



**VIRTUALSOFT**  
Get The Digital Edge

# Catalyzing Innovative Broadband Services & Solutions...



**VIRTUALSOFT SYSTEMS LIMITED**  
ANNUAL REPORT 2007-2008



**BOARD OF DIRECTORS**

Mr. Gokul Tandan  
Mr. Rajendra V. Kulkarni  
Mr. Ashok K. Anand  
Mr. Suresh Rajpal  
Mr. Gurmukh Singh

Managing Director  
Whole time Director  
Director  
Director  
Director

**COMPANY SECRETARY**

Mr. Atul Kumar

**BANKERS**

HDFC BANK LIMITED  
D-965, Opp. Mata Ka Mandir  
New Friends Colony  
New Delhi-110 065.

**STATUTORY AUDITORS**

Nath Ahuja & Co.  
Chartered Accountants  
S-400, Graater Kailash -II  
New Delhi-110 048

**REGISTERED OFFICE**

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

**SHARE TRANSFER AGENT**

Mas Services Pvt. Ltd.  
AB-4, Safdarjung Enclave,  
New Delhi – 110 029

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## NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Members of the Company will be held on Tuesday, September 30, 2008 at 9:00 a.m. at **Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053**, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2008 and the Profit & Loss Account for the year ended as on that date and the Reports of Auditors and Directors thereon.
2. To re-appoint Mr. Gurmukh Singh, Director who retires by rotation and being eligible, has offered himself for re-appointment.
3. To re-appoint Mr. Ashok Kumar Anand, Director who retires by rotation and being eligible, has offered herself for re-appointment.
4. To appoint M/s. Nath Ahuja & Co., Chartered Accountants as Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS : AT

5. To consider and if fit, to pass with or without modification/s the following resolution as a Special Resolution.
6. "RESOLVED THAT in accordance with the provisions of Section 269, 309 and other applicable provisions of the Companies Act 1956, if any, the company hereby approves the term of re-appointment of Mr. Rajendra V Kulkarni who was re-appointed by The Board of Director of the company, as a Wholetime Director with effect from 1 July 2008, subject to the approvals of the share holders in the AGM for a period of Three years up to June 30 2011.

Registered Office:  
S-101, Panchsheel Park,  
New Delhi-110 017.

By Order of the  
Board of Directors

Dated: August 14, 2008

**Atul Kumar**  
Company Secretary

## NOTES:

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

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

2. The Register of Members and Share Transfer Books of the Company will remain closed from **Saturday September 27, 2008 to Tuesday 30, 2008 (both days inclusive)**.
3. Member are requested:
  - i. to kindly notify the change of address, if any to the Company/ the Registrar / Depository Participant.
  - ii. To bring their copy of the Annual Report,
  - iii. to deposit to duly completed attendance slip at the meeting
4. **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**

### Item No. 5

The Board of Directors of the Company re-appointed Mr. Rajendra V Kulkarni as a Whole time Director of the Company on its meeting held on 30th June 2008, under section 269 of companies Act, 1956, with effect from 1, July 2008 for 3 years up to 30, June 2011, on all existing terms and conditions & remuneration subject to the approval of the members in the ensuing Annual General Meeting of the company.

Registered Office:  
S-101, Panchsheel Park,  
New Delhi-110 017.

By Order of the  
Board of Directors

Dated: August 14, 2008

**Atul Kumar**  
Company Secretary

## DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting for your consideration and approval the Seventeenth Annual Report of your Company for the financial year ended March 31, 2008.

### 1. FINANCIAL RESULTS

(Figures in Lacs)

Particulars	Year Ended 31.03.2008	Year Ended 31.03.2007
1 Net Sales/Income from operations	105.97	512.64
2 Other Income	5.81	0.00
3 Total Income (1+2)	111.78	512.64
4 Expenditure:		
a. Increase/Decrease in stock in trade and work in progress	0.00	0.00
b. Consumption of raw materials	0.00	0.00
c. Purchase of traded goods	70.99	483.15
d. Employees cost	25.45	21.90
e. Depreciation	12.62	64.11
f. Other Costs	53.02	25.21
g. Total	162.08	594.37
5 Interest	0.02	0.10
6 Exceptional Items	0.00	0.00
7 Profit(+) / Loss (-) form Ordinary Activities before tax (3)-(4+5+6)	(50.32)	(81.83)
8 Tax Expenses		
Fringe Benefit Tax	0.73	0.70
9 Net Profit(+) /Loss(-) from Ordinary Activities after tax (7-8)	(51.05)	(82.53)
10 Extraordinary Items ( net of tax expense Rs.	0.00	0.00
11 Net Profit(+) /Loss(-) for the period (9-10)	(51.05)	(82.53)
12 Paid up equity Share Capital ( Face Value of Share Rs. 10/-)	754.76	754.76
13 Reserves excluding Revaluation Reserve	20.00	20.00
14 Earning Per Share (EPS)		
a. Basic and diluted EPS before Extraordinary items	(0.68)	(1.09)
b. Basic and diluted EPS after Extraordinary items	(0.68)	(1.09)
15 Public Shareholding		
Number of Shares	1,788,125	1,788,125
Percentage of Shareholding	23.39%	23.39%



## 2. BUSINESS AND OPERATIONS OF THE COMPANY

### VIRTUAL SOFT- PIONEERING BROADBAND SERVICES & SOLUTIONS

Broad band networks are revolutionizing the way we do business. Virtual Soft and its v Reach division offer outstanding digital broadband solutions for enterprise customers. Using use technology ,consulting & managed services and creative content packaging and development expertise to the advantage of your organization. Broadband content & network services solutions – seamlessly integrated - offer you a convergence of voice, data and video that can be used on-demand and live for your business needs.

Virtual Soft transforms conventional business, learning, entertainment and media enterprises into rich media digital corporations. It uses the technologies of the day to set up the infrastructure, create content and provide managed services for streaming interactive rich media content over the internet, intranet or extranet.

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

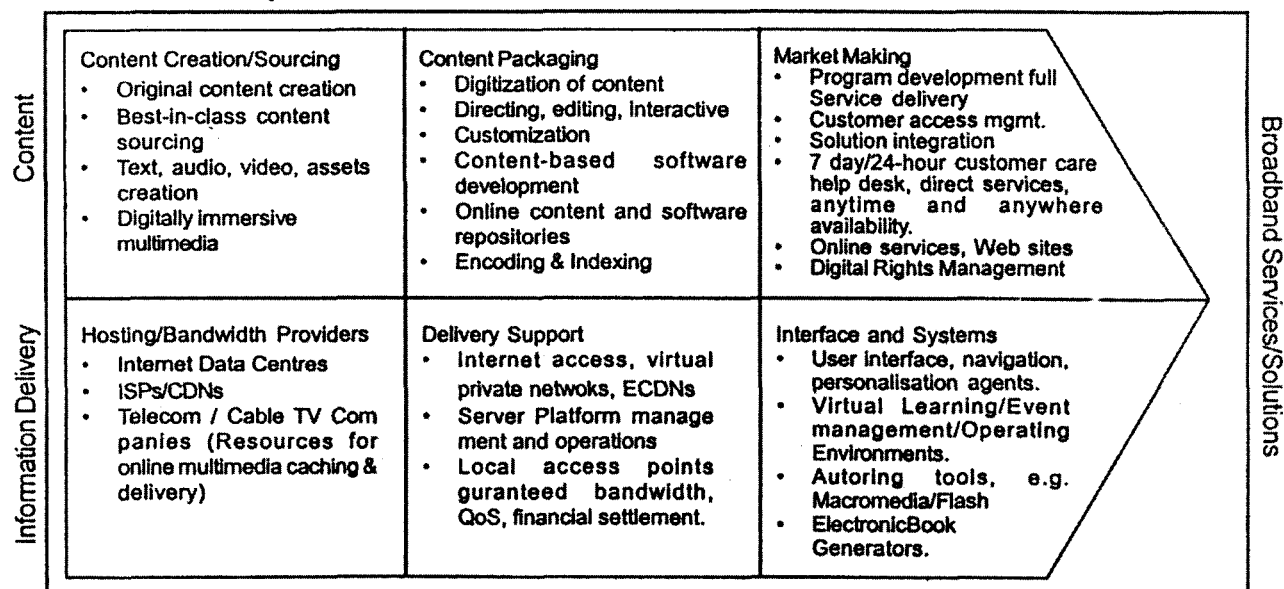
Virtual Soft has developed a world-class Enterprise Communication Platform called vReach that utilizes

existing corporate computing infrastructure to make real-time business meetings, learning programs, as well as conference & exhibition events more cost-effective and convenient by reducing travel and extending reach to globally dispersed customers, partners, and co-workers over low-bandwidth network connections through a simple browser interface.

VirtualSoft's vReach division also offers Rich Media content creation and migration services using proprietary technology and business methods. It creates near video on-demand content synchronized with Power point slides and other interactive mechanisms for leading conference organizers like CII, FICCI, Nasscom, Indian Chamber of Commerce, The Times of India Group, The Federation of Asian Advertising Associations, India Today Group and for leading enterprises such as IBM, SAP, HCL, The World Bank and the Tata Group. In the past one year, VirtualSoft has also this service to two global medical conferences and a number of national medical conferences.

It has created over 8000 hours of such content for over 400 different conferences and training events. This content is available in CD/DVD form as well as on knowledge on-demand servers accessible over the intranet and/or internet.

### VirtualSoft's Unique Broadband Services/Solutions Business Model



**3. DIVIDEND**

Your Directors do not recommend a dividend.

**4. AUDITORS**

M/s. Nath Ahuja & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**5. DIRECTOR**

Mr. Gurmukh Singh and Mr. Ashok Kumar Anand retire by rotation at the ensuing Annual General Meeting of the Company and being eligible offer themselves for reappointment.

**6. DEPOSIT**

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

**7. PARTICULARS OF EMPLOYEES**

There is no employee of the Company who has received remuneration in excess of such sum as prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**8. CAPITAL MARKET DEVELOPMENTS**

As on date, 78.60% of Shares are in Demat form and are listed on various stock exchanges. The Company has, from time to time, reminded the shareholders/investor, holding the Shares in Physical form to convert their Shareholding to dematerialized form.

**9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO**

(a) Details of Conservation of Energy

The Company uses electric energy for its equipment such as air-conditioners, computer terminals, lighting and utilities in the work premises.

- By identifying potential areas for saving;
- By incorporating energy efficient equipment;
- By automation.

**(b) Technology Absorption**

**Research & Development**

Specific areas in which Research & Development work has been done in the Company- Intranet Content Delivery Network (ICDN) solution. This solution helps Companies slash costs and raise intellectual capital.

**© Foreign Exchange Earnings**

There had been no foreign exchanges earnings, during the year.

**10. DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors wish to state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

- (c) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that they had prepared the annual accounts on a going concern basis.

#### **11. CORPORATE GOVERNANCE**

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

#### **12. ACKNOWLEDGEMENTS**

Your Directors acknowledge with a deep sense of gratitude the continued support extended by investors, customers, business associates, bankers and vendors. Your Directors take this opportunity to thank the regulatory and governmental authorities.

**For and on behalf of the Board of Directors**

Place: New Delhi  
Date: August 14, 2008

Mr. Gokul Tandan  
Managing Director

Mr. R.V.Kulkarni  
Wholtime Director

## **Corporate Governance Report**

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

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

### **1. VSL Philosophy on Corporate Governance**

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

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

### **2. Board of Directors**

At the core of its Corporate Governance practice is the Board, which oversees how the management serves and protects the long-term interests of all the stakeholders of the Company. Your Company believes that an active, well – informed and independent Board is necessary to ensure the highest standards of Corporate Governance. Majority of the Board, 3 out of 5, are independent Directors.

During the Financial Year ended 31st March 2008, Five Board meetings were held on 30.06.07, 31.07.07, 14.08.07, 31.10.07 & 31.01.08

The Last Annual General Meeting was held on 28th September 2007 and the last Extra – ordinary General Meeting was held on 17th, January 2001.

The Composition of the Board, attendance of Directors at the Board Meetings held during the year under review as well as in the last Annual General Meeting and the number of other Directorships / Committee positions held by them are as under: -

S. No.	Name & Designation	Category	No. Of other Directorships held	No of Board meetings		Attended last AGM (28.09.07)
				Held	Attended	
1.	Mr. Gokul Tandan	MD	5	5	5	Yes
2.	Mr. Rajendra V. Kulkarni	WTD	6	5	5	Yes
4.	Mr. Ashok Anand	NEID	1	5	2	Yes
5.	Mr. Gurmukh Singh	NEID		5	4	Yes

(MD- Managing Director, WTD – Whole Time Director, NEID – Non-Executive Independent Director)

**Directorship / Committee Positions**

S. No.	Name of the Director	Directorships	Committees Positions		
			Name of the Company	Committee	Position
1.	Mr. Gokul Tandan	5	1. M/s. Goto Customers Services Pvt. Ltd. 2. M/s. Virtual Software & Training Pvt. Ltd. 3. CPM India Sales & Marketing Pvt. Ltd. 4. M/s. Foundation Technologies ( Pvt.) Ltd. 5. M/s. Techsure Online Services Pvt. Ltd.		Director Director Director Director Director
2.	Mr. Rajendra V. Kulkarni	6	1. M R Capital Pvt. Ltd. 2. M/s. Vijay Stampings Pvt. Ltd. 3. M/s. Foundation Technologies ( Pvt.) Ltd. 4. M/s. Virtual Software & Training (P). Ltd. 5. Advani Exports Pvt. Ltd. 6. SME Business Services Ltd.		Director Director Director Director Director Director
3.	Mr. Suresh Rajpal	3	1. M/s. Tecnova India Pvt. Ltd. 2. M/s Purolator Pvt. Ltd. 3. M/s. Four Soft Pvt. Ltd.		Director Director Director
4.	Mr. Ashok Anand	1	1. M/s. Virtual Software & Training Pvt. Ltd.		Director
5.	Mr. Gurmukh Singh				

None of the Directors on the Board hold Directorships in more than fifteen Companies and hold memberships in more than ten Committees and they do not act as Chairman of more than five Committees across all the Companies in which they are Directors.



## 2.1 Information Placed before the Board

In addition to the matters which statutorily require Board's approval, as required by Corporate Governance, the following matters are regularly placed before the Board :-

- Minutes of Audit Committee Meetings, Share Transfer & Investors Grievance Committee Meetings.
- Recruitment and Remuneration of senior executives below the board level.
- Details of Joint Ventures / Collaboration Agreement.
- Disclosure of material related party transaction, if any
- Compliance with Regulatory and statutory requirements including listing requirement & Shareholders services.
- Details of show cause, demand, prosecution and penalty notices which are materially important

- Transactions involving substantial payments towards goodwill, brand equity or intellectual Property.
- Sale of material nature of investments, subsidiaries and assets, which are outside the normal course of business.

## 3. Committees of the Board

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

Audit Committee

Share Transfer and Investors Grievance Committee.

### 3.1 Audit Committee

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

During the period 01.04.07 to 31.03.08, the Audit Committee met 4 times on 30.06.07, 31.07.07, 31.10.07, & 31.01.08

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

The broad terms of references of Audit Committee are as follows: -

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment / re-appointment of external and internal auditors, tax auditors, fixation of statutory audit fees, internal audit fees and tax audit fees and also approval for payment of any other services.
- Review and management the annual financial statements before submission to the Board.
- Review quarterly UN – audited /audited financial results, half yearly review report.
- Review with Management, external and internal auditors the adequacy of internal control system.
- Review the adequacy of internal audit programme, internal audit reports; follow

up reports and guidelines prepared for internal audit.

- To do any internal investigations either departmentally or with the help of internal auditors or any other outside agency into matters where they are suspected fraud or irregularities.
- Discussion with external Auditors before the Audit commences about nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- Review the Company's financial and Risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors.

### **3.2 Share Transfer and Investors Grievance Committee**

The Committee consists of two Directors and Company Secretary including whole time Director and is chaired by managing Director.

This Committee looks into transfer and transmission of Shares, issue of duplicate share certificates, consolidation and sub – division of shares and investors' grievance. This Committee particularly looks into Investors Grievances and oversees the performance of the in- house Share Department/ Share Transfer Agents and to ensure prompt and efficient investors' services. The Committee met Ten times during the year 2007 – 2008. The following are the members and their attendance at the Committee Meetings: -

Name of Member	No. of Meetings	
	Held	Attended
1. Mr. Gokul Tandan	9	9
2. Mr. Rajendra V. Kulkarni	9	9
3. Mr. Atul Kumar	9	9

### **4. General Body Meetings**

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

Year	AGM / EGM	LOCATION	DATE	TIME
2006 - 2007	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi – 110 053	28.09.2007	9:00 A.M.
2005 - 2006	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi – 110 053	23.09.2006	9:00 A.M.
2004 - 2005	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi – 110 053	30.09.2005	9:00 A.M.
1999 – 2000	EGM	CSKM, Campus, Satbari, Mehrauli, New Delhi- 110 030	10.07.2000	9:00 A.M.

No special resolution was put through postal ballot in the last AGM. At the ensuing AGM also there is no such resolution to be passed through Postal Ballot.

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

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

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

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

**7. Means of Communication**

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

**8. General Shareholders Information:**

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

**9. Compliance Certificate of the Auditors**

The Statutory Auditors have certified that the Company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to The Director's Report.

The Certificate from the Statutory Auditors will be sent to the Listed Stock Exchanges along with the Annual Return of The Company.

**SHAREHOLDERS INFORMATION**

<b>Registered Office</b>	: S-101, Panchsheel Park, New Delhi-110 017
<b>Annual General Meeting</b>	: Date & Time : 30th September, 2008 at 9:00 A .M.
<b>Venue</b>	: Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi – 110 053

**Financial Calender :**

- Financial reporting for the quarter ending June 30. 2008	: End July 2008
- Financial reporting for the quarter ending Sep 30. 2008	: End Oct 2008
- Financial reporting for the quarter ending Dec 31. 2008	: End Jan 2009
- Financial reporting for the Year ending March 31. 2009	: End April 2009

**Date of Book Closures:** September 27, 2008 to September 30, 2008, both days inclusive.

Listing on Stock Exchanges:

The Equity Shares of the Company are listed on the Stock Exchange at Delhi, Mumbai, Jaipur & Ahemadabad.

## **AUDITORS REPORT**

### **The Members**

1. We have audited the attached Balance Sheet of Virtualsoft Systems Limited as at March 31, 2008 and also the Profit and Loss Account and the Cash flow statement of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report) Amendment Order 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, we have given in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above:
  - (i) 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;
  - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from the examination of the books;
  - (iii) The balance sheet and the profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - (iv) In our opinion, the balance sheet and the profit and loss account and cash flow statement dealt with by this report comply with the requirements of the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - (v) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2008 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss account read together with the Significant Accounting Policies & Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view: -
    - (a) in the case of the balance sheet, of the state of affairs of the company as at March 31, 2008;
    - (b) in the case of the profit and loss account, 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.

**For Nath Ahuja & Co.**  
**Chartered Accountants**

**(N.N. Ahuja)**

**Proprietor**

**M. No: 80178**

Place : New Delhi

Date : June 18, 2008

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF  
OUR AUDITOR'S REPORT OF EVEN DATE ON THE  
ACCOUNTS FOR THE YEAR ENDED MARCH 31,  
2008 OF VIRTUAL SOFT SYSTEMS LTD.**

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) During the year, in our opinion, a substantial part of the fixed assets has not been disposed off by the company.
2. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The company is maintaining proper records of inventory. No discrepancies have been noticed on verification between the physical stocks and the book records.
3. (a) There is one party covered in the register maintained under section 301 of the Companies Act, 1956 to whom the company has granted the loans. The amount involved during the year in the transaction was NIL, the recovery of Loans during the year was NIL and the year end outstanding balance is Rs. 5.48 Lakhs.
- (b) There are four parties covered in the register maintained under section 301 of the Companies Act, 1956 from whom the company has taken loans/Advances. The amount involved during the year in the transaction was Rs. 52.09 Lakhs and the repayment of Loan/ Advances during the year was Rs. 1 Lakhs.
- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
- (d) The company is not regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever applicable. The other parties have repaid the principal amounts as stipulated and have been regular in the payment of interest wherever applicable.
4. 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/services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. (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) The transactions made in pursuance of contracts or arrangements refer to in section 301 of the Act are, in our opinion at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposit from the public with in the provision of section



## BALANCE SHEET

AS AT MARCH 31, 2008

	Schedule No.	As at March 31, 2008 (Rs.)	As at March 31, 2007 (Rs.)
<b>SOURCES OF FUNDS</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	75,476,000.00	75,476,000.00
Reserves and Surplus	2	2,000,000.00	2,000,000.00
<b>Loan Funds</b>			
Unsecured Loans	3	57,361,893.00	53,237,753.40
<b>Total</b>		<b>134,837,893.00</b>	<b>130,713,753.40</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	4	35,254,525.00	34,908,584.00
Less : Depreciation		30,670,341.00	29,408,445.00
Net Block		4,584,184.00	5,500,139.00
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	5	3,093,546.00	4,063,114.00
Cash and Bank Balances	6	1,444,765.61	1,767,527.00
Loans and Advances	7	4,537,593.00	3,128,691.12
		9,075,904.61	8,959,332.12
<b>Less: Current Liabilities and Provisions:</b>			
Liabilities	8	3,330,560.00	3,150,108.00
Provisions	9	70,604.48	69,513.00
		3,401,164.48	3,219,621.00
<b>Net current assets</b>		<b>5,674,740.13</b>	<b>5,739,711.12</b>
<b>Profit and Loss account</b>		<b>124,578,968.87</b>	<b>119,473,903.28</b>
<b>Total</b>		<b>134,837,893.00</b>	<b>130,713,753.40</b>

Significant Accounting Policies And Notes to Accounts 14  
The Schedules Referred To Above Form An Integral Part Of Balance Sheet

**As Per our separate report of even date attached**

**For Nath Ahuja & Co.**  
**Chartered Accountants**

**For and on behalf of the Board of Directors**

**N.N Ahuja**  
**Proprietor**

**Gokul Tandan**  
**Managing Director**

**R. V. Kulkarni**  
**Whole-time Director**

**Atul Kumar**  
**Company Secretary**

**Place : New Delhi**  
**Date : June 18, 2008**



**PROFIT AND LOSS ACCOUNT**  
FOR THE YEAR ENDED MARCH 31, 2008

	Schedule No.	Year Ended March 31, 2008 (Rs.)	Year Ended March 31, 2007 (Rs.)
<b>INCOME</b>			
Sale		6,199,225.00	47,663,112.00
Revenue from Services		4,397,585.00	3,591,487.00
Other Income	10	580,654.50	9,839.72
<b>TOTAL</b>		<b>11,177,464.50</b>	<b>51,264,438.72</b>
<b>EXPENDITURE</b>			
Purchase		6,069,000.00	47,312,930.00
Cost of services		1,029,930.00	1,002,238.00
Employees Cost	11	2,545,358.00	2,280,770.00
Administrative and Other Cost	12	3,764,045.91	2,433,692.00
Financial Cost	13	8,057.48	7,091.00
Depreciation		1,261,896.00	6,411,417.00
Bad Debts		1,530,951.22	114,073.00
<b>TOTAL</b>		<b>16,209,238.61</b>	<b>59,448,137.00</b>
Profit / (Loss) before taxation		(5,031,774.11)	(8,183,698.28)
Less:Fringe Benefit Tax		73,291.48	69,513.00
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>		<b>(5,105,065.59)</b>	<b>(8,253,211.28)</b>
Add : (Loss) Brought forward		(119,473,903.28)	(111,220,692.00)
<b>(Loss) carried forward to Balance Sheet</b>		<b>(124,578,968.87)</b>	<b>(119,473,903.28)</b>
Basic / Diluted Earning Per Share		(0.68)	(1.09)

Significant Accounting Policies And Notes to Accounts 14

The Schedules Referred To Above Form An Integral Part of the Balance Sheet

**As Per our separate report of even date attached**

**For Nath Ahuja & Co.**  
**Chartered Accountants**

**For and on behalf of the Board of Directors**

**N.N Ahuja**  
**Proprietor**

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**Managing Director**

**R. V. Kulkarni**  
**Whole-time Director**

**Atul Kumar**  
**Company Secretary**

**Place : New Delhi**  
**Date : June 18, 2008**

**SCHEDULE TO THE ACCOUNT**  
**SCHEDULES FORMING PART OF THE BALANCE SHEET**

	As at March 31, 2008 (Rs.)	As at March 31, 2007 (Rs.)
<b>SCHEDULE - 1</b>		
<b>SHARE CAPITAL</b>		
Authorized :		
15,000,000 (Previous year 15,000,000) Equity		
Shares Of Rs. 10/- Each	<u>150,000,000.00</u>	<u>150,000,000.00</u>
<b>Issued, Subscribed and Paid Up :</b>		
7,547,600 (Previous Year 7,547,600) Equity		
Shares of Rs. 10/- Each	<u>75,476,000.00</u>	<u>75,476,000.00</u>
<i>(Of the above 4,500,000 (Previous year - 4,500,000) shares were allotted as fully paid-up pursuant to a contract without payments being received in cash and 800,100 (Previous year 800,100) Shares were allotted as fully paid-up by way of bonus shares)</i>		
<i>{Of the above 4,500,000 (Previous Year 4,500,000) are held by Virtual Software and Training Pvt Ltd., the holding Company}</i>	<u><u>75,476,000.00</u></u>	<u><u>75,476,000.00</u></u>
<b>SCHEDULE - 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Capital Reserve	<u>2,000,000.00</u>	<u>2,000,000.00</u>
	<u><u>2,000,000.00</u></u>	<u><u>2,000,000.00</u></u>
<b>SCHEDULE - 3</b>		
<b>UNSECURED LOANS</b>		
Long Term :		
- From Directors	48,308,003.00	43,248,863.00
- From Other Bodies Corporate	2,000,000.00	2,000,000.00
- From Others	-	265,000.00
<i>(Due within one year Rs.NIL, Previous year Rs.NIL)</i>		
Short Term :		
- Other than Bank	<u>7,053,890.00</u>	<u>7,723,890.40</u>
	<u><u>57,361,893.00</u></u>	<u><u>53,237,753.40</u></u>



## SCHEDULES FORMING PART OF BALANCE SHEET

### SCHEDULE 4 - FIXED ASSETS (AS PER COMPANIES ACT, 1956)

Particulars	Rate of Dep.	Gross Block					Depreciation					Net Block	
		As at April 01, 2007	Additions	Adjustment	Deletions	As At March 31, 2008	As At April 01, 2007	During the Year	Adjustment	Deletions	Total as at March 31, 2008	As At March 31, 2007	As At April 01, 2007
Computer	16.21%	29,009,891	283,552	0	-	29,293,443	27,042,785.00	901,588	0	-	27,944,373	1,349,070	1,967,106
Furniture and Fixture	6.33%	3,710,138		0	-	3,710,138	1,387,401.00	233,924	0	-	1,621,325	2,088,813	2,322,737
Office Equipment	4.75%	1,660,134	62,389	0	-	1,722,523	625,506.00	75,771	0	-	701,277	1,021,246	1,034,628
Vehicles	9.50%	528,421		0	-	528,421	352,753.00	50,613	0	-	403,366	125,055	175,668
<b>Total</b>		<b>34,908,584</b>	<b>345,941</b>	<b>0</b>	<b>0</b>	<b>35,254,525</b>	<b>29,408,445.00</b>	<b>1,261,896.00</b>	<b>0</b>	<b>0</b>	<b>30,670,341.00</b>	<b>4,584,184</b>	<b>5,500,139</b>

As Per our separate report of even date attached

For Nath Ahuja & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

N.N Ahuja  
Proprietor

Gokul Tandan  
Managing Director

R. V. Kulkarni  
Whole-time Director

Atul Kumar  
Company Secretary

Place : New Delhi  
Date : June 18, 2008

	As at March 31, 2008 (Rs.)	As at March 31, 2007 (Rs.)
<b>SCHEDULE - 5</b>		
<b>SUNDRY DEBTORS</b>		
<b>Unsecured</b>		
Debts Outstanding for a period exceeding Six Months		
- Considered Good	1,699,483.00	3,386,194.00
- Considered Doubtful	-	2,932,700.00
Other Debts		
- Considered Good	1,394,063.00	633,836.00
- Due by a firm or private co.in which any director is a partner/director/member	-	43,084.00
Less : Provision For Doubtful Debts	-	(2,932,700.00)
	<u>3,093,546.00</u>	<u>4,063,114.00</u>
 <b>SCHEDULE - 6</b>		
<b>CASH AND BANK BALANCES</b>		
Cash In Hand	1,352,424.00	1,522,844.00
Balance with Scheduled Banks		
- on Current Accounts	92,341.61	244,683.00
	<u>1,444,765.61</u>	<u>1,767,527.00</u>
 <b>SCHEDULE - 7</b>		
<b>LOANS AND ADVANCES</b>		
Advance Recoverable in Cash or in Kind or for value to be received	3,049,938.00	2,171,246.12
Security Deposits	82,500.00	80,000.00
Advance Tax/Tax Deducted At Source	1,405,155.00	877,445.00
	<u>4,537,593.00</u>	<u>3,128,691.12</u>
 <b>SCHEDULE - 8</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	907,959.00	1,242,781.00
Advance from Customers	100,000.00	48,510.00
Other Liabilities	2,322,601.00	1,858,817.00
	<u>3,330,560.00</u>	<u>3,150,108.00</u>
 <b>SCHEDULE - 9</b>		
<b>PROVISIONS</b>		
Provision for Fringe Benefit Tax	70,604.48	69,513.00
	<u>70,604.48</u>	<u>69,513.00</u>



## Virtualsoft Systems Limited

	As at March 31, 2008 (Rs.)	As at March 31, 2007 (Rs.)
<b>SCHEDULE - 10</b>		
<b>OTHER INCOME</b>		
Short & Excess	(295.23)	481.72
Miscellaneous Income	5,000.00	9,358.00
Balances written back	575,949.73	-
	<u>580,654.50</u>	<u>9,839.72</u>
<b>SCHEDULE - 11</b>		
<b>EMPLOYEES COST</b>		
Salaries & Wages	2,402,706.00	1,991,678.00
Provision for Leave Encashment	9,831.00	17,827.00
Provision for Gratuity	6,404.00	84,808.00
Contribution To Provident and other Funds	32,407.00	128,998.00
Staff Welfare Expenses	94,010.00	57,459.00
	<u>2,545,358.00</u>	<u>2,280,770.00</u>
<b>SCHEDULE - 12</b>		
<b>ADMINISTRATIVE AND OTHER EXPENSES</b>		
Advertisement	37,564.00	41,056.00
Business & Sales Promotion	17,658.00	14,339.00
Legal and Professional Expenses	1,046,653.00	828,667.00
Communication Expenses	415,805.87	275,158.00
Auditors Remuneration	98,670.00	98,670.00
Car running & maintenance	61,485.00	-
Conference and Meeting Expenses	-	23,595.00
Electricity and Water Charges	100,718.00	202,171.00
Fee & Subscription	80,105.00	36,184.00
Repair and Maintenance		
- Building	25,675	
- Generator	26,420	
- Others	27,652	
	<u>79,747.00</u>	<u>41,431.00</u>
Rent/Hire Charges	675,975.00	262,879.00
Damages Paid	770,622.00	-
Printing and Stationery	61,084.00	122,209.00
Recruitment Expenses	-	19,000.00
Listing Fee	15,000.00	15,000.00
Conveyance Expenses	265,639.04	324,045.00
Miscellaneous Expenses	37,320.00	15,215.00
	<u>3,764,045.91</u>	<u>2,433,692.00</u>
<b>SCHEDULE - 13</b>		
<b>FINANCIAL COST</b>		
Bank Charges	8,057.48	7,091.00
	<u>8,057.48</u>	<u>7,091.00</u>

**SCHEDULE – 14**

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS**

**A. Significant Accounting Policies :**

The financial statements are prepared under historical cost convention on a going concern basis in accordance with the applicable accounting standards issued by the institute of Chartered Accountants of India and relevant provisions of the Companies Act, 1956.

**ii) Fixed Assets & Depreciation**

Fixed assets are stated at cost of acquisition less accumulated depreciation. Costs include all incidental expenses relating to acquisition of Asset.

Depreciation on fixed assets is provided on pro-rata basis as per the Straight Line method at rates prescribed in Schedule XIV to the Companies Act, 1956.

**iii) Sales / Revenue Recognition**

- a) Sales are net of Sales Tax. Revenue from sales is recognized when risk and reward of ownership are transferred to the customers.
- b) Services are net of service tax. Revenue from services is recognized when services are rendered and related costs are incurred.

**iv) Retirement Benefits**

Provision for Gratuity and Leave Encashment has been done by the management on estimate basis.

Contribution to Provident Fund is accounted for on accrual basis.

**v) Deferred Taxation**

No Deferred tax asset has been recognized and carried forward in the Balance Sheet in view of the fact that there exists no virtual certainty supported by convincing evidence that there will be available sufficient future profits against which such deferred tax asset can be adjusted.

**vi) Provision for Taxation**

In view of losses, no provision for taxes has been made.

**B. Notes to Accounts**

**01. Contingent Liabilities:**

Claims against the Company not acknowledged as debt: Rs. 56,44,113 (Previous Year Rs. 56,44,113/-).

Against this claim, the Company has made counter claims amounting to Rs. 55,07,310 (Previous Year Rs. 55,07,310/-) for its dues.

Income Tax matters under dispute: Rs. 4,02,38,304/- (Previous year: Rs. 4,02,38,304).

**02. Balances of Sundry Debtors/Creditors and Loans and Advances appearing as at the year-end are subject to confirmation and reconciliation, if any.**

03. Director's remuneration (Rs.):

	Year ended March 31, 2008	Year ended March 31, 2007
Managing Director	360,000	360,000

Computation of Net Profit/ Loss in accordance with the section 349 of the Companies Act, 1956.

Net Profit/ (Loss) as per the P&L A/c (50,31,774.11)

Add: i) Depreciation charged to P&L A/c	12,61,896/-
ii) Director's Salaries	3,60,000/-
iii) Remuneration to Managing Agents	NIL
iv) Profit on Sale of Fixed Assets	NIL
u/s 349 of the Companies Act 1956	

Less: i) Depreciation u/s 350 of the Companies Act 1956. 12,61,896/-

Net Profit/ (Loss) in accordance with the section 349 of the Companies Act, 1956 (46,71,774.11)

04. Remuneration to Auditors:

	Year ended March 31, 2008	Year ended March 31, 2007
Audit Fees	82,650	82,650
Tax Audit Fess	11,020	11,020
Out of Pocket Expenses	5,000	5,000

05. Expenditure in Foreign Currency:

	Year ended March 31, 2008	Year ended March 31, 2007
Expenditure :		
Foreign Travel	Nil	Nil
Software Purchases	Nil	Nil

06. Earnings per share have been computed as under:

	Year ended March 31, 2008	Year ended March 31, 2007
Profit / (Loss) after taxation (Rs.)	(51,05,065.59)	(82,53,211.28)
Number of ordinary shares	75,47,600	75,47,600
Basic / Diluted Earning Per Share (Rs.)	(0.68)	(1.09)

07. As at year end, there was no amount due to any small scale industrial undertaking.

08. Segment Reporting:

The company is engaged in the business of software development and Computer hardware trading, therefore these have been considered as two reportable segments.

	<b>Computer Hardware</b>	<b>IT Services</b>	<b>Others</b>	<b>Total</b>
External Sale	61.99	43.98	5.81	<b>111.78</b>
Inter segment sales	0	0	0	<b>0</b>
Total Revenue	61.99	43.98	5.81	<b>111.78</b>
<b>Result</b>				
Segment Result	1.30	8.22	5.81	15.33
Unallocated Corporate Expense	2.52	63.13	0	65.65
Operating Profit	0	0	0	<b>(50.31)</b>
Interest Expense	0	0	0	<b>0</b>
Interest Income	0	0	0	<b>0</b>
Profit from Ordinary activities	0	0	0	<b>0</b>
<b>Net Profit</b>				<b>(50.31)</b>
<b>Other Information</b>				
Segment Assets	49.25	64.21	0	<b>113.46</b>
Unallocated corporate assets	0	0	0	<b>14.46</b>
Total Assets	49.25	64.21	0	<b>127.92</b>
Segment Liabilities	590.29	16.6	0	<b>606.89</b>
Unallocated corporate liabilities	0	0	0	<b>775.53</b>
Total Liabilities	0	0	0	<b>1382.42</b>
<b>Capital Employed</b>	0.00	0.00	0.00	<b>0.00</b>
Segment Capital				<b>0</b>
Employed				<b>0</b>
(Segment Assets- Segment Liabilities)	(541.04)	47.62	0	<b>(493.42)</b>

**a) Segment assets and liabilities**

All segment assets and liabilities have been allocated to the various segments on the basis of specific identification. Fixed assets other than computers have not been identified to any reportable segments, as the same are used interchangeably between segments.

Segment assets principally consist of sundry debtors, loans and advances. Segment assets do not however include unallocated corporate investments, treasury assets.

Segment liabilities include sundry creditors, advance from customers and other liabilities. Segment liabilities do not include share capital, reserves, and unsecured loans.

**b) Segment revenues and expenses**

Segment revenue is directly attributable to the segment and segment expenses have been allocated to various segments on the basis of specific identification and actual efforts made. However, segment revenues do not include miscellaneous income, income from investments and other income. Segment expenses do not include depreciation, financing cost and unallocated costs which are not directly attributable to a segment.

**09. Related Party Disclosure:**

**(a) Names of related Parties and description thereof:**

1. Holding Company	Virtual Software & Training Pvt. Ltd.
2. Key Management Personnel	1. Mr. Gokul Tandan
	2. Mr. Rajendra V. Kulkarni
	3. Mr. Suresh Rajpal
	4. Mr. Ashok K Anand
3. Enterprises under the Common Control or control through one or more intermediaries.	1. M.R. Capital Pvt. Ltd.
	2. Foundation Technologies Pvt. Ltd.
	3. Marble Arch Estates Pvt. Ltd.
	4. Mountain Valley Springs Pvt. Ltd.
	5. Advani Exports Pvt. Ltd.
	6. Vijay Stampings Pvt. Ltd.
	7. Gotocustomer.com Pvt. Ltd.
	8. CPM India Sales & Marketing Pvt. Ltd.
	9. Puro Lator Pvt. Ltd.
	10. Office Plannet Pvt. Ltd.
	11. Technova India Pvt. Ltd.
	12. Foursoft Pvt. Ltd.
	13. Multiple Zone India Pvt. Ltd.

(b) Disclosure of transactions with Related Parties (figures in "Rs.")

	Holding Company	Management Personnel	Enterprises under the common control or control through one or more intermediaries	Total
Sale of Services			29,038	29,038
Sale of Goods				
Purchase of Goods			60,69,000	60,69,000
Managerial Remuneration		3,60,000		3,60,000
Loans / Advances Taken		51,59,140	50,000	52,09,140
Loans / Advances Repaid		1,00,000		1,00,000
Loans / Advances Given				
Reimbursement of Expenses	562	99489		1,00,051
Received Against Services			3,800	3,800
Received Against Sales				
Payment Against Purchase of Goods				

10. Quantitative Information- Trading Goods (figures in brackets denote previous year figures):

Products	Opening Stock		Purchases		Sales		Closing Stock	
	Qty. (Nos.)	Amt. (Rs.)	Qty. (Nos.)	Amt. (Rs.)	Qty. (Nos.)	Amt. (Rs.)	Qty. (Nos.)	Amt. (Rs.)
<b>Desktops</b>	-	-	150	39,44,000	150	40,53,400	-	-
	-	-	(738)	(262,79,230)	(738)	(261,65,895)	-	-
<b>Notebooks</b>	-	-	85	21,25,000	85	21,45,825	-	-
	-	-	(356)	(199,30,286)	(356)	(202,39,842)	-	-
<b>Monitors</b>	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Servers</b>	-	-	-	-	-	-	-	-
	-	-	(12)	(10,74,000)	(12)	(10,75,800)	-	-
<b>Printers</b>	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
<b>Others</b>	-	-	-	-	-	-	-	-
	-	-	-	(29414)	-	(181575)	-	-
<b>Total</b>	-	-		<b>60,69,000</b>		<b>61,99,225</b>	-	-
	-	-		<b>(473,12,930)</b>		<b>(476,63,112)</b>	-	-

Other, primarily electronic components, being of diverse nature, are not being quantified.

11. Previous Year Figures have been reclassified and regrouped, wherever necessary to conform to the current year's classifications.



**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration No.	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td>5</td><td>5</td><td>-</td><td>0</td><td>4</td><td>7</td><td>9</td><td>3</td><td>1</td> </tr> </table>	5	5	-	0	4	7	9	3	1	State Code	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td>5</td><td>5</td> </tr> </table>	5	5
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3	1		0	3		2	0	0	8					
	Date	Month	Year											

II. Capital Raised during the year (Amount in Rs. Thousands)																			
Public Issue	Right Issue																		
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						N	I	L											
						N	I	L											
Bonus Issue	Private Placement																		
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						N	I	L											
						N	I	L											

III. Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousand)																			
Total Liabilities	Totals Assets																		
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			1	3	4	8	3	8											
			1	3	4	8	3	8											
Sources of Funds																			
Paid-up Capital	Reserves & Surplus																		
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Secured Loans	Unsecured Loans																		
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						0	0	0											
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Application of Funds																			
Net Fixed Asstes	Investments																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td></td><td></td><td></td><td></td><td>4</td><td>5</td><td>8</td><td>4</td> </tr> </table>					4	5	8	4	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td></td><td></td><td></td><td></td><td>0</td><td>0</td><td>0</td> </tr> </table>					0	0	0			
				4	5	8	4												
				0	0	0													
Net Current Asstes	Misc. Expenditure																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td></td><td></td><td></td><td></td><td>5</td><td>6</td><td>7</td><td>5</td> </tr> </table>					5	6	7	5	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td></td><td></td><td></td><td></td><td>0</td><td>0</td><td>0</td> </tr> </table>					0	0	0			
				5	6	7	5												
				0	0	0													
Accumulated Losses	Deferred Tax Asset																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td>1</td><td>2</td><td>4</td><td>5</td><td>7</td><td>8</td><td></td><td>9</td><td>7</td> </tr> </table>	1	2	4	5	7	8		9	7	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td>0</td><td>0</td><td>0</td> </tr> </table>							0	0	0
1	2	4	5	7	8		9	7											
						0	0	0											

IV. Performance of the Company (Amounts in Rs. Thousand)																			
Turnover	Total Expenditure																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td></td><td></td><td></td><td></td><td>1</td><td>0</td><td>5</td><td>9</td><td>7</td> </tr> </table>					1	0	5	9	7	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td></td><td></td><td></td><td></td><td>1</td><td>6</td><td>2</td><td>0</td><td>9</td> </tr> </table>					1	6	2	0	9
				1	0	5	9	7											
				1	6	2	0	9											
+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td></td><td>-</td><td></td><td></td><td>5</td><td>0</td><td>3</td><td>2</td> </tr> </table>		-			5	0	3	2	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td></td><td>-</td><td></td><td></td><td>5</td><td>1</td><td>0</td><td>5</td> </tr> </table>		-			5	1	0	5		
	-			5	0	3	2												
	-			5	1	0	5												
Earning Per Share in Rs.	Dividend Rate %																		
<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td></td><td></td><td></td><td></td><td>0</td><td></td><td>6</td><td>8</td> </tr> </table>					0		6	8	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td> </tr> </table>							N	I	L	
				0		6	8												
						N	I	L											

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)																								
Item Code No. (ITC Code.)	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td>N</td><td>O</td><td>T</td><td>A</td><td>P</td><td>P</td><td>L</td><td>I</td><td>C</td><td>A</td><td>B</td><td>L</td><td>E</td> </tr> </table>	N	O	T	A	P	P	L	I	C	A	B	L	E										
N	O	T	A	P	P	L	I	C	A	B	L	E												
Product Description (ITC Code.)	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td>C</td><td>O</td><td>M</td><td>P</td><td>U</td><td>T</td><td>E</td><td>R</td><td></td><td>P</td><td>E</td><td>R</td><td>I</td><td>P</td><td>I</td><td>E</td><td>R</td><td>A</td><td>L</td><td>S</td><td></td><td></td><td></td> </tr> </table>	C	O	M	P	U	T	E	R		P	E	R	I	P	I	E	R	A	L	S			
C	O	M	P	U	T	E	R		P	E	R	I	P	I	E	R	A	L	S					
Item Code No. (ITC Code.)	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td>8</td><td>5</td><td>2</td><td>4</td><td>9</td><td>1</td><td>1</td><td>2</td><td></td><td></td><td></td><td></td><td></td> </tr> </table>	8	5	2	4	9	1	1	2															
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Product Description (ITC Code.)	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td>S</td><td>O</td><td>F</td><td>T</td><td>W</td><td>A</td><td>R</td><td>E</td><td>D</td><td>E</td><td>V</td><td>E</td><td>L</td><td>O</td><td>P</td><td>M</td><td>E</td><td>N</td><td>T</td><td></td><td></td><td></td><td></td> </tr> </table>	S	O	F	T	W	A	R	E	D	E	V	E	L	O	P	M	E	N	T				
S	O	F	T	W	A	R	E	D	E	V	E	L	O	P	M	E	N	T						
Item Code No. (ITC Code.)	<table border="1" style="display: inline-table; border-collapse: collapse;"> <tr> <td>N</td><td>I</td><td>L</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table>	N	I	L																				
N	I	L																						



## CASH FLOW STATEMENT

for the year ended March 31, 2008

	2007-2008 (Rs. In Lakhs )	2006-2007 (Rs. In Lakhs )
<b>Cash flows from operating activities</b>		
Net profit before tax and extraordinary items	(50.31)	(81.84)
Adjustments for :		
- Depreciation	12.61	64.11
- Foreign exchange loss / (gain)	-	-
- Interest income	-	-
- (Profit) / Loss on sale of asset	-	-
- Interest expense	-	-
- Misc. expenses written off	-	-
- Provision for doubtful debts/balances	-	-
<b>Operating profit before working capital changes</b>	<b>(37.69)</b>	<b>(17.73)</b>
(Increase) / Decrease in sundry debtors	9.69	130.49
(Increase) / Decrease in Loan, advances and other current assets	(14.08)	(1.79)
Increase / (Decrease) in trade payables	(3.35)	(182.72)
Increase / (Decrease) in Other Liabilities & Provisions	5.15	(16.44)
<b>Cash generated from operations</b>	<b>(40.28)</b>	<b>(88.19)</b>
Income tax/ FBT paid	0.73	-
<b>Cash flow before extraordinary item</b>	<b>(41.01)</b>	<b>(88.15)</b>
Extraordinary items	-	-
<b>Net cash from operating activities</b>	<b>(41.01)</b>	<b>(88.15)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(3.45)	(2.23)
Sale of fixed assets	-	-
Capital work in progress	-	-
Interest received	-	-
Misc. Expenses Incurred	-	-
<b>Net cash from investing activities</b>	<b>(3.45)</b>	<b>(2.23)</b>
<b>Cash flow from financing activities</b>		
Proceeds / (Repayments) of short term borrowings	(6.70)	23.26
Proceeds / (Repayments) of long term borrowings	47.94	75.51
Inflow from cash credit	-	-
Interest paid	-	-
<b>Net cash used in financing activities</b>	<b>41.24</b>	<b>98.77</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(3.23)</b>	<b>8.35</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>17.67</b>	<b>9.33</b>
<b>Foreign Exchange Gain</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>14.44</b>	<b>17.68</b>

We have verified the above Cash Flow Statement of Virtual Soft Systems Limited for the year ended March 31, 2008 prepared by the company and certify that the statement has been derived from the accounts of the company audited by us and has been prepared in accordance with the Stock Exchange Listing requirements.

As Per our separate report of even date attached

For Nath Ahuja & Co.  
Chartered Accountants

For and on behalf of the Board of Directors

N.N Ahuja  
Proprietor

Gokul Tandan  
Managing Director

R. V. Kulkarni  
Whole-time Director

Atul Kumar  
Company Secretary

Place : New Delhi

Date : June 18, 2008



Virtualsoft Systems Limited

## VIRTUALSOFT SYSTEMS LIMITED

Registered Office : S-101, Panchsheel Park, New Delhi-110 017

L.F. No.

### PROXY FORM

DP ID No.

No. Of Shares Held

Client ID No.

I/we ..... resident of .....

being a Member/s of VirtualSoft System Ltd. hereby appoint Mr./Mrs./Miss .....

..... resident of .....

or failing him/her Mr./Mrs./Miss .....

resident of .....

Vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday the 30<sup>th</sup> September 2008 at 9:00 A.M. at Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi -110 053, and at any adjournment thereof.

Signed this ..... day of ..... 2008

(Signature of the Shareholder)

Affix  
Rupee One  
Revenue  
Stamp

Note :

1. The Proxy need not be a member of the Company.
2. The Proxy Form duly Signed across Rs. 1/- Revenue Stamp should reach the company's Registered Office, at least 48 hours before the Meeting.

## VIRTUALSOFT SYSTEMS LIMITED

Registered Office : S-101, Panchsheel Park, New Delhi-110 017

### ATTENDANCE SLIP

Annual General Meeting—30<sup>th</sup> September 2008

I/We hereby record my/our presence at the Annual General Meeting of the Company at Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi -110 053, on Tuesday the 30<sup>th</sup> September 2008 at 9:00 A.M.

DP ID No.

L.F. No.

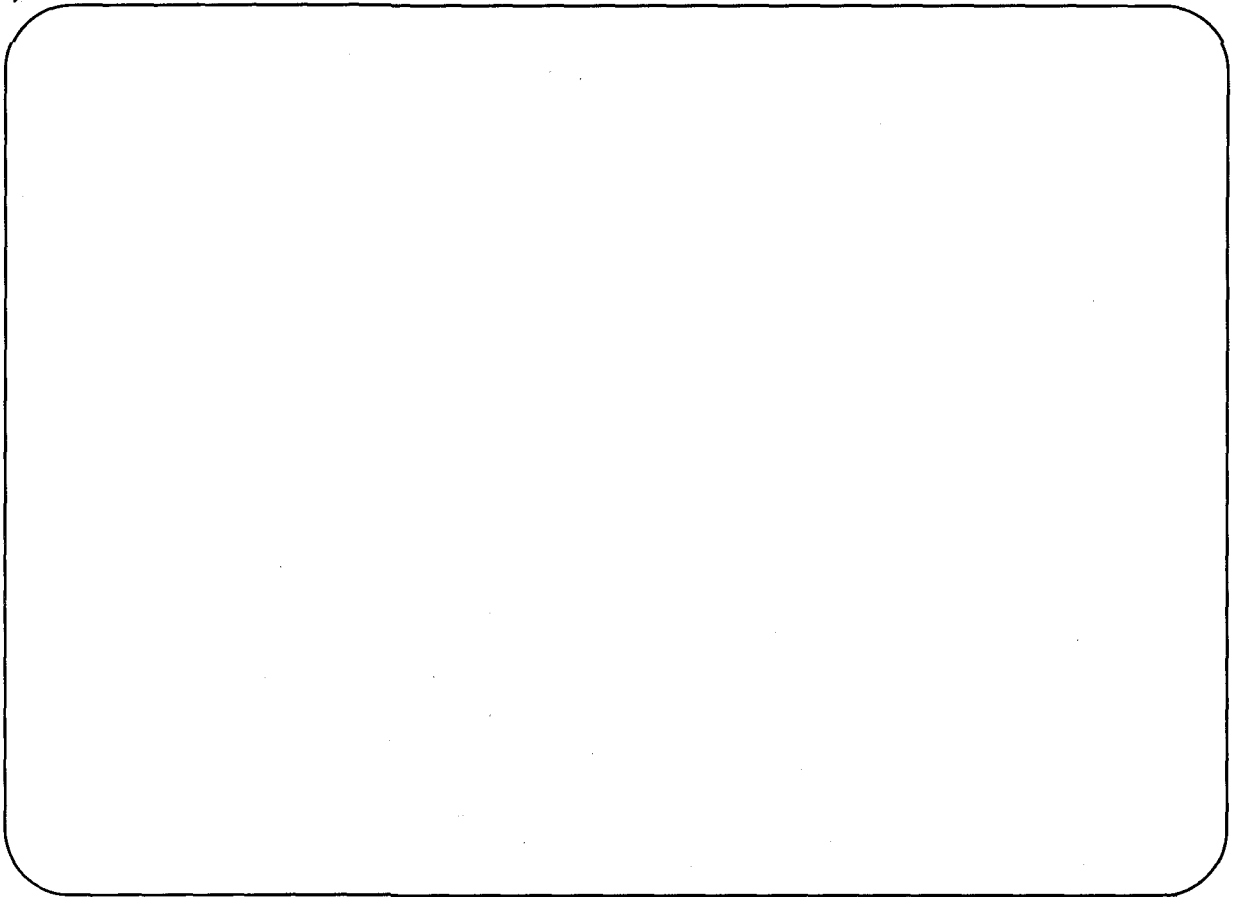
Client ID No.

Name	Father's/Husband's/Company Representative Name	Signature

*No gift of any nature will be distributed at the Annual General Meeting. The members seeking gifts may excuse us.*

# BOOK POST

To,



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