



VIRTUALSOFT
Get The Digital Edge

**CONNECT
COMMUNICATE & ENGAGE
EXPERIENTIALLY**

<p>Telecom Division</p>  <p>ROAM1 MOBILE</p>			<p>Virtual Events & Demand Gen. Division</p>  <p> vReach™</p>
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VIRTUALSOFT SYSTEMS LIMITED
ANNUAL REPORT 2012-2013



Virtualsoft Systems Limited

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

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NOTICE

Notice is hereby given that the Twentieth Two Annual General Meeting of the Members of the Company will be held on Monday, September 30, 2013 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:

To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013 and the Profit & Loss Account for the year ended as on that date and the Reports of Auditors and Directors thereon.

1. To re-appoint Mr. Suresh Rajpal, Director who retires by rotation and being eligible, has offered himself for re-appointment.
2. To re-appoint Mr. Ashok Kumar Anand, Director who retires by rotation and being eligible, has offered herself for re-appointment.
3. 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, 2013

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 Thursday September 26, 2013 to Monday 30, 2013 (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

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

Dated: August 01, 2013

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, 2013.

1 Financial Result

Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
1. (a) Net Sales/Income from Operations	283.84	430.73
(b) Other Operating Income	0.00	0.00
2. Expenditure		
a. Increase/decrease in stock in trade and work in progress	6.08	0.00
b. Consumption of raw materials	0.00	0.00
c. Purchase of traded goods	194.87	288.83
d. Employees cost	200.56	131.57
e. Depreciation	9.26	7.42
f. Other expenditure	205.76	134.21
g. Total	616.53	562.03
(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)	(332.70)	(131.30)
4. Other Income	19.82	16.62
5. Profit before Interest and Exceptional Items (3+4)	(312.87)	(114.68)
6. Interest		0.43
7. Profit after Interest but before Exceptional Items (5-6)	(312.87)	(115.11)
8. Exceptional items	0.00	0.00
9. Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)	(312.87)	(115.11)
10. Tax expense	0.00	0.00
11. Net Profit (+)/ Loss (-) from Ordinary Activities after tax (9-10)	(312.87)	(115.11)
12. Extraordinary Item (net of tax expense Rs.	0.00	0.00
13. Net Profit(+)/ Loss(-) for the period (11-12)	(312.87)	(115.11)
14. Paid-up equity share capital (Face Value of the Share shall be indicated)	1029.76	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)	(3.04)	(1.53)
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)	(3.04)	(1.53)
17. Public Shareholding		
- No. of shares	2,677,517	2,327,517
- Percentage of shareholding	26.00%	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	7,620,083	5,220,083
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	74.00%	69.14%
- Percentage of shares (as a % of the total share capital of the company)	74.00%	69.14%



1. BUSINESS AND OPERATIONS OF THE COMPANY

VIRTUAL SOFT- LEVERAGING

ROAMING, TELECOM, VIRTUAL EVENT & DEMAND GEN TECHNOLOGIES TO PROVIDE UNIQUE & EXCEPTIONAL “CONNECT, COMMUNICATE & ENGAGE, EXPERIENTIALLY & COST – EFFECTIVELY (C2E3)” PRODUCTS, PLATFORMS , PROGRAMS AND SOLUTIONS TO LARGE BUSINESS CUSTOMERS AND CONSUMERS

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

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

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

Virtual Soft has developed a world-class Enterprise Communication Platform called vReach that utilizes existing corporate computing 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. Suppleneting 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.

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

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

During the year under review, your Company, received a proposal from Roam1 Telecom Ltd, New Delhi for selling your Company's Roaming Division's running and operating business on a Slump Sale Basis. Pursuant to negotiations, diligence and subject to approvals as required from Statutory Authorities and our Listing



Agreements with Bombay and New Delhi Stock Exchanges, your Company evaluated and agreed to progress with this Slump Sale Proposal – that should be beneficial both to the Roam 1 business venture as well as your Company.

This Slump Sale process is now well under way and is expected to be finalized and fully executed in the current year. Pursuant to the proposed Slump Sale Agreement being executed, Roam 1 Telecom Ltd will become a majority owned Subsidiary of your Company

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

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

2. DIVIDEND

Your Directors do not recommend a dividend.

3. AUDITORS

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

4. DIRECTORS

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

5. DEPOSITS

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

6. PARTICULARS OF EMPLOYEES

There is no employee of the Company who has received remuneration in excess of such sum as

prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

7. CAPITAL MARKET DEVELOPMENTS

As on date, 94.65% 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, 2013

Mr. Gokul Tandan
Managing Director

Mr. R.V.Kulkarni
Wholetime Director

CORPORATE GOVERNANCE REPORT

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

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

1. VSL Philosophy on Corporate Governance

- 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 2013, Eight Board Meetings were held on 15.05.12, 09.06.12, 27.07.12, 01.08.2012, 14.08.12, 14.11.12, 19.11.12 & 14.2.13

The Last Annual General Meeting was held on 28th September 2012 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 (28.09.12)
				Held	Attended	
1.	Mr. Gokul Tandan	MD	6	8	8	Yes
2.	Mr. Rajendra V. Kulkarni	WTD	13	8	8	Yes
3.	Mr. Suresh Rajpal	NEID	8	8	5	No
4.	Mr. Ashok Anand	NEID	6	8	4	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	6	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.		Director Director Director Director Director
2.	Mr.Rajendra V. Kulkarni	13	1. M R Capital Pvt. Ltd. 2. M/s. Vijay Stampings Pvt. Ltd. 3. M/s. Prime Valves India Ltd. 4. M/s. Marble Arch Estate Pvt. Ltd. 5. M/s. Verna Estate Pvt. Ltd. 6. M/s. Mountain Valley Springs Pvt. Ltd. 7. M/s. Multiple Zones India Pvt. Ltd. 8. M/s. Foundation Technologies (Pvt.) Ltd. 9. M/s. Virtual Software & Training (P). Ltd. 10. M/s. MZI Services India Pvt. Ltd. 11. M/s.SME Business Services Ltd. 12. M/s. Office Zone Products Pvt. Ltd. 13. M/s. Kromium Consulting Pvt. Ltd.		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
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

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

2.1 Information Placed before the Board

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

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

3. Committees of the Board

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

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

During the period 01.04.12 to 31.03.13, the Audit Committee met 4 times on 15.05.12, 14.08.12, 14.11.12 & 14.2.13

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 2012 – 2013. The following are the members and their attendance at the Committee Meetings:-

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

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	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi – 110 053	28 09.2012	9:00 A.M.
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 form the Statutory Auditors will be sent to the Listed Stock Exchanges along with the Annual Return of The Company.

SHAREHOLDERS INFORMATION

Registered Office	:	S-101, Panchsheel Park, New Delhi-110 017
Annual General Meeting	:	Date & Time: 30th September, 2013 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. 2013	:	14th August 2013
- Financial reporting for the quarter ending Sep 30. 2013	:	14th November 2013
- Financial reporting for the quarter ending Dec 31. 2013	:	14th February 2014
- Financial reporting for the Year ending March 31. 2014	:	30th May 2014

Date of Book Closures: September 26, 2013 to September 30, 2013, 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)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group ²							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	3	3040083	3040083	29.522	29.522	0	0
(b)	Central Government/ State Government(s)				0.00	0.00		0.00
(c)	Bodies Corporate	2	4580000	4580000	44.476	44.476	0	0
(d)	Financial Institutions/ Banks				0.00	0.00		0.00
(e)	Any Others(Specify)				0.00	0.00		0.00
(e-i)					0.00	0.00		0.00
(e-ii)					0.00	0.00		0.00
	Sub Total(A)(1)	5	7620083	7620083	74.00	74.00	0	0.00
2	Foreign							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)				0.00	0.00		0.00
b	Bodies Corporate				0.00	0.00		0.00
c	Institutions				0.00	0.00		0.00
d	Any Others(Specify)				0.00	0.00		0.00
d-i					0.00	0.00		0.00
d-ii					0.00	0.00		0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	5	7620083	7620083	74.00	74.00	0	0.00
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI				0.00	0.00		0.00
(b)	Financial Institutions / Banks	1	50000	50000	0.49	0.49	N.A.	0
(c)	Central Government/ State Government(s)				0.00	0.00		0.00
(d)	Venture Capital Funds				0.00	0.00		0.00
(e)	Insurance Companies				0.00	0.00		0.00
(f)	Foreign Institutional Investors				0.00	0.00		0.00
(g)	Foreign Venture Capital Investors				0.00	0.00		0.00
(h)	Any Other (specify)				0.00	0.00		0.00
(h-i)					0.00	0.00		0.00
(h-ii)					0.00	0.00		0.00
	Sub-Total (B)(1)	1	50000	50000	0.49	0.49		0.00
B 2	Non-institutions							
(a)	Bodies Corporate	43	95535	85135	0.93	0.93	N.A.	0
(b)	Individuals							
I	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	2679	864074	483328	8.39	8.39	N.A.	0
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	19	1494351	1484341	14.51	14.51	N.A.	0
(c)	Any Other (specify) (NRI)	51	166800	16500	1.62	1.62	N.A.	0
(c-i)	Any Other (Clearing Member)	5	6757	6757	0.07	0.07	N.A.	0
(c-ii)					0.00	0.00		0.00
	Sub-Total (B)(2)	2797	2627517	2076061	25.52	25.52		0.00
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	2798	2677517	2126061	26.00	26.00		0.00
	TOTAL (A)+(B)	2803	10297600	9746144	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		0.00
2	Public					0.00		0
	Sub-Total (C)	0	0	0		0	0	0
	GRAND TOTAL (A)+(B)+(C)	2803	10297600	9746144		100.00	0	0.00

Status of Dematerialization as on March 31, 2013

PARTICULARS	NO. OF SHARES	% TO TOTAL CAPITAL
National Security Depository Limited	9130704	88.68%
Central Depository Services (India) Limited	615440	5.97%
TOTAL DEMATERIALIZED	9746144	94.65%
PHYSICAL	551456	5.35%
GRAND TOTAL	10297600	100%

CERTIFICATE ON CORPORATE GOVERNANCE CERTIFICATE

M/s VIRTUAL SOFT SYSTEMS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by M/s. VIRTUAL SOFT SYSTEMS LIMITED. ('the Company') for the year ended 31st March, 2013 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, 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of

Virtualsoft System Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Virtualsoft Systems Limited ('the Company') which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order

to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i). in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2013;
- (ii). in the case of the statement of profit and loss, of the loss for the year ended on that date; and
- (iii). in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and
- e. on the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- ii) In respect of its inventories:
- (a) As informed and represented to us, inventories were physically verified during the year by the management at reasonable intervals.
- (b) According to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate having regard to the size of the company and nature of its business.
- (c) According to the information and explanation given to us, the company is maintaining proper records of inventory and there was no material discrepancies noticed on physical verification.
- iii) In respect of unsecured loans granted by the company to companies covered in the register under section 301 of the Companies Act, 1956 and according to the information and explanation given to us:

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

Narinder Nath Ahuja

Place : New Delhi
Date : 30 May 2013

Proprietor
M. No: 80178

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to our report of even date)

- i) In respect of its fixed assets:
- (a) In our opinion and on the basis of the information and explanation given to us, the Company is maintaining Fixed Assets Register showing necessary particulars. The Company is in the process of updating its records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, the physical verification of fixed assets was conducted by the management at reasonable intervals and the discrepancies noticed on such verification are properly dealt within the books of accounts. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and the nature of assets.
- (c) The Company has not disposed off any fixed assets which are substantial, and therefore does not affect going concern.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods & services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weakness in the aforesaid internal control system.
- v) In our opinion and according to the information and explanations given to us, there were no contracts or arrangements that need to be entered in the register maintained under section 301 in respect of any party during the period and hence provisions of paragraph (v) (b) of the said Order relating to reasonableness of price having regard to prevailing market price is

- not applicable to the Company.
- vi) In our opinion and according to the information and explanations given to us, the company has not accepted deposits from the public during the year. Therefore, the provisions of clause 4 (vi) of the said order are not applicable to the Company.
- vii) In our opinion and according to the information and explanations given to us, the Company has an Internal Audit System commensurate with the size and nature of its business.
- viii) According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Act, in respect of the products manufactured by the company.
- ix) (a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company is not regular in depositing statutory dues including Provident Fund, TDS with appropriate authorities. As explained to us, the provisions of Employees' State Insurance Act, 1948, are not applicable to 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, 2013 for a period of more than six month from the date they became payable except for Tax deducted at Source amounting to Rs: 64,673/- & Provident Fund amounting Rs-21,658/-.
- (c) According to the records of the company, there are no dues of sale tax, income tax, custom duty, wealth tax which have not been deposited on account of any dispute.
- x) In our opinion the accumulated losses of the company amounting to Rs 1763.83 Lakhs are more than fifty percent of its net worth Rs. -714.07 Lakhs. The company has a loss of Rs. 312.87 lakhs in the current year.
- xi) According to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions or banks or bond holders.
- xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- xiii) The provisions of any special statute applicable to Chit fund / Nidhi / Mutual Benefit Fund / Societies are not applicable to the Company.
- xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, and debentures and other investments.
- According to the information and explanations given by the management, the company has not given any guarantee for loans taken by others from bank or financial institution.
- xv) According to the records of the company, the company has not obtained any term loans during the year.
- xvi) According to the information and explanations given to us, no funds raised on short basis have been used for long term purpose. No long-term funds have been used to finance short-term assets except working capital.
- xvii) According to the information and explanations given to us, the company has made preferential allotment of shares amounting to Rs. 2.75 crores of Rs 10/- each to parties covered in the register maintained under section 301 of the Act.
- xviii) The company has no outstanding debentures as at the year end.
- xix) The Company has not raised any money by public issue during the year.
- xx) During the course of our examination of the books of account, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.

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

Narinder Nath Ahuja

Place : New Delhi
Date : 30 May 2013

Proprietor
M. No: 80178



BALANCE SHEET

As on 31 March, 2013

Particulars	Note No.	As at	
		31 March, 2013 Amount in INR	31 March, 2012 Amount in INR
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	102,976,000	75,476,000
(b) Reserves and surplus	2	(174,383,196)	(143,096,029)
		(71,407,196)	(67,620,029)
2 Share application money pending allotment	20.1	-	3,650,000
3 Non-current liabilities			
(a) Long-term borrowings	3	101,007,099	90,645,151
		101,007,099	90,645,151
4 Current liabilities			
(a) Short-term borrowings	4	557,901	230,103
(b) Trade payables	5	8,758,095	6,460,523
(c) Other current liabilities	6	10,336,260	6,539,459
(d) Short-term provisions	7	625,615	559,846
		20,277,872	13,789,931
	TOTAL	49,877,775	40,465,053
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8A	4,182,367	4,180,724
(ii) Intangible assets	8B	8,400	9,450
(iii) Capital work-in-progress		26,460,910	18,279,600
		30,651,677	22,469,774
(b) Long-term loans and advances	9	2,902,912	1,921,426
(c) Other non-current assets		-	-
(d) Non Current Investment	10	-	499,940
		2,902,912	2,421,366
2 Current assets			
(a) Inventories	11	804,437	1,412,571
(b) Trade receivables	12	10,124,892	7,776,169
(c) Cash and cash equivalents	13	830,771	1,362,358
(d) Short-term loans and advances	14	4,563,087	5,022,814
		16,323,186	15,573,912
	TOTAL	49,877,775	40,465,053
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

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

Place : New Delhi
Date : 30.05.2013

For and on behalf of the Board of Directors

Gokul Tandan
Managing Director

Atul Kumar
Company Secretary

Statement of Profit and Loss

for the year ended 31 March, 2013

Particulars	Note No.	For the year ended 31 March, 2013 Amount in INR	For the year ended 31 March, 2012 Amount in INR
A CONTINUING OPERATIONS			
1 Revenue from operations (gross)	15	30,366,105	44,809,426
Revenue from operations		30,366,105	44,809,426
2 Expenses			
(a) Purchases of stock-in-trade	16 A	19,487,327	9,821,159
(b) Changes in inventories of finished goods, work-in-progress and stock-in-trade	16 B	608,134	(1,212,139)
(c) Employee benefits expense	17	20,056,194	13,156,708
(d) Other expenses	18	20,575,807	33,812,272
Total expenses		60,727,461	55,578,000
3 Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1 - 2)		(30,361,356)	(10,768,574)
4 Depreciation and amortisation expense	8 C	925,811	741,777
5 Profit / (Loss) before extraordinary items and tax		(31,287,167)	(11,510,351)
6 Tax expense:		-	-
7 Profit / (Loss) for the year (13 + 15)		(31,287,167)	(11,510,351)
(a) Lose from discontinue before and after tax		(26,979,216)	(15,225,328)
(b) Lose from continue operation		(4,307,951)	3,714,977
Total Lose for the year		(31,287,167)	(11,510,351)
8 Earnings per share (of ₹ 10/- each):			
Basic & Diluted			
(i) Continuing operations	24 a	(0.57)	(1.53)
(ii) Total operations	24b	(3.04)	(1.53)

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

Rajendra V. Kulkarni
Whole-time Director

For and on behalf of the Board of Directors

Gokul Tandan
Managing Director

Atul Kumar
Company Secretary

Place : New Delhi
Date : 30.05.2013

Cash Flow Statement

for the year ended 31 March, 2013

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	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		(31,287,167)		(11,510,351)
Adjustments for:				
Depreciation and amortisation	925,811		741,777	
Net unrealised exchange (gain) / loss	-		-	
		925,811		741,777
Operating profit / (loss) before working capital changes		(30,361,356)		(10,768,574)
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	608,134		(1,212,139)	
Trade receivables	(2,348,723)		(4,987,105)	
Short-term loans and advances	459,728		1,276,457	
Long-term loans and advances	(981,485)		(575,456)	
Other current assets	-		-	
Other non-current assets	-		-	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	2,297,572		4,951,034	
Other current liabilities	3,796,801		1,103,373	
Other long-term liabilities	-		-	
Short-term provisions	65,769		88,961	
Long-term provisions		3,897,796		645,125
Cash flow from extraordinary items		-		-
Cash generated from operations		(26,463,560)		(10,123,450)
Net income tax (paid) / refunds				-
Net cash flow from / (used in) operating activities (A)		(26,463,560)		(10,123,450)
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(9,107,714)		(9,789,337)	
Investment in equity shares	499,940		(499,940)	-
Amounts received from AOPs	-		-	
Amounts received from LLPs	-		-	
	(8,607,774)		(10,289,277)	

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	Amount in INR	Amount in INR	Amount in INR	Amount in INR
Cash flow from extraordinary items		(8,607,774)	-	(10,289,277)
Net income tax (paid) / refunds		-		-
Net cash flow from / (used in) investing activities (B)		(8,607,774)		(10,289,277)
C. Cash flow from financing activities				
Proceeds from issue of equity shares	23,850,000		-	
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	
Proceeds from long-term borrowings	10,361,948		19,141,574	
Repayment of long-term borrowings	-		-	
Net increase / (decrease) in working capital borrowings	-		-	
Proceeds from other short-term borrowings	327,799		104,405	
Repayment of other short-term borrowings	-		-	
Finance cost	-		-	
Dividends paid	-		-	
Tax on dividend	-		-	
	34,539,747		19,645,979	
Cash flow from extraordinary items			-	
		34,539,747		19,645,979
Net cash flow from / (used in) financing activities (C)		34,539,747		19,645,979
Net increase / (decrease) in Cash and cash equivalents (A+B+C)				
Cash and cash equivalents at the beginning of the year		(531,587)		(766,748)
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		1,362,358		2,129,106
Cash and cash equivalents at the end of the year		-		-
Reconciliation of Cash and cash equivalents with the Balance Sheet:		830,771		1,362,358

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	Amount in INR	Amount in INR	Amount in INR	Amount in INR
Cash and cash equivalents as per Balance Sheet (Refer Note 12)		830,771	0	1,362,358
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		830,771		1,362,358
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 *		830,771		1,362,358
* Comprises:				
(a) Cash on hand		172,661		609,428
(b) Cheques, drafts on hand		-		-
(c) Balances with banks				
(i) incurent Account		658,110		752,930
		830,771		1,362,358
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 : 30.05.2013

For and on behalf of the Board of Directors

Rajendra V. Kulkarni
Whole-time Director

Gokul Tandan
Managing Director

Atul Kumar
Company Secretary

Notes forming part of the financial statements

Note 1 Share capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	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
	15,000,000	150,000,000	15,000,000	150,000,000
(b) Issued Equity shares of Rs.10/- each	10,297,600	102,976,000	7,547,600	75,476,000
	10,297,600	102,976,000	7,547,600	75,476,000
(c) Subscribed and fully paid up Equity shares of Rs.10/- each	10,297,600	102,976,000	7,547,600	75,476,000
	10,297,600	102,976,000	7,547,600	75,476,000
Total	10,297,600	102,976,000	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, 2013								
- Number of shares	7,547,600	2,750,000	-	-	-	-	-	10,297,600
- Amount (Rs.10/- each)	75,476,000	*2,75,00,000	-	-	-	-	-	102,976,000
Year ended 31 March, 2012								
- Number of shares	7,547,600	-	-	-	-	-	-	7,547,600
- Amount (Rs.10/- each)	75,476,000	-	-	-	-	-	-	75,476,000

*27,50,000 equity shares of Rs 10/- at par each were issued to Promoters & Promoters group on preferential basis.

Note 1B Share capital (contd.)

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

Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
	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	6.22%	640,083	8.48%
Gokul Tandon	2,400,000	23.31%	-	0%
Virtual Software and Training Pvt. Ltd.	4,500,000	43.70%	4,500,000	59.62%

Note 2 Reserves and surplus

Particulars	As at 31 March, 2013 Amount in INR	As at 31 March, 2012 Amount in INR
(a) Capital reserve		
As per last balance sheet	2,000,000	2,000,000
(b) Deficit in Statement of Profit and Loss		
Opening balance	(145,096,029)	(133,585,678)
Add: Profit / (Loss) for the year	(31,287,167)	(11,510,351)
Closing balance	(176,383,196)	(145,096,029)
Total	(174,383,196)	(143,096,029)

Note 3 Long-term borrowings

Particulars	As at 31 March, 2013 Amount in INR	As at 31 March, 2012 Amount in INR
(a) Term loans		
From banks		
Secured(secured against hypothecation Car)	228,217	367,027
(b) loans and advances from related parties		
Unsecured	100,778,882	90,278,125
<p>*Includes amount of Rs. 9,17,54,477/-due to Gokul Tandon (Director) out of this total, an amount of Rs- 8,00,00,000 would be converted into Equity Shares on preferential basis. Process of such Conversion of loan (given by Gokul Tandon) into Equity Shares has already commenced.</p>		
Total	101,007,099	90,645,152

Note 4 Short-term borrowings

Particulars	As at 31 March, 2013 Amount in INR	As at 31 March, 2012 Amount in INR
(a) Other Loans and advances(Overdraft & security received)		
Unsecured	557,901	230,103
Total	557,901	230,103

Note 5 Trade payables

Particulars	As at 31 March, 2013 Amount in INR	As at 31 March, 2012 Amount in INR
Trade payables:		
Other than Acceptances	8,460,285	6,460,523
Total	8,460,285	6,460,523

Note 6 Other current liabilities

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Amount in INR	Amount in INR
(i) Unpaid dividends	71,240	71,240
(ii) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	2,692,487	2,333,316
(iii) Advances from customers	3,553,127	657,633
(iv) Others (Expenses Payable)	4,019,406	3,477,270
Total	10,336,260	6,539,459

Note 7 Short-term provisions

Particulars	As at 31 March, 2013	As at 31 March, 2012
	Amount in INR	Amount in INR
(a) Provision for employee benefits:		
(i) Provision for gratuity	418,674	352,905
(ii) Provision for other employee benefits (Leave Encashment)	206,941	206,941
Total	625,615	559,846

Notes forming part of the financial statements

Note 8A Fixed assets

A. Tangible assets	Gross block									
	Balance as at 1 April, 2012	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, 2013
	Amount in INR	Amount in INR	Amount in INR	Amount in INR	Amount in INR	Amount in INR	Amount in INR	Amount in INR	Amount in INR	Amount in INR
(a) Furniture and Fixtures										
Owned	3,706,933	17,000	-	-	-	-	-	-	-	3,723,933
Taken under finance lease										
Given under operating lease										
(b) Vehicles										
Owned	494,700	-	-	-	-	-	-	-	-	494,700
Taken under finance lease										
Given under operating lease										
(c) Office equipment										
Owned	2,071,644	746,023	8,000	-	-	-	-	-	-	2,809,667
Taken under finance lease										
Given under operating lease										
(d) Others (Computer)										
Owned	2,061,662	210,681	39,300	-	-	-	-	-	-	2,233,043
Taken under finance lease										
Given under operating lease										
Total	8,334,939	973,704	47,300	-	-	-	-	-	-	9,261,343
Previous year	35,595,539	2,255,248	-	-	-	-	-	29,515,848	-	8,334,839

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, 2012	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, 2013	Balance as at 31 March, 2012
	Amount in INR	Amount in INR	Amount in INR	Amount in INR	Amount in INR	Amount in INR	Amount in INR	Amount in INR	Amount in INR
(a) Furniture and Fixtures									
Owned	2,557,841	235,135	-	-	-	-	-	930,957	1,149,092
Taken under finance lease *									
Given under operating lease *									
(b) Vehicles									
Owned	27,296	47,126	-	-	-	-	74,422	420,278	467,404
Taken under finance lease *									
Given under operating lease *									
(c) Office equipment									
Owned	1,022,070	288,416	-	-	-	-	1,310,486	1,499,181	1,049,574
Taken under finance lease *									
Given under operating lease *									
(d) Others (Computer)									
Owned	547,008	354,084	-	-	-	-	901,092	1,331,951	1,514,654
Taken under finance lease *									
Given under operating lease *									
Total	4,154,215	924,761	-	-	-	-	5,078,976	4,182,367	4,180,724
Previous year	32,929,336	740,727	-	-	-	-	4,154,215	4,180,724	2,679,734

Note 8 B Fixed assets (contd.)

B. Tangible assets	Balance as at 1 April, 2012	Additions	Disposals	Acquisitions through business combinations	Gross block			Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2013
					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	-	10,500	-	-	-	-	-	-	-	-	10,500

B. Tangible assets	Balance as at 1 April, 2012	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	Balance as at 31 March, 2013	Balance as at 31 March, 2013	Balance as at 31 March, 2013	
(a) Trade Mark	1,050	1,050	-	-	-	-	2,100	8,400	9,450
Total	1,050	1,050	-	-	-	-	2,100	8,400	9,450
Previous year	1,050	1,050	-	-	-	-	1,050	9,450	-

Note 8C Fixed assets (contd.)

C. Depreciation and amortisation relating to continuing operations:

Particulars	As at 31 March, 2013 Amount in INR	As at 31 March, 2012 Amount in INR
Depreciation and amortisation for the year on tangible assets as per Note 8 A	924,761	740,727
Depreciation and amortisation for the year on intangible assets as per Note 8 B	1,050	1,050
Less: Utilised from revaluation reserve	-	-
Depreciation and amortisation relating to discontinuing operations	-	-
Depreciation and amortisation relating to continuing operations	925,811	741,777

Note 9 Long-term loans and advances

Particulars	As at 31 March, 2013 Amount in INR	As at 31 March, 2012 Amount in INR
(a) Security deposits		
Unsecured, considered good	1,819,364	1,138,206
	1,819,364	1,138,206
(b) Others		
Unsecured, considered good	1,083,548	783,220
Total	2,902,912	1,921,426

Note 10 Non Current Investments

Particulars	As at 31 March, 2013 Amount in INR	As at 31 March, 2012 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

Particulars	As at 31 March, 2013 Amount in INR	As at 31 March, 2012 Amount in INR
(a) Stock-in-trade* (As taken valued & certified by management)	804,437	1,412,571
Total	804,437	1,412,571

*Note- Inventory has been valued at lower of cost or net realisable value.

Note 12 Trade receivables

Particulars	As at 31 March, 2013 Amount in INR	As at 31 March, 2012 Amount in INR
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	6,515,199	2,442,311
Doubtful	-	-



Virtualsoft Systems Limited

	6,515,199	2,442,311
Less: Provision for doubtful trade receivables	366,347	366,347
	6,148,852	2,075,964
Other Trade receivables		
Unsecured, considered good	3,976,040	5,700,205
	3,976,040	5,700,205
Total	10,124,892	7,776,169

Note 13 Cash and cash equivalents

Particulars	As at 31 March, 2013 Amount in INR	As at 31 March, 2012 Amount in INR
(a) Cash on hand	172,661	609,428
(b) Balances with banks		
(i) In current accounts	658,110	752,930
Total	830,771	1,362,358

Note 14 Short-term loans and advances

Particulars	As at 31 March, 2013 Amount in INR	As at 31 March, 2012 Amount in INR
Unsecured, considered good		
(a) Loans and advances to related parties (Refer Note 23)	29,034	1,120,021
(b) Loans and advances to employees	1,203,790	239,673
(c) Prepaid expenses	954,145	390,425
(d) Balances with government authorities :		
(i) Service Tax credit receivable	443,780	38,049
(ii) Advance Tax and TDS	1,129,927	1,354,773
(e) Others	802,410	1,879,873
Total	4,563,087	5,022,814

Note 15 Revenue from operations

Note	Particulars	For the year ended 31 March, 2013 Amount in INR	For the year ended 31 March, 2012 Amount in INR
(a)	Sale of products		
	International Roaming Cards	23,845,803	11,310,237
(b)	Sale of services		
	Video Recording Services	3,644,834	29,324,127
	IVR setup charges	893,068	2,513,113
(c)	Other operating revenues # comprise:		
	Others (Plan Activation Charges, Service charges, Rental revenue)	1,982,400	1,661,950
Total		30,366,105	44,809,426

Note 16 A Purchase of traded goods

Particulars	For the year ended 31 March, 2013 Amount in INR	For the year ended 31 March, 2012 Amount in INR
International Roaming Cards	19,487,327	98,211,159
Total	19,487,327	98,211,159

Note 16 B Changes in inventories of stock-in-trade

Particulars	For the year ended 31 March, 2013 Amount in INR	For the year ended 31 March, 2012 Amount in INR
Inventories at the end of the year:		
Stock-in-trade	804,437	1,412,571
Inventories at the beginning of the year:		
Stock-in-trade	1,412,571	200,432
Net (increase) / decrease	608,134	-1,212,139

Note 17 Employee benefits expense

Particulars	For the year ended 31 March, 2013 Amount in INR	For the year ended 31 March, 2012 Amount in INR
Salaries and wages	19,802,078	12,822,672
Contributions to provident and other funds	10,632	123,824
Staff welfare expenses	243,484	182,520
Leave encashment	-	27,692
Total	20,056,194	13,156,708

Note 18 Other expenses

Particulars	For the year ended 31 March, 2013 Amount in INR	For the year ended 31 March, 2012 Amount in INR
Direct Expenses	1,367,416	17,533,466
Power and fuel	814,979	389,426
Rent including lease rentals	2,336,628	2,137,612
Repairs and maintenance - Buildings	33,272	106,128
Repairs and maintenance - Machinery	203,712	48,383
Repairs and maintenance - Others	53,683	329,901
Consultancy charges	1,461,586	1,528,971
Car running expenses	379,123	322,000
Fees & Subscription	2,448,899	90,737
Listing Fees	163,747	140,768
Communication	1,630,365	1,262,340
Advertisement	481,911	568,315
Travelling and conveyance	3,682,737	2,784,145
Printing and stationery	222,728	313,821
Sales commission	634,256	74,460
Balance written off	-75,443	496,425
Discounting & Damages	252,958	22,176
Bank charges	128,526	30,709
Bad debts	1,222,717	366,347
Business promotion	870,790	2,647,562
Legal and professional	1,416,042	2,128,508
Payments to auditors (Refer Note (i) below)	134,200	134,200
Net loss on foreign currency transactions and translation	276,241	63,763
Prior period items (net) (Refer Note (ii) below)	30,330	25,059
Miscellaneous expenses	404,404	267,052
Total	20,575,807	33,812,273

Note 18 Other expenses (contd.)

Particulars	For the year ended 31 March, 2013 Amount in INR	For the year ended 31 March, 2012 Amount in INR
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	100,000	100,000
For taxation matters	25,000	25,000
Reimbursement of expenses	9,200	9,200
Total	134,200	134,200
(ii) Details of Prior period items (net)		
Telephone expense	8,132	-
Office repair & maintenance	2,500	-
Domain charges	2,861	-
Conveyance	16,837	-
Others	-	25,059
	30,330	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 -I 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 Rs. 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 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 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.

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.

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

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. 81,81,310/- incurred during the year has been capitalized. The management is of the opinion that since the process is still going on & hence no amortization is required during this year. During the last quarter company has capitalised Fees & Subscription to CRM amounting to Rs- 22,71,016/- inadvertently, which has been reversed now.

3.2 Discontinuing operations- Disclosure under AS-24 "Discontinuing operations"

On 14th November 2012, the Board of Directors had announced a plan to dispose off Company's Roam 1 Division, which is also a different segment as per AS-17, Segment Reporting. The disposal is consistent with the company's long term strategy to focus its activities in the areas of Telecom business. At 31 March 2013, the carrying amount of assets of Roam 1 Division was Rs. 157.8 lakhs (previous year Rs. 86.89 lakhs) and its liabilities were Rs. 540 lakhs (previous year Rs. 297.44 lakhs). The process of selling the Roam 1 Division is likely to be completed in F.Y. 2013-14.

Details of the Discontinuing Division is here below:

Particulars	As at 31 March, 2013	As at 31 March, 2012
Assets	15,780,301	8,689,575
Liability	54,013,155	29,744,779
Revenue	26,721,271	12,972,187
Expenses	53,700,487	28,197,515
Net Result - Loss	26,979,216	15,225,328

3.3 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.

3.4 Contingent Liabilities:

There are no Contingent liabilities during the year.

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

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

3.7 There are no Government grants during the year.

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

3.9 Figures are rounded off to nearest rupee.

3.8 14. Unclaimed Dividend

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

Unpaid Dividend	Amount
1997-98	43,850
1996-97	27,390
Total	71,240

Note 20 Additional information to the financial statements

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

As at 31 March, 2013		As at 31 March, 2012	
Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency	Receivable/ (Payable)	Receivable/ (Payable) in Foreign currency
₹	(indicate amount with currency)	₹	(indicate amount with currency)
3,93,721/-	SGD-9000	-	-
5,44,251/-	USD-10006.59	760,597/-	USD- 14868.06
(1149219.42/-)	SGD-26669.83	-	-
(2306250.45/-)	USD-42402.65	(12,27,654/-)	USD- 23998.02

	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount in INR	Amount in INR
20.1 Expenditure in foreign currency :		
Purchase	18,853,983	9,821,169
20.2 Earnings in foreign exchange:		
Other income	1,982,400	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, 2013 & ₹ 10,632/-, 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 Virtual Event, Demand Gen. Services, Roaming & Telecom Solutions. 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. Geographic segments of the Company are India only.

Particulars	For the year ended 31 March, 2013			
	Business segments		Eliminations	Total
	Virtual Event & Demand Gen. Services	Roaming & Telecom Solutions		
	Amount in INR	Amount in INR	Amount in INR	Amount in INR
Revenue	3,644,834	26,721,271	-	30,366,105
	(31,837,239)	(12,972,187)	-	(448,094,26)
Total	3,644,834	26,721,271	-	30,366,105
	(31,837,239)	(12,972,187)	-	(44,809,426.00)
Segment result	(4,307,951)	(26,979,216)	-	(31,287,167)
	(3,714,977)	(15,225,328)	-	(11,510,351)
Operating income				(31,287,167)
				(44,809,426)
Profit before taxes				(31,287,167)
				(11,510,351)
Net profit for the year				(31,287,167)
				(11,510,351)

Particulars	For the year ended 31 March, 2013		
	Business segments		Total
	Virtual Event & Demand Gen. Services	Roaming & Telecom Solutions	
	Amount in INR	Amount in INR	Amount in INR
Segment assets	7,636,564 (13,495,878)	15,780,301 (8,689,575.00)	23,416,865 (22,185,453)
Total assets			23,416,865 (22,185,453)
Segment liabilities	67,271,817 (74,690,303)	54,013,155 (29,744,779)	121,284,972 (104,435,082)
Total liabilities			121,284,972 (104,435,082)
Other information			
Capital expenditure (allocable)	3,221,334 (2,471,334)	23,239,576 (15,808,266)	26,460,910 (18,279,600)
Depreciation and amortisation (allocable)	4,329,625 (3,899,038)	751,451 (255,177)	5,081,076 (4,154,215)

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, 2013	Segment assets As at 31 March, 2013	Capital expenditure incurred during the year ended 31 March, 2013	Revenue Earned during the year
	Amount in INR	Amount in INR	Amount in INR	Amount in INR
India	(31,287,167) (11,510,351)	23,416,865 (22,185,453)	26,460,910 (18,279,600)	30,366,105 (44,809,426)

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 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 Mr. Gokul Tandon, Mr. Rajendra V Kulkarni Mr. Suresh Rajpal Ashok Kumar Anand</p> <ol style="list-style-type: none"> 1. M.R. Capital Private limited 2. Foundation Technologies Private Limited 3. Marble Arch Estates Private Limited 4. Mountain Valley Springs Private Limited 5. Electronic Tender.com(India) Private Limited 6. Vijaya Stampings Private Limited 7. Gotocustomer.Com Private Limited 8. CPM India Sales & Marketing Private Limited 9. Visnova Solutions Private Limited 10. Gisil Design Private Limited 11. Inde Pay Networks Private Limited 12. Navis Exim Private Limited 13. Multiple Zone India Private Limited 14. V Reach Solutions Private Limited 15. Cosmo Films Limited 16. Visnova Interactive Private Limited 17. Inde Livelihood Foundation 18. Office Zone Products Private Limited 19. First Choice Graphics Pvt.Ltd. 20. Inprint Marketing Private Limited 21. Inprint Expotech Private Limited 22. Inprint Exclusives India Private Limited 23. Source Graphics India Private Limited 24. M R Towers Private Limited 25. Prime Valves India Limited 26. Veerana Estates Private Limited 27. MZI Services India Private Limited 28. SME Business Services Limited 29. Techsure On-Line Services Private Limited 30. Digitivate Solutions Private Limited

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013

23.2		Holding Company	KMP	Entities in which KMP / relatives of KMP have significant influence	Total
	Receiving of services	-	-	1,371,758	1,371,758
		-	-	(1,875,174)	(1,875,174)
	Finance (including loans)	-	34,971,319	-	34,971,319
		-	(23,196,877)	-	(23,196,877)
	Loans and advances given/ (Repaid)	400,000	*24,550,000	-	24,950,000
		(800,000)	(2,251,000)	-	(3,051,000)
	Balances outstanding at the end of the year				
	Loans and advances given	-	-	29,034	29,034
		(840,255)	-	(174,217)	(1,014,472)
	Trade payables	-	-	380,012	380,012
		-	-	(374,039)	(374,039)
	Investment made	-	-	-	-
		-	-	(499,940)	(499,940)
	Borrowings	-	91,599,992	6,190,488	97,790,480

* Inclusive of share issued amounting to Rs 2,40,00,000 of Rs 10/- each.

Note 24 Disclosures under Accounting Standard-20

Note	Particulars	For the year ended 31 March, 2013 Amount in INR	For the year ended 31 March, 2012 Amount in INR
24.a	Earnings per share		
	<u>Basic & Diluted</u>		
	<u>Continuing operations</u>		
	Net profit / (loss) for the year from continuing operations	(4,307,951)	(11,510,351)
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	(4,307,951)	(11,510,351)
	Weighted average number of equity shares	7,547,600	7,547,600
	Par value per share	10	10
	Earnings per share from continuing operations - Basic	(0.57)	(1.53)
24.b	<u>Total operations</u>		
	Net profit / (loss) for the year	(31,287,167)	(11,510,351)
	Less: Preference dividend and tax thereon	-	-
	Net profit / (loss) for the year attributable to the equity shareholders		(11,510,351)
	Weighted average number of equity shares	10,297,600	7,547,600
	Par value per share	10	10
	Earnings per share - Basic	(3.04)	(1.53)



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 Monday, September 30, 2013 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 2013

(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—30th September 2013

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 Monday, September 30, 2013 at 9:00 A.M.

L.F. No.

DP ID No.

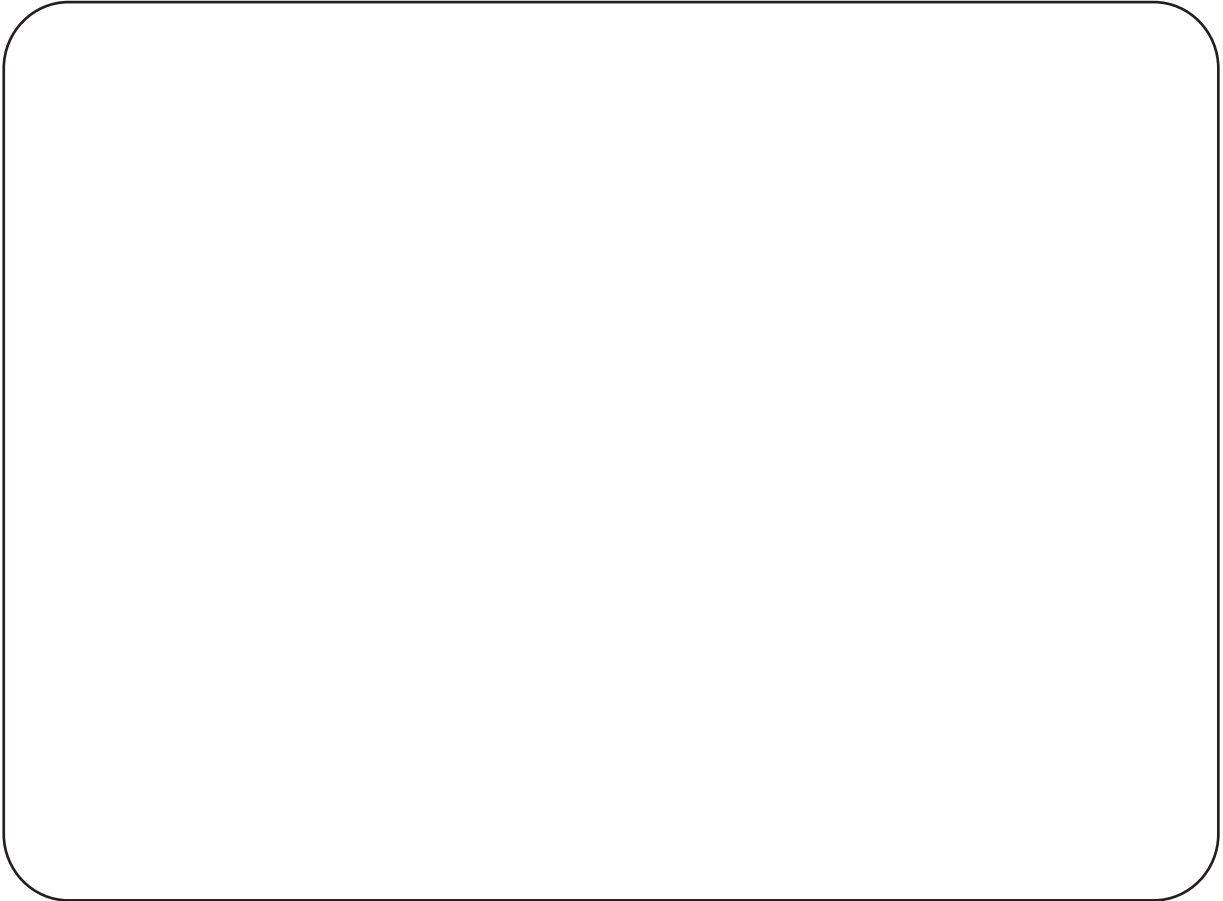
Client ID No.

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.**

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S-101, Panchsheel Park, New Delhi-110017