KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

BRANCH OFFICE :
221, HANS BHAWAN,
BAHADUR SHAH ZAFAR MARG,
NEW DELHI-110002

Tel : 23370091, 23370892, 23378795
Fax : 23378794
Website : www.kjco.net
E-mail : delhi@kjco.net

INDEPENDENT AUDITOR'S REPORT

To the Members,
Digicall Teleservices Private Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Digicall Teleservices Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13'sep'2013 of the Ministry of Corporate affairs in respect of Section 133 of the Companies, Act 2013 and other accounting principles generally accepted in India. 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.

3. Auditor's Responsibility

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

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

4. **Opinion**

i. In our opinion and to the best of our information and according to the explanations given to us, the said 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 March 31, 2014;

(b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. **Report on Other Legal and Regulatory Requirements**

A. 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.

B. As required by section 227(3) of the Act, we report that:

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;

e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No: 105049W

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

Naveen Jain
(Partner)
Membership No 511596

Place: New Delhi
Date: 23rd May, 2014

KHANDELWAL JAIN & CO.

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ANNEXURE TO THE AUDITORS' REPORT

Annexure referred to in paragraph 5A of the Auditors' Report of even date to the Members of **Digicall Teleservices Private Limited** on the accounts for the period ended 31st March, 2014;

I. (a)The Company has maintained proper records showing full particulars including quantitative details and situations of its Fixed Assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as informed, no material discrepancies were noticed on such verification.

(c) During the year, the Company has disposed of Computer, Office equipment and Leasehold improvement. Based on the information and explanation given by the management and on the basis of audit procedure performed by us, we are of the opinion that the sale of said asset has not affected the going concern status of the Company

II. As the Company does not have any Inventory, accordingly paragraph 4 Clause (II) (a) (b) and (c) of the said Order is not applicable.

III. (a) As per the information furnished, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, paragraphs 4 clause (iii) (b), (c) and (d) of the Order are not applicable.

(e) As per the information furnished, the Company has taken unsecured loans from two company covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year aggregated to Rs. 80,33,686/- and the year end balances amounted to Rs. 80,33,686/-.

(f)In our opinion, having regard to the long term involvement with these group companies and considering the explanation given to us, in this regard the rate of interest and other terms and conditions, wherever stipulated are not prima facie, prejudicial to the interest of the company.

(g) As per the information made available to us, the aforesaid advances including interest wherever stipulated, taken by the company were repayable on demand and in respect of the aforesaid advances, there is no overdue amount as at the year end.

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, for the purchase of inventory and Fixed Assets and for the sale of goods. During the course of our audit no major weaknesses has been noticed in the internal controls system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

V. (a)In respect of transactions entered in the register maintained in pursuance of section 301 of companies Act, 1956, to the best of our knowledge and belief and according to the information and explanation given to us, particulars of the contracts or arrangements that need to be entered into the register have been so entered.
(b) Owing to the unique and specialized nature of the item involved and in the absence of any comparable prices, we are unable to comment as to whether the transaction made in pursuance of such contracts or arrangements have been made at prevailing market prices at the relevant time.

VI. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed there under.

VII. In our Opinion, the Company has formal internal audit system commensurate with its size and nature of business.

VIII. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the products of the company.

IX. *(a) According to the information and explanations given to us and records examined by us, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, cess and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been delays in large number of cases. According to information and explanation given to us, and as per the records examined by us, undisputed arrears of statutory dues outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable, are as follows:-*

S. No	*Particulars*	*Outstanding for more than 6 months (Rs.)*
1.	*Sales Tax*	*4,038*
2.	*Wealth Tax*	*42,938*
3.	*Professional tax*	*17,51,650*

(b) According to the records of the company, there are no dues which have not been deposited on account of disputes.

X. *The accumulated losses of the company are more than fifty percent of its net worth at the end of the financial year*. The Company has not incurred cash loss during the year. In the immediately preceding financial year also, the Company had not incurred cash loss.

XI. Based on our audit procedures and as per the information and explanations given by the management, the company has not defaulted in repayment of dues to a financial institution or banks.

XII. Based on our examination of the records and information and explanations given to us, 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. As per the information and explanation given to us the provision of any special statute applicable to chit fund do not apply to the company. The company is also not a nidhi/mutual benefit fund/ society.

XIV. The Company is not dealing in or trading in shares, securities, debentures and other investments.

XV. Based on our examination of the records and information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.

XVI. Based on our examinations of the records and information and explanations given to us during the period no term loan has been obtained by the company.

XVII. According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, as at the end of the period, funds raised on short term basis have, prima facie, not been used for the long term investment.

XVIII. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.

XIX. The Company has not issued secured debentures during the year.

XX. The Company has not raised any money by public issue during the year ended 31st March 2014.

XXI. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No: 105049W

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

Naveen Jain
(Partner)
Membership No 511596

Place: New Delhi
Date: 23rd May, 2014

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

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c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;

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For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No: 105049W

Naveen Jain
(Partner)
Membership No 511596

Place: New Delhi
Date: 23rd May, 2014

KHANDELWAL JAIN & CO.

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(b) All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as informed, no material discrepancies were noticed on such verification.

(c) During the year, the Company has disposed of Computer, Office equipment and Leasehold improvement. Based on the information and explanation given by the management and on the basis of audit procedure performed by us, we are of the opinion that the sale of said asset has not affected the going concern status of the Company

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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, for the purchase of inventory and Fixed Assets and for the sale of goods. During the course of our audit no major weaknesses has been noticed in the internal controls system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

V. (a)In respect of transactions entered in the register maintained in pursuance of section 301 of companies Act, 1956, to the best of our knowledge and belief and according to the information and explanation given to us, particulars of the contracts or arrangements that need to be entered into the register have been so entered.
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VII. In our Opinion, the Company has formal internal audit system commensurate with its size and nature of business.

VIII. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 for the products of the company.

IX. *(a) According to the information and explanations given to us and records examined by us, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, cess and other material statutory dues have not been regularly deposited with the appropriate authorities and there have been delays in large number of cases. According to information and explanation given to us, and as per the records examined by us, undisputed arrears of statutory dues outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable, are as follows:-*

S. No	*Particulars*	*Outstanding for more than 6 months (Rs.)*
1.	*Sales Tax*	*4,038*
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3.	*Professional tax*	*17,51,650*

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X. *The accumulated losses of the company are more than fifty percent of its net worth at the end of the financial year.* The Company has not incurred cash loss during the year. In the immediately preceding financial year also, the Company had not incurred cash loss.

XI. Based on our audit procedures and as per the information and explanations given by the management, the company has not defaulted in repayment of dues to a financial institution or banks.

XII. Based on our examination of the records and information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

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XVI. Based on our examinations of the records and information and explanations given to us during the period no term loan has been obtained by the company.

XVII. According to the information and explanations given to us and on an overall examination of the balance sheet and cash flow statement of the Company, as at the end of the period, funds raised on short term basis have, prima facie, not been used for the long term investment.

XVIII. The company has not made any preferential allotment of shares during the year to parties and companies covered in the register maintained under section 301 of the Act.

XIX. The Company has not issued secured debentures during the year.

XX. The Company has not raised any money by public issue during the year ended 31st March 2014.

XXI. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No: 105049W

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

Naveen Jain
(Partner)
Membership No 511596

Place: New Delhi
Date: 23rd May, 2014

DIGICALL TELESERVICES PRIVATE LIMITED
(Formerly known as Pagepoint Services (India) Private Limited)
BALANCE SHEET AS AT MARCH, 2014

Particulars	Note No.	As at 31.3.2014	As at 31.03.2013
		Rs.	Rs.
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	1	**200,000,000**	200,000,000
(b) Reserve and Surplus	2	**(103,566,165)**	(39,766,402)
2. Non-Current Liabilities			
(a) Long Term Borrowings	3	**328,492,416**	329,229,877
(b) Long Term Provision	4	**10,533,059**	9,106,485
3. Current Liabilities			
(a) Short Term Borrowings	5	**345,233,308**	175,420,312
(b) Trade Payables	6	**36,464,524**	42,301,269
(c) Other Current Liabilities	7	**147,161,992**	171,974,114
(d) Short Term Provision	8	**351,856**	304,903
		964,670,990	888,570,558
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
- Tangible	9	**370,738,692**	404,847,347
- Intangible		**1,545,564**	-
(b) Non Current Investment	10	**55,000,000**	55,000,000
(c) Long Term Loans and Advances	11	**60,492,506**	69,656,892
2. Current Assets			
(a) Inventories		-	-
(b) Trade Receivable	12	**183,303,949**	120,717,315
(c) Cash and Bank Balances	13	**12,889,085**	19,319,133
(d) Short Term Loans & Advances	14	**237,134,044**	154,395,606
(e) Other Current Assets	15	**43,567,150**	64,634,265
		964,670,990	888,570,558
Significant Accounting Policies & Other Notes	1-34		

As per our report of even date attached
For Khandelwal Jain & Co
Chartered Accountants
Firm Regn. No. 105049W

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

Naveen Jain
Partner
M.No. 511596

Place : New Delhi
Dated: 23rd May 2014

For and on behalf of the Board

B.B. Chugh
Director

Sunil Batra
Director

Shitij Wadhwa
Company Secretary

Place : New Delhi
Dated: 23rd May 2014

DIGICALL TELESERVICES PRIVATE LIMITED
(Formerly known as Pagepoint Services (India) Private Limited)
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2014

Particulars	Note No.	For the year ended 31.3.2014	For the year ended 31.03.2013
		Rs.	Rs.
1. Revenue from Operations	16	**799,691,396**	756,130,016
2. Other Income	17	**6,460,143**	12,107,029
3. Total Revenue (1+2)		**806,151,539**	768,237,045
4. Expenses			
Employees Benefit Expenses	18	**508,443,442**	495,973,659
Finance Cost	19	**28,655,267**	27,562,835
Depreciation & Amortization	9	**62,520,823**	63,232,423
Other Expenses	20	**260,518,883**	230,443,438
		860,138,415	817,212,354
5. Profit/ (Loss) before Extraordinary Items and Tax		**(53,986,876)**	(48,975,309)
6. Extraordinary Items- loss on discard of Fixed assets		**9,812,887**	-
7. Profit/ (Loss) before Tax		**(63,799,763)**	(48,975,309)
8. Tax Expense		**-**	-
9. Profit/ (Loss) after tax		**(63,799,763)**	(48,975,309)
10. Earning per Equity Share			
Basic / Diluted (Face value of Rs.10/- each)	26	**(3.19)**	(2.45)
Significant Accounting Policies & Other Notes	1-34		

As per our report of even date attached
For Khandelwal Jain & Co
Chartered Accountants
Firm Regn. No. 105049W

Naveen Jain
Partner
M.No. 511596

Place : New Delhi
Dated: 23rd May 2014

For and on behalf of the Board

B.B. Chugh
Director

Sunil Batra
Director

Shitij Wadhwa
Company Secretary

Place : New Delhi
Dated: 23rd May 2014

DIGICALL TELESERVICES PRIVATE LIMITED
(Formerly known as Pagepoint Services (India) Private Limited)
CASH FLOW STATEMENT
for the year ended 31st March 2014

Particulars	2013-14 Rs.	2012-13 Rs.
A. Cash flow from Operating Activities		
Net Profit before taxes	(63,799,763)	(48,975,310)
Adjustments for:		
Depreciation	62,520,823	63,232,423
Interest and Finance charges	28,655,267	27,562,835
Interest Income	(2,084,133)	(11,635)
Excess Provision W/ back	(3,558,430)	(10,441,261)
Amount Written Off	4,597,283	-
Loss on sale/Discard of assets	10,060,629	837,564
Prior period items	2,623,537	501,496
Bad debts written off	1,404,344	-
Operating Profit before working capital changes	40,419,557	32,706,112
Adjustments for:		
Trade and other receivables	(121,816,121)	(122,557,327)
Trade payables and other Current Liability	(27,829,032)	114,296,014
Gratuity and leave encashment Provision	1,473,527	2,353,014
Cash generated from operations	(107,752,069)	26,797,814
Prior priod adjustment	2,623,537	501,496
Net cash from (used) in operating activities- (A)	(110,375,606)	26,296,317
B. Cash flow from investing activities		
Purchase of Fixed Assets	(40,176,359)	(176,111,951)
Change in Capital Advance	3,954,048	(6,808,285)
Proceeds from sale of fixed assets	157,998	30,000
Proceeds from sale of investment	-	721,440
Interest Received	2,084,133	11,635
Net cash from (used) in investing activities - (B)	(33,980,180)	(182,157,161)
C. Cash from financing activities		
Proceeds from Long Term Borrwings	150,000,000	258,997,508
Proceeds from Short Term Borrwings	268,946,312	
Repayment of Long Term Borrowings	(150,737,461)	
Repayment of Short Term Borrowings	(99,133,316)	(60,382,535)
Interest Paid (Net)	(31,475,104)	(27,257,044)
Net cash from (used) in financing activities - (C)	137,600,432	171,357,928
Net increase in cash & cash equivalents (A+B+C)	(6,755,353)	15,497,085
Cash & Cash equivalent (Opening balance)	19,066,673	3,569,588
Cash & Cash equivalent (Closing balance)	12,311,322	19,066,673

Notes:-
1) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 Cash Flow Statement
2) Figures in brackets indicate cash outflow
3) Cash & Cash Equivalents represents:

	Figure as at March 31, 2014	Figure as at March 31, 2013
Cash in Hand	101,835	293,060
Balances with Scheduled Banks		
- In Current Accounts	12,209,487	18,773,613
	12,311,322	19,066,673

As per our report of even date attached
For Khandelwal Jain & Co
Chartered Accountants
Firm Regn. No. 105049W

Naveen Jain
Partner
M.No. 511596

KHANDELWAL JAIN & CO ★ NEW DELHI ★ Chartered Accountants

Place : New Delhi
Dated:23rd May 2014

For and on behalf of the Board

BB Chugh
Director

Sunil Batra
Director

Shitij Wadhwa
Company Secretary

Place : New Delhi
Dated: 23rd May 2014

DIGICALL TELESERVICES PRIVATE LIMITED
(Formerly known as Pagepoint Services (India) Private Limited)

1. 'Share Capital'	As at 31.3.2014	As at 31.3.2013
	Rs.	Rs.
Authorised:		
44,000,000 (Previous year 44,000,000) Equity shares of Rs. 10 each	**440,000,000**	440,000,000
1,000,000 (Previous year - 1,000,000) Redeemable Preference shares of Rs. 10 each	**10,000,000**	10,000,000
	450,000,000	450,000,000
Issued, Subscribed and Paid up:		
20,000,000 (Previous year 20,000,000) Equity shares of Rs. 10/- each fully paid up	**200,000,000**	200,000,000
Total	**200,000,000**	200,000,000

1.1 Reconciliation of Number of Equity Shares

Particulars	As at 31.3.2014 (No.)	As at 31.3.2013 (No.)
Opening No. of Equity Shares	**20,000,000**	20,000,000
Add: Additions	-	-
Closing No. of Equity Shares	**20,000,000**	20,000,000

1.2 Shareholders holding more than 5% Equity shares

Particulars		2013-14	2012-13
Media Matrix World Wide Limited	No. of Shares	**13,099,900**	13,099,900
	% of Holding	**65.50%**	65.50%
Media Matrix Holdings Pvt Ltd (Previously known as Digicall Holdings Pvt Ltd)*	No. of Shares	**6,900,095**	6,900,095
	% of Holding	**34.50%**	34.50%

* Media Matrix Holdings Pvt Ltd is 100% subsidiary of Media Matrix World Wide Limited. Accordingly, Company becomes 100% subsidiary of Media Matrix World Wide Limited

2. 'Reserves and Surplus'	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Capital Reserve:		
Opening Balance	**1,144,735,861**	1,144,735,861
Changes during the year	-	-
Closing Capital Reserve	**1,144,735,861**	1,144,735,861
Profit & Loss Account:		
Opening Balance	**(1,184,502,263)**	(1,135,526,953)
Add: Net Profit/(Loss) during the year	**(63,799,763)**	(48,975,310)
Closing Profit & Loss	**(1,248,302,026)**	(1,184,502,263)
Total	**(103,566,165)**	(39,766,402)

3. 'Long Term Borrowings'	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Secured		
Vehicle Loans	-	20,239
Unsecured		
220,000 (Previous Year - 70,000) 0% Compulsarily Convertible Debentures of Rs.1,000 each (Refer Note 3.1 below)	**220,000,000**	70,000,000
Loan from Body Corporate (Refer Note No.3.2)	**30,000,000**	86,643,222
Loan and Advances From Related Parties (Refer Note No. 3.3)	**78,492,416**	172,566,416
Total	**328,492,416**	329,229,877

DIGICALL TELESERVICES PRIVATE LIMITED

3.1 CCD

a) The CCDs will be compulsarily converted into equity shares after 9 years from the date of allotment at Book Value or Face Value of Equity Shares at the time of conversion, whichever is higher

b) The CCDs shall remain unsecured throughout and shall not carry any rights of a lender against the company.

3.2 Loan taken from Bodies Corporate

Party Name	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)	Terms
Bhushan Power	-	50,000,000	
In Touch Infotech Services Pvt Ltd	**30,000,000**	30,000,000	**Rate of Interest**- 6% P.A. **Repayment Terms:-** Repayment Schedules Changed and Accordingly Repayable Beginning January 2016 in 12 equal monthly instalments
Customised Call Centre Services Pvt Ltd	-	6,643,222	
TOTAL	**30,000,000**	86,643,222	

3.3 Details of Unsecured Loans from Related Party

Particulars	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)	Terms
Fellow Subsidiaries			
Media Matrix Holdings Pvt Ltd (Previously known as Digicall Holdings Pvt Ltd)	**78,492,416**	172,566,416	**Rate of Interest**- 0% P.A. **Repayment Terms:-** Repayable Beginning January 2016 in 12 equal monthly instalments
Total	**78,492,416**	172,566,416	

4. 'Long Term Provision'	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Provision for employee benefit		
Gratuity	**7,752,715**	6,604,154
Leave Encashment	**2,780,344**	2,502,331
Total	**10,533,059**	9,106,485

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5. 'Short Term Borrowings'	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Loan Repayable on Demand:		
Secured Loan from Bank		
Working Capital Facility(Refer Note 5.1)	**118,070,530**	66,286,996
Unsecured		
Loans from Bank	-	9,133,316
Loans from Related Parties (Refer Note 5.2)	**125,000,000**	-
Loans from Bodies Corporate ((Refer Note 5.3)	**102,162,778**	100,000,000
Total	**345,233,308**	175,420,312

5.1 Working Capital facility from Bank @ 15.75% interest rate and secured by:
a) Hypothecation of Book Debts
b) Collateral Security: first charge on the entire fixed assets of the Company present & future excluding Vehicle & lease hold Improvemnts financed by other Banks.
c) Collateral Security: Pledge of Videocon shares belonging to M/s Infotel Telecom Infrastructure Pvt Ltd.

5.2 Details of Loans from Related Parties*

	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Holding Company		
Media Matrix Worldwide Ltd.	**125,000,000**	-
Total	**125,000,000**	-

5.3 Unsecured Loans from Bodies Corporate

Parties	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Kamlesh Mercantile Credit Private Limited	**12,500,000**	10,000,000
Monika Builders & Fincon (P) Ltd	-	30,000,000
Sweety Trade & Agency Pvt Ltd	-	10,000,000
S.K. Mercantile Credit Pvt Ltd	-	40,000,000
Surbhika Vyapaar Private Limited	-	10,000,000
Dover Properties Pvt Ltd	**15,000,000**	-
Express Vanijya Private Ltd	**5,000,001**	-
Haridarshan Sales Pvt Ltd	**10,000,000**	-
Dipco Estates Pvt Ltd	**7,500,000**	-
Om Enclave Pvt Ltd	**10,000,000**	-
Ritesh Nirman Pvt Ltd	**5,000,000**	-
Mpurse services private limited (Formerly Known as HotlineCall Centre Solution Private Limited)	**7,059,091**	-
One Click Technologies Pvt Ltd	**974,595**	-
Singh Wahini Moulders & Holding Pvt Ltd	**5,000,000**	-
Parmesh Finlease Pvt Ltd	**24,129,091**	-
Total	**102,162,778**	100,000,000

6. 'Trade Payables'	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Micro, Small and Medium Enterprises*	-	-
Other	**36,464,524**	42,301,269
Total	**36,464,524**	42,301,269

* Under the Micro, Small and Medium Enterprises Development Act, 2006, which came into force from October 02, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. Based on the information available with the Company there are no principal / interest amounts due to micro, small and medium enterprises.

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DIGICALL TELESERVICES PVT LTD

(Formerly known as Pagepoint Services (India) Private Limited)

Note - 9 - Fixed Assets

Particulars	Original Cost				Depreciation				Net Book Value	
	As at 01.04.2013	Additions	Deletions	As at as on 31.03.14	As at 01.04.2013	For the Year	Deletions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Tangible Assets:										
Plant and Machinery*	168,082,492	-	-	168,082,492	168,082,492	-	-	168,082,492	-	-
Office Equipment	219,779,491	13,956,597	15,428,137	218,307,951	57,171,757	16,603,432	6,561,558	67,213,632	151,094,319	162,607,733
Computers	196,128,092	12,171,146	9,692,181	198,607,057	72,906,379	27,775,781	8,346,022	92,336,139	106,270,918	123,221,712
Furniture and Fixtures	123,495,131	12,354,139	588,880	135,260,390	21,696,582	7,829,934	582,992	28,943,524	106,316,866	101,798,549
Leasehold Improvements	91,354,351	-	68,663,977	22,690,374	74,750,360	10,038,162	68,663,977	16,124,545	6,565,829	16,603,991
Vehicles	1,311,591	-	-	1,311,591	696,229	124,601	-	820,830	490,761	615,362
Intangible Asset:										
Computer Software	-	1,694,477	-	1,694,477	-	148,913	-	148,913	1,545,564	-
Total	**800,151,147**	**40,176,359**	**94,373,175**	**745,954,331**	**395,303,801**	**62,520,823**	**84,154,549**	**373,670,075**	**372,284,257**	**404,847,347**
Previous Year	598,605,376	207,188,800	2,887,388	802,903,788	336,846,842	60,476,783	2,019,824	395,303,801	404,847,347	261,758,534

* Gross Block of Plant and Machinery is net of impairment of Rs. 27,55,640/- done in FY 2012-13

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7. 'Other Current Liabilities'	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Current Maturities of Long Term Debts		
- Vehicle Loans	-	56,372
Book Overdraft	1,442,629	1,412,260
Interest accrued and due*	1,073,096	818,631
Interest accrued but not due	-	3,074,302
Statutory Liabilities	81,508,943	75,087,617
Salary and other payable to employees	44,062,765	49,600,331
Expenses Payable	10,485,724	8,714,431
Other Payable to Related Party	1,100,000	-
Capex Creditors	7,488,835	33,210,170
Total	**147,161,992**	171,974,114

* Interest amounting to Rs. 8,18,631/- (Previous year 8,18,631/-) due with effect from December 31, 2012 and Rs. 254 465/- (Previous year Nil) due from March 31, 2014

8. 'Short Term Provision'	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Provision for employee benefit		
Gratuity	232,324	198,618
Leave Encashment	119,532	106,285
Total	**351,856**	304,903

10. 'Non-Current Investments'	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Trade Investment - Unquoted (at Cost)		
In Wholly owned Subsidiary		
Digicall Global Private Limited	5,000,000	5,000,000
- 500,000 fully paid up equity shares of Rs. 10/- each (Previous year 500,000 shares)		
- 50,000, 0% Optional Fully Convertible Debentures of Rs.1000 each (Previous Year - 50,000 Optional Fully Convertible Debentures)	50,000,000	50,000,000
Total	**55,000,000**	55,000,000

10.1 The OFCDs shall be redeemable on completion of 10 years from the date of allotment. The company has option of redeeming or converting OFCDs into equity shares any time after 12 months from date of allotment at a price mutually agreed.

11. 'Long Term Loans & Advances'	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Unsecured but considered good		
Capital Advance	97,970	4,052,018
Security Deposits	60,394,536	65,604,874
Total	**60,492,506**	69,656,892

12. 'Trade Receivable'	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Unsecured Debts outstanding for a period exceeding six months		
Considered good	14,764,327	12,713,793
Considered Doubtful	-	-
Others		
Considered good	168,539,622	108,003,522
Considered Doubtful	-	-
	183,303,949	120,717,315
Less Provision for Doubtful Debts	-	-
Total	**183,303,949**	120,717,315

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DIGICALL TELESERVICES PRIVATE LIMITED
(Formerly known as Pagepoint Services (India) Private Limited)

13. 'Cash and Bank Balance'	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Cash and cash Equivalents'		
Cash on Hand	**101,835**	293,060
Balance with Scheduled Banks in		
Current Accounts	**12,209,487**	18,773,613
Other Bank Balances'		
Balance with Scheduled Banks in Deposits		
More than 12 Months	**577,763**	252,460
Total	**12,889,085**	19,319,133

14. 'Short Term Loans & Advances'	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Unsecured, goods Advances		
-To Related parties (Refer Note No. 14.1)	**24,252,075**	14,941,779
-To Bodies Corporate (Refer Note No. 14.2)	**111,078,644**	65,091,285
Advances to Vendor	**2,335,281**	365,225
Advances recoverable in cash or kind	**3,088,314**	2,481,172
Balances with Service Tax Authorities	**666,727**	125,342
Advance Tax- TDS	**95,713,003**	71,390,803
Total	**237,134,044**	154,395,606

14.1 Advances to Related parties	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Subsidiary Company		
Digicall Global Private Limited	**15,426,116**	14,941,779
Fellow Subsidiary Company		
NexG Devices Pvt Ltd	**8,825,959**	-
Total	**24,252,075**	14,941,779

14.2 Advances to Bodies Corporate	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Infotel Business Solutions Ltd	**10,884,211**	10,738,159
Infotel Technologies Pvt Ltd	**11,105,221**	8,131,767
Microwave Communications Ltd	**44,659,355**	35,346,278
Customised Call Centre Services Pvt Ltd	**9,278,857**	-
One Click Technologies Pvt Ltd	-	3,630,095
Polixel Security Systems Pvt Ltd	-	7,244,986
Digivision Entertainment Pvt Ltd	**10,090,626**	
Digivision Infotainment Pvt Ltd	**2,463,958**	
Infotel Telecom Infra Structure Pvt Ltd	**2,525,365**	
Smart Digivision Pvt Limited	**20,071,051**	
Total	**111,078,644**	65,091,285

15. 'Other Current Assets'	As at 31.3.2014 (Rs.)	As at 31.3.2013 (Rs.)
Unbilled Revenue	**43,567,150**	64,634,265
Total	**43,567,150**	64,634,265

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16. 'Revenue from Operation	For the year ended 31.03.2014	For the year ended 31.03.2013
Service charges from call center	799,691,396	756,130,016
Total	799,691,396	756,130,016

17. 'Other Income'	For the year ended 31.03.2014	For the year ended 31.03.2013
Interest on fixed deposit	325,303	11,635
Interest on Income tax refund	1,758,830	1,462,088
Other Non Operating Income:		
Excess Provision written back	3,558,430	10,441,261
Sale of Scrap	817,580	142,160
Misc Income	-	25,640
Exchange Fluctuation (Gain)	-	24,245
Total	6,460,143	12,107,029

18. 'Employees Benefit Expenses'	For the year ended 31.03.2014	For the year ended 31.03.2013
Salaries & Wages	453,950,787	435,555,322
Contribution to provident and other funds		
Provident Fund	13,777,216	16,669,084
ESI	19,591,032	18,523,538
Gratuity	1,507,119	2,880,060
Leave Encashment	1,063,559	839,831
Staff Welfare & other benefits	18,553,729	21,505,824
Total	508,443,442	495,973,659

19. 'Finance Cost'	For the year ended 31.03.2014	For the year ended 31.03.2013
Interest Expense		
'-On Bank	14,316,425	3,999,169
'-On Others	13,474,415	23,171,709
Bank charges	864,427	391,957
Total	28,655,267	27,562,835

20. 'Other Expenses'	For the year ended 31.03.2014	For the year ended 31.03.2013
Payments to auditors:		
-Statutory Audit Fees	450,000	400,000
-Tax Audit Fees	100,000	100,000
-Out of Pocket Expenses	63,045	15,646
Advances / deposit written off	4,597,283	-
Prior Period Items	2,623,537	501,496
Electricity & Water charges	54,525,659	41,355,735
Rent & hiring charges	72,833,573	65,896,089
Rates & taxes	5,083,532	2,480,213
Recruitment Expenses	3,188,898	4,348,812
Insurance charges	946,693	159,501
Repair & maintenance		
- Equipment	14,523,651	14,062,044
- Building	2,106,542	1,891,313
- Others	10,736,082	10,190,053
Communication expenses	17,823,037	24,147,003
Travelling, conveyance & vehicle expenses	19,230,919	22,836,880
Printing & stationery	2,604,916	3,207,360
Legal & professional charges	11,074,137	13,067,387
Service Charges	28,589,101	16,306,345
Bad Debts	1,404,344	-
Sales Incentive/ Commission	2,257,210	3,726,912
Business Promotion/Advertisement	1,251,074	2,450,107
Port rental charges	3,168,965	2,047,114
Other expenses	1,088,943	415,864
Loss on Sale of assets	247,742	837,564
Total	260,518,883	230,443,438

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21. Significant Accounting Policies

The financial statements are prepared under the historical cost convention on the accrual basis of accounting and comply with the mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the Company are set out below.

a) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. The cost of fixed assets includes the cost of purchase/construction of the assets and all incidental expenditure incurred in bringing the assets to their working condition for intended use. Fixed assets purchased in foreign currency are recorded at the actual rupee cost incurred.

Depreciation on fixed assets other than leasehold improvements is provided on the straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.Leasehold improvements are written off over the primary period of the lease.

Intangible assets are amortised over a period of five years or life of the product considered at the end of each financial year whichever is earlier.

b) Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

c) *License fees*

The license fee payable to the Department of Telecommunications (DOT) to set up and operate radio paging services in limited areas for a limited period of time was representative of a valuable right and such payments made to acquire the right were capitalised by the Company until 31 March 1999 and amortised over the remaining period of the license.

The DOT vide its letter dated 25 January 2000, revised the license fees for the years IV and V. The license fees from IVth year onwards has been provisionally fixed by the DOT as a percentage of revenue earned and consequently the fees for these years are being charged to revenue in the respective year.

d) *Inventories*

Inventories are valued at lower of cost and net realizable value. Cost refers to the actual cost of purchase of inventories calculated on a first in first out basis and is inclusive of all duties and taxes.

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e) Foreign Currency Transactions

Transactions denominated in foreign currency are normally recorded at the exchange rate prevailing at the time of the transaction.
Monetary items denominated in foreign currency at the yearend are translated at the yearend rate.
Any income or expenses on account of exchange difference between the date of transactions and on settlement or on translation is recognized in the statement of profit and loss as income or expense.

f) Revenue recognition

The Company drives its revenue primarily from business process services, which are provided on both time and fixed-price and call basis. Such revenues are recognized as the services are provided. The Company recognizes revenue and unbilled receivables for the services rendered between the last billing date and the Balance Sheet Date.

g) Investments

The cost of an investment includes incidental expenses like brokerage, fees and duties incurred prior to acquisition.
Long term investments are shown at cost. Provision for diminution is made only if; in the opinion of the management such a decline is other than temporary.

h) Lease Assets

Finance lease or similar arrangements, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized and disclosed as leased assets. Finance charges are charged directly against income.
Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognized as an expense in the profit and loss account or on a basis, which reflect the time pattern of such payments appropriately.

i) Short Term Employee Benefits

Short term employee benefits are recognised in the period during which the services have been rendered.

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j) Long Term Employee Benefits

Defined Contribution plan

i. Provident Fund and employees' state insurance schemes

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India.

The Company's contributions to both these schemes are expensed in the Statement of Profit and Loss. The Company has no further obligations under these plans beyond its monthly contributions.

ii. Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuations in accordance with Accounting Standard 15 (revised), "Employee Benefits in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Other long term benefit

iii. Leave Encashment

The Company has provided for the liability at period end on account of unavailed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

k) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

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l) Taxation

Tax expense comprises of current and deferred. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the Company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realised.

m) Earnings Per Share

In determining basic earnings per share, the Company considers the net profit after tax and includes the post-tax effect of any extra ordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

n) Provision, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is provable that there will be a out flow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the Financial Statements.

22. Contingent Liabilities not provided for in respect of

	Particulars	As at 31.03.2014	As at 31.03.2013
(a)	Guarantees given by the bank on behalf of the company	100,000	100,000
(b)	Liability of licence fees*	30,282,000	30,282,000
(c)	Interest on licence fees*	27,929,520	24,295,680
(d)	Claims against Company not acknowledge as Debt	2,500,000	2,500,000
(e)	Capital Commitment (Net off Advances)	32,25,565	3,298,244

*DoT vide its letter No 843-26/99-BS-III dated 26.4.2004 has offered a relief package to all Radio Paging Service Operators. Under the relief package the fixed licence fee regime for city radio licence paging is waived off from the third payment year i.e. after expiry of two calendar years from the date of delivery of services. From such date of commencement of third year, the licence fee will be charged @ 5% of Adjusted Gross Revenue (AGR).Licence period after accepting relief package is automatically extended to next 10 years as per relief package. The Company has given a proposal for accepting of the relief package on 24.8.2004to DoT. While accepting relief package, company had conveyed to retain the paging licence for Bangalore city only. The DoT has refused to accept the conditional acceptance of relief package for Mumbai /Pune/ Hyderabad as the company had shown their reluctance to retain the licences for these cities. However in the absence of acceptance of DoT for Bangalore circle, the Company has taken the legal opinion and as per legal opinion since the conditional acceptance for Mumbai, Pune and Hyderabad is not accepted by DOT it may be treated as acceptance of relief package by DOT for Bangalore city. Accordingly effect of the relief package is taken in to account in respect of Bangalore city. Further, the Company vide their letter dated 27.11.2009 has informed DoT that the Company has surrendered their Paging licence w.e.f. 1st Jan 2010. In absence of any demand from DOT towards payment of liability the Company has reversed licence fees liability of Rs. 302.82lacs along with interest liability of Rs. 224.79 lacs and shown as contingent liability. The interest liability will increase by 12% per annum. Demand arising if any, in future for payment of licence fee shall be accounted for on actual settlement.

23. In compliance with Accounting Standard 28 issued by the Institute of Chartered Accountants of India on Impairment of Assets, the Company has, giving due consideration to the indications of evidence of obsolescence or physical damage of an asset, made an assessment of impairment loss. The impairment has been done for Plant & Machinery for Rs. NIL (Previous Year - Rs.2, 755,640/-) and has been charged to Statement of Profit & Loss.

24. Future Minimum Lease Payments under Non-Cancellable Operating Leases – Lessee

(Rs. in Lacs)

Not later than 1 year	Later than 1 year and not later than 5 years	Later than 5 years
871.82	2686.80	920.91

25. Deferred tax Assets/Liabilities

In view of there not being any certainty at this stage of realizing the unabsorbed depreciation and carried forward losses, the net deferred tax assets computed in accordance with Accounting Standard (AS)-22 on " Accounting for taxes on income" issued by the Institute of Chartered Accountants of India has not been recognized in these accounts.

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26. Earnings per Share

Particulars	Amount(Rs.) Year ended 31.3.2014	Amount(Rs.) Year ended 31.3.2013
Profit / (Loss) as per Statement of Profit & loss attributable to ordinary Share Holders	(63,799,763)	(48,975,310)
Weighted average number of ordinary shares	20,000,000	20,000,000
Nominal value of ordinary share	10	10
Basic / Diluted Earnings (Loss) per Share*	(3.19)	(2.45)

* Potentially equity shares are anti-dilutive when their conversion to equity shares would increase earnings per share from continuing ordinary activities or decrease loss per share from continuing ordinary activities. The effects of anti-dilutive potential equity shares are ignored in calculating diluted earnings per share.

27. 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 Profit and Loss Account as under:

	Year ended 31.3.2014 Amount (Rs.)	Year ended 31.3.2013 Amount (Rs.)
Employer's Contribution to Provident Fund	13,777,216	16,669,084
Employer's Contribution to Pension Scheme	19,591,032	18,523,538

Defined Benefit Plan

The employees' gratuity fund scheme managed by the Company itself.The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognized in the same matter as gratuity.

A. GRATUITY

		Year ended 31.3.2014 (Amount in Rs.)	Year ended 31.3.2013 (Amount in Rs.)
a.	**Changes in Present Value of Obligations**		
i.	Present Value at the beginning of the year	6,802,772	4,471,460
ii.	Interest Cost	612,249	368,895
iii.	Current Service Cost	3,522,331	3,274,856
iv.	Benefits Paid	(324,851)	(548,748)
v.	Actuarial (gain)/loss on obligations	(2,627,462)	(763,691)
vi.	Present Value at the end of the period	7,985,039	6,802,772

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b.	**Actuarial gain/loss recognized**		
i.	Actuarial (gain)/loss for the period – obligation	(2,627,462)	(763,691)
ii.	Actuarial (gain)/loss for the period –plan asset	Nil	Nil
iii.	Total (gain)/loss for the year	(2,627,462)	(763,691)
iv.	Actuarial (gain)/loss recognized in the period	(2,627,462)	(763,691)
v.	Unrecognized actuarial (gains)/losses at the end of the year	Nil	Nil
c.	**Amounts to be recognized in the Balance Sheet and Statement of Profit & Loss**		
i.	Present Value at the end of the period	7,985,039	6,802,772
ii.	Fair value of plan assets at the end of the period	Nil	Nil
iii.	Difference (Funded Status)	(7,985,039)	(6,802,772)
iv.	Unrecognized Actuarial (Gains)/Losses	Nil	Nil
v.	Net Asset/(Liability) recognized in the Balance Sheet	(7,985,039)	(6,802,772)
d.	**Expenses recognized in the Statement of Profit & Loss**		
i.	Current Service Cost	3,522,331	3,274,856
ii.	Past Service Cost	Nil	Nil
iii.	Interest Cost	612,249	368,895
iv.	Expected return of plan assets	Nil	Nil
v.	Curtailment cost / (credit)	Nil	Nil
vi.	Settlement cost / (credit)	Nil	Nil
vii.	Net Actuarial (gain) / loss recognized in the period	(2,627,462)	(763,691)
viii.	Expenses recognized in the Statement of Profit & Loss	1,507,118	2,880,060

B. LEAVE ENCASHMENT

		Year ended 31.3.2014 (Amount in Rs.)	Year ended 31.3.2013 (Amount in Rs.)
a.	**Changes in Present Value of Obligations**		
i.	Present Value at the beginning of the year	2,608,616	2,586,914
ii.	Interest Cost	234,775	212,836
iii.	Current Service Cost	1,299,080	957,263
iv.	Benefits Paid	(772,299)	(818,129)
v.	Actuarial (gain)/loss on obligations	(4,70,296)	(330,268)
vi.	Present Value at the end of the period	2,899,876	2,608,616

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b.	**Actuarial gain/loss recognized**		
i.	Actuarial (gain)/loss for the period – obligation	(4,70,296)	(330,268)
ii.	Actuarial (gain)/loss for the period – plan asset	Nil	Nil
iii.	Total (gain)/loss for the year	(4,70,296)	(330,268)
iv.	Actuarial (gain)/loss recognized in the period	(4,70,296)	(330,268)
v.	Unrecognized actuarial (gains)/losses at the end of the year	Nil	Nil
c.	**Amounts to be recognized in the Balance Sheet and Statement of Profit & Loss**		
i.	Present Value at the end of the period	2,899,876	2,608,616
ii.	Fair value of plan assets at the end of the period	Nil	Nil
iii.	Difference (Funded Status)	(2,899,876)	(2,608,616)
iv.	Unrecognized Actuarial (Gains)/Losses	Nil	Nil
v.	Net Asset/(Liability) recognized in the Balance Sheet	(2,899,876)	(2,608,616)
d.	**Expenses recognized in the Statement of Profit & Loss**		
i.	Current Service Cost	1,299,088	957,263
ii.	Past Service Cost	Nil	Nil
iii.	Interest Cost	234,775	212,836
iv.	Expected return of plan assets	Nil	Nil
v.	Curtailment cost / (credit)	Nil	Nil
vi.	Settlement cost / (credit)	Nil	Nil
vii.	Net Actuarial (gain) / loss recognized in the period	(4,70,296)	(330,268)
viii.	Expenses recognized in the Statement of Profit & Loss	1,063,559	839,831

C. ACTUARIAL ASSUMPTIONS

	YEAR ENDED 31.3.2014		YEAR ENDED 31.3.2013	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Discount Rate	9.00%	9.00%	8.25%	8.25%
Rate of increase in compensation levels	5.50%	5.50%	5.50%	5.50%
Average remaining working lives of employees (years)	34.1	34.1	34.4	34.4

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28. As required by Accounting Standard 18 " Related Party Disclosures"

i) Name of related parties and description of relationship are given below:-

Name	Relationship
Digivision Holding Private Limited	Ultimate Holding Company
Media Matrix World Wide Limited	Immediate Holding Company
Digicall Global Services Private Limited	Subsidiary Companies
Media Matrix Holdings Private Limited (Formerly knowns as Digicall Holdings Private Limited)	Fellow Subsidiary Companies
Digivive Services Private Limited	Fellow Subsidiary Companies
NexG Devices Private Limited	Fellow Subsidiary Companies
Digivision Wireless Private Limited	Fellow Subsidiary Companies
Eminent Networks Private Limited	Fellow Subsidiary till October 8, 2013
Mr. Sunil Batra, Managing Director	Key Management Personnel *
Microwave Communication Limited	Companies under the Common control of Key Management personnel till March 31, 2013

ii) Nature of transactions: -The transactions entered into with the related parties during the year along with outstanding balances as at 31st March 2014 are as under:

(In Rupees)

Particulars	Immediate Holding	Subsidiary	Fellow Subsidiary	Company under Common KMPs
Issue of 0% Compulsorily Convertible Debentures (CCDs)	150,000,000 (70,000,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Interest/Commission Exps	254,465 (NIL)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Debit Note raised by us	Nil (16,027,196)	17,989,586 (20,818,139)	21,325,959 (Nil)	NIL (12,450,761)
Debit Note raised on us	1,100,000 (Nil)	Nil (Nil)	Nil (314,451)	Nil (Nil)
Rendering of Services	Nil (Nil)	Nil (Nil)	12,021,649 (14,978,776)	Nil (Nil)
Loans Taken (Liability)	137,500,000 (Nil)	Nil (Nil)	75,000,000 (168,943,000)	Nil (Nil)
Loans Repaid	125,00,000 (Nil)	Nil (Nil)	169,074,000 (63,895,881)	Nil (Nil)
Loans and Advance Given (Assets)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)
Amount Recovered against debit note/Services	Nil (15,037,460)	17,505,249 (13,567,118)	21,206,252 (14,193,667)	Nil (Nil)

Closing Balances at the Year End				
Debtors	Nil (Nil)	Nil (Nil)	56,086,680 (2,293,284)	Nil (Nil)
Loans and Advances Payable	125,000,000 (Nil)	Nil (Nil)	78,492,416 (172,566,416)	Nil (Nil)
Loans and Advances Receivable	Nil (Nil)	15,426,116 (14,941,779)	8,825,959 (Nil)	Nil (35,346,279)
Other Payable	1,354,465 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

*Director Remuneration shown in Note No 32 below
Figures in Bracket shown previous Year

iii) Details of Transactions:-

- **Details of Debit Notes raised by us are as follows:-**
  - **Fellow Subsidiary Company**
    NexG Devices Pvt. Limited – Rs. 21,325,959 (Previous Year – Rs.Nil).
- **Details of Debit Notes Raised on us are as follows:-**
  - **Fellow Subsidiary Company**
    NexG Devices Pvt. Limited – Rs. Nil (Previous Year – Rs.314,451).
- **Details of Services rendered are as follows:-**
  - **Fellow Subsidiary Company**
    Digivive Services Private Limited – Rs.12,021,649 (Previous Year – Rs. 13,823,706)
    NexG Devices Private Limited – Rs. Nil (Previous Year Rs. 1,155,070)
- **Details of Loans taken from Related Companies are as follows:-**
  - **Fellow Subsidiary Company**
    Media Matrix Holdings Private Ltd. (Formerly known as Digicall Holdings Private Ltd) – Rs. 75,000,000 (Previous Year – Rs. 168,943,000)
- **Details of Loans Repaid to Related Companies are as follows:-**
  - **Fellow Subsidiary Company**
    NexG Devices Private Limited – Rs. Nil (Previous Year – Rs. 11,500,000)
    Digivive Services Private Limited – Rs. Nil (Previous Year – Rs. 52,395,881)
    Media Matrix Holdings Pvt Ltd. (Formerly known as Digicall Holdings Pvt Ltd) – Rs. 169,074,000 (Previous Year – Nil)
- **Details of Amount Recovered Against Debit Note and Services Rendered**
  - **Fellow Subsidiary**
    NexG Devices Private Limited – Rs. 13,340,619 (Previous year - Nil)
    Digivive Services Private Limited – Rs. 7,865,633 (Previous year – Rs. 14,193,667l)

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- **Detail of Amount Outstanding at the end of the year**

  - **Fellow Subsidiary**
    Debtors Include Rs. Nil (Previous Year Rs. 840,619) due from NexG Devices Private Limited and Rs. 56,086,680 (Previous year Rs. 1,452,665) due from Digivive Services Private Limited.
    Loans and Advances Receivable Include Rs. 8,825,959 (Previous Year Rs. Nil) due from NexG Devices Private Limited.
    Loans Payable Include Rs. 78,492,416 (Previous year Rs. Rs. 172,566,416) to Media Matrix Holdings Pvt Ltd. (Formerly known as Digicall Holdings Pvt Ltd)

Notes: Related party relationship transactions are as identified by the company and relied upon by the auditors.

29. Segment Reporting

(a) Primary (Business) Segment
The Company's operations primarily and only relate to providing of call centre services and there is no separate reportable segment as per Accounting Standard (AS) 17 on segment reporting.

(b) Secondary (Geographical) Segment
The Company caters mainly to the needs of Indian market and there is no export revenue during current financial year (Previous Year 0.02%) to the total turnover of the Company, Hence there are no reportable geographical segments.

30. The outstanding balances of some of Trade Receivables, Trade Payables, Deposits, Advances and Other Current Assets/ Liabilities are subject to confirmation and reconciliation, if any. However, in the opinion of the management, adjustment, if any, will not be material.

31. In the opinion of the Board, the value on realization of Current Assets, Loans and Advances in the ordinary course of the business would not be less than 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.

32. Directors' remuneration

Particulars	Amount(Rs.) Year ended 31.3.2014	Amount(Rs.) Year ended 31.3.2013
Basic Salary & Other Allowance	5,383,979	532,984
Employer Contribution to PF etc.	576,000	28,306
Total	**5,959,979**	**561,290**

33. Particulars of Income/ expenditure in foreign currency:

Particulars	Amount(Rs.) Year ended 31.3.2014	Amount(Rs.) Year ended 31.3.2013
Earning	**NIL**	**141,032**
Expenses	NIL	NIL

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34. Previous year's figures have been regrouped, reclassified and restated wherever considered necessary.

As per our report of even date attached
For Khandelwal Jain & Co
Chartered Accountants
Firm Registration No. 105049W

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

(Naveen Jain)
Partner
Membership No. 511596

Place: New Delhi
Dated: 23rd May 2014

For and on behalf of the Board

B.B.Chugh
Director

Sunil Batra
Director

Shitij Wadhwa
Company Secretary

Place: New Delhi
Dated: 23rd May 2014