

**PALsoft**  
your net future

17<sup>th</sup>  
**Annual Report**  
**2009-2010**

**PALSOFT INFOSYSTEMS LIMITED**

*17<sup>th</sup> Annual Report 2009-2010*

**BOARD OF DIRECTORS :**

Shri Amit Mahipal Gupta  
Managing Director

Smt. Anubha Gupta  
Whole-time Director

Shri Naveen Gupta  
Director

Shri Naresh Kumar Gupta  
Director

Shri Rajendra Prasad Daga  
Additional Director

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**Bankers**

**HDFC Bank**

Ashok Marg, C-Scheme  
Jaipur

**Auditors**

M/s. Kalani & Company  
Chartered Accountants  
S-23A, Mangal Marg  
Bapu Nagar  
Jaipur

**Registered Office & Works**

D-469, Road No. 9-A,  
Vishwakarma Industrial Area,  
Jaipur - 302 013 (Rajasthan)

**Registrar & Share Transfer Agent**

MCS Limited  
F-65, Okhla Industrial Area  
Phase-I, New Delhi-110020

# Palsoft Infosystems Limited

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## NOTICE

Notice is hereby given that the 17th Annual General Meeting of the members of PALSOFT INFOSYSTEMS LIMITED will be held at the Registered Office of the Company at D-469, Road No. 9A, Vishwakarma Industrial Area, Jaipur-302013 (Rajasthan) on Wednesday, September 29, 2010 at 3.00 P.M to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at March 31, 2010 and Profit and Loss Account for the financial year ended on that date and the reports of the Directors and Auditors thereon;
2. To appoint a Director in place of Shri Naveen Kumar Gupta who retires by rotation and being eligible, offers himself for re-appointment;
3. To appoint Auditors to 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

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Shri Rajendra Prasad Daga, who was appointed as an Additional Director of the company by the Board of Directors and who holds office up to the date of this Annual General Meeting pursuant to the provisions of section 260 of the Companies Act, 1956 and is eligible for reappointment and the company has received notice in writing pursuant to the provisions of section 257 of the Companies Act, 1956 from a member of the company proposing his candidature for

the office of Director of the company, be and is hereby appointed a Director of the company, liable to retire by rotation.”

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT Smt. Anubha Gupta, who was appointed as an Additional Director of the company by the Board of Directors and who holds office up to the date of this Annual General Meeting pursuant to the provisions of section 260 of the Companies Act, 1956 and is eligible for reappointment and the company has received notice in writing pursuant to the provisions of section 257 of the Companies Act, 1956 from a member of the company proposing her candidature for the office of Director of the company, be and is hereby appointed a Director of the company, liable to retire by rotation.”

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 and subject to such approvals, consents, permissions and sanctions of the Central Government and all other appropriate authorities, institutions or bodies and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, consents, permissions and sanctions which the Board of Directors of the Company (hereinafter referred to as ‘the Board’ which expression shall be deemed to

include "Remuneration Committee" constituted by the Board to exercise its powers including the powers conferred by this resolution) is hereby authorized to accept and in terms of the resolution passed by the Remuneration Committee, the consent and approval of the Company be and is hereby accorded for appointment of Shri Amit Mahipal Gupta as Managing Director of the company for a period of 3 years with effect from January 1, 2010 on the terms and conditions including remuneration as set out herein below in the Explanatory Statement to this resolution.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, Shri Naveen Gupta, Director of the Company be and is hereby authorised on behalf of the Board to do all such acts, deeds, things, matters and to execute and sign such documents, papers, undertaking, deeds, declaration, application in specified form to the Central Government and to take all such steps as may be deemed necessary or desirable or to settle any question or difficulty that may arise including authority to amend, vary, modify the same as may be considered desirable or expedient by the Central Government or any such authority.

7. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310, 311 and other applicable provisions, if any, read with Schedule XIII to the Companies Act, 1956 and subject to such approvals, consents, permissions and sanctions of the Central Government and all other appropriate authorities, institutions or bodies and subject to such conditions and modifications as may

be prescribed by any of them while granting such approvals, consents, permissions and sanctions which the Board of Directors of the Company (hereinafter referred to as 'the Board' which expression shall be deemed to include "Remuneration Committee" constituted by the Board to exercise its powers including the powers conferred by this resolution) is hereby authorized to accept and in terms of the resolution passed by the Remuneration Committee, the consent and approval of the Company be and is hereby accorded for appointment of Smt. Anubha Gupta as Whole-time Director of the company for a period of 3 years with effect from January 1, 2010 on the terms and conditions including remuneration as set out herein below in the Explanatory Statement to this resolution.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, Shri Naveen Gupta, Director of the Company be and is hereby authorised on behalf of the Board to do all such acts, deeds, things, matters and to execute and sign such documents, papers, undertaking, deeds, declaration, application in specified form to the Central Government and to take all such steps as may be deemed necessary or desirable or to settle any question or difficulty that may arise including authority to amend, vary, modify the same as may be considered desirable or expedient by the Central Government or any such authority.

8. **To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:**

**"RESOLVED THAT** pursuant to the applicable provisions of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof for the time being in force), Securities Contracts (Regulation) Act, 1956

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and the Rules framed thereunder, Listing Agreement with Stock Exchanges, Securities and Exchange Board of India (Delisting of Securities) Regulations, 2009, as amended from time to time, (hereinafter referred to as the "Delisting Regulations") and all other applicable laws, rules, regulations and guidelines and subject to such conditions and modifications, as may be prescribed or imposed by any authority while granting such approvals, consent, permission or sanction, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board", which term shall be deemed to include Managing Director or any Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution ), the consent of the Company, be and is hereby accorded to the Board for voluntary delisting of the equity shares of the Company from Jaipur Stock Exchange Limited, Jaipur."

For Palsoft Infosystems Limited

Sd/-

PLACE : JAIPUR (AMIT MAHIPAL GUPTA)  
DATE : 14.08.2010 Managing Director

## **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/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument appointing the proxy must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect

of the special business is annexed hereto.

4. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days between 10.00 a.m. to 1.00 p.m. up to the date of the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from Thursday, September 23, 2010 to Wednesday, September 29, 2010 (both days inclusive) for the purpose of Annual General Meeting.
6. Members requiring information on the accounts are requested to write to the Company at least seven days before the date of the meeting to enable the company to furnish the information.
7. Members are requested to bring their copies of Annual Report at the Meeting.
8. Members are requested to lodge the instrument of transfer/ transmission of shares at the registered office of the company or at the office of Registrars & Transfer Agents viz. M/s MCS Limited Sri Venkatesh Bhavan, F - 65, Okhla Industrial Area Phase - I, New Delhi - 110 020 and to inform the company/ Registrars & Transfer Agents, any change in their addresses immediately so as to enable the Company to dispatch any future communication at their correct addresses.

## **ANNEXURE TO THE NOTICE**

### **EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

#### **ITEM NO. 4**

Shri Rajendra Prasad Daga was appointed as an

Additional Director by the Board in its meeting held on November 26, 2009, to hold office as such till the date of this Annual General Meeting. The company has received notice from a member proposing the candidature of Shri Rajendra Prasad Daga for the office of Director.

**ITEM NO. 5**

Smt. Anubha Gupta was appointed as an Additional Director and also as Whole-time Director for a period of 3 years by the Board in its meeting held on January 1, 2010, to hold office as such till the date of this Annual General Meeting. The company has received notice from a member proposing the candidature of Smt. Anubha Gupta for the office of Director.

**ITEM NO. 6**

Mr. Amit Mahipal Gupta holds a Bachelor's Degree in Engineering from MIT, Aurangabad & is the brainchild for technology in the group. He has vast experience in Product Development, CAD / CAM / CAE. He has been trained in CAD / CAM from Autodesk (USA) & PTC (USA). He has also been trained for Lab view Automation, PLC Controllers, Robotics & Vision Systems by National Instruments (USA). Under his leadership many new products got unfolded in Autopal Group.

He is a Director in the company since last 10 years.

Keeping in view the aforesaid facts and role of Shri Amit Mahipal Gupta in the overall growth and development of the Company, the Board of Directors at its meeting has subject to approval of the shareholders and such other approvals, consented for the appointment and payment of remuneration as set-out herein below, subject to necessary compliance and shareholders consent.

On January 1, 2010, the remuneration committee recommended the appointment of Shri Amit Mahipal Gupta as Managing Director subject to the approval of Board, Shareholders and Central Government

**Basic Salary:** Rupees 51,000-10,000-71,000 per month

**Commission on Net Profit:** Two Percent of the Net Profit of the company for each financial year as computed under the provision of the Section 349 & 350 of the Companies Act, 1956.

**Perquisites:** in addition to the above, he shall be entitled to the perquisites as mentioned below, the value whereof will be restricted to an amount equal to 100% of annual Salary subject to the condition that the aggregate of salary and Perquisites shall not exceed Rs. 2,25,000/- per month.

**PERQUISITES:**

**CATEGORY 'A'**

**Housing :** Residential furnished accommodation (company leases) or in lieu thereof House Rent Allowance @ 60% of the salary over and above 10% payable by him.

**Gas, Electricity, Water and Furnishing:** the expenditure incurred by the company on Gas, Electricity, Water and Furnishing shall be valued as per the Income Tax Rules, 1962. This shall however, be subject to a ceiling of 10% of salary.

**Medical Reimbursement:** Expenses incurred for self and his family member subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

**Leave Travel Concession:** For self and his family members once in a year incurred in accordance with the rules specified by the company.

**Club Fees:** fees of clubs subject to a maximum of two clubs; this will not include admission and life membership fees.

**Personal Accident Insurance:** Premium not to exceed Rs. 4,000/- per annum on any policy, if any, taken by the company or reimbursement to him in this behalf.

**CATEGORY 'B'**

The following perquisites shall also be allowed and

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they will not to include in the computation of the ceiling on perquisites mentioned above and as permissible under existing law:

- i. Company's contribution to Provident Fund @ 10% of the salary or such higher amount as may be permissible under the law.
- ii. Company's contribution towards Superannuation Fund as per the rules of the company's superannuation scheme as may be applicable from time to time provided however that the company's contribution to the superannuation fund together with contribution to the Provident Fund shall not exceed 25% of the salary or any other higher amount that may be permissible under the law.
- iii. Gratuity in accordance with the rules of the company as applicable to the senior executives of the company but not exceeding half a month's salary for each completed year of service.
- iv. Encashment of leave at the end of the tenure shall not be included in the computation of ceiling on perquisites.

## **CATEGORY 'C'**

Provision for car with driver and telephone at residence provided that personal long distance calls on telephone and use of car for private business shall be recovered by the Company.

The board commends the resolution for your approval.

Shri Amit Mahipal Gupta and Smt. Anubha Gupta are interested in the above resolutions in terms of applicable provisions of the Companies Act, 1956.

The Terms and Conditions of the appointment of Shri Amit Mahipal Gupta as Managing Director as set out above may also be treated as an abstract of the terms and condition of the draft agreement between Shri Amit Mahipal Gupta and the Company under Section 302 of the Companies Act, 1956.

## **ITEM NO. 7**

Mrs. Anubha Gupta has done her Bachelors in Technology from Pune University in the field of Electronics & Telecommunication. Being Born in a Industrial Family and married to an Industrialist, she has always been involved in business activities in day to day management and Quality Testing. She has in-depth knowledge of quality systems and deep understanding of customer requirements. In all a great asset to the organisation. She has been appointed as Additional Director w.e.f. January 1, 2010 and also as Whole-time Director of the company at the following remuneration.

**Basic Salary:** Rupees 30,000-10,000-50,000 per month

**Commission on Net Profit:** Two Percent of the Net Profit of the company for each financial year as computed under the provision of the Section 349 & 350 of the Companies Act, 1956.

**Perquisites:** in addition to the above, she shall be entitled to the perquisites as mentioned below, the value whereof will be restricted to an amount equal to 100% of annual Salary subject to the condition that the aggregate of salary and Perquisites shall not exceed Rs. 2,25,000/- per month.

## **PERQUISITES:**

### **CATEGORY 'A'**

**Housing :** Residential furnished accommodation (company leases) or in lieu thereof House Rent Allowance @ 60% of the salary over and above 10% payable by her.

**Gas, Electricity, Water and Furnishing:** the expenditure incurred by the company on Gas, Electricity, Water and Furnishing shall be valued as per the Income Tax Rules, 1962. This shall however, be subject to a ceiling of 10% of salary.

**Medical Reimbursement:** Expenses incurred for self and her family member subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

**Leave Travel Concession:** For self and her family members once in a year incurred in accordance with the rules specified by the company.

**Club Fees:** fees of clubs subject to a maximum of two clubs; this will not include admission and life membership fees.

**Personal Accident Insurance:** Premium not to exceed Rs. 4,000/- per annum on any policy, if any, taken by the company or reimbursement to her in this behalf.

#### **CATEGORY 'B'**

The following prerequisites shall also be allowed and they will not to include in the computation of the ceiling on prerequisites mentioned above and as permissible under existing law:

- i. Company's contribution to Provident Fund @ 10% of the salary or such higher amount as may be permissible under the law.
- ii. Company's contribution towards Superannuation Fund as per the rules of the company's superannuation scheme as may be applicable from time to time provided however that the company's contribution to the superannuation fund together with contribution to the Provident Fund shall not exceed 25% of the salary or any other higher amount that may be permissible under the law.
- iii. Gratuity in accordance with the rules of the company as applicable to the senior executives of the company but not exceeding half a month's salary for each completed year of service.
- iv. Encashment of leave at the end of the tenure shall not be included in the computation of ceiling on prerequisites.

#### **CATEGORY 'C'**

Provision for car with driver and telephone at residence provided that personal long distance calls on telephone and use of car for private business shall be recovered by the Company.

The board commends the resolution for your

approval.

Smt. Anubha Gupta and Shri Amit Mahipal Gupta are interested in the above resolutions in terms of applicable provisions of the Companies Act, 1956.

#### **ITEM NO. 8**

Regulation 6 of the Securities and Exchange Board of India (Delisting of Securities) Regulations, 2009 permits voluntary delisting of securities from one or more Stock Exchanges without giving any exit opportunity, if the company's shares continue to be listed at the Stock Exchanges having nationwide terminals i.e. BSE.

The approval of the members is sought to be obtained for delisting of shares of the Company from Jaipur Stock Exchange Limited, Jaipur. However, the Company's equity shares shall continue to be listed on the Bombay Stock Exchange (BSE), Mumbai. The proposed delisting would provide less paper work, administrative convenience, and savings in cost. As a part of its cost reduction measures, the Company has proposed this resolution.

The Company is issuing Special Notice of the proposed enabling resolution in one National Newspaper on all India basis mentioning that the proposed delisting of the Company's Securities from the Stock Exchanges, as and when the same takes place, will not adversely affect the investors and that the Company's Securities will continue to be listed on BSE. The delisting will take effect after all approvals, permissions and sanctions received. The exact date on which delisting will take effect will be suitably notified at that time.

The Board recommends the resolution for approval of members.

None of the Directors of the Company is in any way, concerned or interested in the Resolution except to the extent of their shareholding in the company, if any.

For Palsoft Infosystems Limited  
Sd/-

PLACE: JAIPUR (AMIT MAHIPAL GUPTA)  
DATE : 14.08.2010 Managing Director



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Industry Structure and Development

The year 2009 was marked by extraordinary policy response to unprecedented global economic crisis. With the help of the policy support, the Global economy is now emerging from the crisis and GDP growth rates are starting to improve. The Indian economy after slowing down in 2008-09 is estimated to grow at 7.2 per cent in 2009-10 as compared to 6.7 per cent in 2008-09.

For the Indian IT- BPO industry, the downturn in 2008-09 signaled the beginning of a new world order and a paradigm shift in the way IT-BPO industry operates. The industry viewed this crisis as an opportunity, by not only exhibiting resilience but also sustaining its growth.

The revenue aggregate of IT-BPO industry is expected to grow by over 5 per cent and reach US \$ 73.1 billion in 2009-10 as compared to US \$ 69.4 billion in 2008-09.

The Indian software and services exports including ITeS-BPO exports is estimated at US \$ 49.7 billion in 2009-10, as compared to US \$ 47.1 billion in 2008-09, an increase of 5.5 per cent. The IT services exports is estimated to be US \$ 27.3 billion in 2009-10 as compared to US \$ 25.8 billion in 2008-09, showing a growth of 5.8 per cent. ITeS-BPO exports is estimated to grow from US \$ 11.7 billion in 2008-09 to US \$ 12.4 billion in 2009-10, a year-on-year (Y-o-Y) growth of 6 per cent. The US & UK remained the largest export markets (accounting for about 61 per cent and 18 per cent respectively) in 2009-10. Over the past few years, revenue growth from US has lagged other geographies, but in 2009-10, the trend has reversed, with this geographic region driving revenue growth.

Historically, US has displayed increased IT

spending. The impact of the recession has been felt the most in the US, and consequently cutting costs and increasing competitiveness through outsourcing is once again the focus here. The Continental Europe and the UK have lagged overall revenue growth as companies based out of these regions are yet to firm up growth plans post recession. Indian vendors are actively developing the Asia Pacific region with a growth rate of 10 per cent in 2009-10. Japan and Middle East offer significant untapped potential.

Though the IT-BPO sector is export driven, the domestic market is also significant. The revenue from the domestic market (IT Services and ITeS-BPO) is also expected to grow to US \$ 14 billion in the year 2009-10 as compared to US \$ 12.8 billion in 2008-09 an anticipated growth of about 9 per cent. BPO demand in the domestic market has witnessed noticeable growth over the past few years.

The IT-BPO sector has showcased India's ability to build global firms with world-class business practices that are capable of catering to the most sophisticated and demanding customers. The industry has been a front-runner in practicing good corporate business practices as well as maintaining high quality standards, which has helped position the country as a trusted business partner. This is corroborated by the fact that approximately 75 per cent of Fortune 500 companies are engaged with the industry currently. A continuous emphasis on quality has been a key factor driving the success of the Indian IT-BPO sector. Companies have aligned their internal processes and practices to international standards and have built robust quality processes that deliver essential benefits such as increased productivity and efficiency. An increasing number of IT-BPO companies continue to adopt global standards such as ISO 9001 (for Quality

Management) and ISO27000 (for Information Security). India-based centres (both Indian firms as well as MNC-owned captives) account for the largest number of quality certifications achieved by any single country.

The IT-ITeS industry's contribution to the national GDP is estimated to increase from 6.0 per cent in 2008-09 to 6.1 per cent in 2009-10. With the advent of 2010 a new decade begins. The outlook for the IT-BPO Industry for this decade is positive, as 2010 has signalled the revival of outsourcing within core markets, along with the emerging markets increasingly adopting outsourcing for enhanced competitiveness. India has a 51 per cent market share of the offshoring market. There is tremendous headroom for growth as current offshoring market is still a small part of the outsourcing industry. Significant opportunities exist in core verticals (BFSI) and geographic segments (US) and emerging geographic (Asia Pacific) and verticals markets such as retail, healthcare and Government. Development of these opportunities can triple the current addressable market and can lead to Indian IT-BPO revenues of US \$ 225 billion in 2020.

**(Source: Information Technology Annual report 2009-10 Published by Ministry of Communication & Information Technology)**

### **Opportunities & Threats**

New growth opportunities are being provided impetus by the economic challenges. As companies have been fighting the economic turmoil, they never lost sight of their client demands. A "new normal" business environment has been established in the industry, where companies with customer focus, innovative offerings and with a competitive cost base will only survive.

Information Technology proves to be cost effective

in manufacturing sector and therefore many organizations starts using ERP and other software packages to cater to their informational requirements relating to their production management, material management, inventory management, accounting, etc. and thus increase the value for its customers. There is a demand growth for more customer facing applications like SCM, CRM and BI applications.

Informational Giants are spreading their operations in India and thus poses a big challenge for Indian Information Technology industries. As they started their operations in view of cost effectiveness, there is tremendous increase in competition. Moreover, foreign currency fluctuation is also a great hurdle for the export oriented software industry. Shortage of funds also poses a challenge for the operations of the company.

### **Outlook**

The industry has enhanced India's credibility as a business destination by creating a fundamentally new model of global 24X7 service delivery, forging relationships with 75 per cent of the Fortune 500 companies, generating immense savings for customers (savings from global sourcing for customers amounted to an estimated US \$ 20 billion to US \$ 25 billion in 2008) and promoting a focus on quality (65 per cent of all Capability Maturity Model Level 5 firms are based in India). In addition, the industry has fostered the emergence of a large number of first generation entrepreneurs.

### **Product Development and R& D**

The Company has made continuous improvements in the Customised Softwares (ERP) and made significant changes in the existing modules and also introduced new modules in the ERP softwares especially designed for Automotive Sector.

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Product Development and Research & Development activities could not be undertaken by the company in view of shortage of funds. However, the Company plans foray into the development of ERP software and other high value added activities in due course.

## Quality

The Company maintains quality of work and

standards at every stage of activities. It proposes to benchmark its products with SMB (Small Medium Business) industry.

## Exports

During the year under review, the Company had no income by way of exports.

## Financial Review and Analysis

(Rs.in Lacs)

Particulars	2009-10	2008-09	% change
Total Income	95.40	41.26	131.22
Profit/(Loss) before Depreciation & Provisions	(29.68)	(17.84)	(49.55)
Depreciation	0.08	0.11	
Provisions made	0.00	0.74	
Provisions write back	0.00	2.40	
Net Profit/(Loss)	(29.76)	(18.69)	(82.58)
Balance brought forward from the previous year	(551.21)	(534.92)	
Balance carried forward to the Balance-sheet	(580.97)	(551.21)	

## Analysis of Financial Results

Total income of the Company grew by 131.22% in comparison with the previous year. Also, the Loss before depreciation and tax provision during the year under review was Rs. 29.68 Lacs against the loss of Rs. 17.84 Lacs during the previous year. Also, the Company incurred a Net Loss of Rs. 29.76 Lacs during the year under review.

## Internal Control Systems

The Company has adequate internal control systems commensurate with the size and activities of the organization.

## Human Resource Policy

The Company has revamped its HR policy in line with current trends and the process of recruitment has already commenced.

## CORPORATE GOVERNANCE

### 1. Company's philosophy on Corporate Governance:

Since the applicability of Clause 49 of the Listing Agreement with the Stock Exchange(s), the Company believes and practices good corporate governance. The Board of Directors believes in providing complete and full disclosure relating to all the conditions as specified under the said Clause 49. It also creates an environment to enable the management to conduct the business in an efficient and effective manner and meeting its obligations to its stakeholders.

### 2. Board of Directors

The Board of Directors is the apex body which monitors the overall functioning of the Company. It defines the Company's policies and oversees its implementation. The Board has constituted various committees to facilitate the decision making process in an informed and efficient manner.

#### Composition of the Board

As on March 31, 2010, the Palsoft Board consisted of two executive directors and three non-executive Directors, all of them being independent directors. The details of composition and categories of Directors are given hereunder:

Sr. No.	Name of Director	Category	Attendance at Board & AGM		Outside Directorships & Committee Positions (as on 31.03.2010)			
			Board Meetings attended	Last AGM	Directorships		Committee Position	
					Member	Chairman	Member	Chairman
1	Shri Amit Mahipal Gupta	Managing Director	9	Yes	1	Nil	Nil	Nil
2	Mrs. Anubha Gupta*	Whole-time Director	4	No	Nil	Nil	2	Nil
3	Shri Kapil Gupta**	Director	5	Yes	4	Nil	2	Nil
4	Shri Naveen Gupta	Independent Director	9	Yes	1	Nil	3	Nil
5	Shri Naresh Kumar Gupta	Independent Director	9	Yes	1	Nil	3	3
6	Shri Rajendra Prasad Daga***	Independent and Additional Director	5	No	Nil	Nil	1	Nil

\* Appointed as Additional Director and also the Whole-time Director w.e.f. January 1, 2010

\*\* Resigned from the Board of Directors w.e.f. December 31, 2009

\*\*\* Appointed as Additional Director w.e.f. November 26, 2009

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## **Board Meetings**

In terms of Section 285 of the Companies Act, 1956, atleast four Board Meetings must be held in a calendar year and once in every quarter. Going further, in terms of Clause 49 of the Listing Agreement, meetings of Board of Directors are held at least four times a year with a maximum time gap of three months between any two meetings. All information as required to be made available to the Board is provided to the members of the Board well in time for discussions in the Board Meetings for taking corrective action, if any.

During the financial year 2009-10, the Board of Directors met nine times. The details of the Board Meetings held during the financial year ended on March 31, 2010 are June 30, 2009, July 31, 2009, August 31, 2009, October 31, 2009, November 26, 2009, January 01, 2010, January 07, 2010, January 30, 2010 and February 27, 2010.

## **Code of Conduct and Ethics for Directors and Senior Management**

The Board of Directors has adopted the Code of Conduct and Ethics for Directors and Senior Management ("the code").

The Code is applicable to all the Executives and Non-Executive Directors and also to the Senior Management. The standard of business conduct, ethics and governance, centres around its following pattern :

"The Board of Directors and Senior Management of the Company are committed and responsible for setting the standards of conduct contained in the code for updating these standards to ensure their continuing relevance , effectiveness and responsiveness to the needs of shareholders and stakeholders to reflect corporate, legal and regulatory developments. The code has been distributed to all the members of the Board of Directors and also the senior management and they have affirmed the compliance of the same.

All the members of the Board and Senior Management Personnel have affirmed compliance of the respective Code of Conduct on Annual Basis. The required Declaration to the Compliance is given at the end of this report.

## **Appointment/Re-appointment of Directors**

The particulars of newly appointed Directors and also the Directors who retire by rotation and who are eligible for re-appointment are as under:

### **Smt. Anubha Gupta**

Smt. Anubha Gupta has done her Bachelors in Technology from Pune University in the field of Electronics & Telecommunication. Being Born in a Industrial Family and married to an Industrialist, she has always been involved in business activities in day to day management and Quality Testing. She has in-depth knowledge of quality systems and deep understanding of customer requirements. In all a great asset to the organisation. She is a member of Audit Committee and also the Investors Grievance Committee constituted under the Listing Agreement

### **Shri Rajendra Prasad Daga**

Shri Rajendra Prasad Daga is a Mechanical Engineer. He has been in the business of marbles and granites since 2005 and acting as Partner of Daga Overseas. He is a member of Remuneration Committee constituted under the Listing Agreement

### **Shri Naveen Gupta, Director**

Shri Naveen Gupta has done MBA from one of the premier institutions of the Country. He has two years experience as credit officer in Mahindra Finance and now having his own business of packaging boxes, etc and expertise in finance. He is a director in Autolite Manufacturing Limited. He is a member of Audit Committee, Investors Grievance Committee and Remuneration Committee formed under Clause 49 of the Listing Agreement.

### 3. Audit Committee

In terms of Clause 49 II of the Listing Agreement, the provisions pertaining to Audit Committee, its composition, details of meetings held, etc. is as under :

Name	Terms of reference
Shri Naresh Kumar Gupta (Chairman)	<ul style="list-style-type: none"> <li>- Oversight of financial reporting system of the company;</li> <li>- Recommending appointment/removal of auditors, fixing the fee &amp; approval of payment for other services</li> <li>- Reviewing with management annual financial statements before submission to the Board including qualifications in draft auditors' report;</li> <li>- Reviewing with management, external &amp; internal auditors the adequacy of internal control system;</li> <li>- Reviewing the adequacy of internal audit function;</li> <li>- Reviewing findings of any internal investigations into suspected fraud, irregularity or failure of internal control system.</li> </ul>
Shri Naveen Gupta (Member)	
Shri Kapil Gupta (Member)	
Smt. Anubha Gupta (Member)	

The Audit Committee was reconstituted during the year under review as Shri Kapil Gupta had resigned from the Board and also from the Audit Committee on December 31, 2009.

Smt. Anubha Gupta was inducted as member of Audit Committee from January 1, 2010.

Shri Praveen Mathur, Asstt. Manager (Accounts) was invited to the Audit Committee to discuss the internal audit system in the Company. The Audit Committee met four times during the Financial Year 2009-10 on June 30, 2008, July 31, 2008, October 31, 2009 and January 31, 2010. All the three members of Audit Committee were present at the four meetings of Audit Committee.

### 4 Investors' Grievance Committee

The company has set up an Investors' Grievance Committee to look into the complaints relating to non-receipt of dividend warrants, annual report, transfer/transmission of shares etc. as required in terms of clause 49 of the Listing Agreement. In conformity with Clause 49 of the Listing Agreement with Stock Exchange, the Board set up the Investors' Grievance Committee on July 30, 2002.

Two Complaints were received during the financial year 2009-10.

Name of Members	No. of complaints			
	Pending at beginning	Received	Resolved	Pending at the end
Shri Naresh Kumar Gupta (Chairman)	Nil	2	2	Nil
Shri Naveen Gupta (Member)				
Shri Kapil Gupta (Member)				
Smt. Anubha Gupta (Member)				

The Investors Grievance Committee was reconstituted during the year under review as Shri Kapil Gupta had resigned from the Board and also from the Investors' Grievance Committee on December 31, 2009.

Smt. Anubha Gupta was inducted as member of Investors' Grievance Committee from January 1, 2010.

Three meetings of Investors' Grievance Committee were held during the financial year 2009-10 on June 30, 2009, July 31, 2009 and January 31, 2010. All the three members were present at the meetings of Investors' Grievance Committee held on above dates.

# Palsoft Infosystems Limited

## 5. Remuneration Committee (non-mandatory)

The company has constituted the Remuneration Committee on November 26, 2009 with three non-executive and independent directors.

The broad terms of reference of the Remuneration Committee are as follows:

- Recommend to the Board remuneration to be paid to the Managing Director and Whole-time Directors.
- To review and grant annual increments to Managing Directors and Whole-time Director
- To suitably suggest changes based on changes in Schedule XIII of the Companies Act, 1956 and/ or any amendment/modifications that may be made by the Central Government from time to time.
- To do all such acts, deeds, things and execute all such documents, instruments and writings as may be considered necessary, expedient or desirable on the subject.

The remuneration policy of the Company is to remain competitive in the industry and to attract and retain talent and appropriately reward them on their contribution. The annual package of employees is decided on the basis of performance of the Company and also the individual performance measured against the Key performance Indicators, which are in align to the Company's overall objectives.

Remuneration Committee comprises of the following directors:

Name of Members	Designation	Category
Shri Naresh Kumar Gupta	Chairman	Independent, Non-Executive
Shri Naveen Gupta	Member	Independent, Non-Executive
Shri Rajendra Prasad Daga	Member	Independent, Non-Executive

One meeting of remuneration committee was held during the year under review which was attended by all the members of the remuneration committee.

The details of remuneration paid to the Directors in the whole-time employment with the company during the financial year ended on March 31, 2010 are given hereunder:

(Rs. in Lacs)

Particulars	Amit Mahipal Gupta	Anubha Gupta
Salary	1.53	0.90
Benefits:		
Allowances & Perquisites	0.00	0.00
Bonus	0.00	0.00
Pension	0.00	0.00
Fixed Component Contribution to PF, Superannuation & Gratuity Fund	0.00	0.00
Performance linked Incentive	Nil	Nil
Commission	Nil	Nil
Service Agreement	5 years	5 years
Notice Period	1 month	1 month
Severance Fee	Nil	Nil
Stock Option	Nil	Nil

The Company has not paid any remuneration to non-executive Directors during the year 2009-10.

**Details of shareholding of directors in the Company as on March 31, 2010**

Sl. No.	Director	No. of Equity shares held	% Holding
1.	Shri Amit Mahipal Gupta	62000	2.06
2.	Smt. Anubha Gupta	87650	2.92
3.	Shri Naveen Gupta	Nil	Nil
4.	Shri Naresh Kumar Gupta	Nil	Nil
5.	Shri Rajendra Daga	Nil	Nil

No convertible instruments/employee stock options have been granted by the Company to the non-executive directors of the Company.

**6. General Body Meetings**

**Annual General Meetings**

a. Location, Time & Date where last three Annual General Meetings were held are given below :

Year	Location	Date	Time
2006-2007	D-469, Road No. 9A, Vishwakarma Industrial Area, Jaipur-302013	September 30,2007	3.00 P.M.
2007-2008	D-469, Road No. 9A, Vishwakarma Industrial Area, Jaipur-302013	September 29,2008	3.00 P.M.
2008-2009	D-469, Road No. 9A, Vishwakarma Industrial Area, Jaipur-302013	September 30,2009	3.00 P.M.

b. The following Special Resolutions were passed at the previous three Annual General Meetings:

**1. AGM held on September 30, 2009: -**

Authorising Board of Directors to apply for delisting of shares of the Company from Jaipur Stock Exchange Limited;

**2. AGM held on September 30, 2008: -**

i) Authorising Board of Directors to apply for delisting of shares of the Company from Jaipur Stock Exchange Limited;

(ii) Authorising Board of Directors to make investment upto Rs. 500 Lacs, notwithstanding that such investment shall be in excess of the limits prescribed under Section 372 A of the Companies Act, 1956.

**3. AGM held on September 29, 2007:-**

Authorising Board of Directors to apply for delisting of shares of the Company from any one or more of the 3 stock exchanges.



# Palsoft Infosystems Limited

## RESOLUTION REGARDING BUSINESS SUGGESTED FOR DECISION BY POSTAL BALLOT UNDER CLAUSE 49 OF THE LISTING AGREEMENT

No Postal Ballot was conducted for voting during the year 2009-10.

### 7. Management Discussion & Analysis Report

The Management Discussion & Analysis Report for the year ended March 2010 is published separately in this Report.

### 8. Disclosures

The Company has entered into certain transactions with its promoters, directors and the management related parties in ordinary course of business, but these related transactions do not have any potential conflict with the interests of the company at large.

There has been delay on the part of the Company in paying annual listing fee to Stock Exchanges where securities of the company are listed. Due to the delay in payment of Annual Listing Fee, the shares of the company were suspended from trading at The Stock Exchange, Mumbai with effect from 3<sup>rd</sup> February 2003.

### 9. Means of Communication

Whether half yearly results sent to each household of shareholders	No
Quarterly results normally published in which newspapers	'Financial Express' (English) 'Sandhya Jyoti' (Hindi)
Whether MD & A is a part of Annual Report	Yes
E-mail for Investor Grievances	palsoftinfo@gmail.com

### 10. General Shareholders' information

#### (A) Annual General Meeting

Date : Tuesday, September 29, 2010  
Time : 3:00 p.m.  
Venue : D - 469, Road No. 9A,  
Vishwakarma Industrial Area  
Jaipur - 302013

#### (B) Financial year:

The Company follows April - March as its financial year. The results for every quarter beginning from April will be declared within the time period prescribed under the Listing Agreement.

#### Financial Calendar for the year 2010-11 (Tentative) :

S.N.	Activity	Time schedule
1	Un-Audited Results for the first quarter ending June 30, 2010	By mid of August, 2010
2	Un-Audited Results for the second quarter ending September 30, 2010	By mid of November, 2010
3	Un-Audited Results for the third quarter ending December 31, 2010	By mid of February, 2011
4	Audited Results for the fourth quarter ending March 31, 2011	By end of May, 2011

**(C) Book Closure Date:**

Thursday, September 23, 2010 to Wednesday, September 29, 2010 (both days inclusive)

**(D) Dividend Disclosure:**

The Directors have not recommended any dividend for the period ended on March 31, 2010.

**(E) Listing on Stock Exchanges:**

Company's equity shares are listed on the Stock Exchanges as detailed below:

S. No.	Name of Stock Exchange	Address	Listing fee Paid up to	Stock Code
1	Jaipur Stock Exchange Ltd.	Stock Exchange Building JLN Marg, Malviya Nagar, Jaipur-302017	2000-01	461
2	The Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400023	2009-10	511597
3	The Delhi Stock Exchange Association Ltd.	DSE House, 3/1, Asaf Ali Road New Delhi-110002	1996-97	1276

**(F) Market Price Data**

Month	Palsoft at Mumbai Stock Exchange	Mumbai Sensex	
		High	Low
April-09	Suspended	11492.10	9546.29
May-09	Suspended	14930.54	11621.30
June-09	Suspended	15600.30	14016.95
July-09	Suspended	15732.81	13219.99
August-09	Suspended	16002.46	14684.45
September-09	Suspended	17142.52	15356.72
October-09	Suspended	17493.17	15805.20
November-09	Suspended	17290.48	15330.56
December-09	Suspended	17530.94	16577.78
January-10	Suspended	17790.33	15982.08
February-10	Suspended	16669.25	15651.99
March-10	Suspended	17793.01	16438.45

# Palsoft Infosystems Limited

## (G) Share Transfer System, Registrar and Transfer Agents

For all matters relating to securities in dematerialized as well as physical form, the Company has appointed Registrar & Share Transfer Agent, as detailed hereunder:

**M/s MCS Limited**

**F – 65, Okhla Industrial Area Phase I,  
New Delhi –110 020**

All requests for transfer/transmission of securities in physical form as well as requests for dematerialisation/re-materialisation are processed normally within a period of 3 to 4 weeks if the documents are complete in all respects.

## (H) Distribution of Shareholding (as on March 31, 2010)

Category	Total No. of		Percentage (%) of	
	Shares	Shareholders	Shares	Shareholders
1-500	683432	5645	22.76	95.57
501-1000	65963	85	2.20	1.44
1001-2000	159936	113	5.33	1.91
2001-3000	55457	22	1.85	0.37
3001-4000	20109	6	0.67	0.10
4001-5000	38998	7	1.30	0.12
5001-10000	91970	14	3.06	0.24
10001-50000	122605	6	4.08	0.10
50001-100000	429110	6	14.29	0.10
And Above	1335520	3	44.46	0.05
<b>Total</b>	<b>3003100</b>	<b>5929</b>	<b>100.00</b>	<b>100.00</b>

**(I) Shareholding Pattern (as on March 31, 2010)**

Category Code	Category of shareholder	Number of Shareholders	Total Number of Shares	Number of Shares held in Dematerialised Form	As a percentage of (A+B)
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>				
<b>(1)</b>	<b>Indian</b>				
(a)	Individuals/Hindu Undivided Family	27	1207960	1206460	40.22%
(b)	Central Government/State Government(s)				
(c)	Bodies Corporate	1	510020	499600	16.98%
(d)	Financial Institutions/Banks				
(e)	Any Other (Specify)				
	<b>Sub-Total (A) (1)</b>	<b>28</b>	<b>1717980</b>	<b>1706060</b>	<b>57.21%</b>
<b>(2)</b>	<b>Foreign</b>				
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)				
(b)	Bodies Corporate				
(c)	Institutions				
(d)	Any Other (Specify)				
	<b>Sub-Total (A) (2)</b>	<b>0</b>	<b>—</b>	<b>—</b>	<b>0.00%</b>
	<b>Total Shareholding of Promoter and Promoter Group (A)=(A) (1)+(A) (2)</b>	<b>28</b>	<b>1717980</b>	<b>1706060</b>	<b>57.21%</b>
<b>(B)</b>	<b>Public Shareholding</b>				
<b>(1)</b>	<b>Institutions</b>				
(a)	Mutual Funds/UTI				
(b)	Financial Institutions/Banks	1	200	200	0.01%
(c)	Central Government/State Government(s)				
(d)	Venture Capital Funds				
(e)	Insurance Companies				
(f)	Foreign Institutional Investors				
(g)	Any Other (Specify)				
	<b>Sub-Total (B) (1)</b>	<b>1</b>	<b>200</b>	<b>200</b>	<b>0.01%</b>
<b>(2)</b>	<b>Non-Institutions</b>				
(a)	Bodies Corporate	73	159552	68322	5.31%
(b)	Individuals:				
	1. Individual shareholders holding nominal share capital upto Rs. 1 Lacs	5813	1055663	429725	35.15%
	2. Individual shareholders holding nominal share capital in excess of Rs. 1 Lacs	3	68705	42005	2.29%
(c)	Any Other (specify) NRI/OCB	6	1000	1000	0.03%
	<b>Sub-Total (B) (2)</b>	<b>5895</b>	<b>1284920</b>	<b>541052</b>	<b>42.79%</b>
	<b>Total Shareholding (B)=(B) (1)+(B) (2)</b>	<b>5896</b>	<b>1285120</b>	<b>541252</b>	<b>42.79%</b>
	<b>Total (A) + (B)</b>	<b>5907</b>	<b>3003100</b>	<b>2247312</b>	<b>100.00%</b>
<b>(C)</b>	<b>Shares held by Custodians and against which Depository Receipts have been issued</b>				
	<b>Grand Total (A) + (B) + (C)</b>	<b>5907</b>	<b>3003100</b>	<b>2247312</b>	<b>100.00%</b>

# Palsoft Infosystems Limited

## (J) Dematerialisation of Shares

Particulars	As on 31-03-2010	%
No. of shares held in dematerialised form in CDSL	131487	4.38
No. of shares held in dematerialised form in NSDL	2115825	70.45
Physical form	755788	25.17
Total	3003100	100

## (K) Outstanding GDRs/ADRs etc.

Company has not issued any GDRs/ADRs nor are any warrants or any convertible instruments outstanding as on date.

## (L) Address of Registered Office & Shares Department

D - 469, Road No. 9A  
Vishwakarma Industrial Area  
Jaipur - 302013

**CEO/CFO Certification under Clause 49(V) of the Listing Agreement (Corporate Governance Guidelines) to be placed before the Board along with the Audited Annual Accounts**

To,  
The Board of Directors,  
Palsoft Infosystems Limited,  
Jaipur

This is to certify that:

- a. We have reviewed Financial Statement and Cash Flow Statement for the year and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading,
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. there are to the best of our knowledge and belief no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the Auditors and the Audit Committee
  - (i) significant changes in internal control during the year.
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements.

Sd/-  
(NAVEEN GUPTA)  
Director

Sd/-  
(AMIT MAHIPAL GUPTA)  
Managing Director

**Certificate of Compliance of Code of Conduct for Board of Directors and Sr. Management Personnel**

I, Amit Mahipal Gupta, Managing Director of the Company, hereby certify that the Board of Directors and the Sr. Management Personnel have affirmed the compliance of the Code of Conduct of the Company for the financial year 2009-10.

Place : Jaipur  
Dated : 14.08.2010

Sd/-  
(AMIT MAHIPAL GUPTA)  
Chief Executive Officer

# **Palsoft Infosystems Limited**

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## **COMPLIANCE CERTIFICATE AS PER LISTING AGREEMENT**

To,  
The Members of Palsoft Infosystems Limited,  
Jaipur

We have examined the compliance of conditions of Corporate Governance by Palsoft Infosystems Limited for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor expression of opinion on financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance as stipulated in the above mentioned listing Agreement, subject to the following:

1. That the Audit Committee does not have Secretary to the Committee during the year 2009-10

We state that no investor grievance is pending for a period exceeding one month against the company as per the records maintained by the Shareholders'/ Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For D.P Agrawal and Associates**  
**Company Secretaries**  
Sd/-  
**(D.P. AGRAWAL)**  
**Proprietor**  
**CP No. 6010**

**Place : Jaipur**  
**Dated : 14.08.2010**

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 17<sup>th</sup> Report and audited accounts for the financial year ended on March 31, 2010.

### FINANCIAL RESULTS

(Rs. in Lacs)

PARTICULARS	2009-10	2008-09
Total Income	64.13	41.26
Profit/(Loss) before Depreciation & Provisions	(29.68)	(17.84)
Depreciation	0.08	0.11
Provisions Write back	31.27	2.40
Tax Expenses/FBT	0.00	0.74
Net Profit/(Loss)	(29.76)	(16.29)
Balance brought forward from previous year	(551.21)	(534.92)
Balance carried forward to Balance Sheet	(580.97)	(551.21)

### OPERATIONS

During the year under review, the Company earned total income of Rs. 64.13 Lacs as compared to Rs. 41.26 Lacs during the year 2008-09. Further, the Net Loss for the year under review was Rs. 29.76 Lacs as compared to a loss of Rs. 16.29 Lacs during the year 2008-09.

### RESERVES

In absence of profits, no amount was transferred to Reserves Account during the year under review.

### DIVIDEND

In view of the adverse financial position of the Company, the Board regrets its inability to recommend any dividend for the year under review.

### AUDITORS

The Auditors of the Company M/s Kalani & Company, Chartered Accountants, Jaipur, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The auditors have furnished a certificate to the effect that the proposed re-appointment, if made, will be in accordance with sub-section (1B) of Section 224 of the Companies Act, 1956.

### DIRECTORS

As per provisions of Articles of Association, Shri Naveen Gupta retires by rotation and being eligible, offers himself for re-appointment.

During the year under review, Shri Kapil Gupta has resigned from the office of Director of the company.

Shri Amit Mahipal Gupta was appointed as Managing Director for a period of three years w.e.f. January 1, 2010 and on the same date Smt. Anubha Gupta was appointed as Additional Director and also the Whole-time Director of the company.

Shri Rajendra Daga was appointed as Additional Director of the company and his status on the board is of Non-Executive Independent Director. A notice proposing Shri Rajendra Daga and Smt. Anubha Gupta have been received from the shareholders for their regularization as directors of the company.

### FIXED DEPOSITS

The Company has not taken any fixed deposits from the public during the year under review.

### CORPORATE GOVERNANCE

A detailed report in this regard along with certificate from the Practicing Company Secretary forms part of this Annual Report.



# **Palsoft Infosystems Limited**

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## **MANAGEMENT DISCUSSION & ANALYSIS**

The report on Management Discussion & Analysis as required under the Listing Agreement with the Stock Exchanges is annexed and forms part of the Directors' Report.

## **COMPLIANCE CERTIFICATE**

Pursuant to the proviso to Section 383A of the Companies Act, 1956, a Company having paid up share capital of Rs. 10 Lacs and above but upto Rs. 500 Lacs is required to obtain Compliance Certificate from Practicing Company Secretary, if the Company is not having Company Secretary in employment.

The Company has obtained Compliance Certificate from Practicing Company Secretary, which is placed as Annexure to the Directors' Report.

## **PUBLIC DEPOSITS**

During the year under review, your Company has not accepted any deposits from public in terms of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

## **DELISTING OF SHARES FROM JAIPUR STOCK EXCHANGE AND DELHI STOCK EXCHANGE**

Your directors recommended the voluntary delisting of shares from Jaipur Stock Exchange Limited and Delhi Stock Exchange as these Stock Exchanges loses their relevance in the recent past as the transaction in securities are done online and in dematerialised form.

The Special Resolution for delisting was passed in last AGM but the same could not be carried out.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies

Act, 1956, the Directors confirm that :

1. In the preparation of the annual accounts, the applicable accounting have been followed along with proper explanation relating to material departures;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of your company at the end of the financial year and of the profit of your company for that period;
3. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

Statement pursuant to Section 217(1) (a) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the report of the Board of Directors) Rules, 1988 has been annexed and forms part of this report.

## **PERSONNEL**

None of the employees fall under the purview of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

## **ACKNOWLEDGEMENT**

Your Directors place on record their appreciation for the co-operation extended by the Government authorities, Bankers, Suppliers, Customers and

other business associates and are grateful for their assistance, guidance and support. Your Directors are also grateful to the employees, shareholders and general public for their support and confidence reposed in the management.

For and on behalf of the Board of Directors  
Sd/-

PLACE: JAIPUR (AMIT MAHIPAL GUPTA)  
DATE : 14.08.2010 Managing Director

**Annexure - 1 :**

In terms of section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, the Directors furnish herein below the required additional information:

**I. CONSERVATION OF ENERGY:**

Energy conservation measures have been implemented and are continuously monitored to ensure energy efficient environment.

- (a) Energy conservation measures taken –  
Nature of your Company's operations entails a very low level of energy consumption.
- (b) Additional investments and proposals if any, being implemented for reduction of consumption of energy – NIL

- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods – NIL
- (d) Total energy consumption and energy consumption per unit of production – Nil

**II. DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION ETC.,**

The Company proposes to use the latest technologies for improving the productivity and quality of its services and products.

- I Research and Development: Nil
- II Technology Absorption, Adaptation and Innovation: Nil

**III. FOREIGN EXCHANGE EARNINGS AND OUTGO**

- Earnings in Foreign Exchange Nil
- Foreign Exchange outgo Nil

PLACE: JAIPUR  
DATE : 14.08.2010

For and on behalf of the Board of Directors  
Sd/-  
(AMIT MAHIPAL GUPTA)  
Managing Director

# Palsoft Infosystems Limited

## COMPLIANCE CERTIFICATE

To,  
The Members,  
Palsoft Infosystems Limited,  
Jaipur.

We have examined the registers, records, books and papers of Palsoft Infosystems Limited as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provision contained in the Memorandum and Articles of Association of the company for the financial year ended on 31<sup>st</sup> March 2010 (Financial Year). In our opinion and to the best of our information and according to the examination carried out by us and explanations furnished to us by the company its officers and agents, we certify that in respect of the aforesaid financial year:

1. The company has kept and maintained all registers as stated in Annexure 'A' to this Certificate, as per the provisions and rules made there under and all entries there in have been duly recorded.
2. The company has duly filed the forms and returns as stated in Annexure 'B' to this Certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The company being a public limited company has the minimum prescribed paid-up capital and its minimum number of members during the said financial year was more than seven.
4. The company closed its Registers of Members from Wednesday, September 23, 2009 to Wednesday, September 30, 2009 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
5. The Board of Directors duly met nine times respectively on June 30, 2009, July 31, 2009, August 31, 2009, October 31, 2009, November 26, 2009, January 1, 2010, January 7, 2010, January 30, 2010 and February 27, 2010 in respect of which meetings proper notices were duly given and signed in the minutes books maintained for the purpose.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March 2009 was held on September 30, 2009 after giving notice to the members of the company and the resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No extra-ordinary General Meeting was held during the financial year under review.
8. The company has not advanced any loan to its Directors and/or persons or firms or companies referred to in Section 295 of the Companies Act, 1956.
9. As there were no instances falling within the purview of section 297 of the Act, hence Section 297 of the Act is not applicable.
10. The company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, hence the company has not obtained any approvals from the Board of directors, members or the Central Government.
12. The company has not issued any duplicate share certificate during the financial year under review.
13. The Company has :
  - (A) delivered all the certificates on logdement for transfer/transmission or any other purpose in accordance with provisions of the Act.
  - (B) duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the company is duly constituted and the following changes were there in the Board of Directors during the year under review: -

- (a) Shri Rajendra Daga was appointed as Additional Director of the company w.e.f. November 26, 2009
- (b) Shri Kapil Gupta resigned from the office of Director w.e.f. December 31, 2009
- (c) Shri Amit Mahipal Gupta was appointed as Managing Director w.e.f. January 1, 2010
- (d) Smt. Anubha Gupta was appointed as Additional Director and also the Whole-time Director of the company w.e.f. January 1, 2010
15. The Company has complied with the provisions of Section 269 read with Schedule XIII to the Companies Act, 1956 in respect of Shri Amit Mahipal Gupta and Smt. Anubha Gupta.
16. The company has not appointed any sole selling agents during the financial year.
17. The company was not required to obtain any approvals of the Central Government, Company Law Board, Regional Director and the Registrar under the various provisions of the Act during the financial year.
18. The directors have disclosed their interest in other firms / companies to the board of directors pursuant to the provisions of the Act and rules made there under.
19. The company has not issued any shares, debentures or other securities during the financial year.
20. The company has not bought back any shares or debentures during, the financial year.
21. There was no redemption of preference shares during the financial year.
22. There were no transactions necessitating the company to keep in abeyance the rights as to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The company has not invited / accepted any deposits including any unsecured loans falling within the purview of section 58A during the financial year.
24. There was no amount borrowed by the Company from Directors, members, public, financial institutions, banks and others during the financial year ending March 31, 2010 and as such the provisions of Section 293 (1) (d) of the Act is not applicable.
25. The company has made investments in other body corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. The company has not altered the provision of the Memorandum with respect to situation of the company's registered office from one state to another during the year under scrutiny.
27. The company has not altered the provisions of the Memorandum with respect to the objects of the company during the year under scrutiny.
28. The company has not altered the provisions of the Memorandum with respect to the name of the company during the year under scrutiny.
29. The company has not altered the provision of the Memorandum with respect to the share capital of the company during the year under scrutiny.
30. The company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the company and no fines or penalties or any other punishment was imposed on the company during the financial year for offences under the Act.
32. The company has not received any money as securities from its employees during the financial year.
33. The company has not deducted any contribution towards Provident Fund during the financial year

For DWARKA PRASAD AGRAWAL AND ASSOCIATES

Sd/-

D. P. AGRAWAL

CP NO. 6010

Proprietor

PLACE : JAIPUR

DATE : 14.08.2010

# Palsoft Infosystems Limited

## ANNEXURE 'A'

Registers as maintain by Company :

S.No.	Particulars	Section
1.	Index of Members	151
2.	Register of members	150
3.	Minutes books	193
4.	Register of Shares Transfer	108
5.	Register of Contracts	301
6.	Register of Directors, Managing Director & Secretary	303
7.	Register of Director's Shareholding	307
8.	Register of Allotment	75
9.	Register of Investments	372A

## ANNEXURE 'B'

Forms and returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31<sup>st</sup> March, 2010.

S.N.	Form No./Return	Files U/s	Date of Meetings / Doc.	Date of Filing	Whether filed within time	If delay in filing whether requisite addl. Fee paid
1	Form No.23AC, . Form No. 23ACA	220	31/03/2009	10/10/2009	Yes	N.A.
2	Form No.20B	159	30/09/2009	27/11/2009	Yes	N.A.
3	Form No. 66	Proviso to Sec. 383A	31/03/2009	01/10/2009	Yes	N.A.
4	Form No. 23	192	30/09/2009	05/10/2009	Yes	N.A.
5	Form No. 32	260	26/11/2009	20/03/2010	No	Yes
6	Form No. 32	269	01/01/2010	21/01/2010	Yes	N.A.

**AUDITORS' REPORT**  
**TO THE MEMBERS OF PALSOFT INFOSYSTEMS LIMITED**

1. We have audited the attached Balance Sheet of **PALSOFT INFOSYSTEMS LIMITED** as at 31<sup>st</sup> March 2010, and the related Profit and Loss Account and Cash Flow Statement 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. The financial statements are prepared with the assumption of going concern.
  2. We have 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 misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the company, 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 (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraph 4 and 5 of the said order.
  4. Subject to the Annexure referred to above, we report that:
    - 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 accounts as required by law have been kept by the Company so far as appears from our examination of those books.
- iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - v) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2010 and taken on record by the Board of Directors, we report that one of the Directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a Director 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 accounts give the information as required by the Companies Act, 1956, 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 Balance Sheet, of the state of affairs as at 31<sup>st</sup> March, 2010;
    - (b) In the case of Profit and Loss Account, of the loss for the year ended on that date; and
    - (c) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

**FOR KALANI & COMPANY**  
Chartered Accountants  
FRN - 000722C  
Sd/-  
**(K. L. JHANWAR)**  
Partner  
M.No. 14080

PLACE : JAIPUR  
DATE : 29.05.2010

# Palsoft Infosystems Limited

## ANNEXURE TO THE AUDITORS' REPORT

Statement referred to in paragraph (3) of our report of even date to the members of **PALSOFT INFOSYSTEMS LIMITED** on the accounts for the year ended 31st March, 2010.

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have been physically verified by the management during the year. No material discrepancies have been noticed on such verification.
- (c) No substantial part of fixed assets have been disposed off during the year.
- (ii) (a), (b) and (c)  
There was no inventory at the year-end. Therefore, the provisions of clause 4 (ii) (a) to 4 (ii) (c) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (iii) (a) The company has not granted any loans to parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, sub clause (b) to (d) are not applicable.
- (e), (f) and (g)  
The Company has not taken loan from parties covered in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provision of clause 4(iii)(e) to 4(iii)(g) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to the purchase of fixed assets, other assets and with regard to sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.

- (v) (a) According to the information and explanations given to us, all the transactions need to be entered into a register in pursuance of Section 301 of the Act are entered in the register maintained.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, but few transactions could not be compared as the material supplied/services rendered to such parties are either in short supply or not supplied/services rendered by any other party. (Sale of software.)
- (vi) The company has not accepted deposits referred under Section 58A of the Companies Act, 1956. Accordingly provisions of Section 58A are not applicable.
- (vii) The company has negative net worth at the commencement of the financial year and the company has not an average annual turnover exceeding Rs. 5 crores for a period of three consecutive financial years immediately preceding financial year 2009-10, therefore the company is not required of an internal audit system.
- (viii) The maintenance of cost records has not been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956.
- (ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Wealth Tax,

Custom duty and Excise duty were in arrears, as at 31.03.2010 for a period of more than six months from the date they became payable except in case of Sales Tax and Surcharge on Sales Tax amounting to Rs. 8,05,161/- and Statutory dues as per Section 205C of the Companies Act, 1956, for transfer of unpaid application money to Investor Education and Protection Fund amounting to Rs. 22,622/- are not paid to the appropriate authority.

- (b) According to the information and explanations given to us, there are no dues of Income Tax, Custom Duty, Wealth Tax, Excise Duty and Cess which have not been deposited on account of any dispute except Sales Tax of Rs. 159,307/- pending before Rajasthan Tax Board.
- (x) The company has been registered for a period not less than five years and its accumulated losses at the end of the financial year are more than fifty percent of its net worth. Company has incurred cash loss of Rs. 29.68 lacs in the current financial year.
- (xi) The company has not taken any loan from financial institutions or banks, therefore, the provisions of clause 4 (xi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xii) According to the 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) The company is not a chit fund or a nidhi/mutual benefit or a society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xiv) The company is not dealing in or trading in the shares, securities, debentures and other

investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.

- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The company has not taken any term loans. Therefore, the provisions of clause 4 (xvi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xvii) According to the Cash Flow Statement and records examined by us and information and explanations given to us and on overall examination of Balance Sheet, we report that funds raised on short-term basis have not been used for long-term investments.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in register maintained under Section 301 of the Companies Act, 1956 and hence the question of price at which shares have been issued is prejudicial to the interest of the company does not arise.
- (xix) The Company has not issued debentures during the year.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

**FOR KALANI & COMPANY**  
Chartered Accountants  
FRN - 000722C  
Sd/-  
**(K. L. JHANWAR)**  
Partner  
M.No. 14080

PLACE : JAIPUR  
DATE : 29.05.2010



# Palsoft Infosystems Limited

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2010

PARTICULARS	SCHEDULE No.	As at	As at
		31st MARCH, 2010 (Rs.)	31st MARCH, 2009 (Rs.)
<b>SOURCES OF FUNDS :</b>			
Share Capital	1	30,031,000.00	30,031,000.00
Reserve & Surplus	2	30,030,300.00	30,030,300.00
		<u>60,061,300.00</u>	<u>60,061,300.00</u>
<b>LOAN FUNDS :</b>			
Secured Loan		0.00	0.00
Unsecured Loan		0.00	0.00
		<u>0.00</u>	<u>0.00</u>
<b>TOTAL</b>		<u><u>60,061,300.00</u></u>	<u><u>60,061,300.00</u></u>
<b>APPLICATION OF FUNDS :</b>			
<b>FIXED ASSETS</b>			
Gross Block	3	1,400,069.83	1,400,069.83
Less : Accumulated Depreciation		1,221,898.30	1,214,219.74
		<u>178,171.53</u>	<u>185,850.09</u>
Less : Lease Adjustment Account		44,161.00	44,161.00
Less : Assets Provision as per RBI norms		66,228.00	66,228.00
<b>Net Block</b>		<u>67,782.53</u>	<u>75,461.09</u>
<b>INVESTMENTS</b>	4	10,149,888.75	13,610,654.75
<b>CURRENT ASSETS, LOANS AND ADVANCES :</b>			
Sundry Debtors	5	0.00	714,000.00
Cash & Bank Balances	6	106,956.71	85,358.99
Loans & Advances & Other Current Assets	7	5,797,585.18	651,880.00
		<u>5,904,541.89</u>	<u>1,451,238.99</u>
Less : Current Liabilities & Provisions			
Current Liabilities	8	14,158,352.19	10,147,527.24
Provisions		0.00	50,000.00
		<u>14,158,352.19</u>	<u>10,197,527.24</u>
<b>Net Current Assets</b>		<u>(8,253,810.30)</u>	<u>(8,746,288.25)</u>
<b>Profit and Loss Account</b>		<u>58,097,439.02</u>	<u>55,121,472.41</u>
<b>TOTAL</b>		<u><u>60,061,300.00</u></u>	<u><u>60,061,300.00</u></u>
<b>Accounting Policies and Notes on Accounts</b>	11		

For and on behalf of Board of Directors  
Sd/-  
(AMIT MAHIPAL GUPTA) (NAVEEN GUPTA)  
Managing Director Director

PLACE : JAIPUR  
DATE : 08.05.2010

This is the Balance Sheet referred to in the report of even date  
FOR KALANI & COMPANY  
Chartered Accountants  
FRN - 000722C

Sd/-  
(K. L. JHANWAR)  
Partner  
M.No. 14080

PLACE : JAIPUR  
DATE : 29.05.2010

<b>PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010</b>			
<b>PARTICULARS</b>	<b>SCHEDULE</b>	<b>31st MARCH, 2010</b>	<b>31st MARCH, 2009</b>
	<b>No.</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
<b>INCOME :</b>			
Dividend		1,975.00	900.00
Profit on Sale of Current Investments		31,073.00	0.00
Sale of Software		6,380,000.00	4,125,000.00
Excess Provision for Bad & Doubtful Debts		759,750.00	0.00
Excess Provision for diminution in value of investment		2,366,278.00	0.00
Excess Provision Written Back (FBT)		476.00	0.00
<b>TOTAL</b>		<b>9,539,552.00</b>	<b>4,125,900.00</b>
<b>EXPENDITURE :</b>			
Payment to and Provision for Employees	9	4,096,280.95	3,590,094.00
Establishment, Administration & Other Expenses	10	1,136,026.10	1,600,919.25
Loss on Sale of Long Term Investments		7,275,533.00	718,807.25
<b>TOTAL</b>		<b>12,507,840.05</b>	<b>5,909,820.50</b>
Profit/ (Loss) Before Depreciation & Tax		(2,968,288.05)	(1,783,920.50)
Less : Depreciation		7,678.56	11,476.36
Profit / (Loss) Before Tax		(2,975,966.61)	(1,795,396.86)
Less : Provision			
Current Tax		0.00	0.00
Tax for earlier period		0.00	23,842.00
Fringe Benefit Tax		0.00	50,000.00
Add : Liability no longer required		0.00	239,700.75
Profit / (Loss) for the Year		(2,975,966.61)	(1,629,538.11)
Add : Loss brought forward		55,121,472.41	53,491,934.30
Balance Carried to Balance Sheet		(58,097,439.02)	(55,121,472.41)
Earning Per Share (Basic & Diluted)		(0.99)	(0.54)

**Accounting Policies and Notes on Accounts 11**

For and on behalf of Board of Directors  
Sd/-  
(AMIT MAHIPAL GUPTA) (NAVEEN GUPTA)  
Managing Director Director

PLACE : JAIPUR  
DATE : 08.05.2010

This is the Profit & Loss Account referred to in the report of even date  
FOR KALANI & COMPANY  
Chartered Accountants  
FRN - 000722C

Sd/-  
(K. L. JHANWAR)  
Partner  
M.No. 14080

PLACE : JAIPUR  
DATE : 29.05.2010

# **Palsoft Infosystems Limited**

**ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31<sup>ST</sup>  
MARCH, 2010**

	<b>As at 31<sup>ST</sup> MARCH, 2010 (Rs.)</b>	<b>As at 31<sup>ST</sup> MARCH, 2009 (Rs.)</b>
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
50,00,000 Equity Shares of Rs. 10/- each	<u>50,000,000.00</u>	<u>50,000,000.00</u>
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
30,03,100 Equity Shares of Rs. 10/- each fully paid-up	<u>30,031,000.00</u>	<u>30,031,000.00</u>
<b>TOTAL</b>	<u><u>30,031,000.00</u></u>	<u><u>30,031,000.00</u></u>

## **SCHEDULE 2 : RESERVES AND SURPLUS**

Security Premium	<u>30,030,300.00</u>	<u>30,030,300.00</u>
<b>TOTAL</b>	<u><u>30,030,300.00</u></u>	<u><u>30,030,300.00</u></u>

### SCHEDULE 3 : FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				Lease Terminal Adjustment 31-03-2010 (Rs.)	Assets Provision as per RBI norms (Rs.)	NET BLOCK	
	As at 01-04-09 (Rs.)	Additions During the Year (Rs.)	Deduction During the Year (Rs.)	As at 31-03-10 (Rs.)	As at 01-04-09 (Rs.)	For the Year (Rs.)	Deduction During the Year (Rs.)	Upto 31-03-10 (Rs.)			As at 31-03-10 (Rs.)	As at 31-03-09 (Rs.)
<b>(A) LEASE ASSETS :-</b>												
(a) Plant and Machinery	82,060.00	--	--	82,060.00	29,610.00	--	--	29,610.00	--	52450.00	0.00	0.00
(b) Vehicles	144,244.00	--	--	144,244.00	84,727.00	--	--	84,727.00	44,161.00	13,778.00	1,578.00	1,578.00
<b>TOTAL (A)</b>	<b>226,304.00</b>	<b>--</b>	<b>--</b>	<b>226,304.00</b>	<b>114,337.00</b>	<b>--</b>	<b>--</b>	<b>114,337.00</b>	<b>44,161.00</b>	<b>66,228.00</b>	<b>1,578.00</b>	<b>1,578.00</b>
<b>(B) ASSETS IN OWN USE :-</b>												
(a) Furniture & Fixtures	143,338.43	--	--	143,338.43	130,241.51	2,370.60	--	132,612.11	--	--	10,726.32	13,096.92
(b) Computers	1,018,427.40	--	--	1,018,427.40	961,407.87	4,784.00	--	966,191.87	--	--	52,235.53	57,019.53
(c) Office Equipments	12,000.00	--	--	12,000.00	8,233.36	523.96	--	8,757.32	--	--	3,242.68	3,766.64
<b>TOTAL (B)</b>	<b>1,173,765.83</b>	<b>--</b>	<b>--</b>	<b>1,173,765.83</b>	<b>1,099,882.74</b>	<b>7,678.56</b>	<b>--</b>	<b>1,107,561.30</b>	<b>--</b>	<b>--</b>	<b>66,204.53</b>	<b>73,883.09</b>
<b>GRAND TOTAL (A+B)</b>	<b>1,400,069.83</b>	<b>--</b>	<b>--</b>	<b>1,400,069.83</b>	<b>1,214,219.74</b>	<b>7,678.56</b>	<b>--</b>	<b>1,221,898.30</b>	<b>44,161.00</b>	<b>66,228.00</b>	<b>67,782.53</b>	<b>75,461.09</b>

(35)

**PALSOFT**  
your next future

# Palsoft Infosystems Limited

## SCHEDULE 4 : INVESTMENTS (LONG TERM & OTHER THAN TRADE)

	No. of Shares	Face Value Per Share	Market Rate 31-03-2010 Per Share	As at 31-03-2010 (Rs.)	As at 31-03-2009 (Rs.)	
<b>(A) QUOTED INVESTMENTS</b>						
1	Associated Alcohols & Brewries	300	10.00	36.00	1,125.00	1,125.00
2	Autolite (India) Limited	266,195	10.00	30.30	13,312,655.75	10,996,274.75
3	Autopal Industries Limited	5,300	10.00	1.40	19,875.00	1,439,250.00
4	Bagari Minerals & Chemicals Ltd.	600	10.00	1.00	600.00	600.00
5	BCL Financial Services Ltd.	300	10.00	2.45	600.00	600.00
6	DCM Financial Services Ltd.	500	10.00	3.31	775.00	775.00
7	Daewoo Motors India Ltd.	1,000	10.00	6.71	6,900.00	6,900.00
8	Godrich Fin. & Sec. Ltd.	7,400	10.00	2.50	18,500.00	18,500.00
9	Siddha Ventures Ltd.	400	10.00	1.50	500.00	500.00
10	IFM Impex Global Ltd.	2,100	10.00	1.60	2,100.00	2,100.00
11	IFL Promoters Ltd.	300	10.00	13.50	3,000.00	3,000.00
12	KJ International Ltd.	200	10.00	1.00	550.00	550.00
13	Lumax Industries Ltd.	100	10.00	174.30	3,930.00	3,930.00
14	Mardia Steel Ltd.	1,700	10.00	1.15	2,720.00	2,720.00
15	Polygentha Technologies Ltd.	70	10.00	35.15	700.00	7,000.00
16	Pratap Raj. Special Steels	2,800	10.00	22.75	63,700.00	63,700.00
17	R.R. Financial Consultants	1,300	10.00	29.95	13,000.00	13,000.00
18	RDB Industries Ltd.	400	10.00	115.25	400.00	400.00
19	Samrat Ashoka Exports Ltd.	200	10.00	3.00	600.00	600.00
20	Surana Telecom Ltd.	500	5.00	38.45	1,405.00	1,405.00
21	Towel India Exports Ltd.	600	10.00	6.54	1,170.00	1,170.00
22	Unimode Overseas Ltd.	5,600	10.00	1.25	5,600.00	5,600.00
		297,865			13,460,405.75	12,569,699.75
	Less :- Provision	--			5,260,517.00	909,045.00
	<b>TOTAL (A)</b>	297,865			8,199,888.75	11,660,654.75
	Aggregate Market Value of Quoted Investments				8,321,668.50	4,197,124.00
<b>(B) UN -QUOTED INVESTMENTS</b>						
	Anusika Industries Ltd.	0	10.00		0.00	6,717,750.00
	Less :- Provision				0.00	6,717,750.00
	<b>TOTAL (B)</b>				0.00	0.00
<b>(C) APPLICATION MONEY</b>						
	Autolite Manufacturing Ltd.				1,950,000.00	1,950,000.00
	<b>TOTAL (C)</b>				1,950,000.00	1,950,000.00
	<b>GRAND TOTAL : (A+B+C)</b>	297,865			10,149,888.75	13,610,654.75

	As at 31 <sup>ST</sup> MARCH, 2010 (Rs.)	As at 31 <sup>ST</sup> MARCH, 2009 (Rs.)
<b>SCHEDULE 5 : SUNDRY DEBTORS</b>		
(Unsecured)		
Outstanding over six months		
Considered Good	0.00	0.00
Considered Doubtful	2,053,829.55	2,813,579.55
Others	0.00	714,000.00
	2,053,829.55	3,527,579.55
Less : Lease Suspense Account	1,598,753.55	1,598,753.55
Less : Provision for Bad & Doubtful Debts	455,076.00	1,214,826.00
<b>TOTAL</b>	0.00	714,000.00
 <b>SCHEDULE 6 : CASH AND BANK BALANCES</b>		
Cash on Hand	2,234.00	8,093.00
Banks Balances :		
(a) with Schedule Banks		
(i) In Current Account	104,722.71	77,265.99
<b>TOTAL</b>	106,956.71	85,358.99
 <b>SCHEDULE 7 : LOANS AND ADVANCES &amp; OTHER CURRENT ASSETS</b>		
Loans (Unsecured)		
Alwar Auto Pvt. Ltd. (Considered doubtful)	12,222,500.00	12,222,500.00
Less : Provision	(12,222,500.00)	(12,222,500.00)
	0.00	0.00
Advance recoverable in cash or kind for value to be received :		
Considered Good :		
Advance for Lease Assets/Shares/Expenses	224,928.18	32,680.00
Advance to Others	4,953,457.00	0.00
Considered Doubtful :		
Advances Considered Doubtful	4,224,820.63	4,224,820.63
Less :- Provision	(4,224,820.63)	(4,224,820.63)
	0.00	0.00
Sales Tax Demand under dispute	500,000.00	500,000.00
Security Deposit	119,200.00	119,200.00
<b>TOTAL</b>	5,797,585.18	651,880.00

# Palsoft Infosystems Limited

	As at 31 <sup>ST</sup> MARCH, 2010 (Rs.)	As at 31 <sup>ST</sup> MARCH, 2009 (Rs.)
<b>SCHEDULE 8 : CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>(A) Current Liabilities :</b>		
Sundry Creditors (Refer note no 5 of Schedule 11)		
For Expenses	245,042.00	242,506.00
Advance for Capital Goods	5,154,121.00	5,154,121.00
Other Liabilities	8,736,567.19	4,728,278.24
Application Money Refundable	22,622.00	22,622.00
<b>TOTAL (A)</b>	<b>14,158,352.19</b>	<b>10,147,527.24</b>
<b>(B) Provision :</b>		
Provision for FBT	0.00	50,000.00
Provision for Current Tax	0.00	0.00
<b>TOTAL (B)</b>	<b>0.00</b>	<b>50,000.00</b>
<b>TOTAL (A+B)</b>	<b>14,158,352.19</b>	<b>10,197,527.24</b>

## SCHEDULE 9 : PAYMENT TO AND PROVISION FOR EMPLOYEES

Salary, Wages, Allowances and Bonus	4,066,751.95	3,547,095.00
Staff Welfare Expenses	29,529.00	42,999.00
<b>TOTAL</b>	<b>4,096,280.95</b>	<b>3,590,094.00</b>

	As at 31 <sup>ST</sup> MARCH, 2010 (Rs.)	As at 31 <sup>ST</sup> MARCH, 2009 (Rs.)
<b>SCHEDULE 10 : ESTABLISHMENT, ADMINISTRATION AND OTHER EXPENSES</b>		
Advertisement Expenses	42,705.00	41,555.00
Bank Charges	2,026.76	3,169.98
Communication Expenses	48,251.00	227,720.00
Computer Maintenance Expenses	3,000.00	0.00
Conveyance Expenses	1,770.00	85,404.00
Demat Charges	63,874.19	65,104.99
Facilities to Directors	1,864.00	0.00
Listing Fees	31,903.00	32,495.00
Legal & Professional Expenses	27,212.00	37,648.00
Miscellaneous Expenses	385.15	341.28
Printing & Stationery	9,762.00	46,672.00
Payment to Auditors :		
Audit Fees	16,545.00	16,866.00
Certification	0.00	0.00
Taxation Matters	11,030.00	11,236.00
Rent, Rates & Taxes	600,000.00	600,000.00
Travelling Expenses to Others	8,607.00	181,200.00
Vehicle Expenses	0.00	238,847.00
Managerial Remuneration	243,000.00	0.00
Sales Promotion Expenses	11,660.00	0.00
Interest	12,025.00	12,660.00
Telephone Expenses	406.00	0.00
<b>TOTAL</b>	<b>1,136,026.10</b>	<b>1,600,919.25</b>



# Palsoft Infosystems Limited

## SCHEDULE 11 : ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### (A) ACCOUNTING POLICIES

1. **SYSTEM OF ACCOUNTING** : The Company follows the accrual system of Accounting

2. **REVENUE RECOGNITION & PROVISIONING** :

- (i) Lease rental are accounted for in the year they fall due. Lease Management fee is accounted for on raising of first bill.
- (ii) Income from bill discounting is net of rediscounting charges paid.
- (iii) Dividend is accounted for on receipt basis.
- (iv) Income in respect of over due lease rentals and bills is recognised on the basis of prudential norms prescribed by Reserve Bank of India.
- (v) Software Income is recognised on satisfactory delivery of the software and acceptance by the customer.

3. **FIXED ASSETS** :

All fixed assets are stated at historical cost.

4. **DEPRECIATION** :

- (i) Depreciation on fixed assets in own use has been charged using the written down value method of the rates specified in schedule XIV to the Companies Act, 1956. Assets costing less than Rs. 5000/- are written off in the year of purchase.
- (ii) Lease assets are depreciated at rate specified in schedule XIV of the Companies Act 1956 as required by guidance notes on lease accounting issued by the Institute of Chartered Accountants of India. The difference between the depreciation charges, as computed using IRR method to ensure capital recovery over the primary lease

period and the charge as disclosed for the year is reflected in the lease equalisation adjustment. The Company has not entered into any lease agreement on or after 1.4.2001, hence Accounting Standard - 19 issued by ICAI is not applicable to the Company.

5. **INVESTMENTS** :

- (i) Stock on hand transferred to investments are valued at price of transfer.
- (ii) Investments purchased from markets are valued at cost.
- (iii) Provision is made against permanent fall in market value / book value.

### (B) NOTES ON ACCOUNTS

1. **CONTINGENT LIABILITIES AS ON**

31/03/2010 31/03/2009

Disputed Sales Tax Demand 1,59,307 1,59,307

2. Establishment of the company is in the premises of Autolite (India) Limited. The expenditure incurred for the purpose of company's work has been reimbursed to that company. These are debited as follows.

	Current Year (Amount Rs.)	Previous Year (Amount Rs.)
(a) Communication Expenses	47,839.00	189,155.00
(b) Conveyance Expenses	0.00	84,000.00
(c) Traveling Expenses	0.00	181,200.00
(d) Printing & Stationary	0.00	38,400.00
(e) Vehicle Maintenance	0.00	238,847.00
(f) Office Maintenance	0.00	0.00
(g) Salary & Others	2,832,316.00	2,804,562.00
<b>TOTAL</b>	<u>2,880,155.00</u>	<u>3,527,164.00</u>

**3. ACCOUNTING FOR TAXES ON INCOME :**

Deferred Tax Assets are not recognised in respect of unabsorbed depreciation and carry forward of losses under tax laws as there is no convincing evidence to support that the sufficient future taxable income will be available against which such deferred tax assets can be realised.

4. Balances of debtors and creditors are subject to confirmation.

5. The Company is in the process of obtaining the information of the registration status of suppliers as required under the Micro, Small and Medium Enterprises Development Act, 2006. Hence the information required under the said Act could not be complied and disclosed.

6. Company has surrendered certificate of registration as Non Banking Financial Company to Reserve Bank of India on 15.12.2000. During the year no new business of NBFC's carried by company.

7. Figures of previous year reworked, regrouped & rearranged wherever found necessary.

8. The company has identified all the related parties transaction during the year as per details given below, in respect of the outstanding balance recoverable/payable as at 31st March, 2010. No provision for doubtful debts is required to be made. During the year, there were no amounts written off or written back from such parties.

**(i) Transactions :**

S.No.	Name of transacting related party	Relationship between the parties and company	Nature of transaction	Opening Balance as on 01.04.2009	Transaction during the year 2009-10	Paid/ Transfer during the year 2009-10	Outstanding amount as on 31.03.2010	Payable (P) or Receivable (R)
1.	Shri Amit M. Gupta	Managing Director	Advances	--	15927	15927	--	N.A.
2.	Smt. Anubha Gupta	Director	Advances	--	1000004	1000004	--	N.A.
3.	Smt. Bhawna Gupta	Wife of M.D.	Advances	--	1000000	1000000	--	N.A.

**(ii) Remuneration :**

S.No.	Remuneration Paid	Amount
1	Shri Amit M. Gupta - Key Managerial Perssonel	153,000.00
2	Smt Anubha Gupta - Key Managerial Perssonel	270,000.00
3	Smt Bhawna Gupta - Relative to Key Managerial Perssonel	150,000.00

# Palsoft Infosystems Limited

9. Advances includes Rs. NIL from Directors with Maximum Debit Balance of Rs. 1015931 (Previous year NIL)

10. Managerial Remuneration paid to Managing Director Rs. 153000 and other Director Rs. 90000.

11. Disclosure of Earning Per Share as required by Listing Agreement and Accounting Standard-20  
(Basic & Diluted)

	Unit	2009-10	2008-09
a) Amount used as the numerator (Loss)	(Rs. in Lacs)	(29.76)	(16.30)
b) Weighted average number of Equity Shares used as denominator	(No.)	3003100	3003100
c) Nominal value of Shares	(Rs. in Lacs)	300.31	300.31
d) Earning per share	(Rs.)	-0.99	-0.53

12. Other information or details required by schedule VI Part I and Part II are either Nil or not applicable.

13. Balance Sheet Abstract and Company's General Business Profile is annexed with Notes on Accounts.

Signature to Schedule 1 to 11  
For and on behalf of Board of Directors  
Sd/-  
(AMIT MAHIPAL GUPTA) (NAVEEN GUPTA)  
Managing Director Director

PLACE : JAIPUR  
DATE : 08.05.2010

PLACE : JAIPUR  
DATE : 29.05.2010

In terms of our report of even date  
FOR KALANI & COMPANY  
Chartered Accountants  
FRN - 000722C  
Sd/-  
(K. L. JHANWAR)  
Partner  
M.No. 14080

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010**

	2009-10 (Rs.)	2008-09 (Rs.)
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>(2,975,966.61)</b>	<b>(1,629,538.11)</b>
Profit & Loss Account		
Adjustment for :		
1. Depreciation	7,678.56	11,476.36
2. Profit on sale of current Investment	(31,073.00)	--
3. Loss on sale of long term Investment	7,275,533.00	--
4. Provision for Bad & Doubtful Debts written back	--	--
5. Provision for Expenses written back	--	--
6. Dividend Received	(1,975.00)	(900.00)
7. Excess Provision for diminution in value of investment written back	(2,366,278.00)	718,807.25
8. Provision for Tax	--	23,350.00
8. Provision for Fringe Benefit Tax written back	(476.00)	50,492.00
<b>Operating Profit before change in Working Capital</b>	<b>(1,907,442.95)</b>	<b>(826,312.50)</b>
Adjusted for changes in		
Trade & Other Receivable	(4,431,705.18)	6,891,570.00
Trade Payable	4,010,824.95	(5,277,143.72)
<b>Operating Cash Flow</b>	<b>1,486,562.72</b>	<b>788,113.78</b>
Income Tax Paid	--	(234,850.00)
FBT Paid	(49,524.00)	(69,912.00)
<b>Net Cash used in Operating Activities (A)</b>	<b>1,437,038.72</b>	<b>483,351.78</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Sale of Investment	1,584,245.00	3,202,717.00
Purchase of Investment	(3,001,661.00)	(3,452,957.00)
Purchase of Fixed Assets	--	--
Dividend recieved	1,975.00	900.00
<b>Net Cash from Investment Activities</b>	<b>(1,415,441.00)</b>	<b>(249,340.00)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>Net Cash Flow from Financing Activities</b>	<b>--</b>	<b>--</b>
<b>NET CASH INCREASE /DECREASE (A+B+C)</b>	<b>21,597.72</b>	<b>234,011.78</b>
Cash and Cash Equivalents as on 01.04.2009	85,358.99	91,047.96
Cash and Cash Equivalents as on 31.03.2010	106,956.71	32,5059.74

Date : 08.05.2010  
Place : Jaipur

Sd/-  
(AMIT MAHIPAL GUPTA)  
Managing Director

Sd/-  
(NAVEEN GUPTA)  
Director

**AUDITORS' CERTIFICATE**

We have verified the above Cash Flow Statement of PALSOFT INFOSYSTEMS LIMITED derived from the audited Annual Accounts for the year ended 31<sup>st</sup> March, 2010 and found the same to be drawn in accordance there with and also with the requirement of Clause 32 of the Listing Agreement.

FOR KALANI & COMPANY  
Chartered Accountants  
FRN - 000722C

Sd/-  
(K. L. JHANWAR)  
Partner  
M.No. 14080

Place : Jaipur  
Date : 29.05.2010

# Palsoft Infosystems Limited

## STATEMENT PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2010

### I. Registration details :

Registration No.  State Code   
Balance Sheet Date

### II. Capital Raised During the year : (Amount in Rs. Thousands)

Public Issue  Right Issue   
Bonus Issue  Private Placement

### III. Position of Mobilisation and Deployment of Funds : (Amount in Rs. Thousands)

Total Liabilities  Total Assets

#### Sources of Funds

Paid-up Capital  Reserve & Surplus   
Secured Loans  Unsecured Loans

#### Application of Funds

Net Fixed Assets  Investments   
Net Current Assets  Misc. Expenditure   
Accumulated Losses

### IV. Performance of Company (Amount in Rs. Thousands)

Turnover  Total Expenditure   
(Gross Revenue)  
Profit/(Loss) before tax  Profit/(Loss) after tax   
Earning per Share (in Rs.)  Dividend rate %

### V. Generic Names of Three Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)   
Products Description

For and on behalf of Board of Directors  
Sd/- Sd/-  
(AMIT MAHIPAL GUPTA) (NAVEEN GUPTA)  
Managing Director Director

PLACE : JAIPUR  
DATE : 08.05.2010

In terms of our report of even date  
FOR KALANI & COMPANY  
Chartered Accountants  
FRN - 000722C  
Sd/-  
(K. L. JHANWAR)  
Partner  
M.No. 14080

PLACE : JAIPUR  
DATE : 29.05.2010



# PALSOFT INFOSYSTEMS LIMITED

Regd. office : D-469, Road No. 9-A, V.K.I. Area, Jaipur-302013 (Raj.)

## PROXY FORM

D.P. ID*	
----------	--

Reg. Folio No.	
----------------	--

Client Id*	
------------	--

No. of Shares held	
--------------------	--

I/We \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_  
being a member/members of Palsoft Infosystems Limited hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
or failing him/her \_\_\_\_\_ of \_\_\_\_\_  
in the district of \_\_\_\_\_ as my/our  
proxy to vote for me/us and on my/our behalf at the 17<sup>th</sup> Annual General Meeting of the company to be held on  
Wednesday, the 29<sup>th</sup> September, 2010 at 3:00 P.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Re. 1/-  
Revenue  
Stamp

Signature \_\_\_\_\_  
Address \_\_\_\_\_

Note : This form duly completed and signed must be lodged at the Registered Office of the Company not less than 48 hours before the Meeting .

# PALSOFT INFOSYSTEMS LIMITED

Regd. office : D-469, Road No. 9-A, V.K.I. Area, Jaipur-302013 (Raj.)

## ATTENDANCE SLIP

D.P. ID*	
----------	--

Reg. Folio No.	
----------------	--

Client Id*	
------------	--

No. of Shares held	
--------------------	--

I hereby record my presence at the 17<sup>th</sup> Annual General Meeting of the company held at Regd. Office : D-469, Road No. 9-A, V.K.I. Area, Jaipur-302013 on Wednesday, the 29<sup>th</sup> September, 2010 at 3:00 P.M.

Full name of member (IN BLOCK LETTERS) \_\_\_\_\_

Full name of proxy (IN BLOCK LETTERS) \_\_\_\_\_

Member's/Proxy's Signature \_\_\_\_\_

### NOTE:

Shareholders/Proxy holders are requested to bring the attendance slips with them duly completed when they come to the meeting and hand over at gate after putting their signature on them.

\* Applicable for Investors holding shares in electronic form

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**Palsoft Infosystems Limited**

**D-469, Road No. 9-A**

**Vishwakarma Industrial Area,**

**Jaipur - 302 013 (Rajasthan)**

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