



### INDEPENDENT AUDITOR'S OPINION

**To the Members of DIGICALL GLOBAL PRIVATE LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **M/s DIGICALL GLOBAL PRIVATE LIMITED** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 Dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

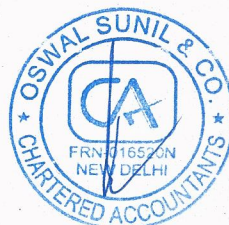
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and 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 the internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

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





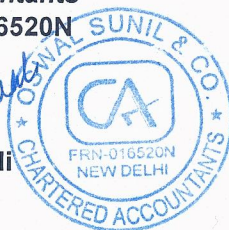
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 Dated 13<sup>th</sup> September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
  - (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Oswal Sunil & Company  
Chartered Accountants  
Firm Reg. No. 016520N

CA Sunil Bhansali  
Partner  
M. No.: 054645



Place: New Delhi  
Dated: 22 MAY 2014



**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

- i.
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. The Company has a programme for the physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. No significant discrepancies were noticed on such verification.
  - c. As per the records and information and explanations given to us, no substantial part of the fixed assets of the Company was disposed off.
- ii. As the Company has not purchased/ sold goods during the year, nor is there any opening/ closing stocks, requirement of reporting on physical verification of stocks or maintenance of inventory records, in our opinion, does not arise.
- iii. In respect of the loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained u/s 301 of the companies act, 1956:
  - a) The Company has not granted any loan to companies, firms or other parties covered in the register maintained under section 301 of the Act. Since the Company has not given such loan hence sub-clause (iii) (b) & (c) are not applicable.
  - b) The Company has taken interest free, unsecured loan from one party covered in the register maintained under section 301 of the Act. The year end balance was Rs. 15,426,116/-. In our Opinion, the terms and conditions of the interest free unsecured loan taken by the Company are not prima facie prejudicial to the interest of the Company.
- iv. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system.
- v.
  - a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b. In our opinion and according to the information and explanation given to us, no transactions were made in pursuance of contracts or arrangements required to be entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding value of rupees five lakhs in respect of any party during the year.
- vi. According to the information and explanations given to us, the Company has not accepted any deposits from public during the year under section 58A, 58AA and any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits from the public.





- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- viii. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 in respect of the products of the Company.
- ix.
- a. The Company has deposited undisputed statutory dues *with some delays* including Provident fund, Employees' State Insurance, Income tax, Sales tax, Service Tax, Cess and other material statutory dues applicable to it with appropriate authorities.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Sales tax and cess were in arrears, as at 31st March, 2014 for a period of more than six months from the date they became payable *except Service Tax (under Reverse Charge) of Rs. 2,57,957/-*.
- c. According to the information and explanations given to us, there are no amounts of disputed sales tax, income tax dues and other duties & cess which have not been deposited as at 31<sup>st</sup> March, 2014 on account of any disputes.
- x. The Company has been registered for a period less than five years and hence no comment is required on accumulated losses and whether the Company has incurred cash losses, etc.
- xi. According to the records of the Company, the Company has not borrowed from financial institutions or banks till 31<sup>st</sup> March, 2014. Further the Company has issued Optionally fully Convertible Debentures to its holding Company which are redeemable on completion of 10 years from the date of allotment. Hence, in our opinion, the question of reporting on defaults in repayment of dues to financial institutions or banks or debenture-holders does not arise
- xii. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. According to the information and explanations given to us, the Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions. Therefore, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xvi. In our opinion and on the basis of information and explanations given to us, no term loan has been taken by the Company during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the no funds raised on short term basis have been used for long term investment.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.





- xix. According to the information and explanations given to us, no security or charge has been created in respect of the Debenture issued by the Company.
- xx. The Company has not raised any fund by public issue during the year covered by our audit report.
- xxi. Based on the audit procedure performed and on the basis of information and explanations provided by the management and to the best of our knowledge and belief, no material fraud on or by the Company has been noticed or reported during the course of our audit nor we have been informed of any such case by the management.

**For Oswal Sunil & Company**  
**Chartered Accountants**  
**Firm Reg. No. 016520N**

**CA Sunil Bhansali**  
**Partner**  
**M. No.: 054645**



Place: New Delhi

Dated: 22 MAY 2014



**DIGICALL GLOBAL PRIVATE LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2014**

DESCRIPTION	Note No.	As at 31.3.2014	As at 31.3.2013
		Rs.	Rs.
<b>EQUITY AND LIABILITIES</b>			
1. Shareholders' Funds			
(a) Share Capital	2.1	5,000,000	5,000,000
(b) Reserves and Surplus	2.2	(24,106,012)	(28,399,002)
2. Non-Current Liabilities			
(a) Long Term Borrowings	2.3	50,000,000	50,000,000
(b) Deferred Tax Liabilities (Net)	2.24	1,419,743	2,060,836
(c) Long Term Provisions	2.4	897,849	1,126,111
3. Current Liabilities			
(a) Trade Payables	2.5	3,244,381	1,661,908
(b) Short Term Borrowings	2.6	15,426,116	14,941,779
(c) Other Current Liabilities	2.7	8,563,544	6,442,224
(d) Short Term Provisions	2.8	27,618	22,128
<b>TOTAL</b>		<b>60,473,239</b>	<b>52,855,984</b>
<b>ASSETS</b>			
1. Non Current Assets			
(a) Fixed Assets	2.9		
i. Tangible Assets		10,322,306	9,846,080
ii. Intangible Assets		20,128,459	28,754,941
(b) Long Term Loans and Advances	2.10	-	83,633
(c) Other Non-Current Assets	2.11	46,069	69,102
2. Current Assets			
(a) Trade Receivable	2.12	24,674,487	9,494,022
(b) Cash and Cash Equivalents	2.13	304,815	1,077,584
(c) Short Term Loans and Advances	2.14	4,997,103	3,530,622
<b>TOTAL</b>		<b>60,473,239</b>	<b>52,855,984</b>
<b>Significant Accounting Policies</b>	1		
<b>Notes on Financial Statements</b>	2		

The notes referred above form an integral part of the Financial Statements

As per our report of even date attached  
For Oswal Sunil & Company  
Chartered Accountants  
Firm Regn. No. 016520N

CA Sunil Bhansali  
Partner  
M.No. 054645



Place : New Delhi

Dated: 22 MAY 2014

For and on behalf of the Board

*Sunil Batra*  
Sunil Batra  
Director

*Bharat Bhushan Chugh*  
Bharat Bhushan Chugh  
Director



**DIGICALL GLOBAL PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**

DESCRIPTION	Note No.	For the Year Ended 31.3.2014	For the Year Ended 31.3.2013
		Rs.	Rs.
<b>1. Revenue</b>			
Revenue From Operations	2.15	116,934,640	78,233,277
Other Income	2.16	288,578	-
		<b>117,223,218</b>	<b>78,233,277</b>
<b>2. Expenses</b>			
Employees Benefit Expenses	2.17	54,732,035	41,626,544
Finance Cost	2.18	5,251,622	145,956
Depreciation	2.9	9,505,075	9,435,058
Other Expenses	2.19	44,082,589	42,870,144
		<b>113,571,321</b>	<b>94,077,702</b>
Profit/ (Loss) Before Exceptional Items and Tax		<b>3,651,897</b>	<b>(15,844,425)</b>
<b>Exceptional Items</b>			
- Change in Depreciation Method with Retrospective Effect	2.30	-	884,823
<b>Profit/ (Loss) Before Tax</b>		<b>3,651,897</b>	<b>(14,959,602)</b>
Less: Tax Expense (Deferred Tax)		(641,093)	326,923
<b>Profit/ (Loss) for the period</b>		<b>4,292,990</b>	<b>(15,286,525)</b>
<b>Earning Per Equity Share ( Face value of Rs.10/- each )</b>			
Basic / Diluted (Rs.)		<b>8.59</b>	<b>(30.57)</b>
<b>Significant Accounting Policies</b>	1		
<b>Notes on Financial Statements</b>	2		

The notes referred above form an integral part of the Financial Statements

As per our report of even date attached  
For Oswal Sunil & Company  
Chartered Accountants  
Firm Regn. No. 016520N

CA Sunil Bhansali  
Partner  
M.No. 054645

Place : New Delhi  
Dated: 22 MAY 2014



For and on behalf of the Board

*Sunil Batra*  
Sunil Batra  
Director

*Bharat Bhushan Chugh*  
Bharat Bhushan Chugh  
Director



**DIGICALL GLOBAL PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014**

	For the Year Ended 31.3.2014 Rs.	For the Year Ended 31.3.2013 Rs.
<b>A. Cash flow from Operating Activities</b>		
Net Profit before taxes	3,651,897	(15,844,425)
<b>Adjustments for:</b>		
Depreciation	9,505,075	9,435,058
Interest and Finance charges	5,251,622	145,956
Amount written back	(252,012)	-
Preliminary Expenses w/off	23,034	23,034
<b>Operating Profit Before Working Capital Changes</b>	<b>18,179,616</b>	<b>(6,240,377)</b>
<b>Adjustments for:</b>		
Trade and Other Receivables	(15,203,500)	(3,062,696)
Other Current Assets	(1,466,481)	(2,588,363)
Trade payables & Other Current Liabilities	3,955,805	3,707,664
Gratuity and Leave Encashment Payable	(222,772)	207,067
<b>Cash Generated from Operations</b>	<b>5,242,668</b>	<b>(7,976,706)</b>
<b>Net Cash used in Operating Activities</b>	<b>5,242,668</b>	<b>(7,976,706)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of Fixed Assets	(1,354,819)	(72,975)
Capital Advances, Other Long Term Advances & Deposits	106,667	2,017,989
<b>Net Cash Used in Investing Activities</b>	<b>(1,248,152)</b>	<b>1,945,014</b>
<b>C. Cash from Financing Activities</b>		
Unsecured Loan from Others	484,337	7,251,021
Interest and Finance charges	(5,251,622)	(145,956)
<b>Net cash from Financing Activities</b>	<b>(4,767,285)</b>	<b>7,105,065</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>(772,769)</b>	<b>1,073,374</b>
<b>Cash &amp; Cash Equivalent (Opening Balance)</b>	<b>1,077,584</b>	<b>4,210</b>
<b>Cash &amp; Cash Equivalent (Closing Balance)</b>	<b>304,815</b>	<b>1,077,584</b>

As per our report of even date attached  
For Oswal Sunil & Company  
Chartered Accountants  
Firm Regn. No. 16520N

CA Sunil Bhansali  
Partner  
M.No. 054645



Place : New Delhi  
Dated: 22 MAY 2014

For and on behalf of the Board

*Sunil Batra*  
Sunil Batra  
Director

*Bharat Bhushan Chugh*  
Bharat Bhushan Chugh  
Director



**DIGICALL GLOBAL PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note 2.1	Share Capital	As at 31.3.2014	As at 31.3.2013
		Rs.	Rs.
	<b>Authorised:</b> 5,00,000 ( Previous year 5,00,000 ) Equity shares of Rs. 10 each	5,000,000	5,000,000
		5,000,000	5,000,000
	<b>Issued, Subscribed and Paid up:</b> 5,00,000 (Previous year 500,000 ) Equity shares of Rs. 10/- each fully paid up with voting rights	5,000,000	5,000,000
		5,000,000	5,000,000

Reconciliation of Number of Equity Shares	As at 31.3.2014 (No.)	As at 31.3.2013 (No.)
Opening No. of Equity Shares	500,000	500,000
Add: Additions during the year	-	-
<b>Closing No. of Equity Shares</b>	<b>500,000</b>	<b>500,000</b>

Shareholders holding more than 5% Shares:-		
Name of the Share Holder	As at 31.3.2014	As at 31.3.2013
Digicall Teleservices Private Limited (Holding Company)* - No. of Shares	500,000	500,000
- % of Holding	(100%)	(100%)

\* Including Nominees holding shares on behalf of Digicall Teleservices Private Limited

Note 2.2	Reserves and Surplus	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
	<b>Surplus</b>		
	Opening Balance	(28,399,002)	(13,112,477)
	Add: Net Profit/(Loss) for the period	4,292,990	(15,286,525)
	Less: Utilisation during the period	-	-
	<b>Closing Balance</b>	<b>(24,106,012)</b>	<b>(28,399,002)</b>

Note 2.3	Long Term Borrowings	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
	<b>Unsecured Bonds/Debentures</b> 50,000 (Previous Year - 50,000) 0% Optional Fully Convertible Debentures (OFCD) of Rs.1000 each **	50,000,000	50,000,000
	** In past year, the Company has issued 0% 50,000 OFCDs to M/s Digicall Teleservices Private Limited (the holding company) of Rs.1000/- each. The OFCDs shall be redeemable on completion of 10 years from the date of allotment. The subscriber has option of redeeming or converting OFCDs into equity shares any time after 12 months from date of allotment at a price mutually agreed.		
		50,000,000	50,000,000

Note 2.4	Long Term Provisions	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
	Provision for Employee Benefits		
	Gratuity	657,336	621,545
	Leave Encashment	240,513	504,566
		897,849	1,126,111

Note 2.5	Trade Payables	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
	Trade Payables (other than MSME) (Refer Note No. 2.28)	3,244,381	1,661,908
		3,244,381	1,661,908





**DIGICALL GLOBAL PRIVATE LIMITED**  
**Note - 2.9 - Fixed Assets**

Particulars	Original Cost			Accumulated Depreciation			Net Book Value	
	As at 1 Apr 2013	Additions	Deletions	As at 31st March 2014	As at 1 Apr 2013	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Tangible Assets</b>								
Office Equipment	8,278,871	942,169	-	9,221,040	646,993	419,975	8,154,072	7,631,878
Computers	2,380,224	412,650	-	2,792,874	622,158	426,335	1,744,381	1,758,066
Furniture and fixtures	510,000	-	-	510,000	53,864	32,283	423,853	456,136
<b>Intangible Assets</b>								
Business Rights & Goodwill	43,132,412	-	-	43,132,412	14,377,471	8,626,482	20,128,459	28,754,941
<b>Total</b>	<b>54,301,507</b>	<b>1,354,819</b>	<b>-</b>	<b>55,656,326</b>	<b>15,700,486</b>	<b>9,505,075</b>	<b>30,450,765</b>	<b>38,601,021</b>
<b>PREVIOUS YEAR (March 31, 2013)</b>	<b>54,228,532</b>	<b>72,975</b>	<b>-</b>	<b>54,301,507</b>	<b>5,750,988</b>	<b>9,435,058</b>	<b>38,601,021</b>	<b>47,963,105</b>



DIGICALL GLOBAL PRIVATE LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 2.6	Short Term Borrowings	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
	Unsecured Loan Loan and Advances from Related Parties (Holding Company)	15,426,116	14,941,779
		15,426,116	14,941,779

Note 2.7	Other Current Liabilities	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
	Book Overdraft (by issue of cheques)	765,510	-
	Interest accrued and due	1,014,753	-
	Statutory Liabilities Payable	1,549,889	1,379,830
	Expenses Payable	5,233,392	5,062,394
		8,563,544	6,442,224

Note 2.8	Short Term Provisions	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
	Provision for Employee Benefits		
	Gratuity	17,245	14,601
	Leave Encashment	10,373	7,527
		27,618	22,128

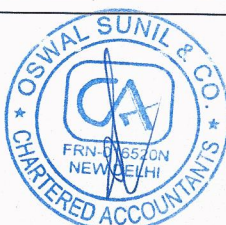
Note 2.10	Long Term Loan and Advances	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
	Unsecured, Considered Good Capital Advances	-	83,633
		-	83,633

Note 2.11	Other Non-Current Assets	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
	Unamortised Expenses Preliminary Expenses (to the extent not written-off)	46,069	69,102
		46,069	69,102

Note 2.12	Trade Receivable	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
	Unsecured, Considered Good Debts Outstanding for a Period Exceeding Six Months	524,267	-
	Other Debts	24,150,220	9,494,022
		24,674,487	9,494,022

Note 2.13	Cash and Cash Equivalents	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
	Cash on hand	5,020	13,257
	Balance with Banks		
	In Current Accounts	99,385	1,064,327
	In Fixed Deposit Accounts (Maturity period of less than 12 Months) **	200,410	-
	** Pledged as margin money with HDFC Bank		
		304,815	1,077,584

Note 2.14	Short Term Loans and Advances	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
	Unsecured, Considered Good		
	Advances to Suppliers	1,001,500	1,456,022
	Staff Loans & Advances	1,009,111	876,302
	Prepaid Expenses	-	236,777
	Service Tax Recoverable	2,329,595	-
	TDS Recoverable	1,156	-
	Security Deposits	655,741	961,521
		4,997,103	3,530,622





**DIGICALL GLOBAL PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

Note 2.15	Revenue from Operations	For the Year Ended	For the Year Ended
		31.03.2014 (Rs.)	31.03.2013 (Rs.)
	Service Charges from Call Center Operations (Foreign)	116,934,640	78,233,277
		<b>116,934,640</b>	<b>78,233,277</b>

Note 2.16	Other Income	For the Year Ended	For the Year Ended
		31.03.2014 (Rs.)	31.03.2013 (Rs.)
	Amount Written Back	252,012	-
	Interest on Fixed Deposit	11,566	-
	Sales of Scrap	25,000	-
		<b>288,578</b>	<b>-</b>

Note 2.17	Employees Benefit Expenses	For the Year Ended 31.3.2014 (Rs.)	For the Year Ended 31.03.2013 (Rs.)
	Salaries and Incentives	53,701,818	39,974,537
	Contribution to Provident and Other Funds	799,937	827,198
	Other Employees Benefits	230,280	824,809
		<b>54,732,035</b>	<b>41,626,544</b>

Note 2.18	Finance Cost	For the Year Ended 31.3.2014 (Rs.)	For the Year Ended 31.03.2013 (Rs.)
	Interest Expense	4,242,208	19,480
	Bank Charges	1,009,414	126,476
		<b>5,251,622</b>	<b>145,956</b>

Note 2.19	Other Expenses	For the Year Ended 31.3.2014 (Rs.)	For the Year Ended 31.03.2013 (Rs.)
	Payments to auditors:		
	- Statutory Audit Fees	175,000	233,204
	- Tax Audit Fees	25,000	25,000
	-	-	89,136
	Bad Debts/Amount written off		
	Electricity & Water Charges	3,661,183	5,883,109
	Rent & hiring Charges	6,761,320	10,831,080
	Rates & Taxes	3,331	35,686
	Repair & Maintenance		
	- Equipment	543,587	1,351,292
	- Others	664,331	21,970
	Communication Expenses	11,186,867	7,281,786
	Travelling, Conveyance & Vehicle Expenses	11,117,488	9,983,748
	Printing & Stationery	54,687	73,396
	Legal & Professional Charges	2,281,944	1,190,186
	Housekeeping & Security Service Charges	1,534,109	3,803,454
	Recruitment Expenses	1,020,803	622,600
	Sales Promotion and Advertisement Expenses	2,992,440	72,940
	General Expenses	286,649	191,110
	Exchange Fluctuation	1,750,817	1,157,413
	Preliminary Expenses Written Off	23,034	23,034
		<b>44,082,589</b>	<b>42,870,144</b>



**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**i. Basis of Accounting**

The financial statements are prepared in accordance with Indian Generally Accepted Accounting principles ("GAAP") under the historical cost convention on an accrual basis. GAAP comprises mandatory Accounting Standards as prescribed by the Companies' (Accounting Standard) Rules, 2006.

The Management evaluates all recently issued or revised accounting standards on an ongoing basis.

**ii. Use of Estimates**

The preparation of the financial statements requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, income taxes and the useful lives of fixed assets and intangible assets.

The management periodically assesses using, external and internal sources, whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Where no reliable estimate can be made; a disclosure is made as contingent liability. Actual results could differ from those estimates.

**iii. Fixed Assets and Depreciation**

Fixed assets are stated at cost, less accumulated depreciation. Costs directly attributable to the purchase of fixed assets are capitalized until fixed assets are ready for use. Capital Work in Progress consists of the cost of fixed assets that are not yet ready for their intended use before the balance sheet date.

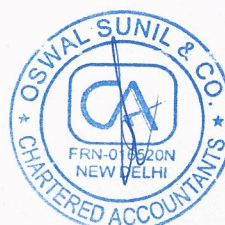
An Intangible asset is recognized, where it is probable that the future economic benefits attributable to the assets will flow to the enterprise and where its cost can be reliably measured.

Depreciation of Fixed Assets is provided on a pro-rata basis on the Straight Line Method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956 except in case of Business Rights & Goodwill, which are depreciated over the period of five years.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

**iv. Revenue Recognition**

The Company drives its revenue primarily from Call Centre Operations, which are provided on both time and fixed-price and call basis. Revenue from Services is recognized when respective service is rendered and accepted by the customer. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. Revenue is shown net of sales tax; Value Added Tax, Service Tax and applicable discounts and allowances.





v. **Foreign Currency Transactions**

Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Exchange differences are recorded when the amount actually received on sales or actually paid when expenditure is incurred, is converted into Indian Rupees. The exchange differences arising on foreign currency transactions are recognized as income or expense in the period in which they arise except in respect of liabilities for acquisition of fixed assets, where such exchange difference is adjusted in the carrying cost of the respective fixed asset.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting gain or loss is also recorded in the Statement of Profit and Loss.

vi. **Borrowing Costs**

Interest and other costs in connection with the borrowing of funds to the extent related/attributed to the acquisition/construction of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use and other borrowing costs are charged to Statement of Profit and Loss.

vii. **Taxation**

Tax expense for the year comprises of current tax and deferred tax.

Income tax is computed using the tax effect accounting method, where tax is accrued in the same period the related revenue and expense arises. Provision is made for income tax annually based on the tax liability computed, after considering tax allowances and exemptions.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of the respective carrying values at each balance sheet date.

viii. **Earnings per Share**

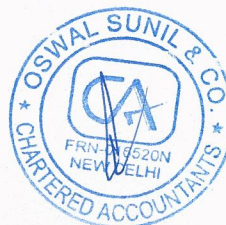
Basic Earnings Per Share is calculated by dividing the net profit after tax for the year (including the post-tax effect of extraordinary items, if any) attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

ix. **Miscellaneous Expenses**

Preliminary Expenses are amortized over a period of five years from the year of commencement of operations.

x. **Contingent Liabilities**

Depending on the facts of each case, and after evaluation of relevant legal aspects, the Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a relevant estimate of the amount of obligation can be made. The disclosure is made for all possible or present obligations that may but probably will not require outflow of resources as contingent liability in the financial statement.



# DIGICALL GLOBAL PRIVATE LIMITED

## OTHER NOTES

### 2.21 - Contingent Liabilities

Claims against the company, not acknowledged as debts amount to Rs. Nil (Previous year-Rs. Nil).

2.22 - Estimated amount of unexecuted capital contracts (net of advance) - Rs.Nil (Previous year-Rs. Nil).

### 2.23 - Earnings per Share (EPS)

Basic and diluted Earnings Per Share [EPS] Comparison with previous year

Particulars	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
<b>Basic</b>		
Profit after tax as per accounts (Rs.)	4,292,990	(15,286,525)
Weighted average number of shares outstanding	500,000	500,000
Basic EPS (Rs.)	8.59	(30.57)
<b>Diluted</b>		
Profit after tax as per accounts (Rs.)	4,292,990	(15,286,525)
Weighted average number of shares outstanding	500,000	500,000
Add: Weighted average number of potential equity shares on account of employee stock options	-	-
Weighted average number of shares outstanding	500,000	500,000
Diluted EPS (Rs.)	8.59	(30.57)
<b>Face Value per Share (Rs.)</b>	<b>10</b>	<b>10</b>

### 2.24 - Deferred Tax

Particulars	As March 31, 2014 (Rs.)	As March 31, 2014 (Rs.)
<b>Deferred Tax Assets</b>		
Accrued Employee Costs	285,963	258,306
<b>Deferred Tax Liabilities</b>		
Depreciation	1,705,706	2,319,142
<b>Net Deferred Tax Assets/(Liabilities)</b>	<b>(1,419,743)</b>	<b>(2,060,836)</b>

### 2.25 - Earnings in Foreign Exchange

Particulars	For the period ended March 31, 2014 (Rs.)	For the period ended March 31, 2013 (Rs.)
Call Centre Operations	116,934,640	78,233,277

### 2.26 - Expenditure in Foreign Currency

Particulars	For the period ended March 31, 2014 (Rs.)	For the period ended March 31, 2013 (Rs.)
Membership and Subscription charges	-	303,076
Foreign Travelling Expenses	605,625	-
Consultancies Fees	1,397,633	-
	<b>2,003,258</b>	<b>303,076</b>





## 2.27 - Employee Benefits

The disclosures required under Accounting Standard 15 on "Employee Benefits" notified in the Companies (Accounting Standards) Rule 2006, are given below:

### Defined Contribution Plan

Contribution to Defined Contribution Plan, maintained under the Employees Provident Fund Scheme by the Central Government, is charged to Statement of Profit and Loss Account as under:

Particulars	For the period ended March 31, 2014 (Rs.)	For the period ended March 31, 2013 (Rs.)
Employer's Contribution to Provident Fund*	553,014	656,854
Employer's Contribution to Employees State Insurance*	246,923	87,810

\*Included in Employer's Contribution to Provident and other Funds

### Defined Benefit Plan

#### Actuarial assumptions

Particular	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
Discount Rate (per annum)	9.00%	8.50%	9.00%	8.50%
Rate of increase in compensation levels	5.00%	5.00%	5.00%	5.00%

#### Table Showing changes in present value of obligations

Particular	Gratuity Rs.		Leave Encashment Rs.	
	2013-14	2012-13	2013-14	2012-13
Present Value of obligation as at the beginning of the period	636,146	490,816	512,093	450,356
Present Value of obligation as at the end of the period	674,581	636,146	250,888	512,093

#### Amounts to be recognized in balance sheet

Particular	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
Present Value of obligation as at the end of the period	674,581	636,146	250,888	512,093
Fair value of plan assets as at the end of the period 2014	-	-	-	-
Net asset/ (liability) recognized in Balance Sheet	674,581	636,146	250,888	512,093
Funded Status	(674,581)	(636,146)	(250,888)	(512,093)



**Amounts to be recognized in Statement of Profit and Loss**

Particular	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
Current Service Cost	234,707	201,032	146,385	102,471
Past Service Cost	Nil	Nil	Nil	Nil
Interest Cost	57,253	40,381	18,248	11,602
Expected Return on Plan Assets	Nil	Nil	Nil	Nil
Curtailment Cost/(Credit)	Nil	Nil	Nil	Nil
Settlement Cost/(Credit)	Nil	Nil	Nil	Nil
Net Actuarial (gain)/loss recognized in the period	(2,21,288)	1,207	23,297	68,078
Expenses recognized in the Statement of Profit & Loss	70,672	242,620	187,930	182,151

**Current and Non-Current Liability:**

Particulars	Current Liability		Non Current Liability		Total Liability	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
Gratuity	17,245	14,601	657,336	621,545	674,581	636,146
Leave Encashment	10,373	7,527	240,513	504,566	250,886	512,093

**2.28** - The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act 2006 as at March 31, 2014. The disclosure pursuant to the said Act is under:

Particulars	As at March 31, 2014 (Rs.)	As at March 31, 2013 (Rs.)
Principal amount due to suppliers under MSMED Act, 2006	-	-
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	-	-
Payment made to suppliers (other than interest) beyond the appointed day during the year	-	-
Interest paid to suppliers under MSMED Act (other than Section 16)	-	-
Interest due and payable towards suppliers under MSMED Act for payments already made	-	-
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	-	-

**2.29 - Segment Reporting**

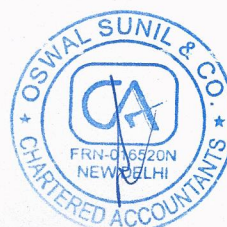
The company's operations predominantly relate to providing Call Center Services. There is thus only one reportable business segment.

**2.30 - Change in Method of Depreciation**

The company has changed the method of depreciation from WDV to Straight Line Method w.e.f April 1, 2012 as a result of which a sum of Rs.8.85 Lacs has been written back to the Statement of Profit and Loss as an extraordinary item for the period ended 31.3.2013

**2.31 - Negative Net-worth**

As at the end, the accumulated losses exceed the paid up share capital and the net worth of the company has been completely eroded. However the management is confident in generating positive cash flow from business operations and in process of taking all efforts including, infusing fresh capital.





## 2.32 - Related Party Disclosures

Related Party Disclosures as required by Accounting Standard-18:

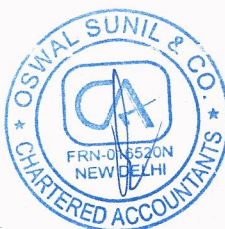
### a. List of Related Parties and Relationships

Relationship	Related Party
Ultimate Holding Company	Digivision Holding Private Limited
Holding Company	Media Matrix World Wide Limited
Immediate Holding Company	Digicall Teleservices Pvt. Ltd
Fellow Subsidiary Companies	Digivive Services Private Limited
	Media Matrix Holding Private Limited
	( Formerly known as Digicall Holdings Private Limited)
	Digivision Wireless Private Limited
	NexG Devices Private Limited
	Eminent Networks Private Limited (till 08-10-2013)
Key management personnel	Mr. Sunil Batra (Managing Director)
	Mr. Surender Lunia (Director)
	Mr. Bharat Bhushan Chug (Director)
	(w.ef. 24.06.2013)
Relatives of key management personnel	Nil

### b. Nature of transactions –

The transactions entered into with the related parties during the year along with related balances as at 31<sup>st</sup> March 2014 are as under:

Particulars	Digicall Teleservices Private Limited	
Relationship	Immediate Holding Company	
	31-3-2014	31-3-2013
<b>Nature of Transaction:-</b>		
Debit Notes Raised on US (Expenses)	17,989,588	20,818,139
Payment Made against Debit Notes	17,505,251	13,567,118
<b>Closing Balances As on March 31, 2014</b>		
Short Term Loan and Advance- Liabilities	15,426,116	14,941,779



**2.33** - In the opinion of the Board, the value on realization of Current / Non-Current Assets in the ordinary course of the business would not be less than the amount at which they are stated in the Balance Sheet and the provision for all known and determined liabilities is adequate and not in excess of the amount reasonably required.

**2.34** - Previous year's figures have been regrouped, rearranged and reclassified, wherever necessary to conform to current year's classification.

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As per our Audit Report of even date attached  
For **Oswal Sunil & Company**  
**Chartered Accountants**  
Firm Reg. No : 016520N

**CA Sunil Bhansali**  
Partner  
Membership No: 054645



Place: New Delhi

Date: 22 MAY 2014

For and on behalf of the Board of Directors.

  
**Sunil Batra**  
Director

  
**Bharat Bhushan Chugh**  
Director