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SIGNIFICANT ACCOUNTING POLICIES:

(1) Basis of Accounting

The accounts have been prepared on the basis of historical costs and in accordance with applicable accounting standards except where otherwise stated. The company has adopted accrual method of accounting.

(2) Fixed Assets

- I. Fixed Assets are stated at cost less depreciation. Cost comprises the purchase price and any attributable cost of bringing the assets to working condition for its intended use.
- II. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs is charged to the Profit & Loss Account. When assets are sold or discarded, their cost and accumulated depreciation is removed from the accounts and any gain or loss, resulting from their disposal is included in the Profit & Loss Account.
- III. Capital work-in-progress

Advances paid towards the acquisition of fixed assets, and the cost of assets not put to use before the year-end, are disclosed with the capital work-in-progress.

(3) Depreciation

Depreciation is provided on SLM basis at the rate prescribed the Companies Act, 2013.

(4) Inventories

Inventories are valued at the lower of cost or estimated net realisable value.

(5) Revenue Recognition

- (i) Sales are net of Tax, where applicable.
- (ii) Expenses are net of recoveries where applicable.

(6) Foreign Currency Transaction

- (i) Transactions in Foreign Currencies for Import of Material are converted at the rates prevailing on the date of transaction.
- (ii) Current Assets realizable in Foreign Currency and Liabilities payable in Foreign Currency (other than for the Purchase of Fixed Assets) are not restated at the year end, however the exchange gain/loss arising out of the rates prevailing on the date of remittance is taken effected.

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- (iii) No liabilities incurred for the acquisition of Fixed Assets, the loss or gain arising on account of difference in exchange rate, as at the year end, is regarded as an adjustment of the cost of the relevant assets, and the same is included in the carrying amount of the related Fixed Assets.

(7) **Research and Development**

Research and Development expenses, of revenue nature, are charged to the Profit and Loss Account of the year in which they are incurred and those of capital nature are shown as addition to the respective fixed assets.

(8) **Retirement Benefits**

Provision for gratuity has been made as per the provisions of the Payment of Gratuity Act, 1972.

(9) **Amortization of Miscellaneous Expenditure**

Preliminary Expenses & Public Issue Expenses are written off over a period of ten years.

Previous year's figures have been re-grouped, re-cast or re-arranged to make them comparable with Current year's figures wherever deemed necessary.

- (10) Balance in personal accounts are subject to confirmation in certain cases.

- (11) The company is engaged in the production and development of Computer Software. The Production and Sale of such software cannot be expressed in generic unit. Hence it is not possible to give quantitative.

I.	Current Year <u>Amount (Rs.)</u>	Previous Year <u>Amount (Rs)</u>
Opening Stock	0	0
Sales/ Services		
Purchase of Products		
Closing Stock of Products	Nil	NIL
II. Remuneration to Auditors		
	Current Year	Previous Year
Audit fee	17,350	
Other Matters	NIL	NIL
III. Foreign Exchange Earnings Export	NIL	NIL
IV. Expenditure in Foreign Currency	NIL	NIL
V. Remuneration to Directors		

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Salary, allowances and Reimbursement of Expenses	0	0
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Contingent Liabilities (Against UPFC and P&SB disputed interest)	1,12,00,000	1,12,00,000
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(12) Figures in paise have been rounded off to the nearest rupee.

(13) The company does not own any amount due to any Small Scale Industrial Unit outstanding for more than 30 days as on 31st March, 2017.

According to Accounting Standard-22, a net provision for deferred tax has been made Rs. 30,424/- (P/Y provision reversed by Rs. 36,380 /-).

Segment Recording - The Company has following business segments

(Rs. In Lacs)

Segment Revenue - Products/Services	0
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Assets and Expenditure cannot be allocated segment wise.

(14) Earnings Per Equity Share

Diluted EPS is calculated on weighted average basis as prescribed in accounting standard. Annualised per equity share have been calculated based on net profits after taxation.

(15) Sundry Creditors do not include any amount due to small scale industrial undertaking.

(16) There are certain disputes with UPFC/ PUNJAB & SINDH BANK. No interest provision is required to be made as per the opinion of the experts. Final settlement will be arrived at the figure not more than as stated in the balance sheet as on date. Therefore provision has not been made in the Balance sheet.

(17) No Income Tax provision has been made in absence of Taxable Profits during the year.

(18) The Company has not made any provision for the Interest on Secured Loan.

(19) Appeals in respect of certain assessments of Income Tax are pending and additional tax liabilities/ refunds, if any is not determinable at this stage. Adjustment for the same will be made after the same is finally determine.

(20) Old parties' balances are subject to reconciliation.

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The accompanying notes are an integral part of the financial statements

As per our Report of even date
For G.P.KESHRI & ASSOCIATES
CHARTERED ACCOUNTANTS

For VITAL COMMUNICATION LIMITED

Sd-
(GOPAL PRASAD KESHRI)
PARTNER
MEMBERSHIP NO. 098476
FIRM REGD.NO. 017217N

Sd-
ROOP SINGH

(Director)
DIN: 07304997

Sd-
SHYAM SUNDER
SABHARWAL

(Director)
DIN: 01912767

PLACE : NEW DELHI
DATE : 30.05.2017

