



VIRTUALSOFT
Get The Digital Edge

Catalyzing Innovative Broadband & Mobile Roaming Solutions...



Virtual Events Division



vReach™



Telecom Division

ROAM1
MOBILE

VIRTUALSOFT SYSTEMS LIMITED

ANNUAL REPORT 2010-2011



BOARD OF DIRECTORS

Mr. Gokul Tandan *Managing Director*
Mr. Rajendra V. Kulkarni *Whole time Director*
Mr. Ashok K. Anand *Director*
Mr. Suresh Rajpal *Director*

COMPANY SECRETARY

Mr. Atul Kumar

BANKERS

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

STATUTORY AUDITORS

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

REGISTERED OFFICE

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

SHARE TRANSFER AGENT

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

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NOTICE

Notice is hereby given that the Twentieth Annual General Meeting of the Members of the Company will be held on Friday, September 30, 2011 at 9:00 a.m. at Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi -110 053, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit & Loss Account for the year ended as on that date and the Reports of Auditors and Directors thereon.
2. To re-appoint Mr. Suresh Rajpal, Director who retires by rotation and being eligible, has offered himself for re-appointment.
3. To re-appoint Mr. Ashok Kumar Anand, Director who retires by rotation and being eligible, has offered herself for re-appointment.
4. To appoint M/s. Nath Ahuja & Co., Chartered Accountants as Auditors of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

Registered Office:
S-101, Panchsheel Park,
New Delhi-110 017.
Dated: August 16, 2011

By Order of the
Board of Directors

Atul Kumar
Company Secretary

NOTES:

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

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

An explanatory statement pursuant to Section 173 of the Companies Act, 1956, in respect of the items under

2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday September 28, 2011 to Friday 30, 2011 (both days inclusive).
3. Member are requested:
 - i. to kindly notify the change of address, if any to the Company/ the Registrar / Depository Participant.
 - ii. To bring their copy of the Annual Report,
 - iii. to deposit to duly completed attendance slip at the meeting

Registered Office:
S-101, Panchsheel Park,
New Delhi-110 017.
Dated: August 16, 2011

By Order of the
Board of Directors

Atul Kumar
Company Secretary

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting for your consideration and approval the Twentieth Annual Report of your Company for the financial year ended March 31, 2011.

1. FINANCIAL RESULTS

(Figures in Lacs)

Particulars	Year Ended 31.03.2011	Year Ended 31.03.2010
1. (a) Net Sales/Income from Operations	125.66	36.55
(b) Other Operating Income	0.00	0.00
2. Expenditure		
a. Increase/decrease in stock in trade and work in progress	0.00	0.00
b. Consumption of raw materials	0.00	0.00
c. Purchase of traded goods	59.87	6.81
d. Employees cost	13.62	29.94
e. Depreciation	6.70	7.22
f. Other expenditure	47.05	30.89
g. Total	127.24	74.86
(Any item exceeding 10% of the total expenditure to be shown separately)	0.00	0.00
3. Profit from Operations before Other Income, Interest and Exceptional Items (1-2)	(1.58)	(38.31)
4. Other Income	4.95	2.67
5. Profit before Interest and Exceptional Items (3+4)	3.37	(35.64)
6. Interest	0.46	1.80
7. Profit after Interest but before Exceptional Items (5-6)	2.91	(37.44)
8. Exceptional items	0.00	0.00
9. Profit (+)/ Loss (-) from Ordinary Activities before tax (7+8)	2.91	(37.44)
10. Tax expense	0.00	0.00
11. Net Profit (+)/ Loss (-) from Ordinary Activities after tax (9-10)	2.91	(37.44)
12. Extraordinary Item (net of tax expense Rs.	0.00	0.00
13. Net Profit(+)/ Loss(-) for the period (11-12)	2.91	(37.44)
14. Paid-up equity share capital (Face Value of the Share shall be indicated)	754.76	754.76
15. Reserve excluding Revaluation	20.00	20.00
16. Earnings Per Share (EPS)		
a) Basic and diluted EPS before Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	0.04	(0.50)
b) Basic and diluted EPS after Extraordinary items for the period, for the year to date and for the previous year (not to be annualized)	0.04	(0.50)



17. Public Shareholding			
- No. of shares	2,329,517		2,126,258
- Percentage of shareholding	30.86%		28.17%
18. Promoters and promoter group Shareholding **			
a) Pledged/Encumbered			
- Number of shares	0.00		0.00
- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	0.00		0.00
- Percentage of shares (as a% of the total share capital of the company)	0.00		0.00
b) Non-encumbered			
- Number of Shares	5,218,083		5,421,342
- Percentage of shares (as a% of the total shareholding of promoter and promoter group)	69.14%		71.83%
- Percentage of shares (as a % of the total share capital of the company)	71.83%		71.83%

1. BUSINESS AND OPERATIONS OF THE COMPANY

VIRTUAL SOFT- PIONEERING BROADBAND, VIRTUAL EVENT & MOBILE ROAMING SERVICES & SOLUTIONS

Broad band networks are revolutionizing the way we do business. Virtual Soft and its v Reach division offer outstanding digital broadband solutions. They use technology developed inhouse and by our best-of -breed global partners to the advantage of large enterprises, associations and media companies. Broadband network & application solutions offer you a convergence of voice, data and video that can be used for your business - by creating and leveraging business function specific virtual events - both live & on-demand, ideally through an annual engagement contract with VirtualSoft.

Virtual Soft transforms conventional business, learning, entertainment and media enterprises into rich media digital corporations. It uses the technologies of the day to set up the infrastructure & application platforms needed for streaming interactive rich media content - as well as creating and managing virtual events - over the internet, intranet or extranet.

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

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

existing corporate computing infrastructure to make real-time business meeting and events more cost-effective and convenient by reducing travel and extending reach to globally dispersed customers, partners, and co-workers over low-bandwidth network connections through a simple browser interface

VirtualSoft's vReach division also offers Rich Media content creation and migration services using proprietary technology and business methods. It creates near video on-demand content synchronized with Power point slides and other interactive mechanisms for leading conference organizers like CII, FICCI, The Times of India Group, The Federation of Asian Advertising Associations, Business Today; and for leading enterprises such as SAP, IBM, The World Bank and the Tata Group.

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

In the year under Review, three new initiatives were successfully launched:

First, based on inhouse R&D, VirtualSoft successfully developed and deployed a B2B live Text Chat Platform (Multi - Panelist & Multiple Levels of Moderation) with a video featurepp, for Intel India. 7 Virtual Events were then created and launched for Intel successfully during the year. Over 3,000 of the Target Audience registered and over 1500 attended.



Second, based on a strategic partnership for India and APAC with 6Connex Inc

(www.6Connex.com)- a California based global leader in Virtual Experience based business solutions & our own domain competence, processes and goto market ecosystem, Virtual Soft launched a range of next generation Virtual Experience based events for demand generation, customer engagement, collaboration, learning and knowledge management for brands like CNBC/ Web 18, Cisco, Oracle and Intel - both at the India & APAC level.

Third based on technology & market development work done late in the year under Review, in April 2010, VirtualSoft created a new Telecom division to focus on Mobile Roaming Solutions for the global traveller under the brand name "Roam1" (www.roam1.com)

Currently the options for an International Traveler for telephony during his overseas travel is either to use the International Roaming facility on his existing SIM or take a country specific SIM Card that our competitors provide. We have, along with a UK based company developed a unique solution which allows a consumer to use a single UK based SIM which provides low cost telephony in international roaming. This SIM provides Free Incoming in over 100 countries and provides low cost Call Back to India. Over the past few months we have piloted this SIM and have now over 2500 customers who regularly use this product. The Card is a prepaid card, which again makes it very attractive for an Indian Customer as it allows him to control his international telephony expenses. The billing is in real time and is visible instantly on the net which ensures that there is no room for over billing. The customer gets to retain the card and can publish the number as his permanent International Number. This way every time the customer goes abroad, he adds talk time on his card which makes repeat business very easy for us.

With the foundation in Enterprise Broadband solutions and the three new initiatives launched in the year under Review, the Company now expects significant growth in both revenues and profitability in the current year and the years to come.

2. DIVIDEND

Your Directors do not recommend a dividend.

3. AUDITORS

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

4. DIRECTORS

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

5. DEPOSITS

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

6. PARTICULARS OF EMPLOYEES

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

7. CAPITAL MARKET DEVELOPMENTS

As on date, 79.11% of Shares are in Demat form and are listed on various stock exchanges. The Company has, from time to time, reminded the shareholders/ investor, holding the Shares in Physical form to convert their Shareholding to dematerialized form.

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

(a) Details of Conservation of Energy

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

All possible measures have been taken to conserve energy:

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

(b) Technology Absorption

Research & Development

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

(c) Foreign Exchange Earnings

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

9. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors wish to state that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) that they had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- (c) that they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets

of the Company and for preventing and detecting fraud and other irregularities;

- (d) that they had prepared the annual accounts on a going concern basis.

10. CORPORATE GOVERNANCE

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

11. ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Place: New Delhi
Date: August 16, 2011

Mr. Gokul Tandan
Managing Director

Mr. R.V.Kulkarni
Wholetime Director

Corporate Governance Report

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

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

1. VSL Philosophy on Corporate Governance

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

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

2. Board of Directors

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

During the Financial Year ended 31st March 2011, Six Board Meetings were held on 31.05.10, 31.07.10, 13.08.10, 31.10.10, 31.01.11 & 1.03.2011,

The Last Annual General Meeting was held on 30th September 2010 and the last Extra - ordinary General Meeting was held on 17th, January 2001.

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



S. No.	Name & Designation	Category	No. Of other Directorships held	No of Board meetings		Attended last AGM (30.09.09)
				Held	Attended	
1.	Mr. Gokul Tandan	MD	6	6	6	Yes
2.	Mr. Rajendra V. Kulkarni	WTD	6	6	6	Yes
3.	Mr. Suresh Rajpal	NEID	3	6	2	No
4.	Mr. Ashok Anand	NEID	1	6	2	No

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

Directorship / Committee Positions

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

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

2.1 Information Placed before the Board

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

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

- Details of show cause, demand, prosecution and penalty notices which are materially important
- Transactions involving substantial payments towards goodwill, brand equity or intellectual Property.
- Sale of material nature of investments, subsidiaries and assets, which are outside the normal course of business.

3. Committees of the Board

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

Audit Committee

Share Transfer and Investors Grievance Committee.

3.1 Audit Committee

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

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

During the period 01.04.010 to 31.03.11, the Audit Committee met 4 times on 31.05.10, 31.07.10, 31.10.10 & 31.01.11

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

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment / re-appointment of external and internal auditors, tax auditors, fixation of statutory

audit fees, internal audit fees and tax audit fees and also approval for payment of any other services.

- Review and management the annual financial statements before submission to the Board.
- Review quarterly UN - audited /audited financial results, half yearly review report.
- Review with Management, external and internal auditors the adequacy of internal control system.
- Review the adequacy of internal audit programme, internal audit reports; follow

up reports and guidelines prepared for internal audit.

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

3.2 Share Transfer and Investors Grievance Committee

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

This Committee looks into transfer and transmission of Shares, issue of duplicate share certificates, consolidation and sub - division of shares and investors' grievance. This Committee particularly looks into Investors Grievances and oversees the performance of the in- house Share Department/ Share Transfer Agents and to ensure prompt and efficient investors' services. The Committee met Ten times during the year 2010 - 2011. The following are the members and their attendance at the Committee Meetings: -

Name of Member	No. of Meetings	
	Held	Attended
1. Mr. Gokul Tandan	4	4
2. Mr. Rajendra V. Kulkarni	4	4
3. Mr. Atul Kumar	4	4

4. General Body Meetings

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

Year	AGM / EGM	LOCATION	DATE	TIME
2009 - 2010	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053	30.09.2010	9:00 A.M.
2008 - 2009	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053	30.09.2009	9:00 A.M.
2007 - 2008	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053	30.09.2008	9:00 A.M.
2006 - 2007	AGM	Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi - 110 053	28.09.2007	9:00 A.M.

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

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

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

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

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

7. Means of Communication

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

- Financial reporting for the quarter ending June 30. 2011 : End July 2011
- Financial reporting for the quarter ending Sep 30. 2011 : End Oct 2011
- Financial reporting for the quarter ending Dec 31. 2011 : End Jan 2012
- Financial reporting for the Year ending March 31. 2012 : End April 2012

Date of Book Closures: September 28, 2011 to September 30, 2011, both days inclusive.

Listing on Stock Exchanges:

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

8 General Shareholders Information:

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

9. Compliance Certificate of the Auditors

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

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

SHAREHOLDERS INFORMATION

- Registered Office : S-101, Panchsheel Park, New Delhi-110 017
- Annual General Meeting : Date & Time : 30th September, 2011 At 9:00 A .M.
- Venue : Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi – 110 053

Financial Calender :

Statement Showing Shareholding Pattern

Category code	Category of Shareholder	Number of Shareholders	Total number of shares	Number of shares held in dematerialized form	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B) ¹	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX) = (VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group²							
1	Indian							
(a)	Individuals/ Hindu Undivided Family	2	638083	638083	8.45	8.45	0	0.00
(b)	Central Government/ State Government(s)						0	#DIV/0!
(c)	Bodies Corporate	2	4580000	3580000	60.68	60.68		0.00
(d)	Financial Institutions/ Banks							#DIV/0!
(e)	Any Others(Specify)				0.00	0.00		#DIV/0!
(e-i)					0.00	0.00		#DIV/0!
(e-ii)					0.00	0.00		#DIV/0!
	Sub Total(A)(1)	4	5218083	4218083	69.14	69.14	0	0.00
2	Foreign							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)				0.00	0.00		#DIV/0!
b	Bodies Corporate				0.00	0.00		#DIV/0!
c	Institutions				0.00	0.00		#DIV/0!
d	Any Others(Specify)				0.00	0.00		#DIV/0!
d-i					0.00	0.00		#DIV/0!
d-ii					0.00	0.00		#DIV/0!
	Sub Total(A)(2)	0	0	0	0.00	0.00	0	#DIV/0!
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	4	5218083	4218083	69.14	69.14	0	0.00
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI				0.00	0.00		
(b)	Financial Institutions / Banks	1	50000	50000	0.66	0.66		
(c)	Central Government/ State Government(s)				0.00	0.00		
(d)	Venture Capital Funds				0.00	0.00		
(e)	Insurance Companies				0.00	0.00		
(f)	Foreign Institutional Investors				0.00	0.00		
(g)	Foreign Venture Capital Investors				0.00	0.00		
(h)	Any Other (specify)				0.00	0.00		
(h-i)					0.00	0.00		
(h-ii)					0.00	0.00		
	Sub-Total (B)(1)	1	50000	50000	0.66	0.66		
B 2	Non-institutions							
(a)	Bodies Corporate	48	98156	74356	1.30	1.30		
(b)	Individuals				0.00	0.00		
I	Individuals -i. Individual shareholders holding nominal share capital up to Rs 1 lakh	2678	873520	487574	11.57	11.57		
II	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	20	1126667	1115857	14.93	14.93		
(c)	Any Other (specify)				0.00	0.00		
(c-i)	Clearing Members	5	13374	13374	0.18	0.18		
(c-ii)	Non-Resident India	52	167800	11500	2.22	2.22		
	Sub-Total (B)(2)	2803	2279517	1702661	30.20	30.20		
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	2804	2329517	1752661	30.86	30.86		
	TOTAL (A)+(B)	2808	7547600	5970744	100.00	100.00		
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
1	Promoter and Promoter Group				0			#DIV/0!
2	Public				0			
	Sub-Total (C)				0			
	GRAND TOTAL (A)+(B)+(C)	2808	7547600	5970744		100.00	0	0.00

Status of Dematerialization as on March 31, 2011

PARTICULARS	NO. OF SHARES	% TO TOTAL CAPITAL
National Security Depository Limited	5818290	77.09%
Central Depository Services (India) Limited	137654	1.821%
TOTAL DEMATERIALIZED	5936144	78.91%
PHYSICAL	1591656	21.09%
GRAND TOTAL	7547600	100%

CERTIFICATE ON CORPORATE GOVERNANCE CERTIFICATE

To the Member of
M/s VIRTUAL SOFT SYSTEMS LIMITED

1. We have examined the compliance of conditions of Corporate Governance by M/s. VIRTUAL SOFT SYSTEMS LIMITED. ('the Company') for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said with various Stock Exchange (hereinafter referred to as "the agreement").
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Company.
3. In our opinion and based on our review and to the best of our information and according to the explanations given to us, we certify that the conditions of the Corporate Governance as stipulated in clause 49 of the agreement have been complied with in all material aspects of the Company.
4. As required by the Guidance note issued by the institute of Chartered Accountants of India, we have to state that as per the records maintained by the Share transfer and / Investor Grievance Committee, there was no investor except in cases which are constrained by disputes and legal impediments.
5. 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 S. R. Sharma & Associates
Practicing Company Secretary
Membership No. 3942

Place : New Delhi
Date : 16 Aug, 2011

AUDITORS REPORT

The Members

1. We have audited the attached Balance Sheet of Virtualsoft Systems Limited as at March 31, 2011 and also the Profit and Loss Account and the Cash flow statement of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the companies (Auditor's Report)Amendment Order 2004 issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us , we have given in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to in paragraph 3 above:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from the examination of the books;
- (iii) The balance sheet and the profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the balance sheet and the profit and loss account and cash flow statement dealt with by this report comply with the requirements of the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on March 31, 2011 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and Profit & Loss account read together with the Significant Accounting Policies & Notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view: -
 - a) in the case of the balance sheet, of the state of affairs of the company as at 31st March 2011;
 - b) in the case of the profit and loss account, of the Loss for the year ended on that date; and
 - c) in the case of the Cash flow statement, of the Cash flows for the year ended on that date.

For Nath Ahuja & Co.
Chartered Accountants
FRN No. 001083N

(N.N. Ahuja)
Proprietor
M. No: 80178

Place : New Delhi
Date : 30/05/2011

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011 OF VIRTUAL SOFT SYSTEMS LTD.

- | | |
|---|--|
| <p>1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.</p> <p>(b) In our opinion, the fixed assets have been physically verified by the management at reasonable intervals, having regard to the size of the company and the nature of its assets.</p> <p>(c) During the year, in our opinion, a substantial part of the fixed assets has not been disposed off by the company.</p> <p>2. (a) As the company has not purchased/sold goods during the year nor is there any opening stocks, requirement of reporting on physical verification of stocks or maintenance of inventory records, in our opinion is not applicable.</p> <p>3. (a) There is no party covered in the register maintained under section 301 of the companies Act, 1956 of the Companies Act, 1956 to whom the company has granted loans/Advances.</p> <p>(b) There is one party covered in the register maintained under section 301 of the Companies Act, 1956 from whom the company has taken loans/Advances. The amount involved during the year in the transaction was Rs 72,45,160/- and the company has repaid a total amount of Rs. 18,05,618/- towards the loan/Advances during the year.</p> <p>(c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from/granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.</p> | <p>(d) The company is not regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever applicable. The other parties have repaid the principal amounts as stipulated and have been regular in the payment of interest wherever applicable.</p> <p>4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods/services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.</p> <p>5 (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been entered.</p> <p>(b) The transactions made in pursuance of contracts or arrangements refer to in section 301 of the Act are, in our opinion at prices which are reasonable having regard to the prevailing market prices at the relevant time.</p> <p>6 The Company has not accepted any deposit from the public with in the provision of section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.</p> <p>7 <i>According to the information and explanation given to us, in our opinion, the internal audit system of the company needs to be strengthened to make it commensurate with the size of the company and the Nature of its business.</i></p> <p>8 To the best of our knowledge and according to the explanation given to us the Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.</p> |
|---|--|

- 9 (a) According to the information and explanation given to us, the Company has not been regular in deposit of the provident fund, and TDS during the year with the appropriate authorities.. As explained to us, the provisions of Employees' State Insurance Act, 1948, are not applicable to the Company.
- (b) According to the information and explanations given to us, there was no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2011 for a period of more than six month form the date they became payable except for Tax deducted at source amounting to Rs:1,06,685.69/-
- (c) According to the information and explanation given to us, there are no dues of sales tax, customs duty, wealth tax, excise duty and cess, which have not been deposited on account of any dispute except Income Tax details are given as under:-

Particulars	Forum where matter is pending	Amount (Rs.)
Income Tax A.Y 2001-2002	Commissioner of Income Tax	
Income Tax A.Y 2002-2003	Commissioner of Income Tax	
Income Tax A.Y 2003-2004	Commissioner of Income Tax	
Income Tax A.Y 2004-2005	Commissioner of Income Tax	
Income Tax A.Y 2007-2008	Commissioner of Income Tax	

- 10 In our opinion the accumulated losses of the company amounting to Rs 1335 Lakhs are more than fifty percent of its net worth Rs. 774.76 Lakhs. The company has a profit in the current year, however has incurred cash losses amounting to Rs.29.95 Lakhs in the immediately preceding financial year.
- 11 According to the information and explanation given to us the company has not defaulted in repayment of dues to any financial institution/ bank.
- 12 According to the information and explanation given to us the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- 14 In our opinion, the company is not dealing in or trading in 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.
- 15 In our opinion, the terms and conditions on which the company has given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- 16 In our opinion and according to the information and explanation given to us no term loans have been taken by the company.
- 17 According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.

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- | | | | |
|----|--|----|---|
| 18 | According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. | 21 | According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit. |
| 19 | The company has not issued the debentures during the year; question of creating security does not arise. | | |
| 20 | The company has not raised any money by public issues during the period covered in our audit. | | |

**For Nath Ahuja & Co.
Chartered Accountants
FRN No. 001083N**

Place : New Delhi
Date : 30/05/2011

**(N.N. Ahuja)
Proprietor
M. No: 80178**

BALANCE SHEET
AS AT MARCH 31, 2011

	Schedule No.	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	75,476,000	75,476,000
Share Application Money		3,250,000	-
Reserves and Surplus	2	2,000,000	2,000,000
Loan Funds			
Unsecured Loans	3	71,587,501	64,586,629
Total		<u>152,313,501</u>	<u>142,062,629</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	35,595,539	35,374,389
Less : Depreciation		32,929,336	32,259,541
Net Block		2,666,203	3,114,848
Capital WIP (CRM)		10,756,011	-
Current Assets, Loans and Advances			
Inventory		200,432	-
Sundry Debtors	5	2,789,064	1,997,142
Cash and Bank Balances	6	2,129,105	1,534,345
Loans and Advances	7	7,612,564	5,083,460
		12,731,166	8,614,947
Less: Current Liabilities and Provisions:			
Liabilities	8	6,954,673	3,187,922
Provisions	9	470,885	355,356
		7,425,558	3,543,278
Net current assets		5,305,608	5,071,669
Profit and Loss account		133,585,679	133,876,112
Total		<u>152,313,501</u>	<u>142,062,629</u>

Significant Accounting Policies And Notes to Accounts 14

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

As Per our separate report of even date attached

For Nath Ahuja & Co.
Chartered Accountants
FRN No. 001083N

N.N Ahuja
Proprietor
M.No. 080178

Gokul Tandan
Managing
Director

For and on behalf of the Board of Directors

R. V. Kulkarni
Whole-time
Director

Atul Kumar
Company
Secretary

Place : New Delhi

Date : 30/05/2011

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 2011

	Schedule No.	Year Ended March 31, 2011 (Rs.)	Year Ended March 31, 2010 (Rs.)
INCOME			
Revenue from services			
- Domestic		7,814,009	2,809,494
- Export		1,044,175	845,792
Sale of International Roaming cards		3,707,604	3,655,286
Other Income	10	294,078	-
Closing Stock		200,432	267,592
TOTAL		13,060,298	3,922,878
EXPENDITURE			
Cost of services		3,329,316	681,345
Purchase of International roaming Cards		2,710,946	-
Employees Cost	11	1,365,459	3,074,365
Administrative and Other Cost	12	4,648,707	3,173,772
Financial Cost	13	45,633	15,136
Depreciation		669,803	722,034
TOTAL		12,769,864	7,666,653
Profit / (Loss) before taxation		290,434	(3,743,774.7)
Less: Provision for taxation for earlier years		-	-
NET PROFIT / (LOSS) FOR THE YEAR		290,434	(3,743,775)
Add : (Loss) Brought forward		(133,876,113)	(130,132,338)
(Loss) carried forward to Balance Sheet		(133,585,679)	(133,876,113)
Basic / Diluted Earning Per Share		0.04	(0.50)
Significant Accounting Policies			
And Notes to Accounts 14			
The Schedules Referred To Above Form An Integral Part of the Balance Sheet			

As Per our separate report of even date attached

For Nath Ahuja & Co.
Chartered Accountants
FRN No. 001083N

N.N Ahuja
Proprietor
M.No. 080178

Gokul Tandan
Managing
Director

For and on behalf of the Board of Directors

R. V. Kulkarni
Whole-time
Director

Atul Kumar
Company
Secretary

Place : New Delhi

Date : 30/05/2011

SCHEDULE TO THE ACCOUNT
SCHEDULES FORMING PART OF THE BALANCE SHEET

	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)
SCHEDULE - 1		
SHARE CAPITAL		
Authorized :		
15,000,000 Equity Shares Of Rs. 10/- Each	<u>150,000,000</u>	<u>150,000,000</u>
Issued, Subscribed and Paid Up :		
7,547,600 Equity Shares of Rs. 10/- Each	75,476,000	75,476,000
<i>(Of the above 4,500,000 (F/Y 2000-01 - 4,500,000) shares were allotted as fully paid-up pursuant to a contract without payments being received in cash and 800,100 Shares were allotted as fully paid-up by way of bonus shares)</i>		
<i>{Of the above 4,500,000 (F/Y 2000-01- 4,500,000) are held by Virtual Software and Training Pvt Ltd., the holding Company}</i>	<u>75,476,000</u>	<u>75,476,000</u>
SCHEDULE - 2		
RESERVES & SURPLUS		
Capital Reserve	<u>2,000,000</u>	<u>2,000,000</u>
	<u>2,000,000</u>	<u>2,000,000</u>
SCHEDULE - 3		
UNSECURED LOANS		
Long Term :		
– From Directors	60,507,281	55,557,739
– From Other Bodies Corporate	2,000,000	2,000,000
<i>(Due within one year Rs.NIL, Previous year Rs.NIL)</i>		
Short Term :		
– Other than Bank	9,080,220	7,028,890
	<u>71,587,501</u>	<u>64,586,629</u>

SCHEDULES FORMING PART OF BALANCE SHEET

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

Particulars	Rate of Dep.	Gross Block				Depreciation				Net Block		
		As at April 01, 2010	Additions	Adjustment	Deletions	As At March 31, 2011	During the Year	Adjustment	Deletions	Total as at March 31, 2011	As At March 31, 2011	As At April 01, 2010
Computer	16.21%	29,401,093	140,830.00	-	-	29,541,923.00	316,987	0	-	29,130,303	411,620	587,777
Furniture and Fixture	6.33%	3,710,138	-	-	-	3,710,138	235,987	0	-	2,322,136	1,388,002	1,623,989
Office Equipment	4.75%	1,734,737	80,320.00	-	-	1,815,057	78,995	0	-	934,945	880,112	878,787
Vehicles	9.50%	528,421	-	-	-	528,421	37,834	0	-	541,952	0	24,295
CRM			10,756,011									
Total		35,374,389	10,977,161	0	0	35,595,539	669,803.00	0	0	32,929,336.21	2,679,734	3,114,848

As Per our separate report of even date attached

For Nath Ahuja & Co.
Chartered Accountants
FRN No. 001083N

For and on behalf of the Board of Directors

N.N.Ahuja
Proprietor
M.No. 080178

Gokul Tandan
Managing Director

R. V. Kulkarni
Whole-time Director

Atul Kumar
Company Secretary

Place : New Delhi
Date : 30/05/2011

	As at March 31, 2011 (Rs.)	As at March 31, 2010 (Rs.)
SCHEDULE - 5		
SUNDRY DEBTORS		
Unsecured		
Debts Outstanding for a period exceeding Six Months		
- Considered Good	9,751	34,751
- Considered Doubtful	2,051,519	1,551,519
Other Debts		
- Considered Good	727,794	410,872
- Considered Doubtful		
- Due by a firm or private co.in which any director is a partner/director/member	-	-
	<u>2,789,064</u>	<u>1,997,142</u>
SCHEDULE - 6		
CASH AND BANK BALANCES		
Cash In Hand	1,627,925	1,397,578
Balance with Scheduled Banks		
- on Current Accounts	501,181	136,768
- on Deposit Accounts	-	-
	<u>2,129,105</u>	<u>1,534,345</u>
SCHEDULE - 7		
LOANS AND ADVANCES		
Advance Recoverable in Cash or in Kind or for value to be received	4,562,573	3,058,749
Prepaid Expenses	9,409	9,409
Security Deposits	562,750	82,500
Advance Tax/Tax Deducted At Source	1,834,052	1,932,802
Service tax Recoverable	643,781	-
	<u>7,612,564</u>	<u>5,083,460</u>
SCHEDULE - 8		
CURRENT LIABILITIES		
Sundry Creditors		
-- For trade	1,509,489	710,365
-- For Expenses	2,192,058	1,630,764
Statutory Liabilities Payable	2,575,522	206,311
Advance from Customers	440,103	565,485
Other Liabilities	111,803	71,240
Bank Overdraft		
- ICICI Bank Ltd.A/C No. 022405000538	9,384.25	3,756
- HDFC Bank	116,313.71	
	<u>6,954,673</u>	<u>3,187,922</u>
SCHEDULE - 9		
PROVISIONS		
Provision for Leave Encashment	179,249	169,297
Provision for Gratuity	291,636	186,059
	<u>470,885</u>	<u>355,356</u>

	Year Ended March 31, 2011 (Rs.)	Year Ended March 31, 2010 (Rs.)
SCHEDULE - 10		
OTHER INCOME		
Activation Fees	278,005	-
Balances written back	13,970.00	267,592
Short & Excess	321.03	-
Interest & Discounting Charges	<u>1,782.02</u>	-
	<u>294,077.55</u>	<u>267,592</u>
SCHEDULE - 11		
EMPLOYEES COST		
Salaries & Wages	1,178,325	2,900,901
Leave Encashment	9,952	23,885
Gratuity	105,577	72,000
Contribution To Provident and other Funds	44,588	21,240
Staff Welfare Expenses	<u>27,017</u>	<u>56,339</u>
	<u>1,365,459</u>	<u>3,074,365</u>
SCHEDULE - 12		
ADMINISTRATIVE AND OTHER EXPENSES		
Advertisement	49,160	57,720
Business & Sales Promotion	72,413	1,207
Legal and Professional Expenses	2,491,195	1,055,370
Communication Expenses	308,425	256,450
Auditors Remuneration		
- Statutory Audit Fees	35,000	30,000
- Tax Audit Fees	15,000	-
Car running & maintenance	10,553	14,200
Electricity and Water Charges	76,823	99,984
Fee & Subscription	104,008	73,782
Repair and Maintenance		
- Building	154,927	
- Generator	11,450	
- Others	<u>81,472</u>	
Rent/Hire Charges	688,218	836,444
Registration charges	6,000	15,114
Printing and Stationery	109,947	38,893
Listing Fee	15,000	39,160
Conveyance Expenses	62,933	43,931
Miscellaneous Expenses	27,359	6,513
Commission expenses	91,288	68,890
Local Hotel Boarding & Lodging	53,392	108,493
Local Tour & Travelling	18,527	53,334
Courier & Postage Expenses	71,881	11,757
Foreign Exchange Loss	51,316	26,757
Financial Charges	40,092	180,077
Fine & Penalty	2,327	
Balances written off	-	84,495
	<u>4,648,707</u>	<u>3,173,772</u>
SCHEDULE - 13		
FINANCIAL COST		
Bank Charges	<u>45,633</u>	<u>15,136</u>
	<u>45,633</u>	<u>15,136</u>

SCHEDULE - 14

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. Significant Accounting Polices :

i) Basis of Accounting

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

ii) Fixed Assets & Depreciation

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

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

Capital WIP: The company is developing a software called CRM for providing telecom services. The expenses of Rs. 1,07,56,011/-incurred on that has been capitalized . The management is of the opinion that since the process is still going on no amortization is required during this year

iii) Revenue Recognition

a) Sales are recognized at point of dispatch of goods to customers.

b) Services are net of service tax. Revenue from services is recognized when services are rendered and related costs are incurred.

iv) Retirement Benefits

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

Contribution to Provident Fund is accounted for on accrual basis.

v) Deferred Taxation

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

vi) Provision for Taxation

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

B. Notes to Accounts

01. Contingent Liabilities:

No Contingent liability during the year.

Income Tax matters under dispute: Nil (Previous year: NIL).

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

03. Director's remuneration (Rs.):

	Year ended March 31, 2011	Year ended March 31, 2010
Managing Director	1,20,000	360,000

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

Net Profit/ (Loss) as per the P&L A/c	2,90,434/-
Add: i) Depreciation charged to P&L A/c	6,69,803 /-
ii) Director's Remuneration	1,20,000 /-
iii) Remuneration to Managing Agents	NIL
iv) Profit on Sale of Fixed Assets	NIL
u/s 349 of the Companies Act 1956	
Less: i) Depreciation u/s 350 of the Companies Act 1956.	6,69,803/-

Net Profit/ (Loss) in accordance with the section 349 of the Companies Act,1956 4,10,434/-

04. Remuneration to Auditors (Inclusive of Service Tax):

	Year ended March 31, 2011	Year ended March 31, 2010
Audit Fees	38,605/-	33090
Tax Audit Fess	16,545/-	NIL
Out of Pocket Expenses	NIL	NIL

05. Foreign Exchange Transactions.

- (i) Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transaction.
- (ii) The monetary items denominated in foreign currency are translated at the year end rate of exchange.
- (iii) Difference in exchange has been dealt with Profit and Loss account.

06. Earnings per share have been computed as under:

	Year ended March 31,2011	Year ended March 31, 2010
Profit / (Loss) after taxation (Rs.)	2,90,434/-	(37,46,864)
Number of ordinary shares	75,47,600	75,47,600
Basic / Diluted Earning Per Share (Rs.)	0.04	(0.50)

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

08. Segment Reporting:

The company is engaged in the business of software development and SIM & ERCV , therefore these have been considered as two reportable segments.

Rs. in Lacs

	SIM & ERCV	IT Services	Others	Total
External Sale	37.08	88.58	0	125.66
Inter segment sales	0	0	0	0
Total Revenue	37.08	88.58	0	125.66
Result				
Segment Result	(2.71)	6.56	0	3.85
Unallocated interest and Financial Expense			0.95	0.95
Operating Profit				2.90
Capital Employed	98.91	156.09		255

a) Segment revenues and expenses

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

09. Related Party Disclosure:

(a) Names of related Parties and description thereof:

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

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

	Holding Company	Management Personnel	Enterprises under the common control or control through one or more intermediaries	Total
Sale of Services	-	-	-	-
Sale of Goods	-	-	-	-
Purchase of Goods	-	-	-	-
Purchase of Services	8,00,000	6,00,000	63,698	14,63,698
Managerial Remuneration	-	1,20,000	-	1,20,000
Loans / Advances Taken	5,00,000	67,45,160	-	72,45,160
Loans / Advances Repaid	30,000	17,95,618	-	18,25,618
Loans / Advances Given	-	-	-	-
Reimbursement of Expenses	-	3,32,380	-	3,32,380
Received Against Services	-	-	-	-
Received Against Sales	-	-	-	-
Payment Against Purchase of Goods	-	-	-	-

10. (a) Since the company is engaged in the business of software development/IT related services .The production and sale of the same is not capable of being expressed in any generic unit. Hence, other information pursuant to the provision of 3,4C and 4D of Part II of Schedule VI of the Companies Act, 1956 are not applicable to the company.

(b) Quantitative Information- SIM:

Products	Opening Stock		Purchases		Sales		Closing Stock	
	Qty. (Nos.)	Amt. (Rs.)	Qty. (Nos.)	Amt. (Rs.)	Qty. (Nos.)	Amt. (Rs.)	Qty. (Nos.)	Amt. (Rs.)
Global	-	-	1000	400000	635	266700	365	146000
Malaysia	-	-	300	18000	123	14760	177	10620
Thai	-	-	1000	136680	841	126150	159	21732
USA	-	-	500	120000	408	130560	92	22080

11. Income in Foreign Currency:

	Year ended March 31, 2011	Year ended March 31, 2010
Income :		
Software services	10,44,175/-	8,45,792/-

Expenditure in Foreign Currency:

	Year ended March 31, 2011	Year ended March 31, 2010
Expenditure :		
Foreign Travel	Nil	Nil
SIM & ERCV Purchases	25,92,121/-	Nil

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

13. Figures are rounded off to nearest rupee.

14. Unclaimed Dividend

Pursuant to section 205C of the companies act 1956, dividends that are unpaid / unclaimed for a period of seven years from the date they become due for payment are required to be transferred to the Investors Education and Protection Fund (IEPF) administered by the central government. The following unpaid / unclaimed dividends have not been transferred to IEPF A/C.

DIVIDEND UNPAID	AMOUNT
Dividend unpaid (97-98)	43850.00
Dividend un paid (96-97)	27390.00
TOTAL	71240.00

For Nath Ahuja & Co.
Chartered Accountants
FRN No. 001083N

For and on behalf of the Board of Directors

N.N Ahuja
Proprietor
M.No. 080178

Gokul Tandan
Managing Director

R. V. Kulkarni
Whole-time Director

Atul Kumar
Company Secretary

Place : New Delhi
Date : 30/05/2011



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration No.

5	5	-	0	4	7	9	3	1
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 State Code

5	5
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Balance Sheet Date

3	1		0	3		2	0	1	1
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Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands)

Public issue	Right Issue																								
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>									N	I	L	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>										N	I	L	
								N	I	L															
									N	I	L														
Bonus Issue	Private Placement																								
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									N	I	L														
									N	I	L														

III. Position of Mobilisation and Deployment of Funds (Amounts in Rs. Thousand)

Total Liabilities	Totals Assets																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>1</td><td>5</td><td>2</td><td>3</td><td>1</td><td>4</td></tr></table>				1	5	2	3	1	4	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td>1</td><td>5</td><td>2</td><td>3</td><td>1</td><td>4</td></tr></table>				1	5	2	3	1	4
			1	5	2	3	1	4											
			1	5	2	3	1	4											
Sources of Funds	Reserves & Surplus																		
Paid-up Capital	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td>2</td><td>0</td><td>0</td><td>0</td></tr></table>						2	0	0	0									
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					7	5	4	7	6										
Secured Loans	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td>7</td><td>1</td><td>5</td><td>8</td><td>8</td></tr></table>						7	1	5	8	8								
					7	1	5	8	8										
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					0	0	0												
Application of Funds	Investments																		
Net Fixed Asstes	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td>0</td><td>0</td><td>0</td></tr></table>						0	0	0										
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					2	6	6	6											
Net Current Asstes	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td>0</td><td>0</td><td>0</td></tr></table>						0	0	0										
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					5	3	0	6											
Accumulated Losses	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td>0</td><td>0</td><td>0</td></tr></table>						0	0	0										
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					1	3	3	5	8	6									

IV. Performance of the Company (Amounts in Rs. Thousand)

Turnover	Total Expenditure																							
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td>1</td><td>3</td><td>0</td><td>6</td><td>0</td></tr></table>						1	3	0	6	0	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td>1</td><td>2</td><td>7</td><td>7</td><td>0</td></tr></table>						1	2	7	7	0			
					1	3	0	6	0															
					1	2	7	7	0															
+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax																							
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>2</td><td>9</td><td>0</td></tr></table>								2	9	0	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>2</td><td>9</td><td>0</td></tr></table>								2	9	0			
							2	9	0															
							2	9	0															
Earning Per Share in Rs.	Dividend Rate %																							
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>0</td><td>.</td><td>0</td><td>4</td></tr></table>								0	.	0	4	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td>N</td><td>I</td><td>L</td></tr></table>										N	I	L
							0	.	0	4														
									N	I	L													

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

Item Code No. (ITC Code.)	N O T A P P L I C A B L E
Product Description (ITC Code.)	N O T A P P L I C A B L E
Item Code No. (ITC Code.)	8 5 2 4 9 1 1 2
Product Description (ITC Code.)	S O F T W A R E D E V E L O P M E N T
Item Code No. (ITC Code.)	N I L

CASH FLOW STATEMENT

for the year ended March 31, 2011

	2010-2011 (Rs. In Lakhs)	2009-2010 (Rs. In Lakhs)
Cash flows from operating activities		
Net profit before tax and extraordinary items	2.90	(37.44)
Adjustments for :		
- Depreciation	6.70	7.22
- Foreign exchange loss / (gain)		0.27
- Interest income	-	-
- (Profit) / Loss on sale of asset	-	-
- Interest expense	-	-
- Misc. expenses written off	-	-
- Provision for doubtful debts/balances	-	-
- Bad debts/Balances written off	-	-
Operating profit before working capital changes	9.60	(29.95)
(Increase) / Decrease in Inventory	(2.00)	
(Increase) / Decrease in sundry debtors	(7.92)	8.24
(Increase) / Decrease in Loan, advances and other current assets	(25.29)	(10.19)
Increase / (Decrease) in trade payables	7.99	(3.86)
Increase / (Decrease) in Other Liabilities & Provisions	30.83	(0.09)
Cash generated from operations	13.21	(35.85)
Income tax/FBT paid	-	-
Cash flow before extraordinary item	13.21	(35.85)
Extraordinary items	-	-
Net cash from operating activities	13.21	(35.85)
Cash flow from investing activities		
Purchase of fixed assets	(2.21)	(0.12)
Sale of fixed assets	-	-
Capital work in progress	(107.56)	-
Interest received	-	-
Misc. Expenses Incurred	-	-
Net cash from investing activities	(109.77)	(0.12)
Cash flow from financing activities		
Proceeds / (Repayments) of short term borrowings	20.51	-
Proceeds / (Repayments) of long term borrowings	49.50	35.90
Application Money received	32.50	-
Inflow from cash credit	-	-
Interest paid	-	-
Net cash used in financing activities	102.51	35.90
Net increase/(decrease) in cash and cash equivalents	5.95	(0.07)
Cash and cash equivalents at beginning of period	15.34	15.67
Foreign Exchange Gain		(0.27)
Cash and cash equivalents at end of period	21.29	15.33

We have verified the above Cash Flow Statement of Virtual Soft Systems Limited for the year ended March 31, 2010 prepared by the company and certify that the statement has been derived from the accounts of the company audited by us and has been prepared in accordance with the Stock Exchange Listing requirements.

As Per our separate report of even date attached

For Nath Ahuja & Co.

Chartered Accountants

FRN No. 001083N

N.N Ahuja

Proprietor

M.No. 080178

Gokul Tandan

Managing

Director

R. V. Kulkarni

Whole-time

Director

For and on behalf of the Board of Directors

Atul Kumar

Company

Secretary

Place : New Delhi

Date : 30/05/2011



VIRTUALSOFT SYSTEMS LIMITED

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

PROXY FORM

L.F. No.

DP ID No.

No. Of Shares Held

Client ID No.

I/we resident of
 being a Member/s of VirtualSoft System Ltd. hereby appoint Mr./Mrs./Miss
 resident of
 or failing him/her Mr./Mrs./Miss
 resident of

Vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Friday, September 30, 2011 at 9:00 a.m. at **Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi -110053**, and at any adjournment thereof.

Signed this day of 2011

(Signature of the Shareholder)

Affix
 Rupee One
 Revenue
 Stamp

Note :

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

VIRTUALSOFT SYSTEMS LIMITED

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

ATTENDANCE SLIP

Annual General Meeting—30th September 2011

I/We hereby record my/our presence at the Annual General Meeting of the Company at **Rama Krishna Banquets Hall, Near Main Market, Bhajanpura, Main Wazirabad Road, Delhi –110 053**, on Friday, September 30, 2011 at 9:00 a.m.

DP ID No.

L.F. No.

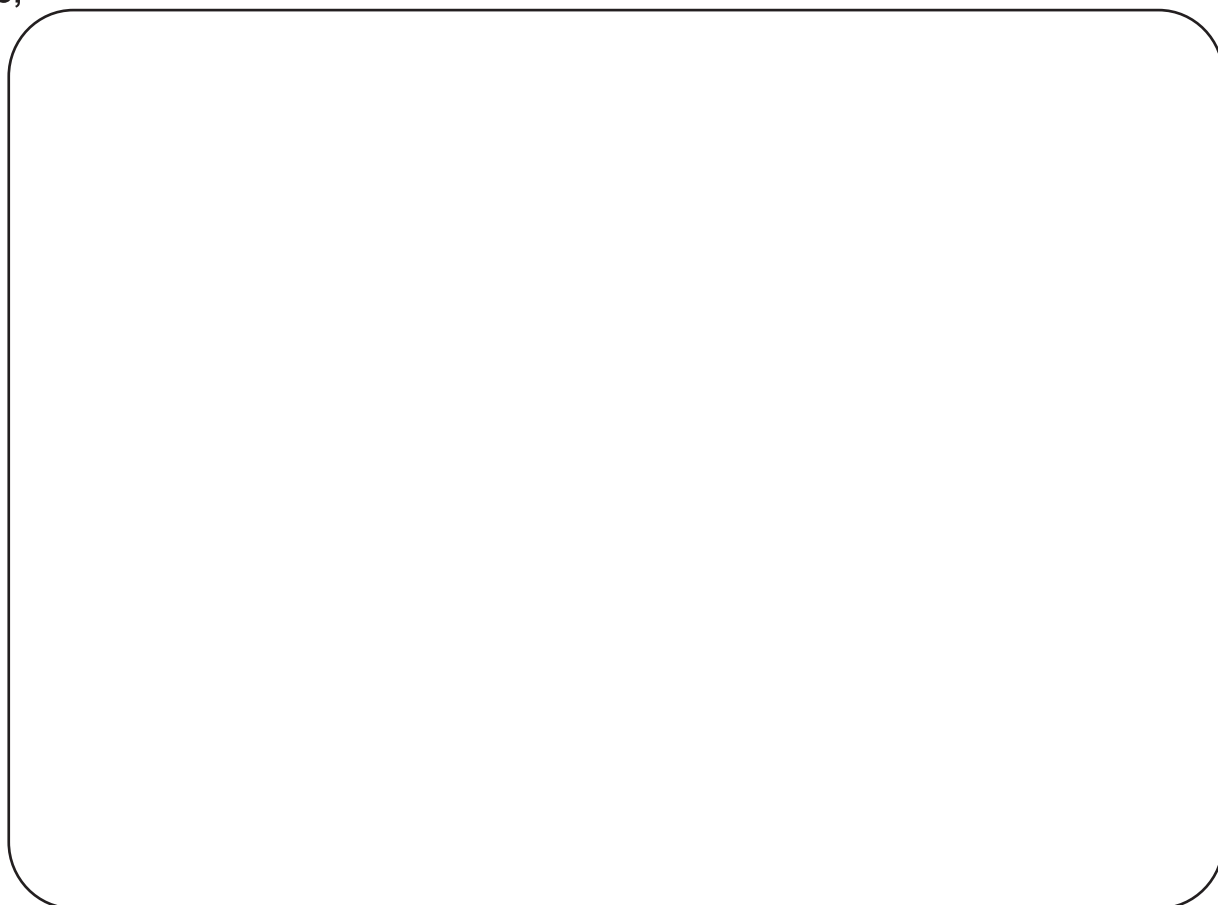
Client ID No.

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

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

BOOK POST

To,



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