



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> |
|--|---|--|---|

VIRTUALSOFT SYSTEMS LIMITED

ANNUAL REPORT 2014-2015

Virtualsoft Systems Limited

BOARD OF DIRECTORS

| | |
|--------------------------|-------------------|
| Mr. Gokul Tandan | Managing Director |
| Mr. Rajendra V. Kulkarni | Director |
| Mr. Ashok K. Anand | Director |
| Mr. Suresh Rajpal | Director |
| Ms. Ritu Tandan | Director |

COMPANY SECRETARY

Mr. Atul Kumar

CHIEF FINANCIAL OFFICER (CFO)

Mr. Athar Ahmad

BANKERS

HDFC BANK LIMITED S-355, Panchshila Park. New Delhi-110 017.

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. T-34, Okhla Industrial Area, Phase-II, New Delhi-110020

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting for your consideration and approval the Twenty Third Annual Report of Your Company for the financial year ended March 31, 2015.

1 Financial Result

| PARTICULARS | (Rupees in Lacs) | |
|--|--------------------------|--------------------------|
| | Year Ended 31.03.2015 | Year Ended 31.03.2014 |
| 1. Income from Operations | | |
| a) Net Sales/ Income From Operations | 105.97 | 213.03 |
| b) OterOpearting Income | 13.87 | 11.23 |
| 2. Expenses | | |
| a. Cost of Materials Consumed | 0.00 | 0.00 |
| b. Purchase of Stcok In Trade | 3.02 | 86.92 |
| c. Change in the inventories of Finished Goods, Work in Progress and Stock in Trade | 0.00 | (2.86) |
| d. Employee Benift Expenses | 108.57 | 180.81 |
| e. Depreciation &Amortisation expenses | 3.11 | 5.55 |
| f. Other expenditure | 49.97 | 122.22 |
| g. Total | 164.67 | 392.64 |
| 3. Profit from Operations before Other Income, Finance Cost | | |
| Interest and Exceptional Items (1-2) | (44.83) | (168.38) |
| 4. Other Income | 0.00 | 0.00 |
| 5. Profit before Interest and Exceptional Items (3+4) | (44.83) | (168.38) |
| 6. Finance Cost | 2.35 | 0.00 |
| 7. Profit after Interest but before Exceptional Items (5-6) | (47.18) | (168.38) |
| 8. Exceptional items | (4.96) | 471.41 |
| 9. Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8) | (52.14) | 303.03 |
| 10. Tax expense | 0.00 | 0.00 |
| 11. Net Profit (+)/ Loss (-) from Ordinary Activities after tax (9-10) | (52.14) | 303.03 |
| 12. Extraordinary Item (net of tax expense Rs. | 0.00 | 0.00 |
| 13. Net Profit(+)/ Loss(-) for the period (11-12) | (52.14) | 303.03 |
| 14. Paid-up equity share capital (Face Value of the Share shall be indicated) | 1029.76 | 1029.76 |
| 15. Reserve excluding Revaluation | 20.00 | 20.00 |
| 16. Earnings Per Share (EPS) | | |
| a) Basic and diluted EPS before Extraordinary items for the period, for the year to date and for the previous year (not to be annualized) | (0.51) | 2.94 |
| 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) | (0.51) | 2.94 |



| | | |
|--|-----------|-----------|
| 17. Public Shareholding | | |
| - No. of shares | 2,677,517 | 2,677,517 |
| - Percentage of shareholding | 26.00% | 26.00% |
| 18. Promoters and promoter group Shareholding ** | | |
| a) Pledged/Encumbered | | |
| - Number of shares | 0.00 | 0.00 |
| - Percentage of shares (as a % of the total shareholding of promoter and promoter group) | 0.00 | 0.00 |
| - Percentage of shares (as a% of the total share capital of the company) | 0.00 | 0.00 |
| b) Non-encumbered | | |
| - Number of Shares | 7,620,083 | 7,620,083 |
| - Percentage of shares (as a% of the total shareholding of promoter and promoter group) | 74.00% | 74.00% |
| - Percentage of shares (as a % of the total share capital of the company) | 74.00% | 74.00% |

1. BUSINESS AND OPERATIONS OF THE COMPANY

VirtualSoft - Co-creating, Integrating & Optimising World's best & most innovative roaming, communications & collaboration platforms, Apps and solutions to provide consumers and enterprises an unbeatable communication experience.

Video Rich Broadband and 4G mobile networks - with 5G coming by the end of this decade - are revolutionizing the way we do business and run our lives. Virtual Soft through its vReach division offer outstanding digital broadband solutions. vReach 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.

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

Virtual Soft has developed a world-class Enterprise Communication Platform called vReach that utilizes existing corporate computing and communications infrastructure to make real-time business meeting and

events more cost-effective and convenient by reducing travel and extending reach to globally dispersed customers, partners, and co-workers over low and high bandwidth connections through a simple browser interface.

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

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

vReach has also created a Demand Generation Practice where it uses its own and third party platforms, in-house multi-media content development, social media - web and telemarketing to create customized channel training & development, sales enablement and customer engagement programs mainly for Business to Business brands, in the Technology space.

In the year under Review, we continued making progress



on both the Digital Demand Generation and Telecom initiatives that were launched in the past few years

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

The Telecom Division launched global roaming solutions and services under the "Roam1" brand (www.roam1.com), in FY 2010-11. The global roaming business portfolio that was hived off into a subsidiary Roam 1 Telecom Ltd during FY 13-14, continued to make significant progress in terms of innovative and unique product introductions and plans as well gaining market share and acceptance - both from end -customers and channel partners.

Our key offerings in Roam 1 Telecom Ltd, are based on Global or Regional (e.g Europe) Single Sim Product or Platform , that contains multiple IMSI Profiles or local country specific numbers - anywhere from 3 to 12 in ONE SIM that provides low cost Voice and data services when the subscriber travels overseas. This SIM provides Free Incoming in over 60 countries and provides low cost Call Back to India. This is offered through both prepaid and post-paid plans. The billing is in real time and is visible instantly on the web 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 and data.

VirtualSoft thus develops, integrates, optimises and deploys the technologies of the day to provide the infrastructure, application platforms, SIM cards and Apps needed for rich and enhanced communications & international roaming services for businesses and consumers - as well as for creating collaborative virtual business solutions for sales, customer engagement, training and knowledge management.

In the year under Review, with an intent to synergise the two divisions at a corporate level, the C2E3 Initiative was strengthened. C2E3 stands for Connect Communicate Engage Experientially and Cost - Effectively and provides a bridge for the Telecom & Roam 1 Division to collaborate with the Virtual Events and Demand Gen Division in technology & product development, marketing and large partner and account development. This will create unique cross developed product offerings in the enhanced communications and collaboration space - including web and video conferencing, cloud telephony, Rich Communication Services (RCS) based platforms, connected device life-cycle management solutions and will facilitate 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 years to come.

3. DIVIDEND

Your Directors do not recommend a dividend due to loss incurred for the current financial year.

4. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid last year.

5. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report

6. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY

The Company has devised and implemented a mechanism for risk management and has developed a Risk Management Policy. The Policy provides for constitution of a Risk Committee, which will work towards creating a Risk Register, identifying internal and external risks and implementing risk mitigation steps. The Committee will provide status updates to the Board of Directors of the Company.



7. DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

There was no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

No fresh Contracts or Arrangements was made with related parties pursuant to Section 188 except one already approved in last year AGM.

10. STATUTORY 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. The Board proposes his appointment.

11. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors has appointed Mr Sanjeev Kumar Jha from SJK & Co., practicing Company Secretary for conducting secretarial audit of the Company for the financial year 2014-2015. The Secretarial Audit Report is annexed herewith as Annexure A.

The Secretarial Audit report does not contain any qualification, reservation or adverse remark.

12. INTERNAL AUDIT

Pursuant to the provisions of the Companies Act, 2013, the Board of Directors has appointed CA Jyoti Kumar from Jyoti Kumar & Co., practicing Company Secretary for conducting secretarial audit of the Company for the financial year 2014-2015.

13. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There was no qualifications, reservations or adverse

remarks made by the either by the Auditors or by the Practicing Company Secretary in their respective reports.

14. COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES

The company has a policy in place which will be provided upon request. In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the policy which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

15. ANNUAL RETURN

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in Annexure B and is attached to this Report.

16. NUMBER OF BOARD MEETINGS & THEIR COMMITTEES CONDUCTED DURING THE YEAR UNDER REVIEW

The Company had Four (4) Board meetings during the financial year under review. The details are mentioned elsewhere in the Corporate Governance Report.

17. DIRECTORS

Mr. Rajendra V Kulkarni and Ms. Ritu Tandon retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment. Further, notices has been received from members for candidature of Ms. Ashima Puri as Independent Director. Board proposes her appointment. Details are as mentioned in explanatory statement to the notice of Annual General Meeting.

18. DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

19. DEPOSITS

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



20. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

The details of financial performance of Subsidiary/ Joint Venture/Associate Company is furnished in Annexure C. and attached to this report.

21. CAPITAL MARKET DEVELOPMENTS

As on date, 94.73% 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.

22. 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.

Steps taken or impact on conservation of energy: All possible measures have been taken to conserve energy

By identifying potential areas for saving;

By incorporating energy efficient equipment;

By automation.

Steps taken by the company for utilizing alternate sources of energy: Nil

Capital Investment on energy conservation equipments: Nil

(b) Technology Absorption

1. Efforts in brief made towards technology absorption, adaptation and innovation:

These are adapted, wherever necessary, to local conditions.

2. Benefits derived as a result of the above efforts:

New product development, productivity and quality improvements, enhanced safety and environmental protection measures and conservation of energy.

3. Technology Imported: NIL

4. Expenditure on R&D: NIL

C. Foreign Exchange earnings and outgo

The information in this regard is provided in Note no. 31 of the Accounts. There had been no foreign exchanges earnings, during the year.

23. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:-

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the directors 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) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

Internal financial control means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

24. DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM

The composition of committees has been detailed in Corporate Governance Report part of this Report.

The Company has established a vigil mechanism and overseas through the committee, the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who



express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

25. SHARES

a. BUY BACK OF SECURITIES:

The Company has not bought back any of its securities during the year under review.

b. SWEAT EQUITY

The Company has not issued any Sweat Equity Shares during the year under review.

c. BONUS SHARES

No Bonus Shares were issued during the year under review.

Place : New Delhi
Date : August 14, 2015

Mr. Gokul Tandan
Managing Director

Mr. R.V.Kulkarni
Director

d. EMPLOYEES STOCK OPTION PLAN

The Company has not provided any Stock Option Scheme to the employees.

26. CORPORATE GOVERNANCE

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

27. 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.

Corporate Governance Report

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

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

1. VSL Philosophy on Corporate Governance

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

Conveniences and corporate resources.

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

2. Board of Directors

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

- Informed and independent Board is necessary to ensure the highest standards of Corporate Governance. Two directors are independent Directors.

During the Financial Year ended 31st March 2015, Four Board Meetings were held on 30.05.14, 14.08.14, 14.11.14 & 14.02.15,

The Last Annual General Meeting was held on 30th September 2014.

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 (30.09.14) |
|--------|--------------------------|----------|---------------------------------|----------------------|----------|------------------------------|
| | | | | Held | Attended | |
| 1. | Mr. Gokul Tandan | MD | 5 | 4 | 4 | Yes |
| 2. | Mr. Rajendra V. Kulkarni | D | 11 | 4 | 4 | Yes |
| 3. | Mr. Suresh Rajpal | NEID | 9 | 4 | 4 | Yes |
| 4. | Mr. Ashok Anand | NEID | 6 | 4 | 4 | Yes |
| 5. | Ms. Ritu Tnadon | WD | 4 | 3 | 3 | No |

(MD- Managing Director, D - Director, NEID - Non-Executive Independent Director, WD-Woman Director)

Directorship / Committee Positions

| S. No. | Name of the Director | Directorships | Committees Positions Name of the Company | Committee | Position |
|--------|--------------------------|---------------|--|-----------|--|
| 1. | Mr. Gokul Tandan | 5 | 1. M/s. Goto Customers Services Pvt. Ltd. 2. M/s. Virtual Software & Training Pvt.Ltd. 3. M/s. Foundation Technologies Pvt. Ltd. 4. M/s. Roam1 Telecom Ltd. 5. M/s. Vreach Solutions Pvt. Ltd. | | Director Director Director Director Director |
| 2. | Mr. Rajendra V. Kulkarni | 11 | 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. Foundation Technologies (Pvt.) Ltd. 8. M/s. Virtual Software & Training (P). Ltd. 9. M/s. Roan1 Telecom. Ltd. 10. M/s.SME Business Services Ltd. 11 M/s. Office Zone Products Pvt. Ltd. | | Director Director Director Director Director Director Director Director Director Director Director |
| 3. | Mr. Suresh Rajpal | 9 | 1. M/s. Vishnova Solution Pvt. Ltd. 2. M/s Gisil Design Pvt.Ltd. 3. M/s. Electronic Tender.Com(India) Pvt.Ltd 4. M/s. Inde Pay networksPvt.Ltd. 5. M/s MobiRel Technology Services India Pvt. Ltd. 6. M/s. MobiMedia Technology Services India Pvt.Ltd. 7. M/s. Visnova InteractivePvt.Ltd. 8. M/s. Inde Livelihood Foundation 9. M/s. Fakebuster India Pvt.Ltd. | | Director Director Director Director Director Director Director Director Director |
| 4. | Mr. Ashok Anand | 6 | 1. M/s. Inprint Marketing Pvt.Ltd. 2. M/s. First Choice Graphics Pvt.Ltd. 3. M/s. Inprint Expotech Pvt Ltd. 4. M/s. Inprint Exclusives India Pvt.Ltd. 5. M/s. SourceGraphics India Pvt.Ltd. 6. M R Towers Pvt.Ltd. | | Director Director Director Director Director |



| | | | | |
|----|-----------------|---|---|--|
| 5. | Ms. Ritu Tandan | 4 | 1..M/s. Foundation Technologies Pvt.Ltd. 2.M/s. Vreach Solutions Pvt. Ltd. 3.M/s. Vemanya Design Worx Pvt. Ltd. 4. M/s. Roam1 Telecom Ltd. | 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, Nomination & Remuneration Committee, Stakeholder Relationship Committee, Risk Management Committee Meetings.
- Recruitment and Remuneration of senior executives below the board level.
- Details of Joint Ventures / Collaboration Agreement.
- Disclosure of material related party transaction, if any
- Compliance with Regulatory and statutory requirements including listing requirements & Shareholders services.
- Details of show cause, demand, prosecution and penalty notices which are materially important
- Transactions involving substantial payments towards goodwill, brand equity or intellectual Property.
- Sale of material nature of investments, subsidiaries and assets, which are outside the normal course of business.

3. Committees of the Board

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

3.1 Audit Committee

Share Transfer and Investors Grievance Committee.

3.1 Audit Committee

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

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

During the period 01.04.14 to 31.03.15, the Audit Committee met 4 times on 30.05.14, 14.08.14, 14.11.14 & 14.02.15

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 program me, 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 Stakeholder Relationship Committee & Share Transfer and Investors Grievance Committee

The STIG 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 2014 - 2015. The following are the members and their attendance at the Committee Meetings:-

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

w.e.f 14.08.2014 STIG Committee was replaced by SR committee with similar roles & responsibilities. Committee consists of two directors with S C Rajpal as Chairman & Ms. Ritu Tandon as member.

The Committee met two times during the year 2014 - 2015. The following are the members and their attendance at the Committee Meetings:-

| Name of Member | No. of meetings | |
|--------------------|-----------------|----------|
| | Held | Attended |
| 1. Mr. S C Rajpal | 2 | 2 |
| 2. Ms. Ritu Tandon | 2 | 2 |

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 |
|-------------|---------|--|------------|---------------|
| 2013 - 2014 | AGM | Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053 | 30.09.2014 | 9:00 A.M. |
| 2012 - 2013 | AGM | Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053 | 30.09.2013 | 9:00 A.M. |
| 2012 - 2013 | EGM | S-101, Panchsheel Park, New Delhi-17 | 12.09.2013 | Postal Ballot |
| 2011 - 2012 | AGM | Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053 | 28.09.2012 | 9:00 A.M. |

At the ensuing AGM also there is no such resolution to be passed through Postal Ballot.



7. 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

The Company Secretary 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 |
| Corporate Office | : | C-123, Okhla Industrial Area Phase-I, New Delhi-110020 |
| Annual General Meeting | : | Date & Time: 30th September, 2015 at 9:00 A .M. |
| Venue | : | Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053 |

Financial Calendar:

| | | |
|---|---|--------------------|
| -Financial reporting for the quarter ending June 30. 2015 | : | 14th August 2015 |
| -Financial reporting for the quarter ending Sep 30. 2015 | : | 14th November 2015 |
| -Financial reporting for the quarter ending Dec 31. 2015 | : | 14th February 2016 |
| -Financial reporting for the Year ending March 31. 2016 | : | 30th May 2016 |

Date of Book Closures: September 24, 2015 to September 30, 2015, both days inclusive.

Listing on Stock Exchanges:

The Equity Shares of the Company are listed on the Stock Exchange at Bombay Stock Exchange.



Statement Showing Shareholding Pattern

| Category code | Category of Shareholder | Number of Shareholders | Total number of shares | Number of shares held in dematerialized form | Total shareholding as a percentage of total number of shares | | Shares Pledged or otherwise encumbered | |
|---------------|---|------------------------|------------------------|--|--|---------------------------------|--|---|
| | | | | | As a percentage of(A+B) ¹ (VI) | As a percentage of(A+B+C) (VII) | Number of shares (VIII) | As a percentage (IX)= (VIII) / (IV)*100 |
| (I) | (II) | (III) | (IV) | (V) | | | | |
| (A) | Shareholding of Promoter and Promoter 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 | | | | | | | 0.00 |
| a | "Individuals (Non-Residents Individuals/"Foreign Individuals)" | | | | 0.00 | 0.00 | | 0.00 |
| b | Bodies Corporate | | | | 0.00 | 0.00 | | 0.00 |
| c | Institutions | | | | 0.00 | 0.00 | | 0.00 |
| d | Any Others(Specify) | | | | 0.00 | 0.00 | | 0.00 |
| d-i | | | | | 0.00 | 0.00 | | 0.00 |
| d-ii | | | | | 0.00 | 0.00 | | 0.00 |
| | Sub Total(A)(2) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | 5 | 7620083 | 7620083 | 74.00 | 74.00 | 0 | 0.00 |
| (B) | Public shareholding | | | | | | | 0.00 |
| 1 | Institutions | | | | | | | 0.00 |
| (a) | Mutual Funds/ UTI | | | | 0.00 | 0.00 | | 0.00 |
| (b) | Financial Institutions / Banks | 1 | 50000 | 50000 | 0.49 | 0.49 | N.A. | 0 |
| (c) | Central Government/ State Government(s) | | | | 0.00 | 0.00 | | 0.00 |
| (d) | Venture Capital Funds | | | | 0.00 | 0.00 | | 0.00 |
| (e) | Insurance Companies | | | | 0.00 | 0.00 | | 0.00 |
| (f) | Foreign Institutional Investors | | | | 0.00 | 0.00 | | 0.00 |
| (g) | Foreign Venture Capital Investors | | | | 0.00 | 0.00 | | 0.00 |
| (h) | Any Other (specify) | | | | 0.00 | 0.00 | | 0.00 |
| (h-i) | | | | | 0.00 | 0.00 | | 0.00 |
| (h-ii) | | | | | 0.00 | 0.00 | | 0.00 |
| | Sub-Total (B)(1) | 1 | 50000 | 50000 | 0.49 | 0.49 | | 0.00 |
| B 2 | Non-institutions | | | | | | | 0.00 |
| (a) | Bodies Corporate | 39 | 80309 | 70909 | 0.78 | 0.78 | N.A. | 0 |
| (b) | Individuals | | | | | | | 0.00 |
| I | Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh | 2693 | 880856 | 507710 | 8.55 | 8.55 | N.A. | 0 |
| II | ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh. | 20 | 1499277 | 1489267 | 14.56 | 14.56 | N.A. | 0 |
| (c) | Any Other (specify) (NRI) | 50 | 161800 | 12000 | 1.57 | 1.57 | N.A. | 0 |
| (c-i) | Any Other (Clearing Member) | 5 | 5275 | 5275 | 0.05 | 0.05 | N.A. | 0 |
| (c-ii) | | | | | 0.00 | 0.00 | | 0.00 |
| | Sub-Total (B)(2) | 2807 | 2627517 | 2085161 | 25.52 | 25.52 | | 0.00 |
| (B) | Total Public Shareholding (B)= (B)(1)+(B)(2) | 2808 | 2677517 | 2135161 | 26.00 | 26.00 | | 0.00 |
| | TOTAL (A)+(B) | 2813 | 10297600 | 9755244 | 100.00 | 100.00 | | 0.00 |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | | | | | | | 0 |
| 1 | Promoter and Promoter Group | | | | | 0.00 | | 0.00 |
| 2 | Public | | | | | 0.00 | | 0 |
| | Sub-Total (C) | 0 | 0 | 0 | | 0 | | 0 |
| | GRAND TOTAL (A)+(B)+(C) | 2813 | 10297600 | 9755244 | | 100.00 | 0 | 0.00 |



Status of Dematerialization as on March 31, 2015

| PARTICULARS | NO. OF SHARES | % TO TOTAL CAPITAL |
|---|----------------------|---------------------------|
| National Security Depository Limited | 9158927 | 88.94% |
| Central Depository Services (India) Limited | 596317 | 5.79% |
| TOTAL DEMATERIALIZED | 9755244 | 94.73% |
| PHYSICAL | 542356 | 5.27% |
| 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, 2015 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 no investor except which are constrained by disputes and legal impediments.

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 SJK & Co
Practicing Company Secretary
C P No. 9870

Place: New Delhi
Date: 14 Aug, 2015



Annexure A
A Form No. MR-3
Secretarial Audit Report

(For the Financial Year ending on 31st March 2015)

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Board of Directors

Virtualsoft Systems Ltd

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Virtualsoft Systems Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period ended on 31st March 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. I have examined the books, papers, minute books, forms and returns filed and other records maintained by Virtualsoft Systems Limited ("The Company") for the period ended on 31st March 2015 according to the provisions of:
 - I. The Companies Act, 2013 (the Act) and the Rules made there under;
 - II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
 - III. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
 - IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company :-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - g. The Memorandum and Articles of Association.
- I have also examined compliance with the applicable clauses of the following:
- i) Secretarial Standards issued by The Institute of Company Secretaries of India.
 - ii) The Listing Agreements entered into by the Company with the BSE Limited.

During the period under review the Company has complied broadly with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above.



2. I further report that:

-The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

-Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

-Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes. However, no such instance was applicable as explained to me.

-The Company has obtained all necessary approvals under the various provisions of the Act as explained to me; and

-There were no prosecution initiated against the directors or the company. However penalty was imposed by Bombay Stock Exchange during the year under review for delay in filing Results to BSE. No other penalty/fine/prosecution was imposed or initiated under the Companies Act, SEBI Act, SCRA, Depositories Act, Listing Agreement and Rules, Regulations and Guidelines framed under these Acts against / on the Company, its Directors and Officers.

-The Directors have complied with the disclosure requirements in respect of their eligibility of appointment, their being independent and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel.

3. I further report that:

- a. As per information & declaration received from the management, the Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited;
- b. As per information & declaration received from the management, the Company has complied with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
- c. As per information & declaration received from the management, the Company has complied with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 including the provisions with regard to disclosures and maintenance of records required under the said Regulations;
4. I further report that based on the information received and records maintained there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : New Delhi

Date : 14th August 2015

Sd/-
(Sanjeev Kumar Jha)
Company Secretary
Membership no. 24895, CP No:
9870



Annexure -B

Form No. MGT-9

EXTRACT OF ANNUAL RETURN ON THE FINANCIAL YEAR ENDED ON 31st March 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | |
|--|---|
| i. CIN | L72200DL1992PLC047931 |
| ii. Registration Date | 3/10/1992 |
| iii. Name of the Company | VIRTUALSOFT SYSTEMS LIMITED |
| iv. Category/Sub-Category of the Company | Co. Ltd by Share/ Indian Non Government company |
| v. Address of the Registered office and contact details | S-101, PANCHSHEEL PARK, NEW DELHI-110020 Ph: 011-4270191 |
| vi. Whether listed company | Yes |
| vii. Name, Address and Contact details of Registrar and Transfer Agent, if any | Mas Services Pvt. Ltd. T-34, Okhla Industrial Area, Phase-II, New Delhi-110020 Ph: 011-26383145 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr.No. | Name and Description of main products/ services | NIC Code of the Product/ service | % to total turnover of the company |
|--------|---|----------------------------------|------------------------------------|
| 1 | Software Development | 72291 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and Address Of The Company | CIN/GLN | Holding/ Subsidiary /Associate | % of shares held | Applicable Section |
|---------|---------------------------------|-----------------------|--------------------------------|------------------|--------------------|
| 1. | Roam1 Telecom Limited | U64100DL2011PLC222155 | Subsidiary | 68.58 | - |



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | |
|---|---|---------------|-----------------|-------------------|
| | Demat | Physical | Total | % of Total Shares |
| A. Promoter | | | | |
| 1) Indian | | | | |
| a) Individual/ HUF | 3040083 | - | 3040083 | 29.522 |
| b) Central Govt | | | | |
| c) State Govt(s) | | | | |
| d) Bodies Corp | 4580000 | - | 4580000 | 44.476 |
| e) Banks / FI | | | | |
| f) Any Other | | | | |
| Sub-total(A)(1):- | 7620083 | - | 7620083 | 74 |
| 2) Foreign | | | | |
| g) NRIs-Individuals | 11500 | 150300 | 161800 | 1.57 |
| h) Other-Individuals | | | | |
| i) Bodies Corp. | | | | |
| j) Banks / FI | | | | |
| k) Any Other.... | 11500 | 150300 | 161800 | 1.57 |
| Sub-total(A)(2):- | | | | |
| B. Public Shareholding | | | | |
| 1. Institutions | | | | |
| a) Mutual Funds | | | | |
| b) Banks / FI | 50000 | - | 50000 | 0.49 |
| c) Central Govt | | | | |
| d) State Govt(s) | | | | |
| e) Venture Capital Funds | | | | |
| f) Insurance Companies | | | | |
| g) FIs | | | | |
| h) Foreign Venture Capital Funds | | | | |
| i) Others (specify) | | | | |
| Sub-total(B)(1) | 50000 | | 50000 | 0.49 |
| 2. Non Institutions | | | | |
| a) Bodies Corp. | | | | |
| (i) Indian | 72750 | 10400 | 83150 | 0.81 |
| (ii) Overseas | | | | |
| b) Individuals | | | | |
| (i) Individual shareholders holding nominal share capital upto Rs. 1 lakh | 495753 | 379246 | 874999 | 8.5 |
| (ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 1491933 | 10010 | 1501943 | 14.59 |
| c) Others(Specify) | 5625 | | 5625 | 0.06 |
| Sub-total(B)(2) | 2077561 | 549956 | 2627517 | 25.52 |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | 2127561 | 549956 | 2677517 | 26 |
| C. Shares held by Custodian for GDRs&ADRs | | | | |
| Grand Total (A+B+C) | 9747644 | 549956 | 10297600 | 100 |



ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | | Shareholding at the end of the year | |
|--------|-------------------------------------|---|----------------------------------|--|----------------|-------------------------------------|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the Company | % of Shares Pledged / encumbered to total shares |
| 1. | Mohini Tandan | 640083 | 6.22 | 640083 | 6.22 | - | 0.00 |
| 2. | Gokul Tandan | 2400000 | 23.31 | 2400000 | 23.31 | - | 0.00 |
| 3. | Virtual software & Training Pvt Ltd | 4500000 | 43.70 | 4500000 | 43.70 | - | 0.00 |
| 4. | M R Capital Pvt Ltd | 80000 | 0.78 | 80000 | 0.78 | 0.78 | 0.00 |
| | Total | 7620083 | 74.00 | 0 | 7620083 | 74.00 | 0.00 |

iii. Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. no | | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|--------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | At the beginning of the year | - | - | - | - |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | - | - | - | - |
| | At the End of the year | - | - | - | - |

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|----------------------------------|--------------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | | | | |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not | 6,45,889 | 129,654,961 | | 130,300,851 |
| Total (i+ii+iii) | 6,45,889 | 129,654,851 | | 130,300,851 |
| Change in Indebtedness during the financial year | | | | |
| - Addition | | | | |
| - Reduction | 201,758 | 51,85,051 | | |
| Net Change | (-201758) | 51,85,051 | | 49,83,293 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 444,132 | 134,840,012 | | 135,284,144 |
| ii) Interest due but not paid | | | | |
| iii) Interest accrued but not due | | | | |
| Total (i+ii+iii) | 444,132 | 134,840,012 | | 135,284,144 |



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager |
|---------|--|-------------------------|
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - - - |
| 2. | Stock Option | - |
| 3. | Sweat Equity | - |
| 4. | Commission - as % of profit - others, specify... | - - - |
| 5. | Others, please specify | - |
| 6. | Total (A) Ceiling as per the Act | - - |

B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/ Manager |
|---------|---|-------------------------|
| | Independent Directors · Fee for attending board committee meetings · Commission · Others, please specify | - - - |
| | Total (1) | - |
| | Other Non-Executive Directors · Fee for attending board committee meetings · Commission · Others, please specify | - - - |
| | Total (2) | - |
| | Total (B) = (1+2) | - |
| | Total Managerial Remuneration | - |
| | Overall Ceiling as per the Act | - |



C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|-----------|---|--------------------------|-------------------|---------------|---------------|
| | | CEO | Company Secretary | CFO | |
| 1. | Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income Tax Act-1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | 240000 | 657000 | 897000 |
| 2. | Stock Option | | | | |
| 3. | Sweat Equity | | - | - | - |
| 4. | Commission - as % of profit - others, specify... | | - | - | - |
| 5. | Others, please specify | | - | - | - |
| 6. | Total | | 240000 | 657000 | 897000 |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

| Type | Section of the companies Act | Brief description | Details of Penalty Punishment/ Compounding fees imposed | Authority [RD /NCLT/Court] | Appeal made. If any (give details) |
|------------------------------|------------------------------|-------------------|---|----------------------------|------------------------------------|
| A. Company | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| B. Directors | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |
| C. Other Officers In Default | | | | | |
| Penalty | - | - | - | - | - |
| Punishment | - | - | - | - | - |
| Compounding | - | - | - | - | - |



CIN : L72200DL1992PLC047931

Virtualsoft Systems Limited

Annexure CFinancial Performance of Subsidiary, Joint Venture & Associate companies
Financials of Subsidiary company Roam1 Telecom Ltd;**Statement of Profit and Loss for the year ended 31 March, 2015**

In Indian Rupees

| Particulars | Note No. | At the end of Current Reporting Period | At the end of Previous Reporting Period |
|---|-----------|--|---|
| A CONTINUING OPERATIONS | | | |
| Income | | | |
| Revenue from operations (net) | 15 | 62,153,284 | 40,341,255 |
| Other income | | 1,055 | - |
| Total Revenue | | 62,154,339 | 40,341,255 |
| Expenses | | | |
| Purchases of stock-in-trade | | 42,165,956 | 26,671,434 |
| Changes in inventories of stock-in-trade | 16 | (2,334,496) | (1,978,699) |
| Employee benefit expense | 17 | 30,754,710 | 14,124,582 |
| Other operating expenses | 18 | 27,358,305 | 13,793,021 |
| Finance cost | 19 | 4,964,069 | 512,960 |
| Depreciation and amortisation expenses | 20 | 1,816,051 | 519,029 |
| Total Expenses | | 104,724,595 | 53,642,327 |
| Profit / (Loss) before exceptional items and tax | | (42,570,256) | (13,301,072) |
| Add: Exceptional items | | - | - |
| Profit / (Loss) before tax | | (42,570,256) | (13,301,072) |
| Tax expense: | 33 | | |
| Less: Current tax | | - | - |
| Less: Deferred tax | | - | - |
| Total tax expense | | - | - |
| Loss after tax from continuing operations | I | (42,570,256) | (13,301,072) |
| Loss for the year from total operations | | (42,570,256) | (13,301,072) |
| Earnings per equity share | 29 | | |
| Basic and diluted | | | |
| ~for Nominal Value of Share Rs. 10/- | | (28.38) | (15.22) |
| ~for Nominal Value of Share Rs. 5/- | | (14.19) | (7.61) |
| Other Explanatory notes forming part of the financial statement | 21 - 35 | | |

In terms of our report of even date attached.

for **Nath Ahuja & Company**

Chartered Accountants

ICAI Firm Registration Number : 001083N

N N Ahuja

Proprietor

Membership No : 080178

New Delhi

30th May, 2015

For and on behalf of the Board of Directors of
Roam1 Telecom Limited**Gokul Tandon**
Managing Director
DIN : 00441563**Rajendra Virupaksha Kulkarni**
Director
DIN : 00988255



CIN : L72200DL1992PLC047931

Virtualsoft Systems Limited

Balance Sheet as at 31 March, 2015

In Indian Rupees

| Particulars | Note No. | At the end of Current Reporting Period | At the end of Previous Reporting Period |
|---|----------|--|---|
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 1 | 14,998,750 | 14,998,750 |
| (b) Reserves and surplus | 2 | 11,069,554 | 53,639,810 |
| | | 26,068,304 | 68,638,560 |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 3 | 58,869,366 | 16,475,000 |
| (b) Other long-term liabilities | 4 | 1,556,306 | 458,376 |
| | | 60,425,673 | 16,933,376 |
| 3 Current liabilities | | | |
| (a) Short-term borrowings | 3 | 14,514,609 | |
| (b) Trade payables | 5 | 10,424,680 | 17,711,709 |
| (c) Other current liabilities | 6 | 13,639,747 | 8,390,354 |
| (d) Short-term provisions | 7 | 596,479 | - |
| | | 39,175,515 | 26,102,063 |
| TOTAL | | 125,669,492 | 111,674,000 |
| B ASSETS | | | |
| 4 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 8 | 5,933,715 | 5,159,168 |
| (ii) Intangible assets | 9 | 204,566 | 267,363 |
| (iii) Intangible assets under development | 10 | 91,021,530 | 80,521,530 |
| (b) Long-term loans and advances | 11 | 2,732,688 | 2,565,288 |
| | | 99,892,499 | 88,513,349 |
| 5 Current assets | | | |
| (a) Inventories | 12 | 4,313,195 | 1,978,699 |
| (b) Trade receivables | 13 | 16,891,795 | 17,958,688 |
| (c) Cash and cash equivalents | 14 | 1,131,269 | 767,924 |
| (d) Short-term loans and advances | 15 | 3,440,734 | 2,915,340 |
| | | 25,776,993 | 23,620,651 |
| TOTAL | | 125,669,492 | 112,134,000 |
| Other Explanatory notes forming part of the financial statement | 21 - 35 | | |

In terms of our report of even date attached.

for **Nath Ahuja & Company**
Chartered Accountants
ICAI Firm Registration Number : 001083N
N N Ahuja
Proprietor
Membership No : 080178

New Delhi
30th May, 2015

For and on behalf of the Board of Directors of
Roam1 Telecom Limited

Gokul Tandon
Managing Director
DIN : 00441563

Rajendra Virupaksha Kulkarni
Director
DIN : 00988255



INDEPENDENT AUDITOR'S REPORT

To the Members of VirtualSoft Systems Limited

Report on the Financial Statements

We have audited the accompanying financial statements of VirtualSoft Systems Limited ("the Company") which comprise the balance sheet as at 31 March 2015, 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone 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 of the state of affairs of the Company as at 31 March 2015 and its loss and its 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, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
- c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. except for the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e. on the basis of written representations received from the directors as on 31 March 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015, from being appointed as a director in terms of Section 164 (2) of the Act; and
- f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- a. the Company does not have any pending litigations which would impact its financial position in its financial statements .
- b. The Company does not have any long term contracts including derivate contracts for which there would be any material foreseeable losses in future therefore no provision under the applicable law or accounting standard is required.]
- c. Following are the instances of delay in transferring amounts required to be transferred, to the Investor Education and Protection Fund by the Company :

| Year | Amount(Rs) |
|-----------|------------|
| 1997-1998 | 43850 |
| 1996-1997 | 27390 |

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

Narinder Nath Ahuja
Proprietor
Membership No. 80178

New Delhi
30th May, 2015

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 has not maintained Fixed Assets Register showing necessary particulars.
- (b) As explained to us, the physical verification of fixed assets was conducted by the management at reasonable intervals and the discrepancies noticed on such verification are properly dealt within the books of accounts. However we were not provided with any records. In our opinion, we are unable to comment on the frequency of physical verification having regard to the size of the Company and the nature of assets.
- ii) In respect of its inventories:
- (a) The clause related to inventory is not applicable as there is no inventory held by the company.
- iii) The Company has granted unsecured loans and advances amounting to Rs 41,11,611 to Companies, firms or other parties covered in the register maintained under section 189 of the Companies Act and according to the information and explanation given to us:-
- (a) No Interest is charge on the and there is no fixed repayment schedule.
- (b) The overdue amount is more than Rs 100000/- and we cannot comment whether reasonable steps have been taken by the Company for the recovery of the said amount.
- iv) In our opinion and according to the information and explanations given to us, the internal control system commensurate with the size of the company and nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods & services are proper.
- v) 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 directives issued by the Reserve Bank of India and provisions of section 73 to 76 or any other relevant provision provisions of the Companies Act are not applicable.
- vi) According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act.
- vii) (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 undisputed statutory dues.
- Following are the instances of arrears of outstanding statutory dues as on the last day of financial year concerned for a period of more than 6 months from the date they became payable :-
- | S.No | Particulars | Amount |
|------|-------------|------------|
| 1 | TDS | 2,48,289/- |
| 2. | Service Tax | 6,23,226/- |
- According to the records of the company, there are no dues of sale tax, VAT, income tax, custom duty, wealth tax which have not been deposited on account of any dispute.
- As explained to us, the provisions of Employees' State Insurance Act, 1948, are not applicable to the Company.
- (b) According to the records of company the company has not transferred any sum to investor education and protection fund in accordance with the relevant provisions of Companies Act 1956 and Rules made thereunder.
- viii) In our opinion the accumulated losses of the company amounting to Rs 14.81 Crore is more than 50% of its net worth Rs. (-) 4.51 Crore. The company has a cash loss of Rs. 41,93,057/- in the current year and there was no cash loss in the preceding year.
- ix) 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.
- x) 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.



- xi) According to the records of the company, the company has applied the term loans for the purpose for which the loans were obtained.
- xii) During the course of our examination of the books of account, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud on or by the company, noticed or reported during the year, nor have we been informed of such cases by the management.

For **Nath Ahuja & Co.**

Chartered Accountants

Firm's registration number: 001083N

Narinder Nath Ahuja

Proprietor

Membership No. 80178

New Delhi

30th May, 2015



CIN : L72200DL1992PLC047931

Virtualsoft Systems Limited

Balance Sheet as at 31 March, 2015

In Indian Rupees

| Particulars | Note No. | At the end of Current Reporting Period | At the end of Previous Reporting Period |
|---|----------|--|---|
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 1 | 102,976,000 | 102,976,000 |
| (b) Reserves and surplus | 2 | (148,061,928) | (144,079,585) |
| | | (45,085,928) | (41,103,585) |
| 2 Non-current liabilities | | | |
| (a) Long-term borrowings | 3 | 135,284,144 | 130,300,851 |
| | | 135,284,144 | 130,300,851 |
| 3 Current liabilities | | | |
| (a) Trade payables | 4 | 650,741 | 2,148,232 |
| (b) Other current liabilities | 5 | 4,139,082 | 4,938,774 |
| (c) Short-term provisions | 6 | 1,452,250 | 1,051,729 |
| | | 6,242,073 | 8,138,735 |
| TOTAL | | 96,440,288 | 97,336,001 |
| B ASSETS | | | |
| 4 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 7 | 1,201,714 | 1,814,076 |
| (ii) Intangible assets | 8 | - | - |
| (iii) Intangible assets under development | 9 | 4,511,334 | 4,511,334 |
| (b) Non-current investments | 10 | 79,200,000 | 79,200,000 |
| (c) Long-term loans and advances | 11 | 4,805,590 | 7,531,049 |
| | | 89,718,638 | 93,056,459 |
| 5 Current assets | | | |
| (a) Trade receivables | 12 | 2,051,354 | 798,804 |
| (b) Cash and bank balances | 13 | 1,389,157 | 1,810,114 |
| (c) Short-term loans and advances | 14 | 3,281,139 | 1,670,624 |
| | | 6,721,650 | 4,279,542 |
| TOTAL | | 96,440,288 | 97,336,001 |

Other Explanatory notes forming part of the financial statement

21 - 37

In terms of our report of even date attached.

for **Nath Ahuja & Company**

Chartered Accountants

ICAI Firm Registration Number : 001083N

N N Ahuja

Proprietor

Membership No : 080178

New Delhi

30th May, 2015

Rajendra V. Kulkarni

Director

DIN : 00988255

For and on behalf of the Board of Directors of VSL

Gokul Tandon

Managing Director

DIN : 00441563

Athar Ahmed

Chief Financial Officer

Atul Kumar

Company Secretary



CIN : L72200DL1992PLC047931

Virtualsoft Systems Limited

Statement of Profit and Loss for the year ended 31 March, 2015

| Particulars | Note No. | At the end of Current Reporting Period | At the end of Previous Reporting Period |
|--|---------------|--|---|
| A CONTINUING OPERATIONS | | | |
| Income | | | |
| Revenue from operations (net) | 15 | 10,597,300 | 8,489,818 |
| Other income | 16 | 1,386,728 | 55,143 |
| Total Revenue | | 11,984,029 | 8,544,961 |
| Expenses | | | |
| Employee benefit expense | 17 | 10,857,056 | 13,122,734 |
| Other operating expenses | 18 | 5,299,118 | 6,283,552 |
| Finance cost | 19 | 235,296 | 1,176,974 |
| Depreciation and amortisation expenses | 20 | 311,094 | 387,443 |
| Total Expenses | | 16,702,564 | 20,970,703 |
| Profit / (Loss) before exceptional items and tax | | (4,718,535) | (12,425,742) |
| Add: Exceptional items | 21 | (495,944) | 47,141,150 |
| Profit / (Loss) before tax | | (5,214,480) | 34,715,408 |
| Tax expense: | | | |
| Less: Current tax | | - | - |
| Less: Deferred tax | | - | - |
| Total tax expense | | - | - |
| Profit /(Loss) after tax from continuing operations | | (5,214,480) | 34,715,408 |
| B DISCONTINUED OPERATIONS | | | |
| Loss from discontinued operations (before tax) | | - | (4,412,484) |
| Tax expense of discontinued operations | | - | - |
| Loss after tax from discontinued operations | II | - | (4,412,484) |
| C TOTAL OPERATIONS | | | |
| Profit / (Loss) for the year from total operations | I + II | (5,214,480) | 30,302,924 |
| Earnings per equity share (nominal value of share Rs. 10/- each) | | | |
| Basic and diluted earnings per share | | | |
| ~Continuing operations | | (0.51) | 3.37 |
| ~Total operations | | (0.51) | 2.94 |

Other Explanatory notes forming part of the financial statement 21 - 37

In terms of our report of even date attached.

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

For and on behalf of the Board of Directors of VSL

N N Ahuja **Rajendra V. Kulkarni**
Proprietor Director
Membership No : 080178 DIN : 00988255

Gokul Tandon
Managing Director
DIN : 00441563

Atul Kumar
Company Secretary

New Delhi
30th May, 2015

Athar Ahmed
Chief Financial Officer



Cash Flow Statement for the year ended 31 March, 2015

| Particulars | At the end of Current Reporting Period | At the end of Previous Reporting Period |
|--|--|---|
| A Cash flow from operating activities | | |
| Profit / (Loss) before tax from | | |
| ~Continuing operations | (5,214,480) | 34,715,408 |
| ~Discontinued operations | - | (4,412,484) |
| Profit / (Loss) before tax from total operations | (5,214,480) | 30,302,924 |
| Adjustments for: | | |
| Depreciation and amortisation on continuing operations | 311,094 | 387,443 |
| Depreciation and amortisation on discontinued operations | - | 167,280 |
| Net (gain) / Exceptional Item due to charge of depreciation as per Schedule II | 495,944 | (47,141,150) |
| Finance costs | 235,296 | 1,234,095 |
| Interest income | (80,322) | 12,085 |
| Profit / (Loss) before working capital changes | (4,252,467) | (15,037,323) |
| Movement in working capital : | | |
| (Increase) / decrease in inventories | - | 804,437 |
| (Increase) / decrease in trade receivables | (1,252,551) | 6,931,589 |
| (Increase) / decrease in other receivables, loans and advances | 1,114,944 | (3,091,239) |
| (Decrease)/Increase in Loans and advances adjusted through Reserves | 1,232,136 | - |
| (Decrease) / increase in trade payables, other current and long term liabilities | (2,297,183) | (8,531,191) |
| (Decrease) / increase in provisions | 400,521 | 426,114 |
| Cash generated from operations | (5,054,600) | (18,497,613) |
| Taxes paid, net | - | - |
| Net cash flow (used in) / from operating activities (A) | (5,054,600) | (18,497,613) |
| B Cash flow from investing activities | | |
| Capital expenditure on fixed assets, including capital advances | (194,676) | (9,361,478) |
| Investment in Roam1 Telecom Ltd. | - | (79,200,000) |
| Proceeds from sale of International SIM Card Division | - | 80,000,000 |
| Interest received | 80,322 | 12,085 |
| Net cash flow (used in) / from investing activities (B) | (114,354) | (8,549,393) |
| C Cash flow from financing activities | | |
| Proceeds from issue of equity shares | - | - |
| Receipt from borrowings | 4,983,293 | 29,139,267 |
| Finance costs | (235,296) | (1,234,095) |
| Net cash flow (used in) / from financing activities (C) | 4,747,997 | 27,905,172 |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | (420,957) | 858,166 |
| Add: Balance of Cash and cash equivalents as at the beginning of the year | 1,488,874 | 630,708 |
| Cash and cash equivalents as at the end of the year | 1,067,917 | 1,488,874 |
| a) The reconciliation to the cash and bank balances as given in note 15 is as follows: | | |
| Cash and bank balances including non current bank balances, as per note 15 | 1,389,157 | 1,810,114 |
| Less: Term deposits placed with banks | 250,000 | 250,000 |
| Less: Unpaid dividend accounts * | 71,240 | 71,240 |
| Cash and cash equivalents at the end of the year | 1,067,917 | 1,488,874 |



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

Notes:

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

In terms of our report of even date attached.

for **Nath Ahuja & Company**

Chartered Accountants

ICAI Firm Registration Number : 001083N

NN Ahuja

Proprietor

Membership number : 080178

New Delhi

30th May, 2015

For and on behalf of the Board of Directors of VSL

Rajendra V. Kulkarni

Director

Gokul Tandon

Managing Director

Atul Kumar

Company Secretary

Athar Ahmed

Chief Financial Officer



Notes to the financial statements for the year ended 31 March, 2015

1. Share capital

[Item No. 1(a)]

Authorized:

| | As at 31 March, 2015 | As at 31 March, 2014 |
|---|-------------------------|-------------------------|
| 1,50,00,000 Equity Shares of Rupees 10 each (31 March 2015: 1,50,00,000 Ordinary Shares of Rupees 10 each) | 150,000,000 | 150,000,000 |
| | 150,000,000 | 150,000,000 |

Issued

| | | |
|---|-------------|-------------|
| 1,02,97,600 Equity Shares of Rupees 10 each (31 March 2015: 1,02,97,600 Ordinary Shares of Rupees 10 each) | 102,976,000 | 102,976,000 |
| Subscribed and paid-up: | | |
| 1,02,97,600 Equity Shares of Rupees 10 each (31 March 2015: 1,02,97,600 Ordinary Shares of Rupees 10 each) | 102,976,000 | 102,976,000 |
| | 102,976,000 | 102,976,000 |

Additional information:

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

| Equity Shares of Rupees 10 each | No. of Shares | Amount | No. of Shares | Amount |
|---------------------------------|--------------------|--------------------|---------------|-------------|
| At the beginning of the year | 1,02,97,600 | 102,976,000 | 102,976,000 | 102,976,000 |
| Shares allotted during the year | - | - | - | - |
| | 1,02,97,600 | 102,976,000 | 1,02,97,600 | 102,976,000 |

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

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

| Name of shareholders | As of 31 March 2015 | | As of 31 March 2014 | |
|---|---------------------|--------------|---------------------|-------|
| | No. of Shares | % | No. of Shares | % |
| (a) Virtual Software and Training Private Limited | 45,00,000 | 43.70 | 45,00,000 | 43.70 |
| (b) Gokul Tandan | 24,00,000 | 23.31 | 24,00,000 | 23.31 |
| (c) Mohini Tandan | 6,40,083 | 6.22 | 6,40,083 | 6.22 |

(3) Terms/Rights attached to equity shares:

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



2. Reserves and surplus

| [Item No. 1(b)] | As at 31 March, 2015 | As at 31 March, 2014 |
|---|---------------------------------|-----------------------------|
| (a) Capital Reserve | | |
| Balance as per last balance sheet | 2,000,000 | 2,000,000 |
| (b) General Reserve | | |
| Balance as per last balance sheet | 26,184,500 | 24,952,364 |
| (c) Deficit in the Statement of Profit and loss | | |
| Balance as per last balance sheet | (171,031,948) | (201,334,872) |
| Add: Profit/(Loss) for the year | (5,214,480) | 30,302,924 |
| Net deficit in Statement of Profit and loss | <u>(176,246,428)</u> | <u>(171,031,948)</u> |
| | <u>(148,061,928)</u> | <u>(144,079,585)</u> |

3. Borrowings

[Item No. 2(a)]

| | As at 31 March, 2015 | | | As at 31 March, 2014 | | |
|--------------------------------|-----------------------------|---------------|--------------------|----------------------|----------------|--------------------|
| | Long -term- | Short term | Total | Long -term- | Short -term | Total |
| A. Secured Borrowings | | | | | | |
| (a) Term Loans | | | | | | |
| (i) HDFC Bank Car Loan | 444,132 | - | 444,132 | 645,889 | - | 645,889 |
| B. UnSecured Borrowings | | | | | | |
| (a) Loans from related parties | | | | | | |
| (i) From directors | 125,661,122 | - | 125,661,122 | 120,476,071 | - | 120,476,071 |
| (ii) From related parties | 7,178,890 | - | 7,178,890 | 7,178,890 | - | 7,178,890 |
| (b) Others | 2,000,000 | - | 2,000,000 | 2,000,000 | - | 2,000,000 |
| | 135,284,144 | - | 133,284,144 | 130,300,851 | - | 130,300,851 |

Additional information:

- (1) Secured loan represent vehicle loans from bank/finance companies which are secured by hypothecation of vehicles of the Company.
- (2) UnSecured loan from directors and related parties do not carry any interest, also the maturity is dependent on the funds available with the company.
- (3) Loans from Directors includes amount of Rs. 12,56,61,122/- due to Mr. Gokul Tandon, out of this total an amount of Rs. 8,00,00,000 would be converted into Equity Shares on preferential basis.
- (4) Details on analysis of borrowings i.e. Maturity profile, Interest rate and Currency of borrowings.

| Currency of Borrowings | Rate of Interest (Weighted average) | As of 31 March, 2015 | within year | Maturity Profile | | |
|------------------------|--|----------------------------|-------------|-----------------------------|------------------------------|----------------|
| | | | | between one and two year | between two and five year | over five year |
| Indian Rupees | 11.79% | 444,132 | 145,929 | 298,203 | | - |



Virtualsoft Systems Limited

| 4. Trade payables | As at 31 March, 2015 | As at 31 March, 2014 |
|---|-------------------------|-------------------------|
| [Item No. 3(a)] | | |
| (a) Creditors for supplies/services | 650,741 | 2,148,232 |
| | 650,741 | 2,148,232 |
| 5. Other current liabilities | | |
| [Item No. 3(b)] | | |
| (a) Unpaid dividend account [refer note 30] | 71,240 | 71,240 |
| (b) Credit balance in staff imprest/advance | 82,831 | 389,308 |
| (c) Salary payable | 1,228,103 | 1,482,525 |
| (d) Statutory Dues Payable | 2,219,432 | 2,448,831 |
| (e) Other liabilities | 537,476 | 546,870 |
| | 4,139,082 | 4,938,774 |
| 6. Short-term provisions | | |
| [Item No. 3(c)] | | |
| Provision for Expenses | 41175 | |
| Provision for Gratuity | 1,141,540 | 844,788 |
| Provision for Leave Encashment | 269,535 | 206,941 |
| | 1,452,250 | 1,051,729 |

Additional information:

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

| 7. Tangible assets | | | | | |
|---|---------------------------|-----------|----------------------|-----------|-----------|
| [Item No. 4(a)(i)] | Furniture and Fixtures | Vehicles | Office Equipments | Computers | Total |
| Gross Block | | | | | |
| As of April 1, 2013 | 3,723,933 | 494,700 | 2,809,667 | 2,233,043 | 9,261,343 |
| Additions | | 745,062 | 1,037,938 | 105,200 | 1,888,200 |
| Disposals/Sale | 3,723,933 | | 2,423,618 | 2,034,670 | 8,182,221 |
| Adjustments for slump sale | | | | | |
| As of March 31, 2014 | - | 1,239,762 | 1,423,987 | 303,573 | 2,967,322 |
| Additions | | | | 194,676 | 194,676 |
| Disposals/Sale | | | | | |
| As of March 31, 2015 | - | 1,239,762 | 1,423,987 | 498,249 | 3,161,998 |
| Accumulated Depreciation | | | | | |
| As of April 1, 2013 | 2,792,976 | 74,422 | 1,310,486 | 901,092 | 5,078,976 |
| Charge for the year | 177,380 | 64,515 | 225,417 | 86,361 | 553,673 |
| Elimination on account of disposals | 2,969,277 | - | 236,594 | 444,088 | 3,649,959 |
| Adjustments for slump sale | 1,079 | | 441,307 | 387,058 | 829,444 |
| As of March 31, 2014 | - | 138,937 | 858,002 | 156,307 | 1,153,246 |
| Charge for the year | - | 154,276 | | 156,818 | 311,094 |
| Depriciation charged due to remianning life of asset being Nil | | | 494,785 | 1,159 | 495,944 |
| Elimination on account of disposals | | | | | |
| As of March 31, 2015 | - | 293,213 | 1,352,787 | 314,284 | 1,960,284 |
| Net Block | | | | | |
| As of April 1, 2013 | 930,957 | 420,278 | 1,499,181 | 1,331,951 | 4,182,367 |
| As of March 31, 2014 | - | 1,100,825 | 565,985 | 147,266 | 1,814,076 |
| As of March 31, 2015 | - | 946,549 | 71,200 | 183,965 | 1,201,714 |



8. Intangible assets

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

Gross Block

| | Mobile application software | Trade Mark | Total |
|----------------------------|-----------------------------|------------|---------|
| As of April 1, 2013 | - | 10,500 | 10,500 |
| Additions | 297,810 | - | 297,810 |
| Disposals | - | - | - |
| Adjustments for slump sale | 297,810 | 10,500 | 308,310 |

As of March 31, 2014

| | | | |
|----------------------------|---|---|---|
| Additions | - | - | - |
| Disposals/Sale | - | - | - |
| Adjustments for slump sale | - | - | - |

As of March 31, 2015

Accumulated Depreciation

| | | | |
|-------------------------------------|---|-------|-------|
| As of April 1, 2013 | - | 21,00 | 21,00 |
| Charge for the year | - | 1,050 | 1,050 |
| Elimination on account of disposals | - | - | - |
| Adjustments for slump sale | - | 3,150 | 3,150 |

As of March 31, 2014

| | | | |
|-------------------------------------|---|---|---|
| Charge for the year | - | - | - |
| Elimination on account of disposals | - | - | - |

As of March 31, 2015

Net Block

| | | | |
|----------------------|---|-------|-------|
| As of April 1, 2013 | - | 8,400 | 8,400 |
| As of March 31, 2014 | - | - | - |
| As of March 31, 2015 | - | - | - |

Additional information:

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

9. Intangible assets under development

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

| | As at 31 March, 2015 | As at 31 March, 2014 |
|----------------------------|-------------------------|-------------------------|
| CRM Software | 2,471,334 | 2,471,334 |
| Software under development | 2,040,000 | 2,040,000 |
| | 4,511,334 | 4,511,334 |



10. Non-current Investments

[Item No. 4(b)]

Trade Investment (at cost)

Investments in Unquoted Equity Instruments

Subsidiary Company

| | As at 31 March, 2015 | As at 31 March, 2014 |
|---|-------------------------|-------------------------|
| Roam1 Telecom Limited: 1,20,00,000 (31 March 2014: NIL) Equity shares of Rupees 10 each fully paid-up | 79,200,000 | 79,200,000 |
| | <u>79,200,000</u> | <u>79,200,000</u> |

Additional information:

- (a) The company in FY 2013-14 has transferred its International SIM card division on going concern basis to Roam1 Telecom Ltd. by way of slump sale, pursuant to the above Roam1 Telecom has issued 1,20,00,000 equity shares of Rs. 10/- each fully paid-up at Rs. 56/- premium

11. Long-term Loans and Advances

[Item No. 4(c)]

Unsecured, Considered good

Security deposits

Loans and advances to related parties

Inter-corporate deposits

Other loans and advances

| | As at 31 March, 2015 | As at 31 March, 2014 |
|---------------------------------------|-------------------------|-------------------------|
| Security deposits | 352,500 | 352,500 |
| Loans and advances to related parties | 4,266,096 | 7,150,743 |
| Inter-corporate deposits | - | 21,457 |
| Other loans and advances | 186,994 | 6,349 |
| | <u>4,805,590</u> | <u>7,531,049</u> |

Additional information:

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

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

| Name of the company | Relationship | As at 31 March, 2015 | Maximum balance outstanding during the year |
|-----------------------------------|--|-------------------------|---|
| Roam1 Telecom Limited | Subsidiary | 4,111,611 | 7,146,578 |
| Vreach Soloutions Private Limited | Company in which Director are inetrested | 154,485 | 154,485 |
| | | <u>4,266,096</u> | <u>7,301,063</u> |



12. Trade Receivables

[Item No. 5(b)]

| | As at 31 March, 2015 | As at 31 March, 2014 |
|---|---------------------------------|-------------------------|
| Unsecured, unless otherwise stated | | |
| Outstanding for a period exceeding six months | | |
| Considered good | 302,942 | 708,619 |
| Considered doubtful | - | - |
| Less: provision for doubtful receivables | - | 85,334 |
| | <u>302,942</u> | <u>623,286</u> |
| Other receivables | | |
| Considered good | 1,748,412 | 175,518 |
| | <u>1,748,412</u> | <u>175,518</u> |
| | <u>2,051,354</u> | <u>798,804</u> |

13. Cash and Bank balances

[Item No. 5(c)]

| | As at 31 March, 2015 | As at 31 March, 2014 |
|--|---------------------------------|-------------------------|
| Cash and Cash equivalents | | |
| (a) Balances with Banks | | |
| In current accounts | 518,218 | 700,590 |
| In deposits accounts with original maturity of 3 months or less | - | 4,000 |
| (b) Cash on hand | 549,700 | 784,285 |
| | <u>1,067,917</u> | <u>1,488,874</u> |
| Other Bank balances | | |
| (a) In dividend accounts | 71,240 | 71,240 |
| (b) In deposits accounts with original maturity of more than 12 months | 250,000 | 250,000 |
| | <u>321,240</u> | <u>321,240</u> |
| | <u>1,389,157</u> | <u>1,810,114</u> |

14. Short-term Loans and Advances

[Item No. 5(d)]

| | As at 31 March, 2015 | As at 31 March, 2014 |
|---------------------------------------|---------------------------------|-------------------------|
| Unsecured, considered good | | |
| Interest free advances to employees | 359,344 | 324,700 |
| Balances with government authorities: | | |
| (a) as tax deducted at source | 2,889,423 | 1,335,048 |
| Others | 32,372 | 10,876 |
| | <u>3,281,139</u> | <u>1,670,624</u> |

15. Revenue from Operations

Continuing Operations

Sale of Services

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|---|--|--------------------------------------|
| Video Recording and IVR set-up services | 10,597,300 | 8,489,818 |
| | <u>10,597,300</u> | <u>8,489,818</u> |



Virtualsoft Systems Limited

| 16. Other Income | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|---|--|--|
| Interest income from bank deposit | 23,885 | 12,085 |
| Other Interest received | 56,437 | - |
| Liabilities provision written back | 1,293,990 | 40,000 |
| Miscellaneous income | 12,416 | 3,058 |
| | <u>1,386,728</u> | <u>55,143.00</u> |
| 17. Employees benefit expenses | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
| Salaries and Wages | 10,338,660 | 12,581,889 |
| Contribution to provident and other funds | 25,385 | 10,632 |
| Staff welfare expenses | 133,665 | 104,099 |
| Provision for gratuity | 296,752 | 426,114 |
| Provision for Leave Encashment | 62,594 | - |
| | <u>10,857,056</u> | <u>13,122,734</u> |
| 18. Other expenses | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
| Project expenses for recording etc. | 302,165 | 533,705 |
| Power, fuel and electricity | - | 1,000 |
| Communication expenses | 150,934 | 282,964 |
| Rent including lease rent | 1,142,850 | 629,412 |
| Repairs and office maintenance | 7,940 | 6,015 |
| Rate, fees and subscription | 225,709 | 67,500 |
| Sales commission, discounts and rebates | 2,248 | 31,508 |
| Advertising, publicity and business promotion | 68,630 | 76,851 |
| Legal, professional and consultancy | 2,401,215 | 1,008,500 |
| Travelling and conveyance | 300,038 | 494,067 |
| Office supplies, printing and stationery | 143,892 | 32,148 |
| Payment to auditors as Audit fees | | |
| - Statutory Audit fees | 45,750 | 45,750 |
| Bank charges | 153,406 | 534 |
| Other administrative expenses | 354,341 | 3,073,598 |
| | <u>5,299,118</u> | <u>6,283,552</u> |
| 19. Finance cost | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
| Interest expenses | | |
| -On directors loans | - | 797,822 |
| -On term loans | 60,262 | 29,549 |
| -On others | | |
| -Service Tax | 59,144 | 317,592 |
| -TDS | 115,890 | 32,011 |
| | <u>235,296</u> | <u>1,176,974</u> |

Additional information:



20. Depreciation and amortization

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|-----------------------------------|--|--------------------------------------|
| Depreciation on tangible assets | 311,094 | 387443 |
| Amortization of intangible assets | - | - |
| | 311,094 | 387443 |

21. Exceptional Items

[Item No. 4(c)]

Pursuant to the enactment of Companies Act 2013(The Act), the Company has effective revised the useful lives of its fixed assets, in accordance with the provisions of part II of the Act. In case of those assets whose useful life is expired but depreciation charged is less than 95% of the original cost of Asset the difference between depreciation charged till 01/04/2014 and 95% of original cost of the Asset has been passed through profit and loss account.

22 Corporate information

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

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

23 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 under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under section 133 of the Companies Act 2013('Act') read with rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India(SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use in India (Indian GAAP). The financial statements have been prepared on accrual basis under the historical cost convention.

24 Summary of significant accounting policies

24.1 Use of estimates

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

24.2 Inventories

There is no closing stock of Inventory.

24.3 Cash and cash equivalents (for purposes of Cash Flow Statement)

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

24.4 Cash flow statement

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

24.5 Depreciation and amortization

Depreciation has been provided on the straight-line method over the useful lives of assets estimated by the Management. Depreciation for asset purchased /sold during a period is proportionately charged except in respect of the following :

- a.) Intangible assets being Trade Mark which are amortized over the estimated useful life of 10 years.
- b.) No depreciation has been charged by the management on the Completion of CRM Software as it is still under development.

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

24.6 Revenue recognition

Sale of goods

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

Sale of services

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

Other Income

Interest income is accounted on accrual basis.

24.7 Tangible fixed assets

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

24.8 Intangible assets

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

24.9 Foreign currency transactions and translations

Initial recognition

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

Measurement of foreign currency monetary items at the Balance Sheet date

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

Treatment of exchange differences

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

24.10 Employee benefits

Types of employee benefits

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

Liabilities with regard gratuity is determined the Management.

Defined contribution plans

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

24.11 Segment reporting

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

The Company operates in single business Segment namely "Event Management Services". Therefore disclosure under accounting standard 17 is not applicable.

24.12 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any shares pleased bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

Lease under which the Company assumes substantially all the risks and rewards of owner ship are classified as finance lea.

24.13 Taxes on income

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

Deferred tax is not recognised as virtual certainty doesnot exist.

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

24.14 Provisions and contingencies

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

24.15 Investments

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

24.16 Leases

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

substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis."

24.17 Service tax input credit

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

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

- (a) Foreign currency exposure not hedged by any derivative instrument or otherwise is NIL
- (b) Outstanding forward contracts entered by the company for the purpose of hedging its foreign currency exposure
The company do not hedge its foreign currency exposure, accordingly it does not have any outstanding forward contracts

26. Disclosures under Accounting Standard 15 on "Employees benefits"

The Company makes Provident Fund and EDLI contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 25,385/- (Year ended 31 March, 2015) for Provident Fund and EDLI contributions in the Statement of Profit and Loss.

Provision for gratuity and leave encashment is made as per Management Policy .

27. Disclosures under Accounting Standard 19 on "Leases"

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

| | As of 31 March, 2015 | As of 31 March, 2014 |
|--|-------------------------|-------------------------|
| Amount payable not later than one year | 1,134,000 | 1,080,000 |
| Amount payable later than one year but not later than five years | 3,753,682 | 4,887,682 |
| Amount payable later than five years | - | - |

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

| | As of 31 March, 2015 | As of 31 March, 2014 |
|--|-------------------------|-------------------------|
| Amount payable not later than one year | 188,520 | 262,020 |
| Amount payable later than one year but not later than five years | 329,910 | 518,430 |
| Amount payable later than five years | - | - |

28. Disclosures under Accounting Standard 18 on "Related Party Transactions"

(a) List of related parties

(i) Subsidiary Company

Roam1 Telecom Limited

(ii) Key Managerial Personnel (KMP)

Mr. Gokul Tandan

Mr. Rajendra V Kulkarni

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

V Reach Solutions Private Limited

M.R. Capital Private Limited

Goto Customer Services Private Limited

SME Business Services Private Limited

Visnova Solution Private Limited

Foundation Technologies Private Limited

Marble Arch Estate(P) Limited



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

| Related Parties | Nature of Transaction | Ob/Liab Tfs Cr. (+ve)/ De.(-ve) | Payment | Laon Received | TDS | Closing Balance Cr. (+ve)/ De.(-ve) |
|---|--------------------------------|---------------------------------------|------------|------------------|-----------|--|
| (i) Subsidiary Company | | | | | | |
| Roam1 Telecom Limited | Running Account | 7,017,715 | 8,749,550 | 11,655,654 | - | 4,111,611 |
| | CRM Development Charges | - | 10,112,400 | 7,800,000 | 927,810 | 1,384,590 |
| (ii) Key Managerial Personnel (KMP) | | | | | | |
| Mr. Rajendra V Kulkarni | Loan & Advances | 150,000 | - | 150,000 | - | - |
| | Imprest | - | - | - | - | - |
| Mr. Gokul Tandan | Unsecured Loan | (120,476,071) | 1,570,000 | 28,126,594 | 6,755,051 | (125,661,122) |
| | Interest on Unsecured Loan | (535,481) | - | - | - | (535,481) |
| | Directors Remuneration paayble | (954,977) | - | - | - | (954,977) |
| | Imprest | - | - | - | - | - |
| (iii) Enterprises over which KMP / Relatives of KMP can exercise significant influence | | | | | | |
| Visnova Solution Private Ltd. | Legal & Professional | - | - | - | - | - |
| M.R. Capital (P) Ltd. | CRM Development | - | - | - | - | - |
| Foundation Technologies P Ltd. | Unsecured Loan | (6,190,488) | - | - | - | (6,190,488) |
| SME Business Services Ltd. | Project Expenses | (65,236) | 65,236 | - | - | - |
| GOTO Customer Services Pvt. Ltd. | Unsecured Loan | (838,402) | - | - | - | (838,402) |
| Vreach Solution (P) Ltd. | Loan & Advances | 154,485 | - | - | - | 154,485 |
| Marble Arch Estate(P) Limited | Staff Welfare | 115,000 | - | 115,000 | 2,300 | (2,300) |

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

| | As of 31 March, 2015 | As of 31 March, 2014 |
|--|-------------------------|-------------------------|
| For Basic/Diluted EPS | | |
| (a) Calculation of Weighted average number of equity shares | | |
| Number of shares at the begning of the year | 10,297,600 | 10,297,600 |
| Equity Shares issued during the year | - | - |
| Total number of equity shares outstanding at the end of the year | 10,297,600 | 10,297,600 |
| Equity Shares of Rs. 10/- outstanding for 248 days | - | - |
| Equity Shares of Rs. 10/- outstanding for 365 days | 10,297,600 | 10,297,600 |
| Weighted average number of equity shares outstanding during the year | 10,297,600 | 10,297,600 |
| (b) Net profit after tax available for equity shareholders | (5,214,480) | 30,302,924 |
| Earning per share | | |
| For Continuing Operations | (0.51) | 3.37 |
| For Total Operations | (0.51) | 2.94 |

30. Other disclosures as per Companies Act, 1956

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



Virtualsoft Systems Limited

| Year | As of 31 March, 2015 | As of 31 March, 2014 |
|---------|-------------------------|-------------------------|
| 1997-98 | 43,850 | 43,850 |
| 1996-97 | 27,390 | 27,390 |
| | 71,240 | 71,240 |

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

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|---|--------------------------------------|--------------------------------------|
| (a) Expenditure in Foreign Currency (on accrual basis) | | |
| Services purchase | 127,600 | 8,424,641 |
| (b) Earnings in Foreign Exchange (on accrual basis) | | |
| Income from foreign transactions | - | 810,084 |

32. Reconciliation and confirmations

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

33. Provision for tax

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

34. Intangible assets under development

The company is developing a software called Live Webcast Suite for providing telecom services. No amount has been capitalized during the year. The management is of the opinion that since the process is still going on & hence no amortization is required during this year

35. Previous year's figures

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

36. Prior period Items

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

37. Others disclosures

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



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of VirtualSoft Systems Limited

We have audited the accompanying consolidated financial statements of VirtualSoftSystems Limited ('the Company') and its subsidiaries, which comprise the consolidated balance sheet as at 31 March 2015, the consolidated statement of Profit and Loss and Consolidated Cash Flows Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Director is responsible for the preparation of these consolidated financial statements in terms of the requirements of Companies Act 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the Assets of the Group and for preventing detecting fraud and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Director, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for Qualified Opinion

As discussed in Note No. 33 under "Explanatory Notes to Financial Statements", relating to the application on Reverse Charge Mechanism of Section 66A of the Finance Act, 1994, the liability of Service Tax has been understated to the extent of Rs. 45,86,673/- on telecommunication services received from outside India.

As discussed in Note No. 23.5 under "Summary of Significant Accounting Policies" no depreciation has been charged by the management on Completion of CRM Software.

As discussed in Note no. 15 under Short Term Loans and Advances the Company has given advance to director amounting to Rs 14,99,326/-. As per section 185 of the Companies Act 2013 no Company shall give any loan including any loan represented by book Debt, to any of its Directors or to any person in whom director is interested.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give 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 of the Consolidated statements of affairs of the Group as at 31st March 2015, and its consolidated profit and loss and its consolidated cash flows for the year ended on that date.

Emphasis of Matter

As discussed in the audit report for Roam1 Telecom Limited, we did not observe the counting of the physical inventories as of 31st March, 2015. Owing to the nature of the Company's records, we were unable to satisfy ourselves as to inventory quantities by other audit procedures.

For Nath Ahuja & Co.

Chartered Accountants
Firm's registration number: 001083N

New Delhi
30th May, 2015

Narinder Nath Ahuja
Proprietor
Membership No. 80178



CIN : L72200DL1992PLC047931

Virtualsoft Systems Limited

Consolidated Balance Sheet as at 31 March, 2015

| Particulars | Note No. | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|---|----------|--------------------------------------|--------------------------------------|
| A EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| (a) Share capital | 4 | 102,976,000 | 102,976,000 |
| (b) Reserves and surplus | 5 | (138,998,991) | (100,960,442) |
| | | (36,022,991) | 2,015,558 |
| 2 Minority Interest | | 5,212,661 | 13,519,417 |
| 3 Non-current liabilities | | | |
| (a) Long-term borrowings | 6 | 194,153,511 | 146,775,851 |
| (b) Other long-term liabilities | 7 | 1,556,306 | 458,376 |
| | | 195,709,817 | 147,234,227 |
| 4 Current liabilities | | | |
| (a) Short-term borrowings | 6 | 14,514,609 | 460,000 |
| (b) Trade payables | 8 | 9,690,831 | 12,863,683 |
| (c) Other current liabilities | 9 | 13,667,217 | 13,329,129 |
| (d) Short-term provisions | 10 | 2,048,729 | 1,051,729 |
| | | 39,921,387 | 27,704,541 |
| TOTAL | | 204,820,874 | 190,473,743 |
| B ASSETS | | | |
| 1 Non-current assets | | | |
| (a) Fixed assets | | | |
| (i) Tangible assets | 11 | 7,135,429 | 6,973,244 |
| (ii) Intangible assets | 12 | 67,611,860 | 67,467,363 |
| (iii) Intangible assets under development | 13 | 95,532,864 | 85,032,864 |
| (b) Long-term loans and advances | 14 | 3,426,667 | 3,100,079 |
| | | 173,706,820 | 162,573,550 |
| 2 Current assets | | | |
| (a) Inventories | 15 | 4,313,195 | 1,978,699 |
| (b) Trade receivables | 16 | 17,558,559 | 18,757,492 |
| (c) Cash and cash equivalents | 17 | 2,520,426 | 2,578,038 |
| (d) Short-term loans and advances | 18 | 6,721,873 | 4,585,964 |
| | | 31,114,053 | 27,900,193 |
| TOTAL | | 204,820,874 | 190,473,743 |
| Summary of Significant Accounting Policies | 3 | | |
| Notes forming part of the financial statement | 1 - 43 | | |

In terms of our report of even date attached.

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

For and on behalf of the Board of Directors of VSL

N N Ahuja
Proprietor
Membership number : 080178
New Delhi
30th May, 2015

Rajendra V. Kulkarni
Director

Gokul Tandon
Managing Director

Atul Kumar
Company Secretary

Athar Ahmed
Chief Financial Officer



CIN : L72200DL1992PLC047931

Virtualsoft Systems Limited

Consolidated Statement of Profit and Loss for the year ended 31 March, 2015

| Particulars | Note No. | As at 31 March, 2015 | As at 31 March, 2014 |
|--|----------|-------------------------|-------------------------|
| A CONTINUING OPERATIONS | | | |
| Income | | | |
| Revenue from operations (net) | 19 | 72,750,584 | 48,831,073 |
| Other income | | 1,387,784 | 55,143 |
| Total Revenue | | 74,138,368 | 48,886,216 |
| Expenses | | | |
| Purchases of stock-in-trade | | 42,165,956 | 26,671,434 |
| Changes in inventories of stock-in-trade | 21 | (2,334,496) | (1,978,699) |
| Employee benefit expense | 22 | 41,611,766 | 27,247,316 |
| Other operating expenses | 23 | 32,657,423 | 20,076,573 |
| Finance cost | 24 | 5,199,365 | 1,689,934 |
| Depreciation and amortisation expenses | 25 | 2,127,144 | 906,472 |
| Total Expenses | | 121,427,159 | 74,613,029 |
| Profit / (Loss) before exceptional items and tax | | (47,288,791) | (25,726,813) |
| Add: Exceptional items | 26 | (495,944) | 47,141,150 |
| Profit / (Loss) before tax | | (47,784,736) | 21,414,336 |
| Tax expense: | | | |
| Less: Current tax | | 0 | - |
| Less: Deferred tax | | 0 | - |
| Total tax expense | | 0 | - |
| Loss after tax from continuing operations | | (47,784,736) | 21,414,336 |
| B. DISCONTINUED OPERATIONS | 27 | | |
| Profit / (Loss) from discontinued operations (before tax) | | 0 | (4,412,484) |
| Tax expense of discontinued operations | | - | - |
| Profit after tax from discontinued operations | II | 0 | (4,412,484) |
| C. TOTAL OPERATIONS | | | |
| Profit / (Loss) for the year (before adjustment of Minority Interest) I + II | | (47,784,736) | 17,001,852 |
| Less : share of Minority in Current year profits/losses | | (8,514,051) | (2,660,214) |
| Profit / (Loss) for the year (after adjustment of Minority Interest) | | (39,270,684) | 19,662,066 |
| Earnings per equity share (nominal value of share Rs. 10) | | | |
| Basic and diluted earnings per share | | | |
| ~Continuing operations | 34 | (3.81) | 2.08 |
| ~Total operations | 34 | (3.81) | 1.91 |
| Notes forming part of the financial statement | 1 - 43 | | |

In terms of our report of even date attached.

for **Nath Ahuja & Company**

Chartered Accountants

ICAI Firm Registration Number : 001083N

N N Ahuja

Proprietor

Membership number : 080178

New Delhi

30th May, 2015

Rajendra V. Kulkarni

Director

Gokul Tandon

Managing Director

Athar Ahmed

Chief Financial Officer



Consolidated Cash Flow Statement for the year ended 31 March, 2015

| Particulars | Note No. | 31 March, 2015 | 31 March, 2014 |
|--|----------|----------------|----------------|
| A Cash flow from operating activities | | | |
| Profit / (Loss) before tax from | | | |
| ~Continuing operations | | (47,784,736) | 21,414,336 |
| ~Discontinued operations | | - | (4,412,484) |
| Profit / (Loss) before tax from operations | | (47,784,736) | 17,001,852 |
| Adjustments for: | | | |
| Depreciation and amortisation on continuing operations | | 2,127,144 | 906,472 |
| Preliminary expenses written off | | - | 5,807 |
| Depreciation and amortisation on discontinued operations | | - | 167,280 |
| Net (gain) / Exceptional Item due to charge of depreciation as per Schedule II | | 495,944 | (47,141,150) |
| Interest income | | (81,377) | 12,085 |
| Finance costs | | 5,199,365 | 1,747,055 |
| Profit / (Loss) before working capital changes | | (40,043,659) | (27,300,599) |
| Movement in working capital : | | | |
| (Increase) / decrease in inventories | | (2,334,496) | (1,174,262) |
| (Increase) / decrease in trade receivables | | 1,198,932 | (11,027,099) |
| (Increase) / decrease in other receivables, loans and advances | | (415,371) | (8,517,581) |
| (Decrease)/Increase in Loans and advances adjusted through Reserves | | 1,232,136 | - |
| (Decrease) / increase in trade payables, other current and long term liabilities | | (1,736,834) | 18,000,777 |
| (Decrease) / increase in provisions | | 997,000 | 426,114 |
| Cash generated from operations | | (41,102,290) | (29,592,650) |
| Taxes paid, net | | 2,047,126 | 36,866 |
| Net cash flow (used in) / from operating activities (A) | | (43,149,417) | (29,629,515) |
| B Cash flow from investing activities | | | |
| Capital expenditure on fixed assets | | (13,222,476) | (16,634,375) |
| Investment in Roam1 Telecom Ltd. | | - | (79,200,000) |
| Proceeds from sale of International SIM Card Division | | - | 80,000,000 |
| Interest received | | 81,377 | 12,085 |
| Net cash flow (used in) / from investing activities (B) | | (13,141,099) | (15,822,290) |
| C Cash flow from financing activities | | | |
| Receipt from borrowings | | 61,432,268 | 45,849,267 |
| Issue of equity shares | | - | 2,298,750 |
| Finance Cost | | (5,199,365) | (1,747,055) |
| Net cash flow (used in) / from financing activities (C) | | 56,232,903 | 46,400,962 |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | | (57,613) | 949,157 |
| Add: Balance of Cash and cash equivalents as at the beginning of the year | | 2,256,799 | 1,307,642 |
| Cash and cash equivalents as at the end of the year [Refer note (a) below] | | 2,199,186 | 2,256,799 |
| a) Components of cash and cash equivalents | | | |
| Balances with bank in current accounts | | 539,566 | 596,472 |
| Cash on hand | | 1,659,620 | 1,660,326 |
| | | 2,199,186 | 2,256,799 |



Notes:

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

In terms of our report of even date attached.

for **Nath Ahuja & Company**

Chartered Accountants

ICAI Firm Registration Number : 001083N

NN Ahuja

Proprietor

Membership number : 080178

Rajendra V. Kulkarni

Director

For and on behalf of the Board of Directors of VSL

Gokul Tandon

Managing Director

Atul Kumar

Company Secretary

New Delhi

30th May, 2015

Athar Ahmed

Chief Financial Officer



Notes to the financial statements for the year ended 31 March, 2015

1 Corporate information

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

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

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

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

2 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under section 133 of the Companies Act 2013('Act ') read with rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India(SEBI).Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.in India (Indian GAAP). The financial statements have been prepared on accrual basis under the historical cost convention.

3 Summary of significant accounting policies

3.1 Use of estimates

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

3.2 Inventories

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

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

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

3.4 Cash flow statement

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

3.5 Depreciation and amortization

Depreciation has been provided on the straight-line method over the useful lives of assets estimated by the

Management. Depreciation for asset purchased /sold during a period is proportionately charged except in respect of the following :

- a.) Intangible assets being Trade Mark which are amortized over the estimated useful life of 10 years.
- b.) Intangible assets being Software Development on Roam1 Phone which are amortized over the estimated useful life of 5 years.
- c.) No depreciation has been charged by the management on the Completion of CRM Software.

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

3.6 Revenue recognition

Sale of goods

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

Sale of services

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

Other Income

Interest income is accounted on accrual basis.

3.7 Unbilled Revenue

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

3.8 Tangible fixed assets

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

3.9 Intangible assets

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

3.10 Foreign currency transactions and translations

Initial recognition

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

Measurement of foreign currency monetary items at the Balance Sheet date

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

Treatment of exchange differences

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

3.11 Employee benefits

Types of employee benefits

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

Defined contribution plans

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

Short-term employee benefits

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

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

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

3.12 Segment reporting

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

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

3.13 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares.

Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any shares pleased bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

Lease under which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease.

3.14 Taxes on income

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

Deferred tax is not recognised as virtual certainty does not exist.

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

3.15 Provisions and contingencies

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

3.16 Leases

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

3.17 Service tax input credit

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

4. Share capital

| [Item No. 1(a)] | As at 31 March, 2015 | As at 31 March, 2014 |
|---|-------------------------|-------------------------|
| Authorized: | | |
| 1,50,00,000 Equity Shares of Rupees 10 each (31 March 2015: 1,50,00,000 Ordinary Shares of Rupees 10 each) | 150,000,000 | 150,000,000 |
| | 150,000,000 | 150,000,000 |
| Issued | | |
| 1,02,97,600 Equity Shares of Rupees 10 each (31 March 2015: 1,02,97,600 Ordinary Shares of Rupees 10 each) | 102,976,000 | 102,976,000 |
| Subscribed and paid-up: | | |
| 1,02,97,600 Equity Shares of Rupees 10 each (31 March 2015: 1,02,97,600 Ordinary Shares of Rupees 10 each) | 102,976,000 | 102,976,000 |
| | 102,976,000 | 102,976,000 |



Additional information:

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

| Equity Shares of Rupees 10 each | No. of Shares | Amount | No. of Shares | Amount |
|---------------------------------|---------------|-------------|---------------|-------------|
| At the beginning of the year | 1,02,97,600 | 102,976,000 | 1,02,97,600 | 102,976,000 |
| Shares allotted during the year | - | - | - | - |
| | 1,02,97,600 | 102,976,000 | 1,02,97,600 | 102,976,000 |

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

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

| Name of shareholders | As of 31 March 2015 | | As of 31 March 2014 | |
|---|---------------------|-------|---------------------|-------|
| | No. of Shares | % | No. of Shares | % |
| (a) Virtual Software and Training Private Limited | 45,00,000 | 43.70 | 45,00,000 | 43.70 |
| (b) Gokul Tandan | 24,00,000 | 23.31 | 24,00,000 | 23.31 |
| (c) Mohini Tandan | 6,40,083 | 6.22 | 6,40,083 | 6.22 |

(3) Terms/Rights attached to equity shares:

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

5. Reserves and surplus

| [Item No. 1(b)] | As at 31 March, 2015 | As at 31 March, 2014 |
|--|-------------------------|-------------------------|
| (a) Capital Reserve Balance as per last balance sheet | 2,000,000 | 2,000,000 |
| (b) General Reserve Balance as per last balance sheet | 26,184,500 | 24,952,364 |
| (c) Security Premium Reserves Balance as per last balance sheet | 53,760,000 | |
| (d) Deficit in the Statement of Profit and loss Balance as per last balance sheet | (181,672,806) | (201,334,872) |
| Add: Loss for the year | (39,270,684) | 19,662,066 |
| Net deficit in Statement of Profit and loss | (220,943,490) | (181,672,806) |
| | (138,998,991) | (100,960,442) |



6. Borrowings

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

| | As at 31 March, 2015 | | | As at 31 March, 2014 | | |
|-----------------------------------|----------------------|------------|-------------|----------------------|------------|-------------|
| | Long-term | Short-term | Total | Long-term | Short-term | Total |
| A. Secured Borrowings | | | | | | |
| (a) Term Loans | | | | | | |
| (i) From financial institutions | 444,132 | - | 444,132 | 645,889 | | 645,889 |
| B. UnSecured Borrowings | | | | | | |
| (a) Loans from related parties | | | | | | |
| (i) From directors | 183,764,917 | - | 183,764,917 | 136,951,071 | 60,000 | 137,011,071 |
| (ii) From related parties | 7,178,890 | - | 7,178,890 | 9,178,890 | 400,000 | 9,578,890 |
| (b) Loan from Non related parties | | | | | | |
| (i) From Bank | 765,571 | 14,514,609 | 15,280,181 | | | |
| (ii) Others | 2,000,000 | - | 2,000,000 | | | |
| | 194,153,511 | 14,514,609 | 208,668,120 | 146,775,851 | 460,000 | 147,235,851 |

Additional information:

- (1) Secured loan represent vehicle loans from bank/finance companies which are secured by hypothecation of vehicles of the Company.
- (2) UnSecured loan from directors do not have any maturity specified, and no rate of interest specified.
- (3) Loans from Directors includes amount of Rs. 18,37,64,917/-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.
- (3) Details on analysis of borrowings i.e. Maturity profile, Interest rate and Currency of borrowings.

| Currency of Borrowings | Rate of Interest (Weighted average) | As of 31 March, 2015 | within year | Maturity Profile | | |
|------------------------|-------------------------------------|----------------------|-------------|--------------------------|---------------------------|----------------|
| | | | | between one and two year | between two and five year | over five year |
| Indian Rupees | 11.79% | 444,132 | 145,929 | 298,203 | - | - |

7. Other long-term liabilities

[Item No. 3(c)]

| | As at 31 March, 2015 | As at 31 March, 2014 |
|--------------------------------|----------------------|----------------------|
| (a) Security deposit received^ | 1,556,306 | 458,376 |
| | 1,556,306 | 458,376 |

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

8. Trade payable

[Item No. 4(b)]

| | As at 31 March, 2015 | As at 31 March, 2014 |
|--------------------------------------|----------------------|----------------------|
| (a) Creditors for supplies/services | 8,995,245 | 10,521,904 |
| (b) Advances Received from Customers | 695,586 | 2,341,779 |
| | 9,690,831 | 12,863,683 |



Virtualsoft Systems Limited

| 9. Other current liabilities [Item No. 4(c)] | As at 31 March, 2015 | As at 31 March, 2014 |
|---|-------------------------|-------------------------|
| (a) Unpaid dividend account (Refer Note No. 34) | 71,240 | 71,240 |
| (b) Credit balance in staff imprest/advance | 82,831 | 755,553 |
| (c) Accrued salaries and benefits | 5,454,941 | 3,385,002 |
| (d) Revenue taxes payable | 5,015,189 | 8,155,541 |
| (a) Expenses payable | 142,661 | - |
| (e) Other liabilities | 2,900,356 | 961,793 |
| | 13,667,217 | 13,329,129 |
| 10. Short-term provisions [Item No. 4(d)] | | |
| Provision for Gratuity | 1,264,425 | 844,788 |
| Provision for Leave Encashment | 598,508 | 206,941 |
| Provision for Expenses | 44,046 | - |
| Provision for Audit fees | 141,750 | - |
| | 2,048,729 | 1,051,729 |

Additional information:

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

| 11. Tangible assets [Item No. 3(a) and 4(a)] | Furniture and Fixtures | Vehicles | Office Equipments | Computers | Total |
|---|---------------------------|-----------|----------------------|-----------|------------|
| Gross Block | | | | | |
| As of April 1, 2013 | 3,723,933 | 494,700 | 2,809,667 | 2,233,043 | 9,261,343 |
| Additions | | 745,062 | 1,037,938 | 105,200 | 1,888,200 |
| Addition on account of Slump sale | 130,132 | | 3,607,616 | 1,877,652 | 5,615,400 |
| Disposals | 3,723,933 | | 2,423,618 | 2,034,670 | 8,182,221 |
| As of March 31, 2014 | 130,132 | 1,239,762 | 5,031,603 | 2,181,225 | 8,582,722 |
| Additions | 76,380 | | 1,669,479 | 976,618 | 2,722,477 |
| Disposals/Sale | | | | | - |
| Adjustments for slump sale | | | | | - |
| As of March 31, 2015 | 206,512 | 1,239,762 | 6,701,082 | 3,157,843 | 11,305,199 |
| Accumulated Depreciation | | | | | |
| As of April 1, 2013 | 2,792,976 | 74,422 | 1,310,486 | 901,092 | 5,078,976 |
| Charge for the year | 182,885 | 64,515 | 496,996 | 265,509 | 1,009,905 |
| Elimination on account of disposals | 2,969,277 | - | 236,594 | 444,088 | 3,649,959 |
| Adjustments for slump sale | 1,079 | | 441,307 | 387,058 | 829,444 |
| As of March 31, 2014 | 5,505 | 138,937 | 1,129,581 | 335,455 | 1,609,478 |
| Charge for the year | 16,540 | 154,276 | 919,002 | 974,530 | 2,064,347 |
| Depriciation charged due to remianning life of asset being Nil | | | 494,785 | 1,159 | 495,944 |
| Elimination on account of disposals | | | | | |
| As of March 31, 2015 | 22,045 | 293,213 | 2,543,368 | 1,311,144 | 4,169,770 |
| Net Block | | | | | |
| As of April 1, 2013 | 930,957 | 420,278 | 1,499,181 | 1,331,951 | 4,182,367 |
| As of March 31, 2014 | 124,627 | 1,100,825 | 3,902,022 | 1,845,770 | 6,973,244 |
| As of March 31, 2015 | 184,467 | 946,549 | 4,157,714 | 1,846,699 | 7,135,429 |



12. Intangible assets

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

Gross Block

As of April 1, 2013

| | Goodwill | Mobile application software | CRM Software | Trade Mark | Total |
|-----------------------------------|------------|-----------------------------|--------------|------------|------------|
| Additions | 67,200,000 | 297,810 | - | - | 67,497,810 |
| Addition on account of Slump Sale | | 297,810 | | 32,350 | 330,160 |
| Disposals | - | - | - | - | - |
| Adjustments for slump sale | | 297,810 | | 10,500 | 308,310 |

As of March 31, 2014

| | | | | | |
|--------------------------------------|------------|---------|---|--------|------------|
| Additions | 67,200,000 | 297,810 | - | 32,350 | 67,530,160 |
| Addition on account of consolidation | 207,294 | | | | 207,294 |
| Disposals/Sale | | | | | |
| Adjustments for slump sale | | | | | - |

As of March 31, 2015

| | | | | | |
|--|------------|---------|---|--------|------------|
| | 67,407,294 | 297,810 | - | 32,350 | 67,737,454 |
|--|------------|---------|---|--------|------------|

Accumulated Depreciation

| | | | | | |
|-------------------------------------|---|--------|---|-------|--------|
| As of April 1, 2013 | - | - | - | 2,100 | 2,100 |
| Charge for the year | - | 59,562 | - | 4,285 | 63,847 |
| Elimination on account of disposals | - | - | - | - | - |
| Adjustments for slump sale | | | | 3,150 | 3,150 |
| As of March 31, 2014 | - | 59,562 | - | 3,235 | 62,797 |

| | | | | | |
|-------------------------------------|--|--------|--|-------|--------|
| Charge for the year | | 59,562 | | 3,235 | 62,797 |
| Elimination on account of disposals | | | | | - |
| Adjustments for slump sale | | | | | - |

As of March 31, 2015

| | | | | | |
|--|---|---------|---|-------|---------|
| | - | 119,124 | - | 6,470 | 125,594 |
|--|---|---------|---|-------|---------|

Net Block

| | | | | | |
|-----------------------------|-------------------|----------------|----------|---------------|-------------------|
| As of April 1, 2013 | - | - | - | 8,400 | 8,400 |
| As of March 31, 2014 | 67,200,000 | 238,248 | - | 29,115 | 67,467,363 |
| As of March 31, 2015 | 67,407,294 | 178,686 | - | 25,880 | 67,611,860 |

13. Intangible assets under development

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

| | As at 31 March, 2015 | As at 31 March, 2014 |
|----------------------------|-------------------------|-------------------------|
| CRM Software | 93,462,864 | 82,962,864 |
| Software under development | 2,040,000 | 2,040,000 |
| Website | 30,000 | 30,000 |
| | <u>95,532,864</u> | <u>85,032,864</u> |



14. Long-term Loans and Advances

[Item No. 4(c)]

| | As at 31 March, 2015 | As at 31 March, 2014 |
|---|---------------------------------|-------------------------|
| Unsecured, Considered good | | |
| Electricity, telephone and other deposits | 220,920 | 367,420 |
| Deposits with creditors | 1,331,762 | 1,397,305 |
| Loans and advances to related parties | 154,485 | 154,485 |
| Inter-corporate deposits | | 21,457 |
| Rental deposits | 1,526,700 | 1,141,450 |
| Other loans and advances | 186,994 | 6,349 |
| Preliminary Expenses written off | 5,806 | 11,613 |
| | 3,426,667 | 3,100,079 |

Additional information:

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

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

| Name of the company | Relationship | As at 31 March, 2015 | Maximum balance outstanding during the year |
|------------------------------------|--------------|---------------------------------|--|
| Vreach Sololutions Private Limited | Associate | 154,485 | 154,485 |

15. Inventories

[Item No. 4(b)]

| | As at 31 March, 2015 | As at 31 March, 2014 |
|---------------------------------------|---------------------------------|-------------------------|
| Valued at cost or net relizable value | | |
| Stock-in-trade | 4,313,195 | 1,978,699 |
| | 4,313,195 | 1,978,699 |

Additional information:

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

16. Trade Receivables

[Item No. 4(c)]

| | As at 31 March, 2015 | As at 31 March, 2014 |
|---|---------------------------------|-------------------------|
| Unsecured, unless otherwise stated | | |
| Outstanding for a period exceeding six months | | |
| Considered good | 3,370,561 | 4,808,110 |
| Considered doubtful | - | - |
| Less: provision for doubtful receivables | - | 85,334 |
| | 3,370,561 | 4,722,777 |
| Other receivables | | |
| Considered good | 14,187,998 | 14,034,715 |
| Considered doubtful | - | - |
| Less: provision for doubtful receivables | - | - |
| | 14,187,998 | 14,034,715 |
| | 17,558,559 | 18,757,492 |



17. Cash and Bank balances

[Item No. 4(d)]

| | As at 31 March, 2015 | As at 31 March, 2014 |
|---|---------------------------------|-------------------------|
| Cash and Cash equivalents | | |
| (a) Balances with Banks | | |
| In current accounts | 539,566 | 592,472 |
| In deposits accounts with original maturity of 3 months or less | - | 4,000 |
| (b) Cheques on hand | | |
| (c) Cash on hand | 1,659,620 | 1,660,326 |
| | 2,199,186 | 2,256,798 |

Other Bank balances

| | | |
|---|------------------|------------------|
| (a) In deposits accounts with original maturity of more than 3 months but less than 12 months | | |
| (b) In deposits accounts with original maturity of more than 12 months | 250,000 | 250,000 |
| (c) Margin Money deposits | | - |
| (d) Unclaimed Dividend Account | 71,240 | 71,240 |
| | 321,240 | 321,240 |
| Less: Amount disclosed under non-current assets | - | - |
| | 2,520,426 | 2,578,038 |

18. Short-term Loans and Advances

[Item No. 4(b)]

| | As at 31 March, 2015 | As at 31 March, 2014 |
|---|---------------------------------|-------------------------|
| Unsecured, considered good | | |
| Interest free loans and advances to employees | 3,202,096 | 2,326,867 |
| Prepaid expenses | 68,365 | - |
| Balances with government authorities: | | |
| as advance tax including tax deducted at source | 3,419,040 | 1,371,914 |
| as Input service tax credit | 32,372 | 876,308 |
| Others | | 10,876 |
| | 6,721,873 | 4,585,964 |

Additional information:

(a) Interest free advances to employees includes Rupees. 14,99,326/- due from directors

19. Revenue from Operations

[Item No. 4(c)]

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|---|--|--------------------------------------|
| Continuing Operations | | |
| Sale of Services | | |
| Video Recording and IVR set-up services | 10,597,300 | 8,489,818 |
| Voice Revenue [refer note (a) below] | 62,153,284 | 37,932,799 |
| Others [refer note (b) below] | - | 2,408,456 |
| | 72,750,584 | 48,831,073 |

Additional information:

(a) Voice Revenue is from International Roaming Cards and includes unbilled revenue of Rupees. 10,00,000/-

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



Virtualsoft Systems Limited

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|---|--|--------------------------------------|
| 20. Other Income [Item No. 4(c)] | | |
| Interest income from bank deposit | 24,940 | 12,085 |
| Other Interest received | 56,437 | - |
| Liabilities provision written back | 1,293,990 | 40,000 |
| Miscellaneous income | 12,416 | 3,058 |
| | <u>1,387,784</u> | <u>55,143</u> |
| 21. Changes in inventories of stock-in-trade [Item No. 4(c)] | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
| ERCV and SIM Cards | | |
| Opening Stock-in-trade | 1,978,699 | - |
| Closing Stock-in-trade | 4,313,195 | 1,978,699 |
| | <u>(2,334,496)</u> | <u>(1,978,699)</u> |
| 22. Employees benefit expenses [Item No. 4(b)] | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
| Salaries and Wages | 37,095,640 | 26,127,231 |
| Contribution to provident and other funds | 818,903 | 10,632 |
| Staff welfare expenses | 950,519 | 383,339 |
| Provision for gratuity | 419,637 | 426,114 |
| Provision for Leave encashments | 391,567 | - |
| Incentive | 135,500 | - |
| Directors Remuneration | 1,800,000 | 300,000 |
| | <u>41,611,766</u> | <u>27,247,316</u> |
| Additional information: | | |
| (a) The company has not made any provision for the possible liability of bonus. | | |
| 23. Other expenses [Item No. 4(c)] | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
| Custom duty and freight | 819,411 | 338,970 |
| Project expenses for recording etc. | 302,165 | 533,705 |
| Power, fuel and electricity | 944,451 | 538,284 |
| Communication expenses | 2,498,138 | 1,461,663 |
| Rent including lease rent | 4,463,393 | 2,702,142 |
| Repairs and office maintenance | 957,147 | 649,968 |
| Rate, fees and subscription | 1,898,490 | 292,531 |
| Loss on account of foreign exchange | 306,102 | 460,097 |
| Sales commission, discounts and rebates | 3,210,162 | 1,783,091 |
| Advertising, publicity and business promotion | 820,491 | 823,725 |
| Meetings, conference and events | 429,249 | 436,200 |
| Legal, professional and consultancy | 8,868,227 | 2,720,699 |
| Travelling and conveyance | 4,267,769 | 3,001,061 |



| | | |
|--|-------------------|-------------------|
| Office supplies, printing and stationery | 866,338 | 326,385 |
| Payment to auditors | 203,250 | 203,250 |
| Bank charges | 651,582 | 214,833 |
| Charity and donations | - | 10,000 |
| Preliminary expenses written off | - | 5,807 |
| Other administrative expenses | 1,151,057 | 3,574,163 |
| | <u>32,657,423</u> | <u>20,076,573</u> |

24. Finance cost

[Item No. 4(c)]

| | |
|--|--------------------------------------|
| For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|--|--------------------------------------|

| | | |
|----------------------|------------------|------------------|
| Interest expenses | | |
| -On directors loans | 2,365,700 | 1,295,929 |
| -On term loans | 1,659,829 | 29,549 |
| -On others | 1,173,836 | 364,456 |
| Other borrowing cost | <u>5,199,365</u> | <u>1,689,934</u> |

Additional information:

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

25. Depreciation and amortization

[Item No. 4(c)]

| | |
|--|--------------------------------------|
| For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|--|--------------------------------------|

| | | |
|-----------------------------------|------------------|----------------|
| Depreciation on tangible assets | 2,064,347 | 843,675 |
| Amortization of intangible assets | 62,797 | 62,797 |
| | <u>2,127,144</u> | <u>906,472</u> |

Additional information:

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

26. Exceptional Items

[Item No. 4(c)]

Pursuant to the enactment of Companies Act 2013(The Act), the Company has effective revised the useful lives of its fixed assets, in accordance with the provisions of part II of the Act. In case of those assets whose useful life is expired but depreciation charged is less than 95% of the original cost of Asset the difference between depreciation charged till 01/04/2014 and 95% of original cost of the Asset has been passed through profit and loss account.

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

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



| Particulars | As of 31 March, 2015 | | | As of 31 March, 2014 | |
|-------------|----------------------|---------------------|------------------|----------------------|-----------------|
| | Currency code | In Foreign Currency | In Indian Rupees | In Foreign Currency | In India Rupees |
| Receivables | USD | 8,124 | 508,508 | 12,458 | 748,720 |
| | SGD | 9,000 | 413,820 | 9,000 | 432,990 |
| | LKR | 25,000 | 11,465 | 25,000 | 11,465 |
| Payables | USD | 20,953 | 1,311,439 | 31,624 | 1,900,567 |
| | SGD | 18,250 | 839,111 | 43,444 | 2,090,111 |
| | LKR | - | - | 36,013 | 16,515 |

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

28. Disclosures under Accounting Standard 15 on "Employees benefits"

Virtual Soft Systems Limited makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 25,385/- (Year ended 31 March 2014, Rs 10632/-) for Provident Fund contributions in the Statement of Profit and Loss. Provision for gratuity has been made as per Management Policy. Provision for leave encashment have not been made during the year. The Company makes provision for leave encashment and Gratuity as per Management policy.

Roam 1 Telecom Ltd makes Provident Fund, ESI and EDLI contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 3,57,564/- (Year ended 31 March 2014, NIL) for Provident Fund contributions in the Statement of Profit and Loss. Rs 4,21,393/- towards ESIC (Year ended 31st March 2014, NIL) and Rs 14,561/- (Year ended 31 March 2014, NIL) towards EDLI. Provision for gratuity has been made as per Management Policy. Provision for leave encashment have not been made during the year. The Company makes provision for leave encashment and Gratuity as per Management policy.

29. Disclosures under Accounting Standard 19 on "Leases"

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

| | As of 31 March, 2015 | As of 31 March, 2014 |
|--|-------------------------|-------------------------|
| Amount payable not later than one year | 4,311,456 | 3,853,682 |
| Amount payable later than one year but not later than five years | 11,452,486 | 14,663,046 |
| Amount payable later than five years | - | - |

(b) The company has entered into operating lease agreements that are renewable on a periodic basis and cancelable at company's option.

(c) The company has not entered into sublease agreements in respect of these leases.

(d) Total of minimum future lease payments under financial lease arrangement for certain vehicles for various periods are as follows:-



Virtualsoft Systems Limited

| | As of 31 March, 2015 | As of 31 March, 2014 |
|--|-------------------------|-------------------------|
| Amount payable not later than one year | 188,520 | 262,020 |
| Amount payable later than one year but not later than five years | 329,910 | 518,430 |
| Amount payable later than five years | - | - |

30. Disclosures under Accounting Standard 18 on "Related Party Transactions"

(a) List of related parties

(i) Key Managerial Personnel (KMP)

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

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

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

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

| Related Parties | Nature of Transaction | Ob/Liab Tfs Cr. (+ve)/ De.(-ve) | Payment | Laon Received | TDS | Closing Balance Cr. (+ve)/ De.(-ve) |
|---|-----------------------------|---------------------------------------|-----------|------------------|---------|--|
| (i) Key Managerial Personnel (KMP) | | | | | | |
| Mr. Manpreet Singh | Imprest | 152,657 | 530,418 | 377,761 | | - |
| | Unsecured Loan | 60,000 | 760,000 | 700,000 | | - |
| | Salary | | 964,383 | 1,200,000 | 235,617 | |
| | Advance Given | 1,525,000 | 25,675 | | | 1,499,325 |
| Mr. Gokul Tandan | Unsecured Loan | 136,951,071 | 5,541,617 | 52,355,463 | | 183,764,917 |
| | Interest on Unsecured Loan | 950,404 | 169,000 | 2,352,175 | 235,218 | 2,898,361 |
| | Director Remuneration | 956,397 | 175,000 | 600,000 | 46,356 | 1,335,041 |
| | Imprest | 2,106 | 413,812 | 432,783 | | 21,077 |
| Mr. Reet M S Ahluwalia | Unsecured Loan | 150,000 | - | 150,000 | - | - |
| | Loans and Advances | - | 150,000 | 150,000 | - | - |
| Mr. Rajendra V Kulkarni | Legal and Professional Fees | | | | | |
| | Imprest | 12,489 | 261,888 | 249,399 | | - |



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

| | | | | | |
|---|-------------|-----------|-----------|---------|-------------|
| Multiple Zone India (P) Ltd. Unsecured Loan | 400,000 | 1,400,000 | 1,000,000 | - | - |
| Arms Communications Pvt. Ltd. Advertisement Expenses | - | 2,000,000 | 2,000,000 | - | - |
| M.R. Capital (P) Ltd. CRM Development Charges | 5,761 | 1,453,564 | 1,685,400 | 150,000 | 87,597 |
| Multiple Zones Services LLP Communication Expenses | 89,218 | 1,763,807 | 1,836,431 | 161,842 | - |
| Shrine Advisor Private Limited Professional Expense | | 255,900 | 280,900 | 25,000 | - |
| Marble Arch Estate Private Limited Staff Welfare | (115,000) | 217,560 | 337,000 | 2,140 | 2,300 |
| Visnova Solution Private Limited Legal & Professional Charges | - | - | - | - | - |
| Foundation Technologies Private Limited Unsecured Loan | (6,190,488) | - | - | - | (6,190,488) |
| SME Business Services Limited Project Expenses | (65,236) | (65,236) | - | - | - |
| GOTO Customer Services Pvt. Ltd. Unsecured Loan | (838,402) | - | - | - | (838,402) |
| Vreach Solution (P) Ltd. Loan & Advances | 154,485 | - | - | - | 154,485 |

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

| | As of 31 March, 2015 | As of 31 March, 2014 |
|--|-------------------------|-------------------------|
| For Basic/Diluted EPS - Continuing Operations | | |
| (a) Calculation of Weighted average number of equity shares | | |
| For Nominal Value of Rupees 10/- each | | |
| Number of shares at the begning of the year | 10,297,600 | 10,297,600 |
| Equity Shares issued during the year | - | - |
| Total number of equity shares outstanding at the end of the year | 10,297,600 | 10,297,600 |
| Equity Shares of Rs. 10/- outstanding for 248 days | - | - |
| Equity Shares of Rs. 10/- outstanding for 365 days | 10,297,600 | 10,297,600 |
| Weighted average number of equity shares outstanding during the year | 10,297,600 | 10,297,600 |



| | | |
|---|--------------|------------|
| (b) Net profit after tax available for equity shareholders | (39,270,684) | 19,662,066 |
| Earning per share | | |
| For Continuing Operations | (3.81) | 2.08 |
| For Total Operations | (3.81) | 1.91 |

33. Other disclosures as per Companies Act, 1956

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

| As of 31 March, 2015 | As of 31 March, 2015 |
|-------------------------|-------------------------|
| 43,850 | 43,850 |
| 27,390 | 27,390 |
| 71,240 | 71,240 |

34 Enterprise Consolidated as Subsidiary in accordance with Accounting Standard 21-Consolidated Financial Staatements:-

| Name of the Enterprise | Country of Incorporation | Proportion of ownership Interest |
|------------------------|-----------------------------|-------------------------------------|
| Roam1 Telecom Limited | India | 80% |

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

| | For the year ended 31 March, 2015 | For the year ended 31 March, 2014 |
|--|--------------------------------------|--------------------------------------|
| (a) Expenditure in Foreign Currency (on accrual basis) | | |
| Capital expenses | - | 71,444 |
| Services purchase | 41,071,306 | 33,782,921 |
| (b) Earnings in Foreign Exchange (on accrual basis) | | |
| Income from foreign transactions | 3,099,670 | 3,218,540 |

36. Reconciliation and confirmations

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

37. Provision for tax

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

38. Service tax on Reverse Charge Mechanism

As per Section 66A of the Finance Act, 1994 , provides that service tax be charged on the basis of Reverse Charge Mechanism in respect of telecommunication services from territory outside India. However, the



management is of the opinion that no Service Tax is applicable in respect of such purchases .Considering the above the Service Tax liability amounts to Rs. 4586673/- in Roam1 Telecom Limited. However the company has not made any such provision.

39. Intangible assets under development

The company is developing a software called Live Webcast Suite for providing telecom services. No amount has been capitalized during the year. The management is of the opinion that since the process is still going on & hence no amortization is required during this year

Roam1 Telecom Limited is developing a software called CRM for providing telecom services. The expenses of Rs. 10500000/- incurred during the year has been capitalized . The management is of the opinion that since the process is still going on & hence no amortization is required during this year

40. Previous year's figures

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

41. Prior period Items

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

42. Others disclosures

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

43. Additional Information as required under Schedule III of the Companies Act 2013, of enterprises consolidated as Subsidiar/Associate/Joint Ventures.

| Name of the enterprise | Net Assets i.e total assets minus total liabilities | | Share in Profit or Loss | |
|---------------------------------------|---|--------------|-------------------------------------|--------------|
| | As % of Consolidated Net assets | Amount (Rs) | As % of Consolidated profit or loss | Amount (Rs) |
| Parent VirtualSoft Systems Limited | -125.16 | (45,085,928) | (10.91) | (5,214,480) |
| Subsidiary Roam1 Telecom Limited | 25.16 | 9,062,938 | (89.09) | (42,570,256) |

In terms of our report of even date attached.

for **Nath Ahuja & Company**

Chartered Accountants

ICAI Firm Registration Number : 001083N

NN Ahuja

Proprietor

Membership number : 080178

New Delhi

30th May, 2015

For and on behalf of the Board of Directors of VSL

Rajendra V. Kulkarni

Director

Gokul Tandon

Managing Director

Atul Kumar

Company Secretary

Athar Ahmed

Chief Financial Officer

To,



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