cash and cash equivalents at the beginning of the year		2,129,106		1,534,000
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		-		-
Cash and cash equivalents at the end of the year		1,362,358		2,129,000
Reconciliation of Cash and cash equivalents with the Balance Sheet:				



Virtualsoft Systems Limited

Particulars	For the year ended 31 March, 2012		For the year ended 31 March, 2011	
	Amount in INR	Amount in INR	Amount in INR	Amount in INR
Cash and cash equivalents as per Balance Sheet (Refer Note 12)		1,362,358		2,129,106
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (give details)		-		-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 19		1,362,358		2,129,106
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (ii) to Note 16 Current investments)		-		-
Cash and cash equivalents at the end of the year *		1,362,358		2,129,106
* Comprises:				
(a) Cash on hand		609,428		1,627,925
(b) Cheques, drafts on hand		-		-
(c) Balances with banks				
(i) In current accounts		752,930		501,181
(ii) In EEFC accounts		-		-
(iii) In deposit accounts with original maturity of less than 3 months		-		-
(iv) In earmarked accounts (give details) (Refer Note (ii) below)		-		-
(d) Others (specify nature)		-		-
(e) Current investments considered as part of Cash and cash equivalents		-		-
		1,362,358		2,129,106

See accompanying notes forming part of the financial statements

In terms of our report attached.

For Nath Ahuja & Company
Chartered Accountants
FRN No. - 001083N

N.N.Ahuja
Proprietor
M. No. - 80178

Place : New Delhi
Date : 01.08.2012

For and on behalf of the Board of Directors

Gokul Tandan
Managing Director

Atul Kumar
Company Secretary

Notes forming part of the financial statements

Note 1 Share capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	Amount in INR	Number of shares	Amount in INR
(a) Authorised Equity shares of Rs.10/- each	15,000,000	150,000,000	15,000,000	150,000,000
(b) Issued Equity shares of Rs.10/- each	7,547,600	75,476,000	7,547,600	75,476,000
(c) Subscribed and fully paid up Equity shares of Rs.10/- each	7,547,600	75,476,000	7,547,600	75,476,000
Total	7,547,600	75,476,000	7,547,600	75,476,000

Note 1A Share capital (contd.)

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue	Bonus	ESOP	Conversion	Buy back	Other changes (give details)	Closing Balance
Equity shares								
Year ended 31 March, 2012								
- Number of shares	7,547,600	-	-	-	-	-	-	7,547,600
- Amount (Rs.10/- each)	75,476,000	-	-	-	-	-	-	75,476,000
Year ended 31 March, 2011								
- Number of shares	7,547,600	-	-	-	-	-	-	7,547,600
- Amount (Rs.10/- each)	75,476,000	-	-	-	-	-	-	75,476,000

Note 1B Share capital (contd.)

Notes:

(i) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights	Equity shares with differential voting rights	Compulsorily convertible preference shares	Optionally convertible preference shares	Redeemable preference shares
	Number of shares				
As at 31 March, 2012					
Virtual Software and Training Private Limited, the holding company	4,500,000	-	-	-	-
Subsidiaries of the holding company					
As at 31 March, 2011					
Virtual Software and Training Private Limited, the holding company	4,500,000	-	-	-	-
Subsidiaries of the holding company					

(ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Mohini Tanda	640,083	8.48%	640,083	8.48%
Virtual Software and Training Private Limited.	4,500,000	59.62%	4,500,000	59.62%

Note 2 Reserves and surplus

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Amount in INR	Amount in INR
(a) Capital reserve		
Opening balance	2,000,000	2,000,000
Add: Additions during the year	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	2,000,000	2,000,000
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(133,585,678)	(133,876,113)
Add: Profit / (Loss) for the year	(11,510,351)	290,435
Closing balance	(145,096,029)	(133,585,678)

Note 3 Long-term borrowings

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Amount in INR	Amount in INR
(a) Term loans		
From banks		
Secured(secured against hypothecation Car)	367,027	-
(b) loans and advances from related parties		
Unsecured	90,278,125	71,503,578
Total	90,645,152	71,503,578

Note 4 Short-term borrowings

Particulars	As at 31 March, 2012	As at 31 March, 2011
	Amount in INR	Amount in INR
(a) Other Loans and advances(Overdraft & security received)		
Unsecured	230,103	125,698
Total	230,103	125,698

Note 5 Trade payables

Particulars	As at 31 March, 2012 Amount in INR	As at 31 March, 2011 Amount in INR
Trade payables:		
Other than Acceptances	6,460,523	1,509,489
Total	6,460,523	1,509,489

Note 6 Other current liabilities

Particulars	As at 31 March, 2012 Amount in INR	As at 31 March, 2011 Amount in INR
(a) Unpaid dividends	71,240	71,240
(i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	2,333,316	2,575,522
(ii) Advances from customers	657,633	440,103
(iii) Others (Expenses Payable)	3,477,270	2,349,221
Total	6,539,459	5,436,086

Note 7 Short-term provisions

Particulars	As at 31 March, 2012 Amount in INR	As at 31 March, 2011 Amount in INR
(a) Provision for employee benefits:		
(i) Provision for gratuity	352,905	291,636
(ii) Provision for other employee benefits (Leave Encashment)	206,941	179,249
Total	559,846	470,885

Notes forming part of the financial statements

Note 8A Fixed assets

A. Tangible assets	Balance as at 1 April, 2011	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2012
Gross block										
(a) Furniture and Fixtures										
Owned	3,710,138	-	-	-	-	-	-	-	3,205	3,706,933
Taken under finance lease *										
Given under operating lease *										
(b) Vehicles										
Owned	528,421	494,700	-	-	-	-	-	-	528,421	494,700
Taken under finance lease *										
Given under operating lease *										
(c) Office equipment										
Owned	1,815,057	345,254	-	-	-	-	-	-	88,667	2,071,644
Taken under finance lease *										
Given under operating lease *										
(d) Others (Computer)										
Owned	29,541,923	1,415,294	-	-	-	-	-	-	28,895,555	2,061,662
Taken under finance lease *										
Given under operating lease *										
Total	35,595,539	2,255,248	-	-	-	-	-	-	29,515,848	8,334,939
Previous year	35,374,389	221,150	-	-	-	-	-	-	59,031,696	35,595,539

Notes forming part of the financial statements

Note 8A Fixed assets (Contd.)

A. Tangible assets	Accumulated depreciation and impairment										Net block	
	"Balance as at 1 April, 2011"	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised in statement of profit and loss	Reversal of impairment losses recognised in Statement of Profit and Loss	Other adjustments	Balance as at 31 March, 2012	Balance as at 31 March, 2012	Balance as at 31 March, 2011	Amount in INR	Amount in INR
(a) Furniture and Fixtures												
Owned	2,322,136	238,910	-	-	-	-	3,205	2,557,841	1,149,092	1,388,002		
Taken under finance lease *												
Given under operating lease *												
(b) Vehicles												
Owned	541,952	13,765	-	-	-	-	528,421	27,296	467,404	-		
Taken under finance lease *												
Given under operating lease *												
(c) Office equipment												
Owned	934,945	175,792	-	-	-	-	88,667	1,022,070	1,049,574	880,112		
Taken under finance lease *												
Given under operating lease *												
(d) Others (Computer)												
Owned	29,130,303	312,260	-	-	-	-	28,895,555	547,008	1,514,654	411,620		
Taken under finance lease *												
Given under operating lease *												
Total	32,929,336	740,727	-	-	-	-	29,515,848	4,154,215	4,180,724	2,679,734		
Previous year	32,259,541	669,803	-	-	-	-	-	32,929,344	2,679,734	3,114,848		

Note 8 B Fixed assets (contd.)

B. Tangible assets	Balance as at 1 April, 2011	Additions	Disposals	Acquisitions through business combinations	Gross block			Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2012
					Reclassified as held for sale	Amount in INR	Amount in INR				
(a) Trade Mark	-	10,500	-	-	-	-	-	-	-	-	10,500
Total	-	10,500	-	-	-	-	-	-	-	-	10,500
Previous year	-	-	-	-	-	-	-	-	-	-	-

B. Tangible assets	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Accumulated depreciation and impairment			Net block			
			Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised / (reversed) in Statement of Profit and Loss	Other adjustments	Balance as at 31 March, 2012	Balance as at 31 March, 2011	
(a) Trade Mark	-	1,050	-	-	-	-	1,050	9,450	-
Total	-	1,050	-	-	-	-	1,050	9,450	-
Previous year	-	-	-	-	-	-	-	-	-

Note 8C Fixed assets (contd.)

C. Depreciation and amortisation relating to continuing operations:

Particulars	As at 31 March, 2012 Amount in INR	As at 31 March, 2011 Amount in INR
Depreciation and amortisation for the year on tangible assets as per Note 8 A	740,727	669,803
Depreciation and amortisation for the year on intangible assets as per Note 8 B	1,050	-
Less: Utilised from revaluation reserve	-	-
Depreciation and amortisation relating to continuing operations	741,777	669,803

Note 9 Long-term loans and advances

Particulars	As at 31 March, 2012 Amount in INR	As at 31 March, 2011 Amount in INR
(a) Security deposits		
Unsecured, considered good	1,138,206	562,750
	1,138,206	562,750
(b) Others		
Unsecured, considered good	783,220	783,220
Total	1,921,426	1,345,970

Note 10 Non Current Investments

Particulars	As at 31 March, 2012 Amount in INR	As at 31 March, 2011 Amount in INR
Investment in Equity Instruments Subsidiary Company Unquoted Trade Investment Roam 1 Telecom Limited		
49,994 Equity Shares (Previous Year - NIL), of Rs. 10 each, Fully Paid	499,940	-
Total	499,940	-

Note 11 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2012 Amount in INR	As at 31 March, 2011 Amount in INR
(a) Stock-in-trade (acquired for trading)	1,412,571.00	200,432
Total	1,412,571.00	200,432

Note 12 Trade receivables

Particulars	As at 31 March, 2012 Amount in INR	As at 31 March, 2011 Amount in INR
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	2,442,311	2,061,270
Doubtful	-	-
	2,442,311	2,061,270
Less: Provision for doubtful trade receivables	366,347	-
	2,075,964	2,061,270
Other Trade receivables		
Unsecured, considered good	5,700,205	727,794
	5,700,205	727,794
Total	7,776,169	2,789,064

Note 13 Cash and cash equivalents

Particulars	As at 31 March, 2012 Amount in INR	As at 31 March, 2011 Amount in INR
(a) Cash on hand	609,428	1,627,925
(b) Balances with banks		
(i) In current accounts	752,930	501,181
Total	1,362,358	2,129,106

Note 14 Short-term loans and advances

Particulars	As at 31 March, 2012 Amount in INR	As at 31 March, 2011 Amount in INR
(a) Loans and advances to related parties (Refer Note 23)"		
Unsecured, considered good	1,120,021	1,943,166
	1,120,021	1,943,166
(b) Loans and advances to employees		
Unsecured, considered good	239,673	919,231
Doubtful	-	-
	239,673	919,231
(c) Prepaid expenses - Unsecured, considered good	390,425	9,409
(d) Balances with government authorities		
Unsecured, considered good		
(i) Service Tax credit receivable	38,049	643,781
(ii) Advance Tax and TDS	1,354,773	1,834,052
	1,783,247	2,487,242
(e) Others		
Unsecured, considered good	1,879,873	949,634
	1,879,873	949,634
Total	5,022,814	6,299,273

Note 15 Revenue from operations

Particulars	As at 31 March, 2012 Amount in INR	As at 31 March, 2011 Amount in INR
(a) Sale of products @ (Refer Note (i) below)	11,310,237	3,707,604
(b) Sale of services @ (Refer Note (ii) below)	31,837,239	8,858,184
(c) Other operating revenues # (Refer Note (iii) below)	1,661,950	278,005
	44,809,426	12,843,793
Total	44,809,426	12,843,793



Virtualsoft Systems Limited

Note	Particulars	For the year ended 31 March, 2012 Amount in INR	For the year ended 31 March, 2011 Amount in INR
(i)	Traded goods		
	International Roaming Cards	11,310,237	3,707,604
	Total - Sale of products	11,310,237	3,707,604
(ii)	Sale of services comprises		
	Video Recording Services	29,324,127	8,858,184
	IVR setup charges	2,513,113	-
	Total - Sale of services	31,837,239	8,858,184
(iii)	Other operating revenues # comprise:		
	Others (Plan Activation Charges, Service charges, Rental revenue)	1,661,950	278,005
	Total - Other operating revenues	1,661,950	278,005

Note 16 A Purchase of traded goods

Particulars	For the year ended 31 March, 2012 Amount in INR	For the year ended 31 March, 2011 Amount in INR
International Roaming Cards	9,821,159	2,710,946
Total	9,821,159	2,710,946

Note 16 B Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2012 Amount in INR	For the year ended 31 March, 2011 Amount in INR
Inventories at the end of the year:		
Stock-in-trade	1,412,571	200,432
	1,412,571	200,432
Inventories at the beginning of the year:		
Stock-in-trade	200,432	-
	200,432	-
Net (increase) / decrease	(1,212,139)	(200,432)

Note 17 Employee benefits expense

Particulars	For the year ended 31 March, 2012 Amount in INR	For the year ended 31 March, 2011 Amount in INR
Salaries and wages	12,822,672	1,178,325
Contributions to provident and other funds (Refer Note 21)	123,824	150,165
Staff welfare expenses	182,520	27,017
Leave encashment	27,692	9,952
Total	13,156,708	1,365,459

Note 18 Other expenses

Particulars	For the year ended 31 March, 2012 Amount in INR	For the year ended 31 March, 2011 Amount in INR
Direct Expenses	19,062,437	3,329,316
Power and fuel	389,426	76,823
Rent including lease rentals	2,137,612	688,218
Repairs and maintenance - Buildings	106,128	154,927
Repairs and maintenance - Machinery	48,383	11,450
Repairs and maintenance - Others	329,901	81,472
Car running expenses	322,000	10,553
Fees & Subscription	90,737	60,569
Listing Fees	140,768	15,000
Communication	1,262,340	380,306
Advertisement	568,315	49,160
Travelling and conveyance	2,784,145	81,460
Printing and stationery	313,821	109,947
Sales commission	74,460	91,288
Balance written off	496,425	-16,073
Bad debts	366,347	-
Business promotion	2,647,562	72,413
Legal and professional	2,128,508	2,491,195
Payments to auditors (Refer Note (i) below)	134,200	50,000
Net loss on foreign currency transactions and translation	63,763	51,316
Prior period items (net) # (Refer Note (ii) below)	25,059	-
Miscellaneous expenses	319,937	218,242
Total	33,812,273	8,007,582

Note 18 Other expenses (contd.)

Particulars	For the year ended 31 March, 2012 Amount in INR	For the year ended 31 March, 2011 Amount in INR
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	100,000	35,000
For taxation matters	25,000	15,000
Reimbursement of expenses	9,200	-
Total	134,200	50,000
(ii) Details of Prior period items (net)		
Prior period expenses		
Communication expense	5063	
Electricity expense	13594	
Telephone expense	2651	
Performance Incentive	3750	
Total	25,059	-

Notes forming part of the financial statements

1 Corporate information

Virtualsoft Systems limited is a listed company (BSE) 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 & Currently operates from B-236 Okhala phase -II New Delhi- 110020

2 Significant accounting policies

2.1 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) to comply with the 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.

2.2 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 recognised in the periods in which the results are known / materialise.

2.3 Inventories

Inventories are valued at the lower of cost (on FIFO / weighted average basis) and the net realisable 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. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

2.4 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.

2.5 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.

2.6 Depreciation and amortisation

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 :

Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

Intangible assets are amortised over their estimated useful life as follows:

Trade mark– 10 years

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

2.7 Revenue recognition

Sale of goods

Sales are recognised, 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 include excise duty but exclude sales tax and value added tax.

Income from services

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

2.8 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 capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance."

2.9 Intangible assets

"Intangible assets are carried at cost less accumulated amortisation 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 recognised 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."

2.10 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 / restatement of short-term foreign currency monetary assets and liabilities of the Company and its integral foreign operations are recognised as income or expense in the Statement of Profit and Loss."

2.11 Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

Defined contribution plans

The Company's contribution to provident fund and superannuation 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 recognised 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 recognised 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 recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.12 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation 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."

2.13 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. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.14 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."

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

2.15 Provisions and contingencies

A provision is recognised 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.

2.16 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 / utilising the credits.

3 Notes to Accounts (Continued)

3.1 Capital WIP: The company is developing a software called CRM for providing telecom services. The expenses of Rs. 75,23,589/-incurred during the year has been capitalized . The management is of the opinion that since the process is still going on no amortization is required during this year.

3.2 Deffered Tax

No Deferred tax asset has been recognized and carried forward 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.

3.3 Contingent Liabilities:

There are No Contingent liabilities during the year.

3.4 Balances of Sundry Debtors & Creditors and Loans and Advances appearing as at the year-end are subject to confirmation and reconciliation, if any.

3.5 As at year end, there was no amount due to any small scale industrial undertaking.

3.6 Previous Year Figures have been reclassified and regrouped, wherever necessary to conform to the current year's classifications.

3.7 Figures are rounded off to nearest rupee.

3.8 14. Unclaimed Dividend

Pursuant to section 205C of the companies act1956, 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.

Unpaid Dividend	Amount
1997-98	43850
1996-97	27390

Note 20 Additional information to the financial statements

20.1 Share application money pending allotment

As at 31 March 2012, the Company has received an amount of ₹ 36,50,000/-towards share application money towards equity Shares of the Company (As at 31 March, 2011 ₹ 32,50,000/- towards equity shares). The Company has sufficient authorised capital to cover the allotment of these shares. Pending allotment of shares, the amounts are maintained in a designated bank account and is not available for use by the Company.

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:			
As at 31 March, 2012		As at 31 March, 2011	
Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency	Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency
₹	(indicate amount with currency)	₹	(indicate amount with currency)
760,597/-	USD- 14868.06		
(12,27,654/-)	USD- 23998.02	(40872.63/-)	USD-1032.67

	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	Amount in INR	Amount in INR
20.2 Expenditure in foreign currency #:		
Purchase	9,821,169	2,710,946
20.3 Earnings in foreign exchange @@:		
Other income	996,238	-

Note 21 Disclosures under Accounting Standard -15

1 Employee benefit plans

Defined contribution plans

The Company makes Provident Fund and Superannuation 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 ₹ 10,632/- , for the Year ended 31 March, 2012 & ₹ 44,588/-, for the previous year as Provident Fund contributions in the statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes

Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

- i. Gratuity
- ii. Leave encashment

Note 22 Disclosures under Accounting Standards (contd.)

1 Segment information

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 SIM Cards. 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. Geographical segments of the Company are India only.

Particulars	For the year ended 31 March, 2012			
	Business segments		Eliminations	Total
	Event Management Services	SIM Cards		
	Amount in INR	Amount in INR	Amount in INR	Amount in INR
Revenue	31,837,239.06	12,972,187.04	-	44,809,426.10
	(8,858,184.00)	(3,985,609.00)	-	(12,843,793.00)
Total	31,837,239.06	12,972,187.04	-	44,809,426.10
	(8,858,184.00)	(3,707,607.00)	-	(12,843,793)
Segment result	3,712,477.00	(15,225,328.00)	-	(11,510,351.00)
	(621,435)	(331,000)	-	(290,435.00)
Operating income				44,809,426.10
				(12,843,793.00)
Profit before taxes				(11,510,351.00)
				(290,435.00)
Net profit for the year				(11,510,351.00)
				(290,435.00)

Particulars	For the year ended 31 March, 2012		
	Business segments		Total
	Event Management Services	SIM Cards	
	Amount in INR	Amount in INR	Amount in INR
Segment assets	13,495,877.65	8,689,575.00	22,185,452.65
	(12,869,903.00)	(2,559,824.00)	(15,430,046.00)
Total assets			22,185,452.65
			(15,430,046.00)
Segment liabilities	74,690,302.73	29,744,779.27	104,435,082.00
	(70,802,042.00)	(8,243,694.00)	(79,045,736.00)
Total liabilities			104,435,082.00
			(79,045,736.00)
Other information			
Capital expenditure (allocable)	2,471,334.00	15,808,266.30	18,279,600.30
	(2,471,334.00)	(8,284,677.30)	(1,0756,011.30)
Depreciation and amortisation (allocable)	3,899,038.00	255,177.00	4,154,215.00
	(32,929,344.00)	-	(32,929,344.00)

Note 22 Disclosures under Accounting Standards (contd.)

The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:

Geographic Segment	Results For the year ended 31 March, 2012	Segment assets As at 31 March, 2012	Capital expenditure incurred during the year ended 31 March, 2012	Revenue Earned during the year
	Amount in INR	Amount in INR	Amount in INR	Amount in INR
India	(11,510,351.00) (290,435.00)	22,185,452.65 (15,430,046.00)	18,279,600.30 (10,756,011.00)	44,809,426.10 (12,843,793.00)

Note 23 Disclosures under Accounting Standard-18

Note	Particulars	
1	Related party transactions Details of related parties:	
	<p style="text-align: center;">Description of relationship</p> <p>Holding Company</p> <p>Key Management Personnel (KMP)</p> <p>Company in which KMP / Relatives of KMP can exercise significant influence</p>	<p style="text-align: center;">Names of related parties</p> <p>Virtual Software & Training Private limited</p> <p>Mr. Gokul Tandon, Mr. Rajendra V Kulkarni, Mr. Suresh Rajpal & Ashok k. Anand</p> <p>1.M.R. Capital Private limited</p> <p>2.Foundation Technologies Private Limited</p> <p>3.Marble Arch Estates Private Limited</p> <p>4.Mountain Valley Springs Private Limited</p> <p>Electronic Tender.com(India) pvt.ltd.</p> <p>6. Vijaya Stampings Private Limited</p> <p>7.Gotocustomer.Com Private Limited</p> <p>8.CPM India Sales & Marketing Private Limited</p> <p>9.Visnova Solutions pvt.Ltd.</p> <p>10.Gisil Design Pvt.Ltd.</p> <p>11.Inde Pay networksPvt.Ltd.</p> <p>12.Navis EximPvt.Ltd.</p> <p>13. Multiple Zone India Private Limited</p> <p>14. V Reach Solutions Private Limited</p> <p>15.Cosmo Films Ltd.</p> <p>16.Visnova InteractivePvt.ltd</p> <p>17.Inde Livelihood Foundation</p> <p>18.Office Zone products Pvt.Ltd.</p> <p>19.First Choice Graphics Pvt.Ltd.</p> <p>20.Inprint Marketing Pvt.Ltd.</p> <p>21.Inprint Expotech Pvt Ltd.</p> <p>23.Inprint Exclisives India Pvt.Ltd.</p> <p>24.SourceGraphics India Pvt.Ltd.</p> <p>25.M R Towers Pvt.Ltd.</p> <p>26.Prime Valves India Ltd.</p> <p>27.Veerana Estates Pvt. Ltd.</p> <p>28.MZI Services India Private Limited</p> <p>29.SME Business Services ltd.</p> <p>30.Roam1 Telecom Limited</p> <p>31.Techsure On-Line Services Pvt.Ltd.</p> <p>32.Digitivate Solutions Pvt.Ltd</p>

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:

23.2		Holding Company	KMP	Entities in which KMP / relatives of KMP have significant influence	Total
	Rendering of services	-	-	29,034	29,034
		-	-	-	-
	Receiving of services	-	-	1,875,174	1,875,174
		800,000	120,000	663,698	1,583,698
	Finance (including loans)	-	23,196,877	-	23,196,877
		500,000	6,745,160	-	7,245,160
	Loans and advances given/(Re-paid)	800,000	2,251,000	-	3,051,000
		(30,000)	(1,795,618)	-	(1,825,618)
	Balances outstanding at the end of the year				
	Loans and advances given	840,055	-	174,217	1,014,272
		-	-	-	-
	Trade payables	-	-	374,039	374,039
	Investment made			499,940	
	Borrowings		81,333,158	6,190,488	87,523,646

Note 24 Disclosures under Accounting Standard-20

Note	Particulars	For the year ended 31 March, 2012 Amount in INR	For the year ended 31 March, 2011 Amount in INR
24.a	Earnings per share		
	<u>Basic</u>		
24.b	<u>Continuing operations</u>		
	Net profit / (loss) for the year from continuing operations	(11,510,351.41)	290,435.00
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	(11,510,351.41)	290,435.00
	Weighted average number of equity shares	7,547,600.00	7,547,600.00
	Par value per share	10.00	10.00
	Earnings per share from continuing operations - Basic	(1.53)	0.04
24.c	<u>Total operations</u>		
	Net profit / (loss) for the year	(11,510,351.41)	290,435.00
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year attributable to the equity shareholders	(11,510,351.41)	290,435.00
	Weighted average number of equity shares	7,547,600.00	7,547,600.00
	Par value per share	10.00	10.00
	Earnings per share - Basic	(1.53)	0.04
	<u>Basic (excluding extraordinary items)</u>		
24.d	<u>Continuing operations</u>		
	Net profit / (loss) for the year from continuing operations	(11,510,351.41)	290,435.00
	(Add) / Less: Extraordinary items (net of tax) relating to continuing operations	-	-
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders, excluding extraordinary items	(11,510,351.41)	290,435.00
	Weighted average number of equity shares	7,547,600.00	7,547,600.00
	Par value per share	10.00	10.00
	Earnings per share from continuing operations, excluding extraordinary items - Basic	(1.53)	0.04
24.e	<u>Total operations</u>		
	Net profit / (loss) for the year	(11,510,351.41)	290,435.00
	(Add) / Less: Extraordinary items (net of tax)	-	-
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year attributable to the equity shareholders, excluding extraordinary items	(11,510,351.41)	290,435.00
	Weighted average number of equity shares	7,547,600.00	7,547,600.00
	Par value per share	10.00	10.00
	Earnings per share, excluding extraordinary items - Basic	(1.53)	0.04

Note	Particulars	For the year ended 31 March, 2012 Amount in INR	For the year ended 31 March, 2011 Amount in INR
24.f	<u>Diluted</u> The diluted earnings per share has been computed by dividing the Net Profit After Tax available for Equity Shareholders by the weighted average number of equity shares, after giving dilutive effect of the outstanding Warrants, Stock Options and Convertible bonds for the respective periods. Since, the effect of the conversion of Preference shares was anti-dilutive, it has been ignored.		
	<u>Continuing operations</u>		
	Net profit / (loss) for the year from continuing operations	(11,510,351.41)	290,435.00
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year attributable to the equity shareholders from continuing operations	(11,510,351.41)	290,435.00
	Add: Interest expense and exchange fluctuation on convertible bonds (net)	-	-
	Profit / (loss) attributable to equity shareholders from continuing operations (on dilution)	(11,510,351.41)	290,435.00
	Weighted average number of equity shares for Basic EPS	7,547,600.00	7,547,600.00
	Add: Effect of warrants, ESOPs and Convertible bonds which are dilutive	-	-
	Weighted average number of equity shares - for diluted EPS	7,547,600.00	7,547,600.00
Par value per share	10.00	10.00	
Earnings per share, from continuing operations - Diluted	(1.53)	0.04	

Note 24 Disclosures under Accounting Standards (contd.)

24.g	<u>Total operations</u>		
	Net profit / (loss) for the year	(11,510,351.41)	290,435
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year attributable to the equity shareholders	(11,510,351.41)	290,435
	Add: Interest expense and exchange fluctuation on convertible bonds (net)	-	-
	Profit / (loss) attributable to equity shareholders (on dilution)	(11,510,351.41)	290,435
	Weighted average number of equity shares for Basic EPS	7,547,600	7,547,600
	Add: Effect of Warrants, ESOPs and Convertible bonds which are dilutive	-	-
	Weighted average number of equity shares - for diluted EPS	7,547,600	7,547,600
	Par value per share	10	10
Earnings per share - Diluted	(1.53)	0.04	
	<u>Diluted (excluding extraordinary items)</u>		

Note	Particulars	For the year ended 31 March, 2012 Amount in INR	For the year ended 31 March, 2011 Amount in INR
	Net profit / (loss) for the year from continuing operations	(11,510,351.41)	290,435
	(Add) / Less: Extraordinary items (net of tax)	-	-
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders, excluding extraordinary items	(11,510,351.41)	290,435
	Add: Interest expense and exchange fluctuation on convertible bonds (net)	-	-
	Profit / (loss) from continuing operations attributable to equity shareholders (on dilution)	(11,510,351.41)	290,435
	Weighted average number of equity shares for Basic EPS	7,547,600	7,547,600
	Add: Effect of Warrants, ESOPs and Convertible bonds which are dilutive	-	-
	Weighted average number of equity shares - for diluted EPS	7,547,600	7,547,600
	Par value per share	10	10
	Earnings per share, from continuing operations, excluding extraordinary items - Diluted	(1.53)	0.04
24.i	<u>Total operations</u>		
	Net profit / (loss) for the year	(11,510,351.41)	290,435
	(Add) / Less: Extraordinary items (net of tax)	-	-
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year attributable to the equity shareholders, excluding extraordinary items	(11,510,351.41)	290,435
	Add: Interest expense and exchange fluctuation on convertible bonds (net)	-	-
	Profit / (loss) attributable to equity shareholders (on dilution)	(11,510,351.41)	290,435
	Weighted average number of equity shares for Basic EPS	7,547,600	7,547,600
	Add: Effect of Warrants, ESOPs and Convertible bonds which are dilutive	-	-
	Weighted average number of equity shares - for diluted EPS	7,547,600	7,547,600
	Par value per share	10	10
	Earnings per share, excluding extraordinary items - Diluted	(1.53)	0.04



Virtualsoft Systems Limited

VIRTUALSOFT SYSTEMS LIMITED

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

PROXY FORM

L.F. No.

DP ID No.

No. Of Shares Held

Client ID No.

I/we resident of
being a Member/s of VirtualSoft System Ltd. hereby appoint Mr./Mrs./Miss
..... resident of
or failing him/her Mr./Mrs./Miss
resident of

Vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday the 28th September 2012 at 9:00 A.M. at Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi –110 053, and at any adjournment thereof.

Signed this day of 2012

(Signature of the Shareholder)



Note :

1. The Proxy need not be a member of the Company.
2. The Proxy Form duly Signed across Rs. 1/- Revenue Stamp should reach the company's Registered Office, at least 48 hours before the Meeting.

VIRTUALSOFT SYSTEMS LIMITED

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

ATTENDANCE SLIP

Annual General Meeting—28th September 2012

I/We hereby record my/our presence at the Annual General Meeting of the Company at Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi –110 053, on Friday the 28th September 2012 at 9:00 A.M.

L.F. No.

DP ID No.

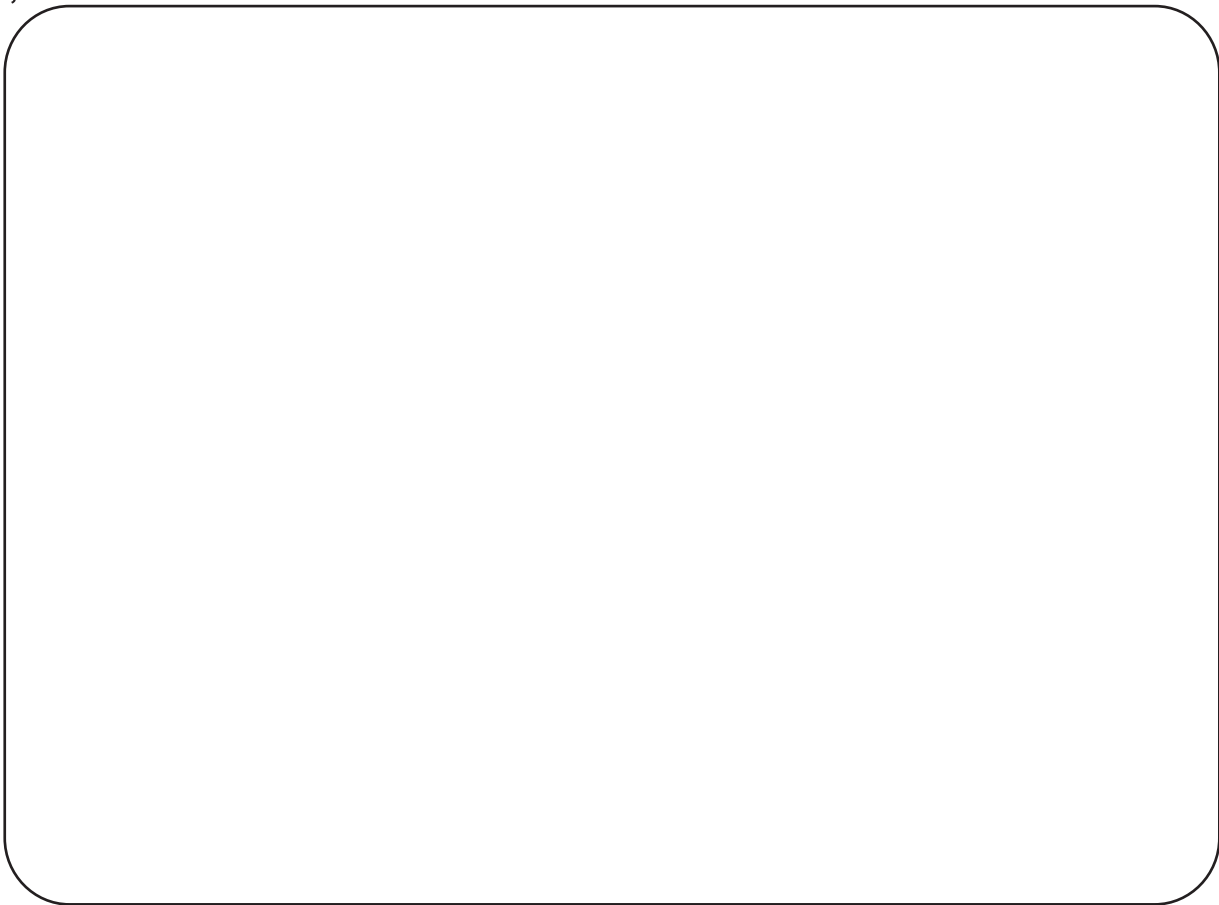
Client ID No.

Name	Father's/Husband's/Company Representative Name	Signature

**No gift of any nature will be distributed at the Annual General Meeting.
The members seeking gifts may excuse us.**

BOOK POST

To,



if undelivered, please return to :
VIRTUALSOFT SYSTEMS LIMITED
S-101, Panchsheel Park, New Delhi-110017

Print Media : 9873000211, 9311130211