



VIRTUALSOFT
Get The Digital Edge

**CONNECT
COMMUNICATE & ENGAGE
EXPERIENTIALLY**

Telecom Division

International
Roaming
& Enhanced
Subsidiary

ROAM1
Telecom Limited



Virtual Events &
Demand Gen. Division



 **vReach™**

VIRTUALSOFT SYSTEMS LIMITED
ANNUAL REPORT 2015-2016

Virtualsoft Systems Limited

BOARD OF DIRECTORS	Mr. Gokul Tandan	Managing Director
	Mr. Rajendra V. Kulkarni	Director
	Mr. S C Rajpal	Director
	Mrs.Ritu Tandan	Director
	Ms. Ashima Puri	Director
COMPANY SECRETARY	Ms. Ritika Ahuja	
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 Ltd. T-34, Okhla Industrial Area, Phase-II, New Delhi-110020	

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NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of the Company will be held on Friday, September 30, 2016 at 9:00 a.m. at Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi –110 053, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2016 and the Profit & Loss Account for the year ended as on that date and the Reports of Auditors and Directors thereon.
2. To re-appoint Mr. Rajendra Virupaksha Kulkarni, Director who retires by rotation and being eligible, has offered himself for re-appointment.
3. To re-appoint Ms. Ritu Tandon, Director who retires by rotation and being eligible, has offered himself for re-appointment.
4. To appoint M/s. Nath Ahuja & Co., Chartered Accountants as Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Registered Office:

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

Dated: August 13, 2016

By Order of the Board of Directors

Gokul Tandan
Managing Director
Virtualsoft Systems Limited

NOTES:

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

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

2. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday September 24, 2016 to Friday September 30, 2016 (both days inclusive).
3. Member are requested:
 - i. to kindly notify the change of address, if any to the Company/ the Registrar / Depository Participant.
 - ii. To bring their copy of the Annual Report,
 - iii. to deposit to duly completed attendance slip at the meeting
4. Electronic copy of the Notice of General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

Registered Office:

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

Dated: August 13, 2016

By Order of the Board of Directors

Gokul Tandan
Managing Director
Virtualsoft Systems Limited

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting for your consideration and approval the Twenty Four Annual Report of Your Company for the financial year ended March 31, 2016.

1 Financial Result

PARTICULARS	(Rupees in Lacs)	
	Year Ended 31.03.2016	Year Ended 31.03.2015
1. Income from Operations		
a) Net Sales/ Income From Operations	100.78	105.97
b) Other Operating Income	2.85	13.87
2. Expenses		
a. Cost of Materials Consumed	0.00	0.00
b. Purchase of Stock In Trade	0.00	0.00
c. Change in the inventories of Finished Goods, Work in Progress and Stock in Trade	0.00	(0.00)
d. Employee Benefit Expenses	106.40	108.57
e. Depreciation & Amortisation expenses	3.46	3.11
f. Other expenditure	36.05	52.99
g. Total	145.91	164.67
3. Profit from Operations before Other Income, Finance Cost Interest and Exceptional Items (1-2)	(42.28)	(44.83)
4. Other Income	0.00	0.00
5. Profit before Interest and Exceptional Items (3+4)	(42.28)	(44.83)
6. Finance Cost	2.09	2.35
7. Profit after Interest but before Exceptional Items (5-6)	(47.37)	(47.18)
8. Exceptional items	0.00	4.96
9. Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)	(47.37)	(52.14)
10. Tax expense	0.00	0.00
11. Net Profit (+)/ Loss (-) from Ordinary Activities after tax (9-10)	(47.37)	(52.14)
12. Extraordinary Item (net of tax expense Rs.	0.00	0.00
13. Net Profit(+)/ Loss(-) for the period (11-12)	(47.37)	(52.14)
14. Paid-up equity share capital (Face Value of the Share shall be indicated)	1029.76	1029.76
15. Reserve excluding Revaluation	(1529.99)	(1480.61)
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)	(0.43)	(0.51)
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)	(0.43)	(0.51)



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’svReach 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 for global roaming solutions and services under "Roam1" brand (www.roam1.com), in FY 2010-11. The global roaming business portfolio was hived off into a subsidiary Roam 1 Telecom Ltd during FY 13-14, we continue to make significant progress in terms of innovative and unique product introductions and plans as well as 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, optimizes and deploys the technologies of the day to provide the infrastructure, application platforms and Apps needed for rich and enhanced communications & international roaming services for enterprises 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 ends of the financial year to which this financial statement 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 were 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 2015-16. 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 2015-2016.

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 SIX (6) 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. The Board of Directors is duly constituted.

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, 94.76% 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.

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.

Place : New Delhi
Date : August 13, 2016

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.

Mr. Gokul Tandan
Managing Director

Mr. R.V.Kulkarni
Director

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 2016, Six Board Meetings were held on 30.05.15, 30.07.15, 14.08.15, 13.10.15, 10.11.15 & 12.02.16,

The Last Annual General Meeting was held on 30th September 2015.

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 (30.09.15)
				Held	Attended	
1.	Mr. Gokul Tandan	MD	6	6	6	Yes
2.	Mr. Rajendra V. Kulkarni	D	9	6	6	Yes
3.	Mr. Suresh Rajpal	NEID	10	6	6	No
4.	Mr. Ashok Anand	NEID	6	3	3	No
5.	Ms. Ritu Tnadon	WD	4	6	6	No
6.	Ms. Ashima Puri	NEID	0	6	6	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	6	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. 6. M/s. Vemanya Design Worx Pvt. Ltd.		Director Director Director Director Director Director
2.	Mr.Rajendra V. Kulkarni	9	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. Foundation Technologies (Pvt.) Ltd. 7. M/s. Virtual Software & Training (P). Ltd. 8. M/s. Roan1 Telecom. Ltd. 9. M/s. Office Zone Products Pvt. Ltd.		Director Director Director Director Director Director Director Director Director
3.	Mr. Suresh Rajpal	10	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. 10. M/s. Enri Omnicare Pvt. Ltd.		Director Director Director Director Director Director Director Director Director Director
4.	Mr. Ashok Anand	6	1. M/s.Inprint Marketing Pvt.Ltd. 2. M/s.First Choice Graphics Pvt.Ltd. 3. M/s. Inprint Expotech Pvt Ltd. 4. M/s. Inprint Exclusives India Pvt.Ltd. 5. M/s.SourceGraphics India Pvt.Ltd. 6. M R Towers Pvt.Ltd.		Director Director Director Director Director Director



5.	Ms. Ritu Tandan	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
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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 (resigned w.e.f 13.10.2015)	Chairman	2	2
2.	Mr. Suresh Rajpal	Member	4	4
3.	Mr. Rajendra V Kulkarni	Member	4	4
4.	Ms. Ashima Puri (appointed w.e.f. 13.10.2015)	Chairperson	2	2

During the period 01.04.15 to 31.03.16, the Audit Committee met 4 times on 30.05.15, 14.08.15, 10.11.15 & 12.02.16

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 chaired by NEID.

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 2015 – 2016. 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	4	4
2. Ms. Ritu Tandon	4	4

4. General Body Meetings

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

Year	AGM / EGM	LOCATION	DATE	TIME
2014 - 2015	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053	30.09.2015	9:00 A.M.
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.

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

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

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

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

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

7. Means of Communication

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

8. General Shareholders Information:

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



9. Compliance Certificate

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.

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

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, 2016 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. 2016	:	14th August 2016
-Financial reporting for the quarter ending Sep 30. 2016	:	14th November 2016
-Financial reporting for the quarter ending Dec 31. 2016	:	14th February 2017
-Financial reporting for the Year ending March 31. 2017	:	30th May 2017

Date of Book Closures: September 24, 2016 to September 30, 2016, 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	2	3040083	3040083	29.522	29.522	0	0.00
(b)	Central Government/ State Government(s)				0.00	0.00		0.00
(c)	Bodies Corporate	2	4280000	4280000	41.563	41.563	0	0.00
(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	7320083	7320083	71.0853	71.0853	0	0.00
2	Foreign							0.00
a	"Individuals (Non-Residents Individuals /Foreign Individuals)"			0.00	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)	4	7320083	7320083	71.0853	71.0853	0	0.00
(B)	Public shareholding							0.00
1	Institutions							0.00
(a)	Mutual Funds/ UTI				0.00	0.00	N.A.	0.00
(b)	Financial Institutions / Banks				0.49	0.49		0.00
(c)	Central Government/ State Government(s)	1	50000	50000	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	40	80090	70690	0.78	0.78	N.A.	0.00
(b)	Individuals							0.00
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	2727	1043487	663231	10.13	10.13	N.A.	0.00
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	12	1628977	1628977	15.82	15.82	N.A.	0.00
(c)	Any Other (specify) (NRI)	50	156900	7100	1.52	1.52	N.A.	0.00
(c-i)	Any Other (Clearing Member)	4	18063	18063	0.18	0.18	N.A.	0.00
(c-ii)					0.00	0.00		0.00
	Sub-Total (B)(2)	2833	2927517	2085161	25.52	25.52	0.00	0.00
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	2834	2977517	2135161	26.00	26.00	0.00	0.00
	TOTAL (A)+(B)	2813	10297600	9755244	100.00	100.00	0.00	0.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued							0.00
1	Promoter and Promoter Group					0.00		0.00
2	Public					0.00		0.00
	Sub-Total (C)	0	0	0	0	0	0	0.00
	GRAND TOTAL (A)+(B)+(C)	2813	10297600	9758144		100.00	0	0.00



Status of Dematerialization as on March 31, 2016

PARTICULARS	NO. OF SHARES	% TO TOTAL CAPITAL
National Security Depository Limited	9131894	88.68%
Central Depository Services (India) Limited	626250	6.08%
TOTAL DEMATERIALIZED	9758144	94.76%
PHYSICAL	539456	5.24%
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, 2016 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: 13 Aug, 2016



Annexure A

(For the Financial Year ending on 31st March 2016)

[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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on our 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, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March 2016, 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:

- I. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 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 Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited; and
 - h. 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 with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above.

2. I further report that the Company has, in my opinion, complied with the provisions of the Companies Act, 1956 and the Rules made under that Act and the provisions of Companies Act, 2013 as notified by Ministry of Corporate Affairs and the Memorandum and Articles of Association of the Company, with regard to:
 - a) maintenance of various statutory registers and documents and making necessary entries therein;
 - b) closure of the Register of Members.
 - c) forms, returns, documents and resolutions required to be filed with the Registrar of Companies and the Central Government;

- d) service of documents by the Company on its Members, Auditors and the Registrar of Companies;
- e) notice of Board meetings and Committee meetings of Directors;
- f) the meetings of Directors and Committees of Directors;
- g) the Annual General Meeting held on 30th September 2015;
- h) minutes of proceedings of General Meetings and of the Board and its Committee meetings;
- i) approvals of the Members, the Board of Directors, the Committees of Directors and the government authorities, wherever required;
- j) constitution of the Board of Directors / Committee(s) of Directors, appointment, retirement and reappointment of Directors including the Managing Director and Whole-time Directors;
- k) payment of remuneration to Directors including the Managing Director and Whole-time Directors,
- l) appointment and remuneration of Auditors and Cost Auditors;
- m) transfers and transmissions of the Company's shares and issue and dispatch of duplicate certificates of shares;
- n) declaration and payment of dividends;
- o) transfer of certain amounts as required under the Act to the Investor Education and Protection Fund and uploading of details of unpaid and unclaimed dividends on the websites of the Company and the Ministry of Corporate Affairs;
- p) borrowings and registration, modification and satisfaction of charges wherever applicable;
- q) investment of the Company's funds including investments and loans to others;
- r) form of balance sheet as prescribed under Part I, form of statement of profit and loss as prescribed under Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act;
- s) Directors' report;
- t) contracts, common seal, registered office and publication of name of the Company; and
- u) Generally, all other applicable provisions of the Act and the Rules made under the Act.

3. 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.
 - The Company has obtained all necessary approvals under the various provisions of the Act; and
 - There was no prosecution initiated and no fines or penalties were imposed during the year under review under the 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;
4. The Company has complied with the provisions of the Securities Contracts (Regulation) Act, 1956 and the Rules made under that Act, with regard to maintenance of minimum public shareholding.



5. I further report that the Company has complied with the provisions of the Depositories Act, 1996 and the Byelaws framed thereunder by the Depositories with regard to dematerialization / rematerialisation of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
6. The Company has complied with the provisions of the FEMA, 1999 and the Rules and Regulations made under that Act to the extent applicable.
7. **I further report that:**
 - a. the Company has complied with the requirements under the Equity Listing Agreements entered into with BSE Limited, National Stock Exchange of India Limited and Calcutta Stock Exchange Limited;
 - b. 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. 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;
8. **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.
9. **I further report that** 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 : 13th August 2016

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 2016

[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	10/03/1992
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	58.54	-



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				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	3040083	-	3040083	29.522	3040083	-	3040083	29.522	Nil
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp	4580000	-	4580000	44.476	4280000	-	4280000	41.563	(2.913)
e) Banks / FI									
f) Any Other									
Sub-total(A)(1):-	7620083	-	7620083	74.00	7320083	-	7320083	71.08	(2.92)
2) Foreign									
g) NRIs-Individuals									
h) Other-Individuals									
i) Bodies Corp.									
j) Banks / FI									
k) Any Other....									
Sub-total(A)(2):-									
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI	50000	-	50000	0.49	50000	-	50000	0.49	Nil
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FII's									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total(B)(1)	50000	-	50000	0.49	50000	-	50000	0.49	Nil
2. Non Institutions									
a) Bodies Corp.									
(i) Indian									
(ii) Overseas	70909	9400	80309	0.79	70690	9400	80090	0.78	(.01)
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	507710	373146	880,856	8.55	663231	380256	1043487	10.13	1.68



Virtualsoft Systems Limited

(ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	1489,267	10010	14,99,277	14.56	1628977	0	1628977	15.81	1.25
c) Others(Specify)									
i. any other nri/ocb	5275		5275	.05	7100	149800	156900	1.52	1.47
ii. any other clearing member					18063	0	18063	.18	.18
Sub-total(B)(2)	2077561	549956	2627517	25.52	2438061	539456	2977517	28.91	2.92
TotalPublic Shareholding (B)=(B)(1)+ (B)(2)	2127561	549956	2677517	26.00	2438061	539456	2977517	28.91	2.92
C.Shares heldby Custodianfor GDRs & ADRs									
GrandTotal (A+B+C)	9747644	549956	10297600	100	9758144	539356	10297600	100	Nil



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	346717	3.37	0	(2.85)
2.	Gokul Tandan	2400000	23.31	2693366	26.16	0	2.85
3.	Virtual software & Training Pvt Ltd	4500000	43.70	4200000	40.79	0	(2.91)
4.	M R Capital Pvt Ltd	80000	0.78	80000	0.78	0	0
	Total	7620083	74.00	7320083	71.08	0	(2.91)

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	444132	13,48,40,012	0	13,52,84,144
Total (i+ii+iii)	444132	134840012	0	135284144
Change in Indebtedness during the financial year				
- Addition	0	3306628	0	3306628
- Reduction	(145920)	(908000)	0	(1053920)
Net Change	(145920)	2398628	0	2252708
Indebtedness at the end of the financial year				
i) Principal Amount	298212	137238640	0	137536852
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	2,98,212	13,72,38,640	0	13,75,36,852



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	665214	905214
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify...				
5.	Others, please specify				
6.	Total		240000	665214	905214

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	-	-	-	-	-

**Annexure C**Financial 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, 2016**

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)	16	5,89,08,189	6,21,53,284
Other income	17	2,36,518	1,055
Total Revenue		5,91,44,707	6,21,54,339
Expenses			
Purchases of stock-in-trade	18	3,59,76,115	4,21,65,956
Changes in inventories of stock-in-trade	19	4,07,963	(23,34,496)
Employee benefit expense	20	2,90,86,797	3,07,54,710
Other operating expenses	21	2,69,50,813	2,73,58,305
Finance cost	22	85,66,798	49,64,069
Depreciation and amortisation expenses	23	21,30,955	18,16,051
Total Expenses		10,31,19,441	10,47,24,595
Profit / (Loss) before exceptional items and tax		(4,39,74,734)	(4,25,70,256)
Add: Exceptional items		-	-
Profit / (Loss) before tax		(4,39,74,734)	(4,25,70,256)
Tax expense:	33		
Less: Current tax		-	-
Less: Deferred tax		-	-
Total tax expense		-	-
Profit/(Loss) after tax		(4,39,74,734)	(4,25,70,256)
Loss for the year from total operations		(4,39,74,734)	(4,25,70,256)
Earnings per equity share	29		
Basic EPS			
~for Nominal Value of Share Rs. 10/-		(29.32)	(28.38)
~for Nominal Value of Share Rs. 5/-		(14.66)	(14.19)
Diluted EPS			
~for Nominal Value of Share Rs. 10/-		(29.16)	(28.38)
~for Nominal Value of Share Rs. 5/-		(14.58)	(14.58)

Other Explanatory notes forming part of the financial statement 24 - 38

In terms of our report of even date attached.

for **Nath Ahuja & Company** For and on behalf of the Board of Directors of **Roam1 Telecom Ltd.**

Chartered Accountants

ICAI Firm Registration Number : 001083N

N N Ahuja

Proprietor

Membership No : 080178

Rajendra V. Kulkarni

Director

DIN : 00988255

Gokul Tandan

Managing Director

DIN : 00441563

New Delhi

27th May, 2016



CIN : L72200DL1992PLC047931

Virtualsoft Systems Limited

Balance Sheet as at 31 March, 2016

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	4,49,98,750	1,49,98,750
(b) Reserves and surplus	2	(3,29,05,180)	1,10,69,554
		1,20,93,570	2,60,68,304
2 Non-current liabilities			
(a) Long-term borrowings	3	7,71,38,732	5,88,69,366
(b) Other long-term liabilities	4	7,57,428	15,56,306
		7,78,96,160	6,04,25,673
3 Current liabilities			
((a) Short-term borrowings	3	1,44,99,158	1,45,14,609
(b) Trade payables	5	95,05,172	1,04,24,680
(c) Other current liabilities	6	1,64,40,331	1,36,39,747
(d) Short-term provisions	7	9,77,527	5,96,479
		4,14,22,188	3,91,75,515
		13,14,11,918	12,56,69,492
TOTAL			
B ASSETS			
4 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	8	52,52,742	59,33,715
(ii) Intangible assets	9	12,99,638	2,04,566
(iii) Intangible assets under development	10	10,13,71,530	9,10,21,530
(b) Long-term loans and advances	11	29,31,062	27,32,688
		11,08,54,972	9,98,92,499
5 Current assets			
(a) Inventories	12	39,05,232	43,13,195
(b) Trade receivables	13	1,13,70,677	1,68,91,795
(c) Cash and cash equivalents	14	9,79,554	11,31,269
(d) Short-term loans and advances	15	43,01,483	34,40,734
		2,05,56,946	2,57,76,993
		13,14,11,918	12,56,69,492
TOTAL			

Other Explanatory notes forming part of the financial statement

24 - 38

In terms of our report of even date attached.

for **Nath Ahuja & Company**

For and on behalf of the Board of Directors of **Roam1 Telecom Ltd.**

Chartered Accountants

ICAI Firm Registration Number : 001083N

N N Ahuja

Proprietor

Membership No : 080178

Rajendra V. Kulkarni

Director

DIN : 00988255

Gokul Tandan

Managing Director

DIN : 00441563

New Delhi

27th May, 2016



INDEPENDENT AUDITOR'S REPORT

To the Members of VirtualSoft Systems Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of VirtualSoft Systems Limited ('the Company') which comprise the balance sheet as at 31st March, 2016, the statement of profit and loss and the cash flow statement for the year ended 31st March 2016, 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. 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, 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 statement of affairs of the Company as at 31st March, 2016 and its profit and Loss and its cash flows for the year ended on that date.

Emphasis of Matter

Attention is invited to Note no. 25 under Explanatory Notes to Financial Statements regarding compliance with 'AS 15- Accounting for Employee Benefits', the management is providing for provisions of gratuity and leave encashment as per management's policy whereas as per AS-15, every listed company is required to get the valuation done by an actuary.

Attention is invited to Note no. 31 under Explanatory Notes to Financial Statements regarding the financial statements being prepared on a going concern basis, notwithstanding the fact that the company's net worth is eroded (Net Worth as on 31st March, 2016 Rs. -5,00,23,474/-). These events cast significant doubt on the ability of the Company to continue as a going concern.

Attention is invited to Note no. 34 under Explanatory Notes to Financial Statements regarding amortization of intangible assets. The company has not provided for amortization on completion of CRM Software and Website under development.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report)

Order, 2016 (“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”, 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 Emphasis of Matter 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 31st March, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act;

- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”; and
- g. 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.
 - b. The Company does not have any long term, contracts including derivate contracts for which provision would be required to be made under the applicable law or accounting standards, for material foreseeable losses.
 - 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, 2016

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2016, we report that:

- i) In respect of its fixed assets:
 - (a) The Company has maintained its Fixed Assets Register.
 - (b) As explained to us, the physical verification of fixed assets was conducted by the management at reasonable intervals but we were not provided with any records for the same so we are unable to comment on the frequency of physical verification having regard to the size of the Company and the nature of assets.
 - (c) According to the information and explanations given to us, point (c) is not applicable as the Company does not have any immovable properties.
- ii) In respect of its inventories:
 - (a) As informed and represented to us, there were no inventories lying with the company which were required to be physically verified during the year by the management at reasonable intervals.
 - (b) As the company does not have inventory, point (b) is not applicable.
- iii) In respect of loans granted by the company:
 - (a) The Company has not granted any loans, secured or Unsecured to Companies firms or other parties covered under register maintained under section 189 of the Companies Act, 2013.
 - (b) Accordingly, para 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company in respect of repayment of the principal amount and interest.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public during the year. Therefore, the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the rules framed there under are not applicable to the Company.
- vi) We have been informed by the management that no cost records have been prescribed under section 148 (1) of The Companies Act, for any of the products sold or services rendered by the company.
- vii) 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 including Service Tax, Income Tax and other material statutory dues as applicable with appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Service Tax, Duty of Customs, Value Added Tax or any other material statutory dues were outstanding, as at 31st March, 2016 for a period of more than six months from the date they became payable except for service tax amounting to Rs. 16,03,557/-

According to the information and explanations given to us, there are no dues of Service Tax, Income Tax, Sales Tax and Excise Duty which have not been deposited on account of any dispute as at March 31, 2016.
- viii) According to the information and explanations given to us, the company has not taken any loans from financial institutions or banks so there is no default in repayment of dues to financial institutions or banks or bond holders.
- ix) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers has been noticed or reported during the course of our audit.
- x) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for managerial remuneration in the financial year under consideration.
- xi) 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
- xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi



Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any private placement of shares or fully or partly convertible debentures or preference shares.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Narinder Nath Ahuja
Proprietor
Membership No. 80178

New Delhi
30th May, 2016

Annexure- B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Virtualsoft Systems Limited ("the Company") as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively 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, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over

financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Narinder Nath Ahuja
Proprietor
Membership No. 80178

New Delhi
30th May, 2016



CIN : L72200DL1992PLC047931

Virtualsoft Systems Limited

Balance Sheet as at 31 March, 2016

In Indian Rupees

Particulars	Note No.	Figures at the end of Current Reporting Period	Figures at the end of Previous Reporting Period
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	10,29,76,000	10,29,76,000
(b) Reserves and surplus	2	(15,29,99,474)	(14,80,61,928)
		(5,00,23,474)	(4,50,85,928)
2 Non-current liabilities			
(a) Long-term borrowings	3	13,75,36,852	13,52,84,144
		13,75,36,852	13,52,84,144
3 Current liabilities			
(a) Trade payables	4	8,98,976	6,50,741
(b) Other current liabilities	5	54,52,733	41,39,082
(c) Short-term provisions	6	16,91,292	14,52,250
		80,43,001	62,42,073
TOTAL		9,55,56,379	9,64,40,288
B ASSETS			
4 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7	10,58,223	12,01,714
(ii) Intangible assets		-	-
(iii) Intangible assets under development	8	45,11,334	45,11,334
(b) Non-current investments	9	7,92,00,000	7,92,00,000
(c) Long-term loans and advances	10	28,90,187	48,05,590
		8,76,59,744	8,97,18,638
5 Current assets			
(a) Trade receivables	11	29,08,487	20,51,354
(b) Cash and bank balances	12	10,56,839	13,89,157
(c) Short-term loans and advances	13	39,31,309	32,81,139
		78,96,635	67,21,650
TOTAL		9,55,56,379	9,64,40,288

Other Explanatory notes forming part of the financial statement

20 - 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 number : 080178

New Delhi

27th May, 2016

Rajendra V. Kulkarni

Director

For and on behalf of the Board of Directors of VSL

Gokul Tandan

Managing Director

Ritika Ahuja

Company Secretary

Athar Ahmad
Chief Financial Officer



CIN : L72200DL1992PLC047931

Virtualsoft Systems Limited

Statement of Profit and Loss for the year ended 31 March, 2016

Particulars	Note No.	Figures at the end of Current Reporting Period	Figures at the end of Previous Reporting Period
A CONTINUING OPERATIONS			
Income			
Revenue from operations (net)	14	1,00,78,172	1,05,97,300
Other income	15	2,84,934	13,86,728
Total Revenue		1,03,63,106	1,19,84,029
Expenses			
Employee benefit expense	16	1,06,40,189	1,08,57,056
Other operating expenses	17	36,05,200	52,99,118
Finance cost	18	2,08,740	2,35,296
Depreciation and amortisation expenses	19	3,46,324	3,11,094
Total Expenses		1,48,00,453	1,67,02,564
Profit / (Loss) before exceptional items and tax		(44,37,347)	(47,18,535)
Add: Exceptional items	22.11	-	(4,95,944)
Profit / (Loss) before tax		(44,37,347)	(52,14,480)
Tax expense:			
Less: Current tax		-	-
Less: Deferred tax		-	-
Total tax expense		-	-
Profit /(Loss) after tax from continuing operations		(44,37,347)	(52,14,480)
Earnings per equity share (nominal value of share Rs. 10/- each)			
Basic and diluted earnings per share			
~Continuing operations		(0.43)	(0.51)
~Total operations		(0.43)	(0.51)

Other Explanatory notes forming part of the financial statement 20 - 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 number : 080178

New Delhi

27th May, 2016

For and on behalf of the Board of Directors of VSL

Rajendra V. Kulkarni

Director

Gokul Tandan

Managing Director

Ritika Ahuja

Company Secretary

Athar Ahmad

Chief Financial Officer

Cash Flow Statement for the year ended 31 March, 2016

Particulars	Figures at the end of Current Reporting Period	Figures at the end of Previous Reporting Period
A Cash flow from operating activities		
Profit / (Loss) before tax from ~Continuing operations	(44,37,347)	(52,14,480)
Adjustments for:		
Depreciation and amortisation on continuing operations	3,46,324	3,11,094
Net (gain) / Exceptional Item due to charge of depreciation as per Schedule II	-	4,95,944
Finance costs	2,08,740	2,35,296
Interest income	(24,556)	(80,322)
Profit / (Loss) before working capital changes	(39,06,839)	(42,52,467)
Movement in working capital :		
(Increase) / decrease in inventories	-	-
(Increase) / decrease in trade receivables	(8,57,133)	(12,52,551)
(Increase) / decrease in other receivables, loans and advances	(6,50,170)	11,14,944
(Decrease)/Increase in Loans and advances adjusted through Reserves	(5,00,199)	12,32,136
(Decrease) / increase in trade payables, other current and long term liabilities	15,61,886	(22,97,183)
(Decrease) / increase in provisions	2,39,042	4,00,521
Cash generated from operations	(41,13,412)	(50,54,600)
Taxes paid, net	-	-
Net cash flow (used in) / from operating activities (A)	(41,13,412)	(50,54,600)
B Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(2,02,833)	(1,94,676)
Long Term Loans and Advances	19,15,403	-
(Investment) / redemption in bank deposits (having original maturity of more than three months)	(1,000)	-
Interest received	24,556	80,322
Net cash flow (used in) / from investing activities (B)	17,36,126	(1,14,354)
C Cash flow from financing activities		
Receipt from borrowings	24,98,628	49,83,293
Repayment of borrowings	(2,45,920)	-
Finance costs	(2,08,740)	(2,35,296)
Net cash flow (used in) / from financing activities (C)	20,43,968	47,47,997
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(3,33,318)	(4,20,957)
Add: Balance of Cash and cash equivalents as at the beginning of the year	10,67,917	14,88,874
Cash and cash equivalents as at the end of the year	7,34,599	10,67,917



a) The reconciliation to the cash and bank balances as given in note 13 is as follows:

Cash and bank balances including non current bank balances, as per note 13	10,56,839	13,89,157
Less: Term deposits placed with banks	2,51,000	2,50,000
Less: Unpaid dividend accounts *	71,240	71,240
Cash and cash equivalents at the end of the year	7,34,599	10,67,917

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

Notes:

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

In terms of our report of even date attached.

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

N N Ahuja
Proprietor
Membership number : 080178

New Delhi
27th May, 2016

For and on behalf of the Board of Directors of VSL

Rajendra V. Kulkarni
Director

Gokul Tandan
Managing Director

Ritika Ahuja
Company Secretary

Athar Ahmad
Chief Financial Officer



Notes to the financial statements for the year ended 31 March, 2016

1. Share capital

	As at 31 March, 2016	As at 31 March, 2015
Authorized:		
1,50,00,000 Equity Shares of Rupees 10 each (31 March 2016: 1,50,00,000 Ordinary Shares of Rupees 10 each)	150,000,000	150,000,000
	<u>150,000,000</u>	<u>150,000,000</u>
Issued		
1,02,97,600 Equity Shares of Rupees 10 each (31 March 2016: 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 2016: 1,02,97,600 Ordinary Shares of Rupees 10 each)	102,976,000	102,976,000
	<u>102,976,000</u>	<u>102,976,000</u>

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	-	-	-	-
	<u>1,02,97,600</u>	<u>102,976,000</u>	<u>1,02,97,600</u>	<u>102,976,000</u>

(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 2016		As of 31 March 2015	
	No. of Shares	%	No. of Shares	%
(a) Virtual Software and Training Private Limited	42,00,000	40.79	45,00,000	43.70
(b) Gokul Tandan	26,93,366	26.16	24,00,000	23.31
(c) Mohini Tandan	3,46,717	3.37	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

	As at 31 March, 2016	As at 31 March, 2015
(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	26,184,500
Less : Adjustments made during the year	5,00,199	-
Closing Balance	<u>2,56,84,301</u>	<u>2,61,84,500</u>
(c) Deficit in the Statement of Profit and loss		
Balance as per last balance sheet	(17,62,46,428)	(17,10,31,948)
Add: Profit/(Loss) for the year	(44,37,347)	(52,14,480)
Net deficit in Statement of Profit and loss	<u>(18,06,83,775)</u>	<u>(17,62,46,428)</u>
	<u>(15,29,99,474)</u>	<u>(14,80,61,928)</u>

3. Borrowings

	As at 31 March, 2016			As at 31 March, 2015		
	Long -term-	Short term	Total	Long -term	Short -term	Total
A. Secured Borrowings						
(a) Term Loans						
(i) From financial institutions	2,98,212	-	2,98,212	4,44,132	-	4,44,132
B. UnSecured Borrowings						
(a) Loans from related parties						
(i) From directors	12,81,59,750	-	12,81,59,750	12,56,61,122	-	12,56,61,122
(ii) From other related parties	70,78,890	-	70,78,890	71,78,890	-	71,78,890
(b) Others	20,00,000	-	20,00,000	20,00,000	-	20,00,000
	<u>13,75,36,852</u>	<u>-</u>	<u>13,75,36,852</u>	<u>13,52,84,144</u>	<u>-</u>	<u>13,52,84,144</u>

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. 12,81,59,750/-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, 2016	within year	Maturity Profile		over five year
				between one and two year	between two and five year	
Indian Rupees	11.25%	2,98,212	1,63,237	1,34,984		-



Virtualsoft Systems Limited

4. Trade payables

	As at 31 March, 2016	As at 31 March, 2015
(a) Creditors for supplies/services	8,98,976	6,50,741
	<u>8,98,976</u>	<u>6,50,741</u>

5. Other current liabilities

(a) Unpaid dividend account [refer note 30]	71,240	71,240
(b) Credit balance in staff imprest/advance	14,317	82,831
(c) Salary payable	19,26,063	12,28,103
(d) Statutory Dues Payable	29,04,947	22,19,432
(e) Other liabilities	5,36,167	5,37,476
	<u>54,52,733</u>	<u>41,39,082</u>

6. Short-term provisions

Provisions for employee benefits		
Provision for Expenses	41,175	41,175
Provision for Gratuity	13,63,894	11,41,540
Provision for Leave Encashment	2,86,223	2,69,535
	<u>16,91,292</u>	<u>14,52,250</u>

Additional information:

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

7. Tangible assets

	Vehicles	Office Equipments	Computers	Total
Gross Block				
As of April 1, 2014	12,39,762	14,23,987	3,03,573	29,67,322
Additions	-	-	1,94,676	1,94,676
Disposals	-	-	-	-
As of March 31, 2015	12,39,762	14,23,987	4,98,249	31,61,998
Additions	-	-	2,02,833	2,02,833
Disposals/Sale	-	-	-	-
As of March 31, 2016	12,39,762	14,23,987	7,01,082	33,64,831
Accumulated Depreciation				
As of April 1, 2014	1,38,937	8,58,002	1,56,307	11,53,246
Charge for the year	1,54,276	-	1,56,818	3,11,094
Depriciation charged due to remianning life of asset being Nil	-	4,94,785	1,159	4,95,944
Elimination on account of disposals	-	-	-	-
As of March 31, 2015	2,93,213	13,52,787	3,14,284	19,60,284
Charge for the year	1,47,284	-	1,99,041	3,46,324
Elimination on account of disposals	-	-	-	-
As of March 31, 2016	4,40,497	13,52,787	5,13,324	23,06,608
Net Block				
As of March 31, 2015	9,46,549	71,200	1,83,965	12,01,714
As of March 31, 2016	7,99,265	71,200	1,87,758	10,58,223



8. Intangible assets under development

	As at 31 March, 2016	As at 31 March, 2015
CRM Software	24,71,334	24,71,334
Website under development	20,40,000	2040000
	45,11,334	45,11,334

9. Non-current Investments

	As at 31 March, 2016	As at 31 March, 2015
Trade Investment (at cost)		
Investments in Unquoted Equity Instruments		
Subsidiary Company		
Roam1 Telecom Limited: 1,20,00,000 (31 March 2015: NIL)	79,200,000	79,200,000
Equity shares of Rupees 10 each fully paid-up		
	79,200,000	79,200,000

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

10. Long-term Loans and Advances

	As at 31 March, 2016	As at 31 March, 2015
Unsecured, Considered good		
Security deposits	3,52,500	3,52,500
Loans and advances to related parties	22,18,514	42,66,096
Inter-corporate deposits	-	-
Other loans and advances	3,19,173	1,86,994
	28,90,187	48,05,590

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, 2016	Maximum balance outstanding during the year
Roam1 Telecom Limited	Subsidiary	20,64,029	43,20,106
Vreach Soloutions Private Limited	Company in which Director are inestred	154,485	154,485
		22,18,514	44,74,591

11. Trade Receivables

	As at 31 March, 2016	As at 31 March, 2015
Unsecured, unless otherwise stated		
Outstanding for a period exceeding six months		
Considered good	2,93,901	3,02,942
Considered doubtful	-	-
Less: provision for doubtful receivables	-	-
	<u>2,93,901</u>	<u>3,02,942</u>
Other receivables		
Considered good	26,14,586	17,48,412
	<u>26,14,586</u>	<u>17,48,412</u>
	<u>29,08,487</u>	<u>20,51,354</u>

12. Cash and Bank balances

	As at 31 March, 2016	As at 31 March, 2015
Cash and Cash equivalents		
(a) Balances with Banks		
In current accounts	2,72,126	5,18,218
In deposits accounts with original maturity of 3 months or less	-	-
(b) Cash on hand	4,62,473	5,49,700
	<u>7,34,599</u>	<u>10,67,917</u>
Other Bank balances		
((a) In dividend accounts	71,240	71,240
(b) In deposits accounts with original maturity of more than 12 months	2,51,000	2,50,000
	<u>3,22,240</u>	<u>3,21,240</u>
	<u>10,56,839</u>	<u>13,89,157</u>

13. Short-term Loans and Advances

	As at 31 March, 2016	As at 31 March, 2015
Interest free advances to employees	10,03,070	3,59,344
Balances with government authorities:		
(a) as tax deducted at source	28,73,767	28,89,423
(b) others	54,472	32,372
	<u>39,31,309</u>	<u>32,81,139</u>

14. Revenue from Operations

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Continuing Operations		
Sale of Services		
Video Recording and IVR set-up services	1,00,78,172	1,05,97,300
	<u>1,00,78,172</u>	<u>1,05,97,300</u>



Virtualsoft Systems Limited

15. Other Income	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Interest income from bank deposit	24,556	23,885
Other Interest received	30,403	56,437
Liabilities provision written back	2,29,975	12,93,990
Miscellaneous income	-	12,416
	2,84,934	13,86,728
16. Employees benefit expenses		
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Salaries and Wages	1,03,60,057	1,03,38,660
Contribution to provident and other funds	41,090	25,385
Staff welfare expenses	-	1,33,665
Gratuity	2,22,354	2,96,752
Leave Encashment	16,688	62,594
	1,06,40,189	1,08,57,056
17. Other expenses		
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Project expenses for recording etc.	2,07,562	3,02,165
Power, fuel and electricity	-	-
Communication expenses	80,620	1,50,934
Rent including lease rent	11,60,950	11,42,850
Repairs and office maintenance	6,021	7,940
Rate, fees and subscription	1,43,906	2,25,709
Sales commission, discounts and rebates	15,006	2,248
Advertising, publicity and business promotion	46,292	68,630
Legal, professional and consultancy	10,01,418	24,01,215
Travelling and conveyance	2,06,875	3,00,038
Office supplies, printing and stationery	19,661	1,43,892
Payment to auditors as Audit fees		
- Statutory Audit fees	45,750	45,750
Bank charges	1,65,277	1,53,406
Other administrative expenses	5,05,862	3,54,341
	36,05,200	52,99,118
18. Finance cost		
	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Interest expenses		
-On directors loans	-	-
-On term loans	42,600	60,262
-Service Tax	87,797	59,144
-TDS	78,343	1,15,890
	2,08,740	2,35,296



19. Depreciation and amortization

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Depreciation on tangible assets	3,46,324	3,11,094
Amortization of intangible assets	-	-
	3,46,324	3,11,094

20 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

21 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.

22 Summary of significant accounting policies

22.1 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.

22.2 Inventories

There is no closing stock of Inventory.

22.3 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.

22.4 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.

22.5 Depreciation and amortization

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

- a) No depreciation has been charged by the management on the Completion of CRM Software as is still under development.
- b) No depreciation has been charged by the management on the Website as is still under development.

22.6 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.

22.7 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.”

22.8 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. “

22.9 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.

22.10 Employee benefits

Types of employee benefits

Employee benefits include Provident Fund, Gratuity fund, Compensated absences.
Liabilities with regard gratuity is determined the Mangement.

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.

22.11 Exceptional Items

Pursuant to the enactment of Companies Act 2013 (The Act), the Company has 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.

22.12 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 share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.”

22.13 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.

Deffered 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.

22.14 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.

22.15 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.

22.16 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.”

22.17 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.

23 Segment Information for the year ended 31st March, 2016

The company has considered business segments as the primary segments for disclosure on the basis that the risk and returns of the company is primarily determined by the nature of products and services. No secondary segments has been identified like geographical segments as the company operates in only one area. The products included in each of the reported domestic business segments are as follow:



Information About Primary Business Segments

	For the year ended 31st March, 2016			For the year ended 31st March, 2015		
	External	Intersegment	Total	External	Intersegment	Total
REVENUE						
CRM Development	90,00,000	-	90,00,000	90,00,000	-	90,00,000
Event Services	10,78,172	-	10,78,172	15,97,300	-	15,97,300
Total Revenue	1,00,78,172	-	1,00,78,172	1,05,97,300	-	1,05,97,300
RESULTS						
CRM Development			(36,73,377)			(49,20,832)
Event Services			(7,63,970)			2,02,296
Total Segment			(44,37,347)			(47,18,536)
Unallocated expenses net of unallocated income			-			-
Profit/ (loss) before exceptional items and tax			(44,37,347)			(47,18,536)
Exceptional Items:						
CRM Development			-			-
Event Services			-			(4,95,944)
Profit/ (loss) before tax			(44,37,347)			(52,14,480)
Taxation for the year			-			-
Profit/ (loss) for the year			(44,37,347)			(52,14,480)

OTHER INFORMATION

	Segment Assets		Segment Liabilities	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
CRM Development	75,27,275	73,81,860	(1,63,21,451)	(1,23,02,692)
Event Services	8,78,18,015	8,90,58,429	(12,89,24,912)	(12,92,23,525)
Total Assets/ (Liabilities)	9,53,45,290	9,64,40,289	(14,52,46,363)	(14,15,26,217)

	Capital Expenditure		Depreciation/ Amortisation	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
CRM Development	-	-	-	-
Event Services	2,02,833	1,94,676	3,46,324	3,11,094

24. 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

25. 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. 41,090/- (Year ended 31 March, 2016) for Provident Fund and EDLI contributions in the Statement of Profit and Loss.

The Company makes provision for leave encashment and Gratuity as per Management policy.

26. 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, 2016	As of 31 March, 2015
Amount payable not later than one year	11,04,300	11,34,000
Amount payable later than one year but not later than five years	19,28,988	37,53,682
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, 2016	As of 31 March, 2015
Amount payable not later than one year	1,63,228	1,88,520
Amount payable later than one year but not later than five years	1,34,984	3,29,910
Amount payable later than five years	-	-

27. 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

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

V Reach Solutions Private Limited

Goto Customer Services Private Limited

Foundation Technologies Private Limited

Marble Arch Estates (P) Ltd.

(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	(41,11,611)	66,48,167	86,95,748	-	(20,64,029)
	CRM Development Charges	(13,84,590)	86,48,395	1,02,82,500	9,00,000	(21,18,695)
(ii) Key Managerial Personnel (KMP)						
Mr. Gokul Tandan	Unsecured Loan	12,56,61,222	8,08,000	33,06,628	-	12,81,59,850
	Interest Payable	5,35,481	-	-	-	5,35,481
	Remuneration Payable	9,54,977	-	-	-	9,54,977
(iii) Enterprises over which KMP / Relatives of KMP can exercise significant influence						
Foundation Technologies P Ltd.	Unsecured Loan	(61,90,488)	-	-	-	(61,90,488)
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	2,300	2,300	-	-	-

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

	As of 31 March, 2016	As of 31 March, 2015
For Basic/Diluted EPS		
(a) Calculation of Weighted average number of equity shares		
Number of shares at the begning of the year	1,02,97,600	1,02,97,600
Equity Shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	1,02,97,600	1,02,97,600
Equity Shares of Rs. 10/- outstanding for 248 days		
Equity Shares of Rs. 10/- outstanding for 365 days	1,02,97,600	1,02,97,600
Weighted average number of equity shares outstanding during the year	1,02,97,600	1,02,97,600
(b) Net profit after tax available for equity shareholders	(44,37,347)	(52,14,480)
Earning per share		
For Continuing Operations	(0.43)	(0.51)
For Total Operations	(0.43)	(0.51)

29. Other disclosures as per Companies Act, 1956

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

Year	As of 31 March, 2016	As of 31 March, 2015
1997-98	43,850	43,850
1996-97	27,390	27,390
	71,240	71,240

30. Other disclosures as per Schedule 3 of the Companies Act, 2013

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(a) Expenditure in Foreign Currency (on accrual basis)		
Services purchase	1,66,418	1,27,600
(b) Earnings in Foreign Exchange (on accrual basis)		
Income from foreign transactions	-	-

31. Going Concern Basis

The Company has accumulated losses of Rs. 15,29,99,474/- as at 31st March, 2016 and its net worth as at that date is minus Rs. 5,00,23,474/-. Although these events or conditions may cast significant doubt on the Company's ability to continue as going concern, it has detailed plans for renewal of its operations. Accordingly the financial statements have been prepared on the basis that the company is a going concern and that no adjustment are required to the carrying value of assets and liabilities.

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 CRM software called Live Webcast Suite for providing telecom services and a Website. 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

Report on the Consolidated financial statements

We have audited the accompanying consolidated financial statements of VirtualSoft Systems Limited ('the Company') and its subsidiaries, which comprise the consolidated balance sheet as at 31 March 2016, the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended 31 March 2016, 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 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 consolidated 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We 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 the 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 financial control relevant to the Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 consolidated 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 consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 statement of affairs of the Company as at 31 March 2016 and its profit and Loss and its cash flows for the year ended on that date.

Emphasis of Matter

Attention is invited to Note no. 40 under Explanatory Notes to Financial Statements, relating to the applicability of Service Tax on Reverse Charge Mechanism of Section 66A of the Finance Act, 1994 and Service Tax Liability on Prepaid Sales as per the Finance Act, 1994, the Management provided the Opinion obtained from the legal advisors of the company, copy of which was given to us.

Considering this Opinion we did not incumbent upon our self to emphasize on the treatment of these transactions.

As a result, we refrain ourselves from commenting on same.

Attention is invited to Note no. 28 under Explanatory Notes to Consolidated Financial Statements regarding compliance with 'AS 15- Accounting for Employee Benefits', the management is providing for provisions of gratuity and leave encashment as per management's policy whereas as per AS-15, subsidiary of every listed company is required to get the valuation done by an actuary.

Attention is invited to Note no. 41 under Explanatory Notes to Consolidated Financial Statements, regarding amortization of intangible assets. The company has not provided for amortization on completion of CRM Software and Website under development.

Attention is invited to Note no. 42 under Explanatory Notes to Consolidated Financial Statements, regarding the financial statements being prepared on a going concern basis, notwithstanding the fact that the company's net worth is eroded (Net Worth as on 31st March, 2016 is Rs. -7,81,35,696/-). These events cast significant doubt on the ability of the Company to continue as a going concern.

Report on Other Legal and Regulatory Requirements

1. 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 Emphasis of Matter paragraph, in our opinion, the aforesaid consolidated

- 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 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, from being appointed as a director in terms of Section 164(2) of the Act;
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g. 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.

- b. The Company does not have any long term, contracts including derivate contracts for which provision would be required to be made under the applicable law or accounting standards, for material foreseeable losses.
- 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	43,850
1996-1997	27,390

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

New Delhi
30th May, 2016

Narinder Nath Ahuja
Proprietor
Membership No. 80178

Annexure - A to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Virtual Soft Systems Limited** ("the Company") as of 31 March 2016 and its subsidiary company in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management and that of its subsidiary company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively 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, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal

Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and



expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company and its subsidiary has, which is company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Chartered Accountants

Firm's registration number: 001083N

New Delhi
30th May, 2016

Narinder Nath Ahuja
Proprietor
Membership No. 80178

Consolidated Balance Sheet as at 31 March, 2016

In Indian Rupees

Particulars	Note	Figures at the end of Current Reporting Period	Figures at the end of Current Reporting Period
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	4	10,29,76,000	10,29,76,000
(b) Reserves and surplus	5	(18,11,11,696)	(13,89,98,991)
		(7,81,35,696)	(3,60,22,991)
2 Minority Interest		1,93,57,488	52,12,661
3 Non-current liabilities			
(a) Long-term borrowings	6	21,46,75,584	19,41,53,511
(b) Other long-term liabilities	7	7,57,428	15,56,306
		21,54,33,012	19,57,09,817
4 Current liabilities			
(a) Short-term borrowings	6	1,44,99,158	1,45,14,609
(b) Trade payables	8	82,85,453	96,90,831
(c) Other current liabilities	9	1,98,29,036	1,36,67,217
(d) Short-term provisions	10	26,68,819	20,48,729
		4,52,82,466	3,99,21,387
TOTAL		20,19,37,270	20,48,20,874
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	11	63,10,965	71,35,429
(ii) Intangible assets	12	6,86,51,335	6,76,11,860
(iii) Intangible assets under development	13	9,68,82,864	9,55,32,864
(b) Long-term loans and advances	14	37,57,220	34,26,667
		17,56,02,384	17,37,06,820
2 Current assets			
(a) Inventories	15	39,05,232	43,13,195
(b) Trade receivables	16	1,21,60,469	1,75,58,559
(c) Cash and cash equivalents	17	20,36,393	25,20,426
(d) Short-term loans and advances	18	82,32,792	67,21,873
		2,63,34,886	3,11,14,053
TOTAL		20,19,37,270	20,48,20,874
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**
Accountants

ICAI Firm Registration Number : 001083N

N N Ahuja
Proprietor
Membership No : 080178
New Delhi
27th May, 2016

Rajendra V. Kulkarni
Director
DIN:-00988255

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

Gokul Tandan
Managing Director
DIN:-00441563

Ritika Ahuja
Company Secretary

Athar Ahmad
Chief Financial Officer



CIN : L72200DL1992PLC047931

Virtualsoft Systems Limited

Consolidated Statement of Profit and Loss for the year ended 31 March, 2016

Particulars	Note No.	For the year ended 31 March, 2016	For the year ended 31 March, 2015
CONTINUING OPERATIONS			
Income			
Revenue from operations (net)	19	5,99,86,361	7,27,50,584
Other income		5,21,452	13,87,784
Total Revenue		6,05,07,813	7,41,38,368
Expenses			
Purchases of stock-in-trade		3,59,76,115	4,21,65,956
Changes in inventories of stock-in-trade	21	4,07,963	(23,34,496)
Employee benefit expense	22	3,97,26,986	4,16,11,766
Other operating expenses	23	3,05,56,013	3,26,57,423
Finance cost	24	87,75,538	51,99,365
Depreciation and amortisation expenses	25	24,77,279	21,27,144
Total Expenses		11,79,19,894	12,14,27,159
Profit / (Loss) before exceptional items and tax		(5,74,12,081)	(4,72,88,791)
Add: Exceptional items	26		(4,95,944)
Profit / (Loss) before tax		(5,74,12,081)	(4,77,84,736)
Tax expense:			
Less: Current tax		-	-
Less: Deferred tax		-	-
Total tax expense		-	-
Profit / (Loss) for the year (before adjustment of Minority Interest)		(5,74,12,081)	(4,77,84,736)
Less : Share of Minority in Current year Profits/ Losses		(1,82,30,287)	(85,14,051)
Profit / (Loss) for the year (after adjustment of Minority Interest)		(3,91,81,794)	(3,92,70,684)
Earnings per equity share (nominal value of share Rs. 10)			
Basic and diluted earnings per share			
~Continuing operations	31	(3.80)	(3.81)
~Total operations	31	(3.80)	(3.81)
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**

Accountants

ICAI Firm Registration Number : 001083N

N N Ahuja

Proprietor

Membership No : 080178

New Delhi

27th May, 2016

Rajendra V. Kulkarni

Director

DIN:-00988255

Gokul Tandan

Managing Director

DIN:-00441563

Athar Ahmad

Chief Financial Officer

Ritika Ahuja

Company Secretary

Consolidated Cash Flow Statement for the year ended 31 March, 2016

Particulars	Note No.	As at 31 March, 2016	As at 31 March, 2015
A Cash flow from operating activities			
Profit / (Loss) before tax from			
~Continuing operations		(5,74,12,081)	(4,77,84,736)
~Discontinued operations		-	-
Profit / (Loss) before tax from operations		<u>(5,74,12,081)</u>	<u>(4,77,84,736)</u>
Adjustments for:			
Depreciation and amortisation on continuing operations		24,77,279	21,27,144
Net (gain) / Exceptional Item due to charge of depreciation as per Schedule II		-	4,95,944
Preliminary expenses to the extent not written off		(5,806)	
Interest income		(24,556)	(81,377)
Finance costs		87,75,538	51,99,365
Profit / (Loss) before working capital changes		<u>(4,61,89,626)</u>	<u>(4,00,43,659)</u>
Movement in working capital :			
(Increase) / decrease in inventories		4,07,963	(23,34,496)
(Increase) / decrease in trade receivables		53,98,090	11,98,932
(Increase) / decrease in other receivables, loans and advances		(15,10,919)	(4,15,371)
(Decrease)/Increase in Loans and advances adjusted through Reserves		-	12,32,136
(Decrease) / increase in trade payables and other current liabilities		47,56,441	(17,36,834)
(Decrease) / increase in short term borrowings		(15,451)	
(Decrease) / increase in provisions		6,20,090	9,97,000
Cash generated from operations		<u>(3,65,33,412)</u>	<u>(4,11,02,290)</u>
Taxes paid, net		-	20,47,126
Net cash flow (used in) / from operating activities (A)		<u>(3,65,33,412)</u>	<u>(4,31,49,417)</u>
B Cash flow from investing activities			
Capital expenditure on fixed assets		(40,97,886)	(1,32,22,476)
Long term loans and advances		(3,36,359)	
(Investment) / redemption in bank deposits (having original maturity of more than three months)		(1,000)	-
Interest received		24,556	81,377
Net cash flow (used in) / from investing activities (B)		<u>(44,10,690)</u>	<u>(1,31,41,099)</u>
C Cash flow from financing activities			
Receipt from borrowings		2,14,41,563	6,14,32,268
Repayment of borrowings		(9,19,489)	-
Repayment of security deposits		(7,98,878)	-
Finance Cost		(87,75,538)	(51,99,365)
Net cash flow (used in) / from financing activities (C)		<u>1,09,47,657</u>	<u>5,62,32,903</u>



Virtualsoft Systems Limited

Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(2,99,96,445)	(57,613)
Add: Balance of Cash and cash equivalents as at the beginning of the year	21,99,186	22,56,799
Cash and cash equivalents as at the end of the year [Refer note (a) below]	(2,77,97,259)	21,99,186
a) Components of cash and cash equivalents		
Balances with bank in current accounts	4,15,525	5,39,566
Cash on hand	12,98,628	16,59,620
	17,14,153	21,99,186

Notes:

- 1 Figures in bracket indicate cash outflow
- 2 The above cash flow statement has been prepared under the indirect method set out 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**

Accountants

ICAI Firm Registration Number : 001083N

N N Ahuja

Proprietor

Membership No : 080178

New Delhi

27th May, 2016

Rajendra V. Kulkarni

Director

DIN:-00988255

Gokul Tandan

Managing Director

DIN:-00441563

Athar Ahmad

Chief Financial Officer

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

Ritika Ahuja

Company Secretary

Notes to the financial statements for the year ended 31 March, 2016

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 share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.”

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.

3.18 Basis of Preparation of Consolidated Financial Statements

These consolidated financial statements have been prepared to comply with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013.

3.19 Principles of Consolidation

The consolidated financial statements relate to VirtualSoft Systems Limited ('the Company') and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements"
- b) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve, as the case may be.
- c) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- d) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- f) The company has consolidated the financial statements by considering percentage of share holding in subsidiary on the basis of control i.e. number of shares hold by the company whereas upto last financial year, the basis was value of shares hold by holding company in subsidiary company.

4. Share capital

As at [Item No. 1(a)]	As at 31 March, 2016	31 March, 2015
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 2016		As of 31 March 2015	
	No. of Shares	%	No. of Shares	%
(a) Virtual Software and Training Private Limited	42,00,000	40.79	45,00,000	43.70
(b) Gokul Tandan	26,93,366	26.16	24,00,000	23.31
(c) Mohini Tandan	3,46,717	3.37	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

	As at 31 March, 2016	As at 31 March, 2015
(a) Capital Reserve Balance as per last balance sheet	2,000,000	2,000,000
(b) General Reserve Balance as per last balance sheet Less : Adjustments made during the year Closing	26,184,500 5,00,199 2,56,84,301	26,184,500 - 2,61,84,500
(c) Security Premium Reserves Balance as per last balance sheet Less : Adjustment made on consolidation Closing	5,37,60,000 1,44,18,617 3,93,41,383	5,37,60,000 - 5,37,60,000
(d) Deficit in the Statement of Profit and loss Balance as per last balance sheet Add: Profit/(Loss) for the year Less: Share of Minority in opening Profits Net deficit in Statement of Profit and loss	(22,09,43,490) (3,91,81,794) (1,19,87,904) (24,81,37,380) (18,11,11,696)	(18,16,72,806) (3,92,70,684) - (22,09,43,490) (13,89,98,991)

6. Borrowings

	As at 31 March, 2016			As at 31 March, 2015		
	Long -term-	Short term	Total	Long -term	Short -term	Total
A. Secured Borrowings						
(a) Term Loans						
(i) From financial institutions	3,90,214	1,44,99,158	1,48,89,372	4,44,132		4,44,132
B. UnSecured Borrowings						
(a) Loans from related parties						
(i) From directors	20,52,06,480	-	20,52,06,480	18,37,64,917	-	18,37,64,917
(ii) From related parties	70,78,890	-	70,78,890	71,78,890	-	71,78,890
(b) Loan from Non related parties						
(i) From Bank	-	-	-	7,65,571	1,45,14,609	1,52,80,181
(ii) Others	20,00,000	-	20,00,000	20,00,000	-	20,00,000
	21,46,75,584	1,44,99,158	22,91,74,742	19,41,53,511	1,45,14,609	20,86,68,120

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. 20,52,06,480/-due to Gokul Tandan (Director) 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, 2016	within year	Maturity Profile		
				between one and two year	between two and five year	over five year
Indian Rupees	11.25%	2,98,212	1,63,237	1,34,984	-	-

7. Other long-term liabilities

	As at 31 March, 2016	As at 31 March, 2015
(a) Security deposit received [^]	7,57,428	15,56,306
	7,57,428	15,56,306

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

8. Trade payable

	As at 31 March, 2016	As at 31 March, 2015
(a) Creditors for supplies/services	74,76,493	89,95,245
(b) Advances Received from Customers	8,08,960	6,95,586
(c) Creditors for Capital Expenditure	-	-
	82,85,453	96,90,831

9. Other current liabilities

	As at 31 March, 2016	As at 31 March, 2015
(a) Unpaid dividend account (Refer Note No. 33)	71,240	71,240
(b) Credit balance in staff imprest/advance	14,317	82,831
(c) Accrued salaries and benefits	45,23,421	54,54,941
(d) Revenue taxes payable	67,24,881	50,15,189
(a) Expenses payable	1,44,858	1,42,661
(e) Other liabilities	83,50,319	29,00,356
	1,98,29,036	1,36,67,217

10. Short-term provisions

Provision for Gratuity	17,03,794	12,64,425
Provision for Leave Encashment	7,82,100	5,98,508
Provision for Expenses	41,175	44,046
Provision for Audit fees	1,41,750	1,41,750
	26,68,819	20,48,729

Additional information: (Refer Note No. 28)

- (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

	Furniture and Fixtures	Vehicles	Office Equipments	Computers	Total
Gross Block					
As of April 1, 2014	1,30,132	12,39,762	50,31,603	21,81,225	85,82,722
Additions	76,380		16,69,479	9,76,618	27,22,477
Addition on account of Slump sale	-	-	-	-	-
Disposals	-	-	-	-	-
As of March 31, 2015	2,06,512	12,39,762	67,01,082	31,57,843	1,13,05,199
Additions	1,25,000	-	9,84,753	4,38,133	15,47,886
Disposals/Sale	-	-	-	-	-
Adjustments for slump sale	-	-	-	-	-
As of March 31, 2016	3,31,512	12,39,762	76,85,835	35,95,976	1,28,53,085
Accumulated Depreciation					
As of April 1, 2014	5,505	1,38,937	11,29,581	3,35,455	16,09,478
Charge for the year	16,540	1,54,276	9,19,002	9,74,530	20,64,347
Depreciation charged due to remianing life of asset being Nil	-	-	4,94,785	1,159	4,95,944
Elimination on account of disposals	-	-	-	-	-
As of March 31, 2015	22,045	2,93,213	25,43,368	13,11,144	41,69,770
Charge for the year	30,293	1,47,284	11,06,830	10,87,944	23,72,351
Elimination on account of disposals	-	-	-	-	-
As of March 31, 2016	52,338	4,40,497	36,50,199	23,99,088	65,42,121
Net Block					
As of April 1, 2014	1,24,627	11,00,825	39,02,022	18,45,770	69,73,244
As of March 31, 2015	1,84,467	9,46,549	41,57,714	18,46,699	71,35,429
As of March 31, 2016	2,79,174	7,99,265	40,35,637	11,96,888	63,10,965

12. Intangible assets

	Goodwill	Mobile application software	CRM Software	Trade Mark	Website	Total
Disposals/Sale						
Gross Block						
As of April 1, 2014	6,72,00,000	2,97,810	-	32,350	-	6,75,30,160
Additions	-	-	-	-	-	-
Addition on account of conslidation	2,07,294	-	-	-	-	2,07,294
Disposals	-	-	-	-	-	-
Adjustments for slump sale	-	-	-	-	-	-
As of March 31, 2015	6,74,07,294	2,97,810	-	32,350	-	6,77,37,454
Additions	-	-	-	-	12,00,000	12,00,000
Disposals/Sale	-	-	-	-	-	-
Disposal on account of conslidation	55,597	-	-	-	-	55,597
Adjustments for slump sale	-	-	-	-	-	-
As of March 31, 2016	6,73,51,697	2,97,810	-	32,350	12,00,000	6,88,81,857
Accumulated Depreciation						
As of April 1, 2014	-	59,562	-	3,235	-	62,797
Charge for the year	-	59,562	-	3,235	-	62,797



Virtualsoft Systems Limited

Elimination on account of disposals	-	-	-	-	-	-
Adjustments for slump sale	-	-	-	-	-	-
As of March 31, 2015	-	1,19,124	-	6,470	-	1,25,594
Charge for the year	-	59,562	-	3,235	42,131	1,04,928
Elimination on account of disposals	-	-	-	-	-	-
Adjustments for slump sale	-	-	-	-	-	-
As of March 31, 2016	-	1,78,686	-	9,705	42,131	2,30,522
Net Block						
As of April 1, 2014	6,72,00,000	2,38,248	-	29,115	-	6,74,67,363
As of March 31, 2015	6,74,07,294	1,78,686	-	25,880	-	6,76,11,860
As of March 31, 2016	6,73,51,697	1,19,124	-	22,645	11,57,869	6,86,51,335

Additional information:

(1) Goodwill have arisen on account of Consolidation.

13. Intangible assets under development

	As at 31 March, 2016	As at 31 March, 2015
CRM Software	9,48,12,864	9,34,62,864
Software under development	20,40,000	20,40,000
Website	30,000	30,000
	<u>9,68,82,864</u>	<u>9,55,32,864</u>

14. Long-term Loans and Advances

	As at 31 March, 2016	As at 31 March, 2015
Unsecured, Considered good		
Electricity, telephone and other deposits	5,18,920	2,20,920
Deposits with creditors	12,37,942	13,31,762
Loans and advances to related parties	1,54,485	1,54,485
Inter-corporate deposits	-	-
Rental deposits	15,26,700	15,26,700
Other loans and advances	3,19,173	1,86,994
Preliminary Expenses written off	-	5,806
	<u>37,57,220</u>	<u>34,26,667</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, 2016	Maximum balance outstanding during the year
Vreach Soloutions Private Limited	Associate	154,485	154,485

15. Inventories

	As at 31 March, 2016	As at 31 March, 2015
Valued at cost or net realizable value		
Stock-in-trade	39,05,232	43,13,195
	39,05,232	43,13,195

Additional information:

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

16. Trade Receivables

	As at 31 March, 2016	As at 31 March, 2015
Unsecured, unless otherwise stated		
Outstanding for a period exceeding six months		
Considered good	17,30,215	33,70,561
Considered doubtful	-	-
Less: provision for doubtful receivables	-	-
	17,30,215	33,70,561
Other receivables		
Considered good	1,04,30,254	1,41,87,998
Considered doubtful	-	-
Less: provision for doubtful receivables	-	-
	1,04,30,254	1,41,87,998
	1,21,60,469	1,75,58,559

17. Cash and Bank balances

	As at 31 March, 2016	As at 31 March, 2015
Cash and Cash equivalents		
(a) Balances with Banks		
In current accounts	4,15,525	5,39,566
In deposits accounts with original maturity of 3 months or less	-	-
(b) Cash in hand	12,98,628	16,59,620
	17,14,153	21,99,186

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	2,51,000	2,50,000
(c) Unclaimed Dividend Account	71,240	71,240
	3,22,240	3,21,240
Less: Amount disclosed under non-current assets	-	-
	3,22,240	3,21,240
	20,36,393	25,20,426

18. Short-term Loans and Advances

	As at 31 March, 2016	As at 31 March, 2015
Unsecured, considered good		
Interest free loans and advances to employees	39,03,052	32,02,096
Prepaid expenses	1,36,864	68,365
Balances with government authorities:		
as advance tax including tax deducted at source	41,38,404	34,19,040
as Input service tax credit	-	32,372
Others	54,472	-
	82,32,792	67,21,873

Additional information:

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

19. Revenue from Operations

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Continuing Operations		
Sale of Services		
Video Recording and IVR set-up services	10,78,172	1,05,97,300
Voice Revenue [refer note (a) below]	5,84,00,701	6,21,53,284
Others [refer note (b) below]	5,07,488	-
	5,99,86,361	7,27,50,584

Additional information:

(a) Voice Revenue is from International Roaming Cards and includes unbilled revenue of Rupees. 11,50,000/-

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

20. Other Income

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Interest income from bank deposit	24,556	24,940
Other Interest received	59,096	56,437
Liabilities provision written back	4,37,800	12,93,990
Miscellaneous income	-	12,416
	5,21,452	13,87,784

20. Purchases

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
IPurchases made during the year:		
Domestic:	67,94,663	
Foreign:	2,91,81,452	
	3,59,76,115	4,21,65,956
	3,59,76,115	4,21,65,956

21. Changes in inventories of stock-in-trade

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
ERCV and SIM Cards		
Opening Stock-in-trade	43,13,195	19,78,699
Closing Stock-in-trade	39,05,232	43,13,195
	4,07,963	(23,34,496)

22. Employees benefit expenses

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Salaries and Wages	3,69,20,433	3,70,95,640
Contribution to provident and other funds	7,53,174	8,18,903
Staff welfare expenses	5,92,164	9,50,519
gratuity	4,39,369	4,19,637
Leave encashments	1,87,303	3,91,567
Incentive	1,89,043	1,35,500
Bonus	45,500	-
Directors Remuneration	6,00,000	18,00,000
	<u>3,97,26,986</u>	<u>4,16,11,766</u>

Additional information:

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

23. Other expenses

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Custom duty and freight	7,53,450	8,19,411
Project expenses for recording etc.	2,07,562	3,02,165
Power, fuel and electricity	10,44,037	9,44,451
Communication expenses	25,47,732	24,98,138
Rent including lease rent	45,46,030	44,63,393
Repairs and office maintenance	11,90,437	9,57,147
Rate, fees and subscription	5,87,169	18,98,490
Loss on account of foreign exchange	1,54,895	3,06,102
Sales commission, discounts and rebates	17,73,513	32,10,162
Advertising, publicity and business promotion	5,24,563	8,20,491
Meetings, conference and events	5,91,947	4,29,249
Legal, professional and consultancy	80,82,115	88,68,227
Travelling and conveyance	39,80,903	42,67,769
Office supplies, printing and stationery	5,01,776	8,66,338
Payment to auditors	2,03,250	2,03,250
Bank charges	7,43,482	6,51,582
Cenvat Credit Reversed	15,48,304	-
Other administrative expenses	15,74,848	11,51,057
	<u>3,05,56,013</u>	<u>3,26,57,423</u>

24. Finance cost

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Interest expenses		
-On directors loans	64,51,413	23,65,700
-On term loans	18,93,956	16,59,829
-On others	4,30,169	11,73,836
	<u>87,75,538</u>	<u>51,99,365</u>

Additional information:

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

25. Depreciation and amortization

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Depreciation on tangible assets	23,72,351	20,64,347
Amortization of intangible assets	1,04,928	62,797
	<u>24,77,279</u>	<u>21,27,144</u>

26. Exceptional Items

[Item No. 4(c)]

Pursuant to the enactment of Companies Act 2013, (The Act), the company has effectively 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, 2016			As of 31 March, 2015	
	Currency code	In Foreign Currency	In Indian Rupees	In Foreign Currency	In India Rupees
Receivables	USD	-	-	8,124	508,508
	SGD	-	-	9,000	4,13,820
	LKR	-	-	25,000	11,465
Payables	USD	26,279	17,43,188	20,953	13,11,439
	SGD	1,691	82,640	18,250	8,39,111
	LKR	-	-	-	-

(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

28. 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. 41,090/- (Year ended 31 March, 2016) for Provident Fund and EDLI contributions in the Statement of Profit and Loss.

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. 4,56,917/- (Year ended 31 March 2015, Rs. 3,57,564/-) for Provident Fund contributions on in the Statement of Profit and Loss. Rs 2,01,349/- towards ESIC (Year ended 31st March 2015, Rs. 4,21,393/-) and Rs 21,445/- (Year ended 31 March 2015, Rs. 14,561/-) towards EDLI. Provision for leave encashment and gratuity made during the year is Rs. 1,70,615/- and Rs. 2,17,015/- respectively.

The Company makes Provision for Leave Encashment and Provision for 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, 2016	As of 31 March, 2015
Amount payable not later than one year	41,28,880	43,11,456
Amount payable later than one year but not later than five years	85,54,848	1,14,52,486
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, 2016	As of 31 March, 2015
Amount payable not later than one year	1,63,228	1,88,520
Amount payable later than one year but not later than five years	1,34,984	3,29,910
Amount payable later than five years	-	-

30. Segment Information for the year ended 31st March, 2016

The company has considered business segments as the primary segments for disclosure on the basis that the risk and returns of the company is primarily determined by the nature of products and services. No secondary segments has been identified like geographical segments as the company operates in only one area. The products included in each of the reported domestic business segments are as follow:

Information About Primary Business Segments

	For the year ended 31st March, 2016			For the year ended 31st March, 2015		
	External	Intersegment	Total	External	Intersegment	Total
REVENUE						
CRM Development	-	-	-	90,00,000	-	90,00,000
Event Services	10,78,172	-	10,78,172	15,97,300	-	15,97,300
Voice Revenue	5,89,08,189	-	5,89,08,189	6,21,53,284	-	6,21,53,284
Total Revenue	5,99,86,361	-	5,99,86,361	7,27,50,584	-	7,27,50,584
RESULTS						
CRM Development		(1,26,73,377)				(49,20,832)
Event Services		(7,63,970)				2,02,296
Voice Revenue		(4,39,74,734)				(4,25,70,256)
Total Segment		(5,74,12,081)				(4,72,88,792)
Unallocated expenses net of unallocated income		-				-
Profit/ (loss) before exceptional items and tax		(5,74,12,081)				(4,72,88,792)
Exceptional Items:						
CRM Development			-			-
Event Services			-			-
Voice Revenue			-			(4,95,944)
Profit/ (loss) before tax		(5,74,12,081)				(4,77,84,736)



Taxation for the year	-	-	-
Profit/ (loss) after tax (before adjustment for Minority Interest)		(5,74,12,081)	(4,77,84,736)
Share of (Profit)/ Loss transferred to Minority	1,82,30,287		85,14,051
Profit/ (loss) for the year	(3,91,81,794)		(3,92,70,684)

OTHER INFORMATION

	Segment Assets		Segment Liabilities	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
CRM Development	75,27,275	73,81,860	(1,63,21,451)	(1,23,02,692)
Event Services	8,78,18,015	8,90,58,429	(12,89,24,912)	(12,92,23,525)
Voice Revenue	12,24,11,918	12,56,69,492	11,51,35,624	9,96,01,188
Total Assets/ (Liabilities)	21,77,57,208	22,21,09,781	(3,01,10,739)	(4,19,25,029)

	Capital Expenditure		Depreciation/ Amortisation	
	As at 31st March, 2016	As at 31st March, 2015	As at 31st March, 2016	As at 31st March, 2015
CRM Development	-	-	-	-
Event Services	2,02,833	1,94,676	3,46,324	3,11,094
Voice Revenue	38,95,053	1,30,27,801	21,30,955	18,16,051

31. 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. Gokul Tandan	Unsecured Loan	18,37,64,917	3,08,08,000	5,22,49,563	-	20,52,06,480
	Interest on Unsecured Loan	28,98,361	3,55,000	64,51,413	6,45,141	83,49,633
	Director Remuneration	13,35,041	4,60,811	6,00,000	13,987	14,60,243
	Imprest	21,077	2,13,342	2,12,632	-	20,367
Mr. Rajendra V Kulkarni	Unsecured Loan	-	4,00,000	4,00,000	-	-
	Imprest	-	2,71,415	2,71,415	-	-
(ii) Enterprises over which KMP / Relatives of KMP can exercise significant influence						
M.R. Capital (P) Ltd.	CRM Development Charges	1,87,597	15,39,700	15,40,944	1,35,000	53,841
Marble Arch Estate Private Limited	Staff Welfare	2,300	99,320	99,000	1,980	-
Foundation Technologies Private Limited	Unsecured Loan	(61,90,488)	-	-	-	(61,90,488)
GOTO Customer Services Pvt. Ltd.	Unsecured Loan	(8,38,402)	-	-	-	(8,38,402)
Vreach Solution (P) Ltd.	Loan & Advances	(1,54,485)	-	-	-	(1,54,485)

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

	As of 31 March, 2016	As of 31 March, 2015
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	(3,91,81,794)	(3,92,70,684)
Earning per share		
For Contunuing Operations	(3.80)	(3.81)
For Total Operations	(3.80)	(3.81)

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 central government. The following unpaid/ unclaimed dividends have not been transferred to IEPF A/c.



Virtualsoft Systems Limited

Year	As of 31 March, 2016	As of 31 March, 2015
1997-98	43,850	43,850
1996-97	27,390	27,390
	71,240	71,240

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

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
(a) Expenditure in Foreign Currency (on accrual basis) Services purchase & Professional Expenses	2,93,47,870	4,10,71,306
(b) Earnings in Foreign Exchange (on accrual basis) Income from foreign transactions	5,07,488	30,99,670

35. Enterprise Consolidated as Subsidiary in accordance with Accounting Standard 21-Consolidated Financial Statements:-

Name of the Enterprise	Country of Incorporation	Proportion of ownership Interest
Roam1 Telecom Limited	India	58.54%

36. Statement pursuant to Section 212 (8) of The Companies Act, 1956

relating to subsidiaries for the year ended 31st March, 2016

Name of the Subsidiary Company	"Reporting Currency"	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities	Turnover	Loss before Tax	Provision for tax	Profit/ (loss) after tax
Roam1 Telecom Limited	INR	4,49,98,750	(3,29,05,180)	13,14,11,918	11,93,18,348	5,89,08,189	(4,39,74,734)	-	(4,39,74,734)

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

Name of the enterprise	Net Assets (Total Assets - Total Liabilities)		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amount (Rs.)	As % of Consolidated Profit/ Loss	Amount (Rs.)
Parent VirtualSoft Systems Limited	109.31	(8,54,11,989)	23.41	(1,34,37,347)
Subsidiary Roam1 Telecom Limited	(9.31)	72,76,294	76.59	(4,39,74,734)

38. Reconciliation and confirmations

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

39. 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

40. Service Tax

Reverse Charge Mechanism: Section 66A of the Finance Act, 1994 , provides that service tax is to be charged on the basis of Reverse Charge Mechanism in respect of International Roaming Card Services & Solutions from territory outside India. However based on the opinion obtained by the company, the Service is exempted under clause No. 29(f) of Mega Notification No. 25/2012 ST dated 20/06/2012 read with Section 66A which states that Services provided by selling agents or a distributor of SIM Cards and Recharge Coupon Vouchers are exempted from Service Tax.

Service Tax Liability on Prepaid Sales: The management, on the basis of opinion received from its legal consultant, has not charged and booked any service tax liability on Prepaid Sales of International Roaming Card Services & Solutions. However based on the opinion obtained by the company, "Service tax is not applicable on the company as per point 29(f) of Mega Exemption Notification No. 25/2012- ST dated 20/06/2012 which exempts the services rendered by a selling agent or distributor of SIM Cards or recharge coupon vouchers from purview of service tax.

41. 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. 2,00,00,000/- incurred during the year has been capitalized . The management is of the opinion that since the process is still going on & hence no amortization is required during this year

42. Going Concern Basis

The Company has accumulated losses of Rs. 18,11,11,696/-as at 31st March, 2016 and its net worth as at that date is minus Rs. 7,81,35,696/-. Although these events or conditions may cast significant doubt on the Company's ability to continue as going concern, it has detailed plans for renewal of its operations. Accordingly the financial statements have been prepared on the basis that the company is a going concern and that no adjustment are required to the carrying value of assets and liabilities.

43. Previous year's figures

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

44. 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.

45. Others disclosures

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

In terms of our report of even date attached.

for **Nath Ahuja & Company**

Accountants

ICAI Firm Registration Number : 001083N

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

N N Ahuja

Proprietor

Membership No : 080178

New Delhi

27th May, 2016

Rajendra V. Kulkarni

Director

DIN:-00988255

Gokul Tandan

Managing Director

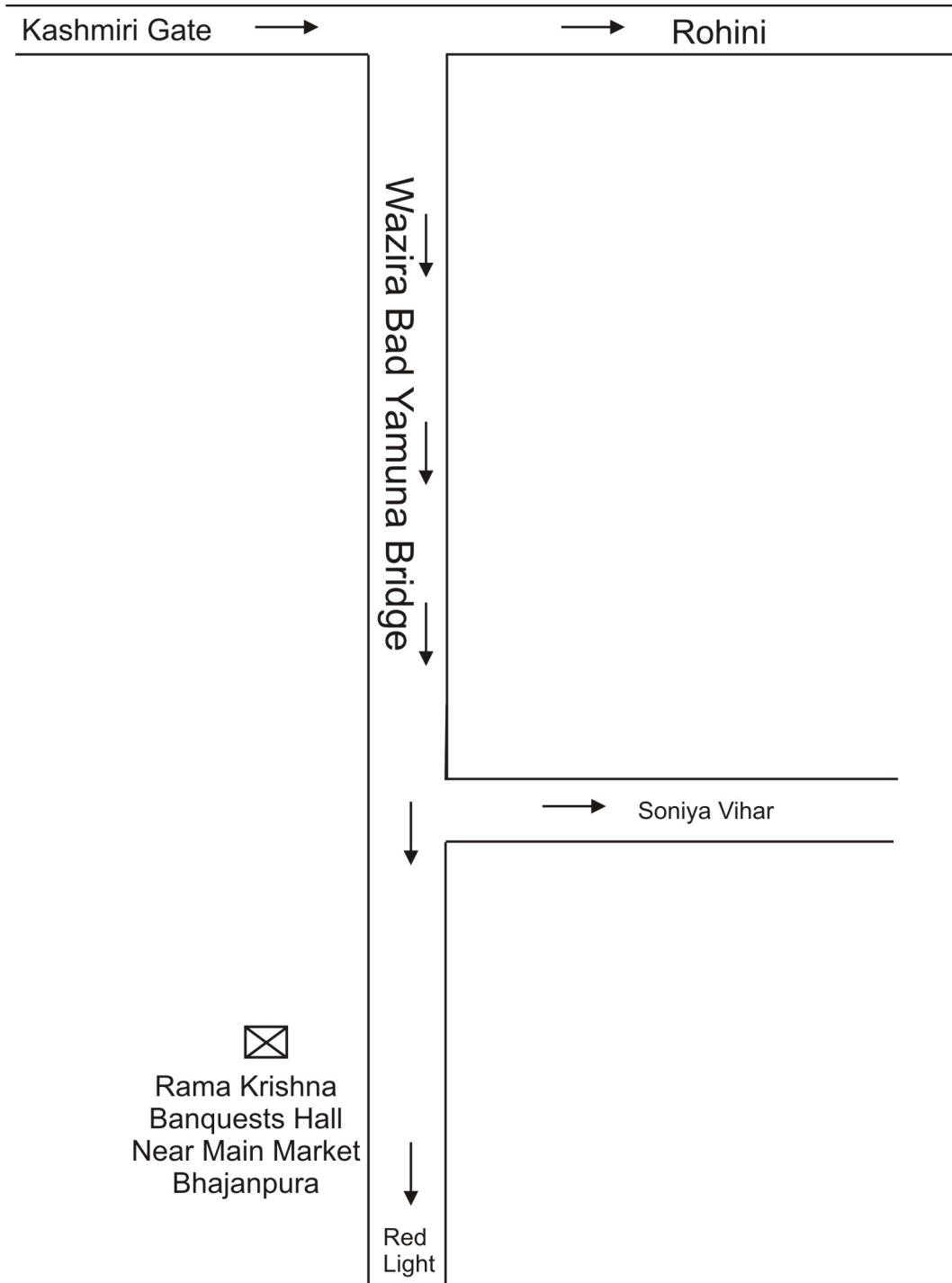
DIN:-00441563

Athar Ahmad

Chief Financial Officer

Ritika Ahuja

Company Secretary



To,



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