

# PALsoft

your net future

19<sup>th</sup>  
Annual Report  
2011-2012

**PALSOFT INFOSYSTEMS LIMITED**

## **19<sup>th</sup> Annual Report 2011-2012**

### **BOARD OF DIRECTORS :**

Shri Amit Mahipal Gupta  
Director

Smt. Anubha Gupta  
Whole-time Director

Shri Naveen Gupta  
Director

Shri Naresh Kumar Gupta  
Director

Shri Rajendra Prasad Daga  
Director

### **Company Secretary**

Miss Payal Gupta

### **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  
E-mail : admin@mcsdel.com

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# Palsoft Infosystems Limited

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## NOTICE

Notice is hereby given that the Annual General Meeting of the members of PALSOFT INFOSYSTEMS LIMITED will be held at D-469, Road No. 9A, V.K.I. Area, Jaipur (Rajasthan) on Friday, September 28, 2012 at 11.00 A.M to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the audited Balance Sheet as at March 31, 2012 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 Rajendra Prasad Daga who retires by rotation and being eligible, offers himself for re-appointment;
3. To appoint M/s Kalani & Co., Chartered Accountants bearing FRN – 000722C as the Statutory Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorise 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 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 and the Rules framed thereunder, Listing Agreement with Stock Exchanges, Securities and Exchange Board of India (Delisting of Equity Shares) Guidelines, 2009, as amended from time to time, (hereinafter referred to as the “Delisting Guidelines”) 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 and Delhi Stock Exchange Limited, New Delhi.”

By order of the Board  
Sd/-  
(Payal Gupta)  
Company Secretary

PLACE: JAIPUR  
DATE : 14.08.2012

### 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 20, 2012 to Friday, September 28, 2012 (both days inclusive)
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.

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

**ITEM NO. 4**

Regulation 6 of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2009 permits voluntary de-listing 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 Exchange having nationwide terminals i.e. BSE.

The approval of the members is sought to be obtained for de-listing of shares of the Company from Jaipur Stock Exchange Limited, Jaipur and Delhi Stock Exchange Limited, New Delhi in view of negligible trading activity in the shares of the company at the said stock exchange. 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 Exchange, 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.

**PLACE: JAIPUR**  
**DATE : 14.08.2012**

**By order of the Board**  
**Sd/-**  
**(Payal Gupta)**  
**Company Secretary**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Industry Structure and Development

The year 2011-12 has been marked by growing global uncertainties. The growth prospects have dimmed and downside risks have been escalated. Global output is recorded at 3.8 percent in 2011 as compared to 5.2 percent in 2010. The growth of the Indian Economy has also slowed down and is recorded at 6.9 percent in 2011-12 as compared to 8.4 percent in 2010-11.

By contrast, the Indian IT-BPO Industry (including hardware) continued to exhibit resilience. It weathered uncertainties in global business environment and reached a significant milestone in the year 2011-12 by aggregating revenue of US\$ 101 billion, a growth of about 14.7 percent over 2010-11. Thus, the year 2011-12 is a landmark year for the Indian IT-BPO Industry.

The Indian software and services exports including BPO exports is estimated at US\$ 68.7 billion in 2011-12, as compared to US\$ 59 billion in 2010-11, an increase of 16.4 percent. The IT services exports is estimated to be US\$ 39.8 billion in 2011-12 as compared to US\$ 33.5 billion in 2010-11, showing a growth of 18.8 percent.

Indian service providers have been aggressively growing their business in the Asia-Pacific (APAC) market. Aimed at reducing their geographic dependency and spread currency risk, APAC is growing fastest at nearly 18 percent; its share in total IT-BPO exports is expected to increase to nearly 8 percent. The Indian domestic IT market continues to grow in 2011-12. The revenue from the domestic market (IT Services, software products and BPO) is expected to grow from US\$ 17.3 billion in 2011-12, an anticipated growth of about 9.8 percent. IT services is one of the fastest growing segment in the Indian domestic IT market. Notwithstanding the growth witnessed in the IT-

BPO domestic segment, it accounts for a little over 21 percent of overall industry revenues. This is slightly below the previous year's level and is mainly because of the depreciation has also impacted the growth rate in dollar terms.

India continued its dominant position as the leading sourcing market as compared to other emerging economies. Its share in global sourcing stands at 58 percent in 2011. It is estimated that India-based resources account for about 60-70 percent of the offshore delivery capacities available across the leading multinational IT-BPO players.

The IT-BPO industry has played a key role in putting India on the world map. Although global uncertainties persist, the Indian IT-BPO sector has been able to grow in the years to come. By 2012-13, India's IT-BPO industry (excluding hardware) has the potential to touch US\$ 100 billion in revenues as compared to US\$ 87.7 billion in 2011-12, a growth of about 14 percent.

*(Source: Information Technology Annual Report 2011-12 Published by Ministry of Communication & Information Technology)*

### Opportunities & Threats

The industry is expanding into newer geographies and verticals. The domestic market for the last couple of years has been growing faster than the exports sector and would continue to be a key thrust area for the industry. One of the key growth drivers will be consumerisation of IT, which will lead IT buyers to increasingly looking at newer delivery models and solutions to support employee-driven initiatives while still protecting the business. Availability of domain specific talent in emerging geographies and Tier II locations offer huge untapped opportunity for global sourcing. Availability of skilled talent has been India's

foremost attraction as a global sourcing country. Also the industry has been extremely quality focused, with India based centers accounting for the larger number of quality certifications achieved by any country. We see the Indian IT industry strengthening its partnership with the US customers to build in greater business efficiencies. Due to cost effectiveness, companies have started using ERP and other software packages to cater to their informational requirements relating to their production management, inventory management, human resource 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.

However, these opportunities will also bring along with it added risks in terms of increased protectionism and regulatory control from sourcing markets and increased competition from new and emerging countries. We may face competition from IT and ITES companies operating from low cost destination like China, Philippines, Brazil, Romania, Poland etc. Also, the same pace of growth is unlikely to continue with the current political and economic uncertainties acting as the dampener, according to NASSCOM. The economic environment is still foggy and uncertain which may lead to delayed decision making and differentiated growth across the industry sectors and companies. There may be short-term ups and down. A variety of factors such as on political front, factors like Elections in key markets such as the US, France, Russia, and protectionist sentiments and election rhetoric are concerns. Also, the wide spread media debate on the euro crisis is affecting business sentiment. Further, India's own policy paralysis can act as headwinds as there is no road map on direct taxes code, goods and services tax and SEZ issues. Also there is increased tax activism. Financial Constraints also poses a challenge for the operations

of the Company.

### **Outlook**

According to NASSCOM Strategic Review 2012, IT services exports (excluding exports relating to BPO, hardware, engineering design and product development) from India are estimated to grow by 16.3% in fiscal 2012, to record revenues of US\$ 40 billion. The IT-BPO sector has become one of the key sectors for the Indian economy because of its economic impact. The spectacular growth performance in the IT-BPO industry in the last decade has helped the industry contribute substantially to India's GDP. In 2011-12, the IT-BPO industry's contribution to GDP is estimated to be 7.5 percent as compared to 7.1 percent in 2010-11. The sector is responsible for creating significant employment opportunities in the economy. The sector is responsible for enabling employment to an additional 8.9 million people in various associated sectors – catering, security, transportation, housekeeping etc. many of whom belong to rural areas/ small towns of India. The industry is also working towards, bridging the gender divide and improving the state of the differently-abled by making all sections of the society a part of its expanding community. Clearly, the future of technology services industry is beyond services – it will be a combination of services, solutions and platforms. Indian IT organizations are investing in building platforms to drive future growth opportunities.

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

The company has made improvements in the Customized Software (ERP) and also introduced new modules in the ERP software especially designed for the Automotive Sector.

Due to financial constraints, the Company was not in the position to carry out Product Development

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and Market Research & other Developmental activities for new business activities. However, the Company plans to foray into the development of ERP software and other high value added activities in due course.

## Quality

The Company is maintaining work standards and

quality of work for various stages of its activity. It proposes to benchmark its products with SMB (Small Medium Business) industry.

## Exports

The Company had not earned income by way of exports during the year under review.

## Financial Review and Analysis

(Rs.in Lacs)

Particulars	2011-12	2010-11
Total Income	29.88	65.16
Profit/(Loss) before Depreciation & Provisions	(2.71)	10.39
Depreciation	0.17	0.10
Provisions for Doubtful Debts & Diminution in value of Investment	13.68	73.40
Tax Expenses/FBT	0.00	0.00
Net Profit/(Loss)	(16.56)	(63.11)

## Analysis of Financial Results

During the year under review, the Company earned total income of Rs. 29.88 Lacs as compared to 65.16 Lacs during the year 2010-11. However, the Net Loss for the year under review was Rs. 16.56 Lacs as compared to a loss of Rs. 63.11 Lacs during the year 2010-11.

## 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 shall be taken care based on business requirement.

## Cautionary Statement

Statements in the Management Discussion and Analysis describing the Company's expectations or predictions may be 'forward looking' within the meaning of applicable laws or regulations. Actual results may differ materially from those expressed or implied.

## 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, 2012, the Palsoft Board consisted of two executive directors and three non-executive directors, all of them being independent directors. The details of Board Composition and categories of Directors as on March 31, 2012 is given hereunder :

Sr. No.	Name of Director	Category	Attendance at Board & AGM		Outside Directorships & Committee Positions (as on 31.03.2012)			
			Board Meetings attended	Last AGM	Directorships		Committee Position	
					Member	Chairman	Member	Chairman
1	Shri Amit Mahipal Gupta*	Promoter and Managing Director	4	Yes	1	Nil	Nil	Nil
2	Mrs. Anubha Gupta	Promoter and Whole-time Director	4	Yes	Nil	N.A.	2	Nil
3	Shri Naveen Gupta	Independent Director	4	Yes	2	N.A.	3	Nil
4	Shri Naresh Kumar Gupta	Independent Director	4	Yes	Nil	N.A.	3	3
5	Shri Rajendra Prasad Daga	Independent Director	4	No	Nil	N.A.	1	Nil

*Only membership in Audit Committee, Remuneration Committee and Shareholders' Grievance Committee included.*

\*Shri Amit Mahipal Gupta had resigned from the post of Managing Director. However, he is continuing as a Director of the Company w.e.f. May 11, 2012.



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## **Board Meetings**

In terms of Section 285 of the Companies Act, 1956, at least four Board meetings must be held in a calendar year and once in every quarter. Going further, in terms of the Listing Agreement, meetings of Board of Directors are held at least four times in 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 ended on March 31, 2012, the Board of Directors met four times. The maximum time gap between any two meetings was 94 days.

The details of the Board Meetings held during the year ended on March 31, 2012 are May 30, 2011, August 11, 2011, November 14, 2011, and February 13, 2012.

None of the director on the Board is member on more than 10 Committees or Chairman of more than 5 committees across the companies in which he is a director. All the directors have made requisite disclosure regarding directorship/Committee position occupied by them in other companies.

## **Code of Conduct:**

The Board of Directors has adopted the Code of Conduct and Ethics for Directors and the 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, centers around its following pattern :

“The Board of Directors and senior management of the Company are committed and responsible for setting of 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 Compliance is given at the end of this report.

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

The Director who retires by rotation and who is eligible for re-appointment is as under:

### **Shri Rajendra Prasad Daga (Director)**

Shri Rajendra Prasad Daga, has done engineering from one of the reputed institutions of India. He has been in the business of marbles and granites since 2005 thus holds a rich experience of around 7 years. He is partner in Daga Overseas. He is member of the Remuneration Committee.

### 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)	- Oversight of financial reporting system of the company;
Shri Naveen Gupta (Member)	- Recommending appointment/removal of auditors, fixing the fee & approval of payment for other services
Mrs. Anubha Gupta (Member)	- Reviewing with management annual financial statements before submission to the Board including qualifications in draft auditors' report;
Ms. Payal Gupta (Secretary)	- Reviewing with management, external & internal auditors the adequacy of internal control system; - Reviewing the adequacy of internal audit function; - Reviewing findings of any internal investigations into suspected fraud, irregularity or failure of internal control system.

Four meetings of the Audit Committee took place during the accounting year ended on March 31, 2012, i.e. on May 30, 2011, August 11, 2011, November 14, 2011, and February 13, 2012. All the three members were present at the meetings held on the above-mentioned dates.

The role of the Audit Committee is to monitor and provide effective supervision of the Company's financial reporting process with a view to ensure that the financial statements are accurate, sufficient and credible.

### 4. Remuneration Committee (non-mandatory)

The Company has already constituted Remuneration Committee. 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

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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

No meeting of remuneration committee was held during the year under review.

The details of remuneration paid to the Directors in the whole-time employment with the company during the financial year ended on March 31, 2012 are given hereunder :

(Rs. in Lacs)

Particulars	Amit Mahipal Gupta	Anubha Gupta
Salary	1.02	0.60
Benefits:		
Allowances & Perquisites	0.08	0.04
Bonus	0.03	0.03
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	3 years	3 years
Notice Period	1 month	1 month
Severance Fee	Nil	Nil
Stock Option	Nil	Nil

## Details of shareholding of directors as on March 31, 2012

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 Prasad Daga	Nil	Nil

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

## 5. 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. The details of members of the Committee as well as status of investor complaints received during the year ended on March 31, 2012 are as follows :

Name of Members	No. of complaints			
	Pending at the beginning of the year	Received	Resolved	Pending at the end of the year
Shri Naresh Kumar Gupta (Chairman) Shri Naveen Gupta (Member) Mrs. Anubha Gupta (Member) Ms. Payal Gupta (Secretary & Compliance Officer Ex-officio)	0	0	0	0

The members of Investors' Grievance Committee met four times during the year ended on March 31, 2012. The meetings were held on May 30, 2011, August 11, 2011, November 14, 2011, and February 13, 2012. All the members were present at the meetings of Investors' Grievance Committee held on above dates.

## 6. General Body Meetings

### i. Annual General Meetings

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

Year	Location	Date	Time
2008-2009	D-469, Road No. 9A, Vishwakarma Industrial Area, Jaipur-302013	September 30, 2009	3.00 P.M.
2009-2010	D-469, Road No. 9A, Vishwakarma Industrial Area, Jaipur-302013	September 29, 2010	3.00 P.M.
2010-2011	D-469, Road No. 9A, Vishwakarma Industrial Area, Jaipur-302013	September 28, 2011	4.00 P.M.

No Extra-ordinary General Meeting of shareholders was held during the year.

No Postal Ballot was conducted during the year. None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

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

**1. AGM held on September 28, 2011 :-**

- i) Authorising Board of Directors to apply for delisting of shares of the company from any one or more of the 2 stock exchanges.

**2. AGM held on September 29, 2010:-**

- i) Authorising Board of Directors to apply for delisting of shares of the company from any one or more of the 2 stock exchanges.

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

- i) Authorising Board of Directors to apply for delisting of shares of the company from Jaipur Stock Exchange Limited.

The special resolutions moved at all the above meetings were passed on a show of hands by the shareholders present at the meeting.

**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 2011-12.

**c. Management Discussion & Analysis Report**

The Management Discussion & Analysis Report for the year ended 31st March, 2012 is published separately in this Report.

**d. Other Disclosures**

The Company has entered into certain transactions with its promoters, directors and the management related parties in due 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 Company in paying annual listing fee to Stock Exchanges where the securities of the Company are listed.

The Company has complied with the provisions of Listing Agreement to the satisfaction of Bombay Stock Exchange Limited and it has successfully revoked the suspension of trading in shares of the Company with effect from November 16, 2011.

**e. Means of Communication**

Quarterly results published in which newspapers	'Financial Express' (English) 'Sandhya Jyoti' (Hindi)
Whether MD & A is a part of Annual Report	Yes
E-mail ID for Investor Grievances	palssoftinfo@gmail.com
Website of the Company	www.palsoft.in

**f. General Shareholders' Information**

**(i) Annual General Meeting**

Date and Time : Friday, September 28, 2012  
at 11.00 A.M.

Venue : D-469, Road No. 9A,  
V.K.I. Area, Jaipur - 302013

**(ii) 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.

**(iii) Financial Calendar for the year 2012-13 (Tentative)**

Activity	Time schedule
Results for the first quarter ending June 30, 2012	By mid of August, 2012
Results for the second quarter ending September 30, 2012	By mid of November, 2012
Results for the third quarter ending December 31, 2012	By mid of February, 2013
Audited Results for the year ending March 31, 2013	By end of May, 2013

**(iv) Book Closure Date:**

Thursday, September 20, 2012 to Friday, September 28, 2012 (both days inclusive)

**(v) Dividend Disclosure:**

The Directors have not recommended any dividend for the period ended on March 31, 2012.

**(vi) 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	Bombay Stock Exchange Ltd.	Phiroze Jeejeebhoy Towers Dalal Street, Mumbai-400023	2012-13	511597
3	Delhi Stock Exchange Ltd.	DSE House, 3/1, Asaf Ali Road New Delhi-110002	1996-97	1276

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## (vii) Market Price Data

Month	Palsoft at BSE		BSE Sensex	
	High	Low	High	Low
April-11	Suspended	Suspended	19811.14	18976.19
May-11	Suspended	Suspended	19253.87	17786.13
June-11	Suspended	Suspended	18873.39	17314.38
July-11	Suspended	Suspended	19131.70	18131.86
August-11	Suspended	Suspended	18440.07	15765.53
September-11	Suspended	Suspended	17211.80	15801.01
October-11	Suspended	Suspended	17908.13	15745.43
November-11	34.00	7.50	17702.26	15478.69
December-11	7.17	3.74	17003.71	15135.86
January-12	6.14	3.50	17258.97	15358.02
February-12	8.51	6.43	18523.78	17061.55
March-12	10.67	8.34	18040.69	16920.61

## (viii) 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**

**Ph. : 011-41406149 • E-mail : admin@mcsdel.com**

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.

## (ix) Distribution of Shareholding as on March 31, 2012

Category	Total No. of		Percentage (%) of	
	Shares	Shareholders	Shares	Shareholders
1-500	684171	5648	22.78	95.49
501-1000	65070	85	2.17	1.44
1001-2000	165192	118	5.50	1.99
2001-3000	47948	19	1.60	0.32
3001-4000	23384	7	0.78	0.11
4001-5000	39130	8	1.30	0.14
5001-10000	90970	14	3.03	0.24
10001 and Above	1887235	16	62.84	0.27
<b>Total</b>	<b>3003100</b>	<b>5915</b>	<b>100.00</b>	<b>100.00</b>

(x) Shareholding Pattern as on March 31, 2012

Category	Number of Shares	No. of Shares held in DematForm	Percentage (%)
<b>Promoter &amp; Promoter Group</b>			
Indian Promoters	1710880	1700460	56.97
Foreign Promoters	0	0	0.0
<b>Institutions</b>			
Mutual Funds & UTI	0	0	0.00
Financial Institutions/Banks	200	200	0.01
Central Govt/State Govt(s)	0	0	0.00
Foreign Institutional Investors	0	0	0.00
<b>Non-Institutions</b>			
Private Corporate Bodies	165394	74164	5.51
Indian Public	1126226	485888	37.50
<b>Any other</b>			
Clearing Members	0	0	0.00
NRI/OCB	400	400	0.01
Trust & Foundation	0	0	0.00
<b>Grand Total</b>	<b>3003100</b>	<b>2261112</b>	<b>100.00</b>

(xi) Dematerialisation of Shares

Particulars	As on 31-03-2012	%
No. of shares held in dematerialised form in NSDL	2101439	69.98
No. of shares held in dematerialised form in CDSL	159673	5.31
Physical form	741988	24.71
<b>Total</b>	<b>3003100</b>	<b>100.00</b>

(xii) Outstanding GDRs/ADRs etc.

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

(xiii) Address of Registered Office & Secretarial Department

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



# **Palsoft Infosystems Limited**

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

I, **Amit Mahipal Gupta, 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 2011-12.

**Place : Jaipur**  
**Dated : 14.08.2012**

**Sd/-**  
**(AMIT MAHIPAL GUPTA)**  
**Director**

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## **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 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/-**  
**(AMIT MAHIPAL GUPTA)**  
**Director**

**Sd/-**  
**(NAVEEN GUPTA)**  
**Director**

**Sd/-**  
**(PAYAL GUPTA)**  
**Company Secretary**

**COMPLIANCE CERTIFICAT**

**To the members of Palsoft Infosystems Limited**

We have examined the compliance of the conditions of corporate governance by Palsoft Infosystems Limited for the financial year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the said company with 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 the corporate governance. It is neither an audit nor expression of opinion on the financial statements 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 complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement except there is a delay of 4 days in holding the board meeting at one instance.

We state that no investor grievances as on March 31, 2012 was pending against the company for a period exceeding one month 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**  
**Date : 14.08.2012**

# Palsoft Infosystems Limited

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their 19<sup>th</sup> Report and audited accounts for the financial year ended on March 31, 2012.

### FINANCIAL RESULTS

(Rs. in Lacs)

PARTICULARS	2011-12	2010-11
Total Income	29.88	65.16
Profit/(Loss) before Depreciation & Provisions	(2.71)	10.39
Depreciation	0.17	0.10
Provisions for Doubtful Debts & Diminution in value of Investment	13.68	73.40
Tax Expenses/FBT	0.00	0.00
Net Profit/(Loss)	(16.56)	(63.11)

### OPERATIONS

During the year under review, the Company earned total income of Rs. 29.88 Lacs as compared to Rs. 65.16 Lacs during the year 2010-11. However, the Net Loss for the year under review was Rs. 16.56 Lacs as compared to a loss of Rs. 63.11 Lacs during the year 2010-11.

### DIVIDEND

In view of the loss in the current financial year, the Board regrets its inability to recommend any dividend for the year under review.

### RESERVES

During the year, no amount was transferred to reserves.

### 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.

### COST AUDITORS

During the year, Board appointed Mr. Sultan Singh, Cost Accountant to furnish certificate under Rule 2 of The Companies (Cost Accounting Records) Rules, 2011. The Board has obtained the Compliance certificate for the year ended March 31, 2012 and will file the same once the form has been notified by the Ministry of Company Affairs

### AUDITOR'S OBSERVATIONS :

Observations of auditor are self explanatory and do not require any further to be commented by directors in this report.

### DIRECTORS

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

Also, Shri Amit Mahipal Gupta has resigned from the post of Managing Director w.e.f. May 11, 2012. However, he still continues to be associated with the Company as a Director.

### PARTICULARS OF EMPLOYEES

During the year under review, there were no employees drawing remuneration of Rs. 60,00,000/- p.a. or Rs. 5,00,000/- p.m. or more. Hence there is no information to be provided in accordance with the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975.

### SUBSIDIARIES

The Company does not have any subsidiary Company.

### **CORPORATE GOVERNANCE**

A report on Corporate Governance along with a certificate from the Practicing Company Secretary regarding compliance of conditions of Corporate Governance is annexed and forms part of this annual report. As on date, the company has complied with all provisions pertaining to Clause 49 of the Listing Agreement with the Stock Exchanges in this regard.

### **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 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 Company Secretary.

The Compliance certificate obtained from the Company Secretary is annexed and forms part of 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 dematerialized form.

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

### **REVOCAION OF SUSPENSION OF TRADING IN SHARES AT BOMBAY STOCK EXCHANGE LIMITED**

During the year under review, the Company has complied with the provisions of Listing Agreement to the satisfaction of Bombay Stock Exchange Limited and it has revoked the suspension of trading in shares of Company w.e.f. November 16, 2011.

### **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**

The particulars required under 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, is given in Annexure-I to this Directors Report.

# Palsoft Infosystems Limited

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## 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.

PLACE: JAIPUR  
DATE : 14.08.2012

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

## ANNEXURE I

### I. CONSERVATION OF ENERGY:

- (a) Energy conservation measures taken - Energy conservation measures have been implemented and are continuously monitored to ensure energy efficient environment.
- (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

### FORM-A : FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

- A. Power and fuel consumption: Nil
- B. Consumption per unit of production: Nil

### II. TECHNOLOGY ABSORPTION

#### FORM-B : FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION ETC.,

- I Research and Development : Nil
- II Technology Absorption, Adaptation and Innovation : The Company proposes to use the latest technologies for improving the productivity and quality of its services and products.

### III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- I. Earnings in Foreign Exchange during the year : NIL
- II. Foreign Exchange outgo during the year : NIL

PLACE: JAIPUR  
DATE : 14.08.2012

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

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## COMPLIANCE CERTIFICATE

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CIN No. L72200RJ1994PLC008112

Nominal Capital : Rs. 500.00 Lacs

Paid-up Capital : Rs. 300.31 Lacs

To,  
The Members,  
Palsoft Infosystems Limited,  
Jaipur.

I 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 2012 (Financial Year). In my opinion and to the best of my information and according to the examination carried out by us and explanations furnished to us by the company its officers and agents, I 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 had closed its Registers of Members from Friday, September 23, 2011 to Wednesday, September 28, 2011 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
5. The Board of Directors duly met four times respectively on May 30, 2011, August 11, 2011, November 14, 2011, and February 13, 2012 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 2011 was held on September 28, 2011 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 lodgement 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

# Palsoft Infosystems Limited

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- constituted and there was no change in the Board of Directors during the year under review.
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. Further, Shri Amit Mahipal Gupta and Smt. Anubha Gupta had foregone their remuneration w.e.f. June 1, 2011 till their remaining tenure of service agreement.
  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, 2012 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 deducted money as security from its employees during the financial year.
  33. The company has not deducted any contribution towards Provident Fund during the financial year.

**PLACE : JAIPUR**  
**DATE : 14.08.2012**

**For Palsoft Infosystems Limited**  
**Sd/-**  
**(PAYAL GUPTA)**  
**Company Secretary**

**ANNEXURE 'A'**

**Registers as maintained by Company :**

<b>S.No.</b>	<b>Particulars</b>	<b>Section</b>
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, 2012.

<b>S.No.</b>	<b>Form No./Return</b>	<b>Files U/s</b>	<b>Date of Meetings / Doc.</b>	<b>Date of Filing</b>	<b>Whether filed within time</b>	<b>If delay in filing whether requisite addl. Fee paid</b>
1	Form No. 23	192	28/09/2011	12/10/2011	Yes	N.A.
2	Form No. 66	Proviso to Sec. 383A	31/03/2011	13/10/2011	Yes	N.A.
3	Form No.23AC - XBRL and Form No. 23ACA - XBRL	220	31/03/2011	27/11/2011	Yes	N.A.
4	Form No.20B	159	28/09/2011	22/11/2011	Yes	N.A.



# Palsoft Infosystems Limited

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## 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, 2012 and the related Statement of Profit and Loss 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.
  - ii) In our opinion, proper books of accounts as required by the law have been kept by the company so far as appears from our examination of those books.
  - iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - iv) In our opinion, the Balance Sheet, Statement of Profit and Loss 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, 2012 and taken on record by the Board of Directors of the company, we report that none of the director is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as 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 of the company as at 31<sup>st</sup> March, 2012;
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 the 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 (Auditor's 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.

- b) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**FOR KALANI & COMPANY**  
Chartered Accountants  
FRN - 000722C  
Sd/-  
**(J.P. SOMANI)**  
Partner  
M.No. 76211

**PLACE : JAIPUR**  
**DATE : 25.05.2012**

#### **ANNEXURE TO THE AUDITOR'S REPORT**

Statement referred to in paragraph (3) of our report of even date to the members of the PALSOFT INFOSYSTEMS LIMITED on the accounts for the year ended 31<sup>st</sup> March, 2012.

- (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 has 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 (Auditor's 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 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 prevailing market prices at the relevant time, but few transactions could not be compared as the material supplied/

# Palsoft Infosystems Limited

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- 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 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 2011-12, 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 31.03.2012 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. 25,62,228/- 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.
- (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. 9.37 Lacs in the financial year 2011-12 and Rs. Nil in the financial year 2010-11.
- (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 (Auditor's 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 (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the company has not given 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 (Auditor's 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 the 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.

**PLACE : JAIPUR**  
**DATE : 25.05.2012**

**FOR KALANI & COMPANY**  
Chartered Accountants  
FRN - 000722C  
Sd/-  
**(J.P. SOMANI)**  
Partner  
M.No. 76211

# Palsoft Infosystems Limited

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2012

PARTICULARS	NOTE No.	(Amount in Rs.)	
		As at 31 <sup>ST</sup> MARCH, 2012	As at 31 <sup>ST</sup> MARCH, 2011
<b>I EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2.1	30,031,000	30,031,000
(b) Reserves and surplus	2.2	(36,034,214)	(34,377,894)
(c) Money Received against share Warrants		-	-
<b>2 Share application money pending allotment</b>		-	-
<b>3 Non-current liabilities</b>			
(a) Long Term Borrowing		-	-
(b) Deffered tax Liabilities (Net)		-	-
(b) Other Long term liabilities	2.3	5,154,121	5,154,121
(c) Long-term provisions		-	-
<b>4 Current liabilities</b>			
(a) Short-term borrowings		-	-
(b) Trade payables		-	-
(c) Other current liabilities	2.4	14,583,263	13,487,522
(d) Short-term provisions		-	-
<b>TOTAL</b>		<b>13,734,170</b>	<b>14,294,749</b>
<b>II ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	2.5		
(i) Tangible assets		99,416	116,737
(ii) Intangible Assets		-	-
(iii) Capital Work-in-Progress		-	-
(iv) Intangible Assets under development		-	-
(b) Non-Current Investments	2.6	4,587,263	5,978,766
(c) Deffered Tax Assets (Net)		-	-
(d) Long-term loans and advances	2.7	119,200	119,200
(e) Other non-current assets		-	-
<b>2 Current assets</b>			
(a) Current investments		-	-
(b) Inventories		-	-
(c) Trade receivables	2.8	-	-
(d) Cash and Cash equivalents	2.9	889,478	117,640
(e) Short-term loans and advances	2.10	7,538,811	7,462,406
(f) Other current assets	2.11	500,000	500,000
<b>TOTAL</b>		<b>13,734,170</b>	<b>14,294,749</b>

SIGNIFICANT ACCOUNTING POLICIES, NOTES TO 1 to 3  
ACCOUNTS, OTHER DISCLOSURES AND NOTES  
FORMING PART OF THESE FINANCIAL STATEMENTS

For and on behalf of Board of Directors of For Palsoft Infosystems Ltd.	In terms of our Examination Report of even date FOR KALANI & COMPANY Chartered Accountants FRN - 000722C Sd/- (J. P. SOMANI) Partner M.No. 76211
Sd/- (ANUBHA GUPTA) Whole-time Director	
Sd/- (PAYAL GUPTA) Company Secretary	
PLACE : JAIPUR	
DATE : 25.05.2012	

**STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDING 31<sup>ST</sup> MARCH, 2012**

(Amount in Rs.)

PARTICULARS	NOTE No.	For the Year Ended 31 <sup>ST</sup> MARCH, 2012	For the Year Ended 31 <sup>ST</sup> MARCH, 2011
I. Revenue From Operations	2.12	2,175,000	5,885,000
II. Other income	2.13	813,273	631,000
<b>III. Total Revenue</b>		<b>2,988,273</b>	<b>6,516,000</b>
<b>IV. Expenses</b>			
Employee benefits expense	2.14	2,293,309	4,255,976
Depreciation and amortization expense	2.5	17,321	9,445
Finance costs	2.15	12,566	64,284
Other expenses (Administrative & Selling Expenses)	2.16	952,906	1,156,906
Provision for Diminution in value of Investment		1,368,492	2,390,144
Provision for Bad & Doubtful debts		-	4,950,000
<b>V. Total expenses</b>		<b>4,644,593</b>	<b>12,826,755</b>
<b>VI. Profit before tax</b>		<b>(1,656,320)</b>	<b>(6,310,755)</b>
VII Tax expense:		-	-
<b>VIII PROFIT FOR THE YEAR (VI-VII)</b>		<b>(1,656,320)</b>	<b>(6,310,755)</b>
<b>IX EARNINGS PER EQUITY SHARE</b>			
Equity shares of par value '10/- each			
(1) Basic		(0.55)	(2.10)
(2) Diluted		(0.55)	(2.10)
Number of shares used in computing earnings per share			
(1) Basic		3,003,100	3,003,100
(2) Diluted		3,003,100	3,003,100
SIGNIFICANT ACCOUNTING POLICIES, NOTES TO ACCOUNTS, OTHER DISCLOSURES AND NOTES FORMING PART OF THESE FINANCIAL STATEMENTS	1 to 3		

For and on behalf of Board of Directors of  
For Palsoft Infosystems Ltd.

Sd/-  
(ANUBHA GUPTA)  
Whole-time Director

Sd/-  
(PAYAL GUPTA)  
Company Secretary

In terms of our Examination Report of even date  
FOR KALANI & COMPANY  
Chartered Accountants  
FRN - 000722C  
Sd/-  
(J. P. SOMANI)  
Partner  
M.No. 76211

PLACE : JAIPUR  
DATE : 25.05.2012

# Palsoft Infosystems Limited

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## SIGNIFICANT ACCOUNTING POLICIES, NOTES ON ACCOUNTS, OTHER GENERAL NOTES FORMING PART OF THESE FINANCIAL STATEMENTS

### Company Overview

Palsoft Infosystems Limited is the IT Arm of the Autopal Group which is India's leading Automotive Component Manufacturer. The Company provides "Engineering and Design Services along with software development consulting and Project Management. The Company is listed in the Bombay Stock Exchange and its corporate headquarters is in Jaipur (Rajasthan).

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### 1.1 SYSTEM OF ACCOUNTING :

The company follows the accrual system of Accounting.

#### 1.2 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 recognized on the basis of prudential norms prescribed by Reserve Bank of India.
- (V) Software Income is recognized on satisfactory delivery of the software and acceptance by the customer.

#### 1.3 FIXED ASSETS:

All fixed assets are stated at historical cost.

#### 1.4 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. 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 equalization adjustment. The company has not entered into any lease agreement on or after 1.4.2001, hence Accounting Standard-19 'Accounting for Lease' is not applicable to the company.

#### 1.5 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.

#### 1.6 Accounting For Taxes On Income : (AS-22)

Income Tax expense comprises current tax and deferred tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. The deferred tax asset and deferred tax liability is calculated by applying tax rate and tax law that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax asset arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax asset on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amount of deferred tax are reviewed to reassure realization.

## 2. Notes on Account of the Year Ended 31<sup>st</sup> March 2012

PARTICULARS	As at 31 <sup>st</sup> MARCH, 2012	(Amount in Rs.) As at 31 <sup>st</sup> MARCH, 2011
<b>SHARE HOLDER'S FUNDS</b>		
<b>Note No. 2.1 Share Capital</b>		
Authorised Share Capital	<b>50,000,000</b>	50,000,000
Issued, Subscribed & Paid up	<b>30,031,000</b>	30,031,000
30,03,100 (30,03,100) Equity Shares of Rs 10 each fully paid up		
<b>Total</b>	<b>30,031,000</b>	30,031,000

The Company has only one class of shares referred to as equity shares having a par value of Rs.10/-. Each Shareholder is entitled to one vote per share and dividend as and when declared by the company. In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts.

<b>Reconciliation of the number of shares outstanding</b>		
Shares outstanding at the beginning of the year	<b>3,003,100</b>	3,003,100
Shares Issued during the year	-	-
Shares outstanding at the end of the year	<b>3,003,100</b>	3,003,100

### Shareholder holding more than 5 percent share

Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
	No of Shares held	% of Holding	No of Shares held	% of Holding
Smt. Usha Gupta	430,040	14.32%	430,040	14.32%
Shri Mahi Pal Gupta	395,460	13.17%	395,460	13.17%
Autolite (India) Ltd.	510,020	16.98%	510,020	16.98%
<b>Total</b>	<b>1,335,520</b>	<b>44.47%</b>	<b>1,335,520</b>	<b>44.47%</b>

## Note No 2.2 Reserve & Surplus

### A. Securities Premium

Opening Balance	<b>30,030,300</b>	30,030,300
Add: Current Year Transfer	-	-
Less : Written Back in Current Year	-	-
Closing Balance	<b>30,030,300</b>	30,030,300

### B. Surplus

Opening balance	<b>(64,408,194)</b>	(58,097,439)
Add : Loss Transferred from statement of profit and loss	<b>(1,656,320)</b>	(6,310,755)
<b>Amount available for Appropriation</b>	<b>(66,064,514)</b>	(64,408,194)
Less: Appropriation	-	-
Closing Balance	<b>(66,064,514)</b>	(64,408,194)
<b>Total</b>	<b>(36,034,214)</b>	(34,377,894)



# Palsoft Infosystems Limited

PARTICULARS	As at 31 <sup>st</sup> MARCH, 2012	As at 31 <sup>st</sup> MARCH, 2011
<b>NON CURRENT LIABILITIES</b>		
<b>Note No 2.3 Other Long Term Liabilities</b>		
<b>Advance for Capital Goods :</b>		
Autolite India Ltd.	5,154,121	5,154,121
<b>Total</b>	<b>5,154,121</b>	<b>5,154,121</b>
<b>CURRENT LIABILITIES</b>		
<b>Note No 2.4 Other Current Liabilities</b>		
<b>Other Payable</b>		
Statutory Liability (Duties & Taxes)	2,569,110	2,790,499
Advance from customer	3,476,500	3,483,000
Liability for Capital Goods	-	29,760
Salary payable	233,207	263,768
Payable against expenses	336,146	286,165
Outstanding Expenses	144,172	144,172
Others	7,780,709	6,466,246
SD from Staff	20,797	1,290
Share Application Money (Refundable)	22,622	22,622
<b>Total</b>	<b>14,583,263</b>	<b>13,487,522</b>
<b>NON CURRENT ASSETS</b>		
<b>Note No 2.6 Non-Current Investment</b>		
<b>Non-Current, Non-Trade, At Cost</b>		
Investment	4,587,263	5,978,766
<b>Total</b>	<b>4,587,263</b>	<b>5,978,766</b>
Cost of Investment as at 31.03.2012	4,587,263	5,978,766
Market Value of Investment as at 31.03.2012	4,626,307	10,149,889
<b>Note No 2.7 Long term Loans and advances</b>		
<b>Unsecured and considered Doubtful</b>		
Loans-Alwar Auto P Ltd	12,222,500	
Less: Provision	12,222,500	-
<b>Security Deposit</b>	<b>119,200</b>	<b>119,200</b>
<b>Total</b>	<b>119,200</b>	<b>119,200</b>
<b>CURRENT ASSETS</b>		
<b>Note No 2.8 Trade Receivable</b>		
<b>Unsecured, considered good</b>		
Debt outstanding for a period exceeding six months from the due date of repayment		
Considered Good	-	-
Considered Doubtful	1,953,494	
<b>Total</b>	<b>1,953,494</b>	
Less: Lease Suspense Account	1,564,995	
Less: Provision for Doubtful Debts	388,499	-
Other Debts	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note No. 2.5 Fixed Assets**

PARTICULARS	GROSS BLOCK		DEPRECIATION		Lease Terminal Adjustment 31-03-2012	Assets Provision as per RBI norms	NET BLOCK	
	As at 01-04-11	Addition During the Year	Deduction During the Year	As at 31-03-12			For the Year	Upto 31-03-12
<b>(A) LEASE ASSETS :-</b>								
(a) Plant and Machinery	82,060	--	--	29,610	--	52,450	--	--
(b) Vehicles	144,244	--	--	84,727	44,161	13,778	1,578	1,578
<b>TOTAL (A)</b>	<b>226,304</b>	<b>--</b>	<b>--</b>	<b>114,337</b>	<b>44,161</b>	<b>66,228</b>	<b>1,578</b>	<b>1,578</b>
<b>(B) ASSETS IN OWN USE :-</b>								
(a) Furniture & Fixtures	143,338	--	636	133,291	--	--	9,411	10,047
(b) Computers	1,076,827	--	16,538	974,804	--	--	85,485	102,023
(c) Office Equipments	12,000	--	147	8,911	--	--	2,942	3,089
<b>TOTAL (B)</b>	<b>1,232,166</b>	<b>--</b>	<b>17,321</b>	<b>1,117,007</b>	<b>--</b>	<b>--</b>	<b>97,838</b>	<b>115,159</b>
<b>GRAND TOTAL (A+B)</b>	<b>1,458,470</b>	<b>--</b>	<b>17,321</b>	<b>1,231,344</b>	<b>44,161</b>	<b>66,228</b>	<b>99,416</b>	<b>116,737</b>

# Palsoft Infosystems Limited

## DETAILS OF NON CURRENT ASSETS : INVESTMENTS (LONG TERM & OTHER THAN TRADE)

Particulars	No. of Shares	Face Value Per Share	Cost Per Unit	Cost of Investments	Market Rate 31.03.2012 Per Share	Market Price As at 31.03.2012	Cost As at 31.03.2011	Market Value or Cost Whichever is lower
<b>(A) QUOTED INVESTMENTS :</b>								
1 Associated Alcohols & Brewries	300	10	4	1,125	20	6,090	1,125	1,125
2 Autolite (India) Limited	271,815	10	50	13,481,677	17	4,498,538	13,481,677	4,498,538
3 Autopal Industries Limited	5,300	10	4	19,875	1	7,420	19,875	7,420
4 Bagari Minerals & Chemicals Ltd.	600	10	1	600	-	-	600	-
5 BCL Financial Services Ltd.	300	10	2	600	-	-	600	-
6 DCM Financial Services Ltd.	500	10	-	-	-	-	775	-
7 Daewoo Motors India Ltd.	1,000	10	7	6,900	7	6,710	6,900	6,710
8 Godrich Fin. & Sec. Ltd.	7,400	10	3	18,500	-	-	18,500	-
9 Siddha Ventures Ltd.	400	10	-	-	-	-	500	-
10 IFM Impex Global Ltd.	2,100	10	1	2,100	2	3,360	2,100	2,100
11 IFL Promoters Ltd.	600	5	-	-	-	-	3,000	-
12 KJ International Ltd.	200	10	3	550	1	200	550	200
13 Lumax Industries Ltd	100	10	-	-	-	-	3,930	-
14 Mardia Steel Ltd.	1,700	10	2	2,720	-	-	2,720	-
15 PolygenthaTechnologies Ltd.	700	10	1	700	42	29,365	700	700
16 Partap Raj. Special Steels	2,800	10	23	63,700	23	63,700	63,700	63,700
17 R.R. Financial Consultants	2,600	10	-	-	-	-	13,000	-
18 RDB Industries Ltd.	400	10	-	-	-	-	400	-
19 Samrat Ashoka Exports Ltd.	200	10	3	600	-	-	600	-
20 Surana Telecom Ltd.	500	5	-	-	-	-	1,405	-
21 Towel India Exports Ltd.	600	10	2	1,170	7	3,924	1,170	1,170
22 Unimode Overseas Ltd.	5,600	10	1	5,600	1	7,000	5,600	5,600
23 Surana Ventures Ltd.	375	10	-	-	-	-	-	-
	<b>305,715</b>			<b>13,606,417</b>		<b>4,626,307</b>	<b>13,629,427</b>	<b>4,587,263</b>
Less :Provision				9,019,154			7,650,661	1,368,492
<b>TOTAL (A)</b>				<b>4,587,263</b>			<b>5,978,766</b>	
<b>Aggregate market value of Quoted Investments</b>				<b>4,626,307</b>			<b>6,184,381</b>	<b>10,149,889</b>
<b>(B) UNQUOTED INVESTMENTS :</b>								
Less : Provision	-	-	-	-	-	-	-	-
<b>TOTAL (B)</b>				-			-	-
<b>(C) APPLICATION MONEY</b>								
Autolite Manufacturing Ltd.	-	-	-	-	-	-	-	-
<b>Total (C)</b>				-			-	-
<b>GRAND TOTAL (A+B)</b>				<b>4,587,263</b>			<b>5,978,766</b>	

**Note:**

These companies' shares have no Market Value due to following reasons

S. no.	Company Name	No. of Shares	Reasons
1	Bagari Minerals & Chemicals Ltd.	600	Unlisted/ Dormant
2	BCL Financial Services Ltd.	300	Under Liquidation
3	Godrich Fin. & Sec. Ltd.	7,400	Delisted
4	Mardia Steel Ltd.	1,700	Unlisted/ Dormant
5	Samrat Ashoka Exports Ltd.	200	Under Liquidation

Particulars	Amount
Opening Provision for diminution in value of Investment	7,650,661
Add: Provision reverse back in respect to sale of Investment (cost price)	23,008
	<b>7,673,669</b>
Less: Closing Provision	9,019,154
<b>Provision Charged to P&amp;L a/c</b>	<b>1,345,484</b>

# Palsoft Infosystems Limited

PARTICULARS	As at 31 <sup>ST</sup> MARCH, 2012	As at 31 <sup>ST</sup> MARCH, 2011
<b>Note No 2.9 Cash &amp; Cash equivalent</b>		
Cash on hand	4,037	9,143
<b>Balance with Banks</b>		
In Current Accounts	<b>885,441</b>	108,497
<b>Total</b>	<b>889,478</b>	117,640
<b>Note No 2.10 Short Term Loans &amp; Advances</b>		
<b>(a) Unsecured and considered good</b>		
Advances to Lease Assets/Shares/Expenses	<b>18,354</b>	10,949
Advances To Others	<b>7,520,457</b>	7,451,457
<b>(b) Unsecured and considered doubtful</b>		
Advances	7,970,578	
Less: Provision	<u>7,970,578</u>	-
<b>Total (a)</b>	<b>7,538,811</b>	7,462,406
<b>Note No 2.11 Other Current Assets</b>		
<b>Others</b>		
Sales Tax Demand Under Dispute	<b>500,000</b>	500,000
<b>Total</b>	<b>500,000</b>	500,000
<b>Note No 2.12 Revenue From Operations</b>		
<b>(a) Sale of Services</b>		
Sale of Software	<b>2,175,000</b>	5,885,000
<b>Total</b>	<b>2,175,000</b>	5,885,000
<b>Note No 2.13 Other Income</b>		
Profit on Sale of Long term investments	<b>111,448</b>	-
Interest Income	<b>360</b>	616
Dividend Income	<b>1,465</b>	1,850
<b>Other non operating income</b>		
Excess Provision for Bad & Doubtful Debts Advances	<b>700,000</b>	504,243
Excess Provision for Bad & Doubtful Debts	-	66,577
Excess Provision for Lease Suspense	-	33,759
Excess Liability Written Off	-	18,015
Refund of FBT	-	5,940
<b>Total</b>	<b>813,273</b>	631,000

PARTICULARS	As at 31 <sup>ST</sup> MARCH, 2012	As at 31 <sup>ST</sup> MARCH, 2011
<b>Note No 2.14 Employee Benefits Expenses</b>		
(a) Salaries and incentives (Inculding Directors Remuneration)	2,266,471	4,167,186
(b) Contribution to		
ESI	-	52,844
PF	-	3,908
(C) Staff welfare expenses	26,838	32,037
<b>Total</b>	<b>2,293,309</b>	<b>4,255,976</b>
<b>Note No. 2.15 Finance Costs</b>		
Sales Tax Interest	-	38,878
Interest on Statutory Dues	2,557	3,827
Interest on Others	7,625	-
Bank Charges	2,384	21,579
<b>Total</b>	<b>12,566</b>	<b>64,284</b>
<b>Note No 2.16 Other Expenses (Administrative Expenses)</b>		
Advertisement Expenses	135,610	2,197
Bad Debts	-	626,579
Fines and Penalties	510,040	-
Communication Expenses	42,308	47,693
Computer Maintenance Expenses	-	649
Conveyance Expenses	3,127	650
Demat Charges	68,069	63,742
Office expenses	1,100	-
Facilities to Directors	4,609	22,318
Internet expenses	550	-
Listing Fees	29,850	32,003
Legal & professional Fees	36,361	63,222
Printing & Stationery	10,639	5,249
Payment To auditors	-	14,522
Audit Fees	16,545	16,545
Company Law Matter	16,545	-
Taxation Matter	11,030	11,030
Rent, Rates & taxes	60,000	150,000
Travelling Expenses to others	-	5,670
Medical Expenditure reimbursed to Directors	6,273	73,025
Sales tax Penalty	-	21,320
Telephone Expenses	-	492
Miscellaneous Expenses	250	-
<b>Total</b>	<b>952,906</b>	<b>1,156,906</b>

# Palsoft Infosystems Limited

PARTICULARS	As at 31 <sup>st</sup> MARCH, 2012	As at 31 <sup>st</sup> MARCH, 2011
<b>Note No.3 :- Other Disclosures and Notes</b>		
3.1 Contingent Liabilities		
(a) Disputed Sales Tax Demand	-	159,307
<b>Total</b>	<b>-</b>	<b>159,307</b>
3.2 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:		
(a) Communication Expenses	<b>41,420</b>	47,434
(b) Salary & Others	-	1,432,504
(c) Rent	<b>60,000</b>	150,000
<b>Total</b>	<b>101,420</b>	<b>1,629,938</b>
3.3 Accounting for taxes on income: Deferred Tax Assets are not recognized 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 realized.		
3.4 Balances of debtors and creditors are subject to confirmation.		
3.5 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 compiled and disclosed.		
3.6 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.		

<p style="text-align: center;">For and on behalf of Board of Directors of For Palsoft Infosystems Ltd.</p> <p style="text-align: center;">Sd/- (ANUBHA GUPTA) Whole-time Director</p> <p style="text-align: center;">Sd/- (PAYAL GUPTA) Company Secretary</p> <p>PLACE : JAIPUR DATE : 25.05.2012</p>	<p style="text-align: center;">In terms of our Examination Report of even date FOR KALANI &amp; COMPANY Chartered Accountants FRN - 000722C</p> <p style="text-align: center;">Sd/- (J. P. SOMANI) Partner M.No. 76211</p>
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**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2012**

(Amount in Rs.)

PARTICULARS	As at 31 <sup>st</sup> MARCH, 2012	As at 31 <sup>st</sup> MARCH, 2011
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit &amp; Loss account</b>	<b>(1,656,320)</b>	<b>(6,310,755)</b>
<b>Adjustment for :</b>		
Depreciation	17,321	9,445
Profit on Sale of long term investment	(111,448)	-
Dividend Received	(1,465)	(1,850)
Excess Provision for diminution in value of investment written back	<b>1,368,492</b>	<b>2,390,144</b>
<b>Operating Profit Before Change in Working Capital</b>	<b>(383,421)</b>	<b>(3,913,016)</b>
<b>Adjusted for change in</b>		
Trade & Other Receivable	(76,405)	(2,284,021)
Trade Payable	<b>1,095,741</b>	<b>4,483,291</b>
<b>Operating Cash Flow</b>	<b>635,915</b>	<b>(1,713,746)</b>
<b>NET CASH USED IN OPERATING ACTIVITIES (A)</b>	<b>635,915</b>	<b>(1,713,746)</b>
<b>(B) CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
Refund of Application Money	-	1,950,000
Sale of Investment	<b>134,458</b>	-
Purchase of Investment	-	(169,021)
Purchase of Fixed Assets	-	(58,400)
Dividend Received	<b>1,465</b>	<b>1,850</b>
<b>NET CASH FROM INVESTMENT ACTIVITIES</b>	<b>135,923</b>	<b>1,724,429</b>
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>	-	-
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		
<b>NET CASH INCREASE / DECREASE (A+B+C)</b>	<b>771,838</b>	<b>10,683</b>
Cash and Cash equivalents as on 01.04.2011	<b>117,640</b>	106,957
Cash and Cash equivalents as on 31.03.2012	<b>889,478</b>	117,640

<b>Date : 25.05.2012</b>	Sd/- (ANUBHA GUPTA)	Sd/- (NAVEEN GUPTA)	Sd/- (PAYAL GUPTA)
<b>Place : Jaipur</b>	Director	Director	Company Secretary

**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, 2012 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

**Place : Jaipur**  
**Date : 25.05.2012**

Sd/-  
(J. P. SOMANI)  
Partner  
M.No. 76211





## PALSOFT INFOSYSTEMS LIMITED

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

### PROXY FORM

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

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

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

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 19<sup>th</sup> Annual General Meeting of the company to be held on  
Friday, the 28<sup>th</sup> September, 2012 at 11:00 A.M. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

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*	
----------	--

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

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

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

I hereby record my presence at the 19<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 Friday, the 28<sup>th</sup> September, 2012 at 11:00 A.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

TEAR HERE

Book-Post

If undelivered, please return to :

**Palsoft Infosystems Limited**

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

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