



MICRO RETAIL LIMITED

FINANCIAL RESULTS

2008-2009





DIRECTORS' REPORT

To the members,

MICRO RETAIL LIMITED

Your directors are pleased to present the First Annual Report on the business and operations of your company for the period ended March 31, 2009.

Financial Results:

(Rupees in million)

Particulars	2009	2008
Total Turnover	353.58	NIL
Total Expenditure	291.02	NIL
Operating Profit	62.56	NIL
Depreciation	0.02	NIL
Profit Before Tax	62.53	NIL
Provision for Income Tax		
Current Tax	5.40	NIL
Fringe Benefit Tax	0.03	NIL
Deferred Tax	0.02	NIL
Income Tax Earlier Year	-	NIL
Profit After Tax	57.09	NIL
Balance B/F From Previous Year	-	NIL
Balance Transferred to Balance Sheet	57.09	NIL

Results of Operations

Your Company during the year has been able to achieve turnover to Rs.353.58 million .The Company has made a profit of Rs 57.09 million before income tax.

Dividend

Your directors recommend a dividend of 5% i.e Rs. 0.5 per share considering the profits made by the Company in its initial stages of operations.

Deposit

The Company has not accepted deposits from the public during the year as envisaged under Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 as framed there under.

Particulars of Employees

There is no employee covered by the provisions of Section 217 (2A) of the Companies Act, 1956.

Conservation Of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The nature of activity of the company does not entail conservation of energy or technical absorption.

Foreign Exchange Earning and Expenditure

- I Earning in Foreign Currency Rs. Nil/- (Previous year, NA)
- II Outgo in foreign currency Rs. Nil/- (Previous year, NA)



Directors' Responsibility Statement :

As required under section 217 (2AA) of Companies (Amendment) Act 2000, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (i) In the preparation of the annual accounts, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements & estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts on a going concern basis.

Auditors

M/s. Kaushal Manish & Co, Mumbai retire at the forthcoming Annual General Meeting and express their unwillingness to be the Auditors for the forthcoming Financial Year. M/s K. M. Gupta, Chartered Accountants, Mumbai are to be appointed as auditors of the company at the ensuing Annual General Meeting of the company in place of retiring auditors.

For & behalf of the Board

PR Srinivasan
Whole Time Director

Dr P Sekhar
Director

Mumbai, August 28th, 2009



3, JANTA,
NADIADWALA COLONY NO. 2,
S.V. ROAD, MALAD (WEST),
MUMBAI – 400 064.
TEL :- 2-883 1062

KAUSHAL MANISH & COMPANY
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Members MICRO RETAIL LIMITED

1. We have audited the attached Balance Sheet of **MICRO RETAIL LIMITED** as at **31st March, 2009**, the Profit and Loss Account and also the 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.
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 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 (Auditors' Report) Order, 2003 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 hereto 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 above, we report that:
 - a) 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 our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on 31st March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with accounting policies and other notes thereon, give the information 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;
 - i) In so far as relates to Balance Sheet, of the state of affairs of the Company as at **31st March, 2009**;
 - ii) In so far as it relates to the Profit and Loss Account, of the **profit** for the year ended on that date; and
 - iii) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For Kaushal Manish & Company
Chartered Accountants

Manish Chulawala
Partner
Membership No – 100570

Mumbai
Dated August 28th 2009



3, JANTA,
NADIADWALA COLONY NO. 2,
S.V. ROAD, MALAD (WEST),
MUMBAI – 400 064. TEL 2883 1062

KAUSHAL MANISH & COMPANY
CHARTERED ACCOUNTANTS

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in the paragraph 3 of our report of even date to the Members of **Micro Retail Limited** on the accounts for the year ended **31st March, 2009.**)

1. In respect of its fixed assets:
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed Assets have been physically verified by the management during the year as per the phased programme which, in our opinion, is reasonable having regards to the size of the company and the nature of its assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of Accounts.
 - c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposal of fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of inventories:
 - a) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and the discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account.
3. The Company has granted or taken any loans secured/unsecured, to/from companies, firms or parties in the register maintained under section 301 of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the terms of such loans are not prima facie prejudicial to the Company.
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 nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
5. In respect of particulars of contracts or arrangements and transactions entered in the register maintained in pursuance of Section 301 of the Companies Act, 1956:
 - a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
 - b) In our opinion and according to information and explanations given to us, having regards to the fact that the items purchased/sold/services rendered/received are of a special nature and suitable alternate sources do not exist for obtaining comparative quotation, the transactions made in pursuance of section 301 of the Act and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time or the prices at which the transactions for similar goods have been made with other parties.
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Act and the rules frame there under.



7. In our opinion the internal audit functions carried out during the year by chartered accountant appointed by the management have been commensurate with the size of the company and nature of its business.
8. The Central Government has not prescribed maintenance of Cost Records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the activities of the Company.
9. According to the information and explanations given to us in respect of statutory and other dues:
 - a) The Company during the year have been generally regular in depositing with the appropriate authorities undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Value Added Tax, Central Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues.
 - b) According to the information and explanations given to us, no undisputed amounts payable in respect of aforesaid, were in arrears, as at 31st March 2009, except Advance Income Tax which were paid before the date of signing of audit report, for a period of more than six months from the date they became payable.
10. The Company does not have any accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the current financial year and in the immediately preceding financial year.
11. Based on our audit procedures and on the basis of information and explanations given by management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and banks.
12. According to 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 and hence, the question of maintenance of adequate records for this purpose does not arises.
13. In our opinion and according to information and explanations given to us, the company is not a chit fund / nidhi / mutual benefit fund or society. Therefore the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
14. In our opinion, and according to the information and explanations give to us, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion, and according to the information and explanations give to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. To the best of our knowledge and belief and according to the information and explanations given to us , in our opinion , term loans availed by the company were, *prima facie*, applied by the company during the year for the purpose for which the loans were obtained.
17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanation given to us, there are no funds raised on short-term basis which have been used for long-term investments and vice versa.
18. The Company has not made any preferential allotment of shares/warrants to parties and companies covered in the register maintained u/s 301 of the companies act, 1956 .
19. According to the information and explanation given to us and records examined by us, the company has not issued any debentures; therefore clause (xix) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
20. The company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the company, noticed or reported during the period, nor have we been informed of such case by the management.

For Kaushal Manish & Company
Chartered Accountants

Manish Chulawala
Partner
Membership No 100570

Mumbai, August 28th, 2009



MICRO RETAIL LIMITED
BALANCE SHEET FOR THE AS AT 31st MARCH 2009

PARTICULARS	SCHEDULE	AS AT 31.03.2009 (Rs)	AS AT 31.03.2008 (Rs)
SOURCES OF FUNDS			
1 SHAREHOLDERS FUNDS			
Share Capital	A	81,500,000	500,000
Reserves & Surplus			
Reserves & Surplus	B	125,821,178	-
		207,321,178	500,000
2 LOAN FUNDS			
Unsecured Loans	C	-	19,720
3 DEFERRED TAX LIABILITIES			
		15,407	-
TOTAL		207,336,585	519,720
APPLICATION OF FUNDS			
1 FIXED ASSETS			
Gross Block	D	690,087	-
Less : Depreciation		23,581	-
Net Block		666,506	-
2 CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	E	41,185,318	-
Sundry Debtors	F	214,241,273	-
Cash & Bank Balance	G	10,112,330	500,000
Loans & Advances	H	48,899,035	-
	I	314,437,956	500,000
Less : CURRENT LIABILITIES	I	97,585,434	-
PROVISIONS	J	10,198,219	-
		107,783,653	-
NET CURRENT ASSETS		206,654,303	500,000
3 MISCELLANEOUS EXPENDITURE			
(To the extent not written off/adjusted)	K	15,776	19,720
TOTAL		207,336,585	519,720
Significant Accounting Policies and Notes on Accounts		O	

As per our report of even date attached
For **KAUSHAL MANISH & COMPANY**
Chartered Accountants

MANISH CHULAWALA
Partner
Membership No-100570
Mumbai, August 28th, 2009

For and on behalf of the Board

P R SRINIVASAN
Wholetime Director

Dr P SEKHAR
Director



MICRO RETAIL LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009

PARTICULARS	SCHEDULE	PERIOD ENDED 1.10.08 TO 31.3.09 (Rs)	YEAR ENDED 31.03.08 (Rs)
INCOME			
Income from Operations	L	353,579,822	-
		353,579,822	-
EXPENDITURE			
Cost of Sales		275,612,890	-
Staff Cost		5,316,209	-
Administrative Expenses	M	3,317,327	-
Selling Expenses	N	6,775,010	-
Operating Profit (PBIDT)		62,558,385	-
Depreciation		23,581	-
Profit before Taxation (PBT)		62,534,804	-
Provision for Taxation			
Current Tax		5,400,000	-
Deferred Tax		15,407	-
Fringe Benefit Tax		30,673	-
Profit After Taxation (PAT)		57,088,724	-
Balance of Profit from Previous Years		-	-
BALANCE AVAILABLE FOR APPROPRIATION		57,088,724	-
Transferred to General Reserve		-	-
Proposed Dividend		4,075,000	-
Corporate Dividend Tax		692,546	-
Surplus Carried to Balance Sheet		52,321,178	-
		57,088,724	-
Significant Accounting Policies and Notes on Accounts	O		

As per our report of even date attached
For KAUSHAL MANISH & COMPANY
Chartered Accountants

MANISH CHULAWALA
Partner
Membership No-100570
Mumbai, August 28th, 2009

For and on behalf of the Board

P R SRINIVASAN
Wholetime Director

Dr P SEKHAR
Director



MICRO RETAIL LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009

		Current Year	
		Amount (Rs)	Amount (Rs)
A	CASH FLOW FROM OPERATING ACTIVITIES :		
	Net Profit before Tax and extraordinary items		62,534,804
	Adjustment for :		
	Depreciation	23,581	
	Preliminary Expenses Written off	3,944	27,525
	Operating Profit Before Working Capital Changes		62,562,329
	Adjustments For :		
	Trade & Other Receivables	(214,241,273)	
	Inventories	(41,185,318)	
	Trade Payables	97,585,434	(157,841,157)
	Cash Generated From Operations		(95,278,828)
	Income Tax Paid		1,004,625
	Net Cash From Operating Activities		(96,283,453)
B	CASH FLOW FROM INVESTING ACTIVITIES :		
	Purchase of Fixed Assets	(690,087)	
	Increase in Loans & Advances	(47,894,410)	(48,584,497)
	Net Cash Used In Investing Activities		(48,584,497)
C	CASH FLOW FROM FINANCING ACTIVITIES :		
	Proceeds from issue of share capital	81,000,000	
	Proceeds from share premium	73,500,000	
	Proceeds from long term/short term borrowings Unsecured	(19,720)	154,480,280
	Net Cash From Financing Activities		154,480,280
	Net Increase/Decrease in Cash & Cash Equivalents		9,612,330
	Cash and Cash Equivalents as at 1st April 2008 (Opening Balance)		500,000
	Cash and Cash Equivalents as at 31st March 2009 (Closing Balance)		10,112,330

As per our report of even date attached
For KAUSHAL MANISH & COMPANY
Chartered Accountants

MANISH CHULAWALA
Partner
Membership No-100570
Mumbai, August 28th, 2009

For and on behalf of the Board

P R SRINIVASAN
Wholetime Director

Dr P SEKHAR
Director



MICRO RETAIL LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2009

PARTICULARS	AS AT 31.03.2009 (Rs)	AS AT 31.03.2008 (Rs)
SCHEDULE - A		
SHARE CAPITAL		
AUTHORISED	100,000,000	500,000
1,00,00,000 (50,000) Equity Shares of Rs 10/- each	100,000,000	500,000
PAID UP	81,500,000	500,000
81,50,000 (50,000) Equity shares of Rs 10/- each Fully paid	81,500,000	500,000
SCHEDULE - B		
RESERVES & SURPLUS		
Share Premium Reserve		
Opening Balance	—	—
Add: Received during the year	73,500,000	—
Closing Balance	73,500,000	—
Profit & Loss Account	52,321,178	—
	125,821,178	—
SCHEDULE - C		
UNSECURED LOANS		
Micro Technologies (I) Limited	—	19,720
	—	19,720
SCHEDULE - E		
INVENTORIES		
(As taken, valued and certified by the management at lower of cost or net reliable value)		
Finished Goods	41,185,318	—
	41,185,318	—
SCHEDULE - F		
SUNDRY DEBTORS (Unsecured, Considered Good)		
Outstanding for More than Six Months	193,460	—
Others	214,047,813	—
	214,241,273	—



MICRO RETAIL LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2009

SCHEDULE - D

Particulars	Rate of Depn	Gross Block						Depreciation			Net block		
		Opening Balance 4/1/2008	Additions 4/1/2008 to 3/31/2009	Deduction 4/1/2008 to 3/31/2009	Closing Balance 3/31/2009	Upto 4/1/2008	Depreciation for the Year	Deduction 4/1/2008 to 3/31/2009	Upto 3/31/2009	Closing Balance 3/31/2009	Closing Balance 3/31/2008		
													Depreciation for the Year
Furniture & Fixtures	6.33%	-	584,643	-	584,643	-	-	21,849	-	21,849	-	562,794.00	-
Camera Systems	4.75%	-	105,444	-	105,444	-	-	1,732	-	1,732	-	103,712.00	-
Total		-	690,087	-	690,087	-	-	23,581	-	23,581	-	666,506.00	-
Previous Year		-	-	-	-	-	-	727,991	-	-	-	-	-
TOTAL												666,506.00	-

(Rs)



MICRO RETAIL LIMITED
SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2009

SCHEDULE - G CASH & BANK BALANCES Cash In Hand Balance with Scheduled Bank In Current Accounts	 536,579 9,575,751 10,112,330	500,000 — 500,000
SCHEDULE - H LOANS & ADVANCES Unsecured Considered Goods Income Tax Paid Advances recoverable in cash or kind Deposits	 1,004,625 47,744,410 150,000 48,899,035	 — — — —
SCHEDULE - I CURRENT LIABILITIES Sundry Creditors Other Liabilities	 96,773,624 811,810 97,585,434	 — — —
SCHEDULE - J PROVISION For Income Tax For Proposed Dividend For Dividend Tax	 5,430,673 4,075,000 692,546 10,198,219	 — — — —
SCHEDULE - K MISCELLANEOUS EXPENDITURE (To the extent not written off /adjusted) Addition during the year Less : Written off during the year	 19,720 3,944 15,776	 19,720 — 19,720



MICRO RETAIL LIMITED

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

PARTICULARS	YEAR ENDED 31.03.2009 (Rs)	YEAR ENDED 31.03.2008 (Rs)
SCHEDULE - L		
INCOME FROM OPERATIONS		
Sales	353,579,822	-
	353,579,822	-
SCHEDULE - M		
ADMINISTRATION EXPENSES		
Auditors Remuneration		
Audit Fees	25,000	-
Tax Audit Fees	15,000	-
Certification Fees	10,000	-
Bank Charges	237,188	-
Conveyance	231,904	-
Directors Sitting Fess	13,500	-
Electricity Charges	60,653	-
Insurance Charges	1,045	-
Office Expenses	60,212	-
Postage, Telegram & Courier Charges	230,512	-
Printing & Stationery	332,058	-
Rent Rates, Taxes & Statutory Fees	443,989	-
Repairs & Maintenance		
Building / Premises	-	-
Building / Premises	-	-
Others	14,630	-
Water Charges	861	-
Membership Fees & Subscription	63,514	-
Miscellaneous Expenses	970,249	-
Consultancy & Legal Charges	510,992	-
Transport, Frieght & Clearing Charges	92,076	-
Preliminary Expenses Written off	3,944	-
	3,317,327	-
SCHEDULE - N		
SELLING EXPENSES		
Travelling Expenses	78,127	-
Advertisement Expenses	6,607,713	-
Business Promotion Expenses	89,170	-
	6,775,010	-



MICRO RETAIL LIMITED.

SCHEDULE 'O'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31st March, 2009

1) STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of Preparation of Financial Statements:

The Financial Statements are prepared under historical cost conventions in accordance with the generally accepted accounting principles in India, the provisions of Companies Act, 1956, applicable accounting standards and ongoing concern basis.

(b) Use of Estimates:

The preparation of Financial Statements requires estimates and assumption that affect the reported amount of assets and liabilities on the date when the financial statements are prepared and the reported amount of revenues and expenses during the reporting period. Differences between the actual result and the estimates are recognized in the period in which the same are known/materialized.

(c) Fixed Assets & Depreciation:

- (i) The fixed assets are stated at cost of acquisition including incidental expenses related to acquisition of the concerned assets, less accumulated depreciation.
- (ii) Depreciation is being provided on all tangible assets on "Straight Line Method" as per the rates and in the manner prescribed in Schedule XIV to the Companies Act 1956.
- (iii) Capital Work-in-progress comprises outstanding advances paid to acquire fixed assets and the incidental cost incurred to acquire fixed assets that are not ready for their intended use at the reporting date.
- (iv) Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to enterprise and the cost of the assets can be measured reliably. The Intangible assets are recorded at the consideration paid for the acquisition of such assets and are carried at cost less accumulated amortization and accumulated impairment loss, if any.

(d) Foreign Currency Transactions:

- (i) Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are affected.
- (ii) Realized gain and losses on settlement of foreign currency transaction are recognized in the Profit and Loss Account. Foreign currency denominated monetary assets and liabilities at the end are translated at the year-end exchange rates, and resultant exchange differences are recognized in the Profit and Loss Account.

(e) Revenue Recognition:

- (i) Sales are recognized when goods are supplied in accordance with the terms of sale and are recorded net of trade discounts, rebates and sales tax collected. Income from services is accrued as per terms of relevant agreement.



- (ii) Income and Expenditure are accounted on an accrual basis. Dividend income is recognized when the right to receive dividend is established.
- (iii) Amount received from the customers for admitting them as member of Company's various schemes are credited to revenue account in the year in which membership is allotted.
- (iv) Interest income is recognized on time proportionate basis.
- (v) Software Development: Income, Expenses, Maintenance and Warranties

Revenue is primarily derived from software development and related services and from licensing of the software products. Arrangements with customers for software development and related service are either on a fixed price, fixed time frame or on a time –and –material basis.

The cost of Software/ Hardware purchased/ developed and incidental manpower cost incurred for software development are classified under software development cost.

Cost of maintenance services for software development is not provided for, since in many of the related services and licensing of software product do not stipulate free maintenance as part of the contract. In other cases, the maintenance obligation are in the opinion of the management, not material in value and based on empirical experience, not expected to crystallize in near future and hence not provided for.

Cost of warranties is also not provided for in the context of its specific exclusion in terms of the agreements with the customers.

(f) **Inventories:**

Raw Materials, works in process and finished/ traded goods are valued at lower of cost or net realizable value. Self-developed software is valued at cost of development or at net realizable value, whichever is lower.

(g) **Research & Development:**

Revenue expenditure on research & development is charged to profit and loss account. Capital expenditure on research & development is added to respective fixed assets.

(h) **Income Tax:**

(i) **Taxes on Income :**

Income taxes are accounted for in accordance with Accounting Standard 22 (AS 22) "Accounting for Taxes on Income." Tax expense comprises both Current Tax and Deferred Tax. Current tax is measured at the amount expected to be paid or recovered from the tax authorities using the applicable tax rates.

Deferred Tax Assets and Liabilities are recognized for future tax consequence attributable to timing differences between taxable income and accounting income that are measured at relevant enacted tax rates. At each Balance Sheet date the company reassesses unrecognized Deferred Tax Assets, to the extent they become reasonable certain or virtually certain of realization, as the case may be.

ii) **Fringe Benefit Tax :**

Fringe benefit tax is recognised in accordance with the relevant provisions of the Income Tax Act, 1961 and the Guidance note on Fringe Benefit Tax issued by the Institute of Chartered Accountants of India.



(l) **Provisions, Contingent Liabilities and Contingent assets:**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes to Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

(j) **Impairment of Assets:**

An Assets is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss is charged to profit & loss account in the year in which an asset is identified as impaired. The impairment Loss recognized in prior accounting period is reserved if there has been a change in the estimate of recoverable amount.

(k) **Cash Flow Statement:**

The Cash Flow Statement is prepared by the "Indirect Method" set out in Accounting Standard 3 on "Cash Flow Statement" and presents the cash flows by operating, investing and financing activities of the Company.

2) NOTES TO ACCOUNTS:

(a) Contingent liabilities:

Outstanding guarantees given to bank in the favour of various government authorities and others.

Year ended 31 st March	2008-2009(Rs.)	2007-2008(Rs.)
	2,29,375	Nil

(b) In the opinion of the Board and to the best of their knowledge and belief, the value on realization of the Current Assets, Loans & Advances in the ordinary course of the business will not be less than the value stated in Balance Sheet.

(c) Balances in respect of some of the Debtors, Creditors, Advances and Deposits are subject to confirmation.

(d) Previous year figures have been regrouped and rearranged wherever required to confirm to this years classification.

(e) Provision for current tax is made taking into account the provisions of Income Tax Act, 1961. Deferred Tax resulting from "Timing difference" between book & taxable profit is accounted for using the tax rates and laws that have been enacted and subsequently enacted as on the balance date.

(f) There are no specific claims from suppliers under "Interest on Delayed Payments to Small Scale & Ancillary Act, 1993."

(g) The information regarding Micro Enterprises and Small Enterprises as defined in The Micro, Small and Medium Enterprise Development Act, 2006, has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. Amount due to vendors under Micro Enterprises and Small Enterprises for the year ended March 31, 2009 is Rs. Nil, interest Rs. Nil (previous year Rs. Nil, interest Rs. Nil), interest paid during the year Rs. Nil (previous year Rs. Nil).



(h) Segment Reporting as per Accounting Standard 17:

The Company operates solely in the Information Technology Solutions segment and hence no separate information for segment wise disclosure is required.

(l) Payments to Auditors:	2008-2009 (Rs.)	2007-2008 (Rs.)
Audit Fees	25,000	Nil
Tax Audit Fees	10,000	Nil
Certification Fees	15,000	Nil
	<hr/>	<hr/>
	50,000	Nil

(j) Payment to Directors

Director Fees	13,500	Nil
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(k) **Earning in Foreign Exchange :**

FOB Value of Exports	Rs. 6,54,22,125	Rs. Nil
Expenditure in foreign Exchange		
FOB Value of import of Purchase	Rs. 87,18,318	Rs. Nil

(l) **Details of Capacities, Production and Stocks:**

The activity of the Company is that of marketing, trading and retailing of security product along with some modification and customization as and when required. Further, the services provided by the Company cannot be expressed in any generic unit and hence it is neither practicable nor meaningful to give quantitative details of above items. The closing stocks are as under:

As on 31-3-2009	Rs. 4,11,85,318
As on 31-3-2008	Rs. Nil

Particulars in respect of Sale of products/Software during the year

	As on 31-3-2009	As on 31-3-2008
Systems Integration, Software Products, and Solutions, and Technical Services	Rs. 35,35,79,822	(Rs. Nil)

(m) Related Party Disclosures as per Accounting Standard 18 :

Related party disclosures, as required by AS-18 are given below :

(i) Relationships :

Category I: Major Shareholders in the Company	Micro Technologies (India) Limited
Category II: Holding Company	Micro Technologies (India) Limited
Subsidiaries of the Company :	Nil
Fellow Subsidiaries of the Company	Micro Secure Solutions Limited
Associates	Nil



(ii) The following transactions were carried out with the related parties in the financial year 2008-2009 :

Nature of Transaction	Amount (in Rs)
Share Capital	Rs. 7,95,00,000
Purchases	Rs. 9,47,08,479

(iii) The following balances were due from/to the related parties as on 31-3-2009 :

Nature	Amount (in Rs)
Sundry Creditors	Rs. 5,93,66,895

(n) **Earnings per Share (EPS) Accounting Standard 20:**

The company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by the net profit or loss for the year by the weighted average no. of equity shares outstanding during the year.

Basis of calculation of Basic and Diluted earning per Equity share is as under:

	2008-2009	2007-2008
Profit After Tax (Rs In lacs)	570.88	
Weighted average number of Equity Shares	3938904	Nil
Nominal Value of Equity Shares in Rs	10.00	Nil
Earnings per Share (Basic & Diluted) Rs	14.49	Nil

For Kaushal Manish & Company
Chartered Accountants

For and on Behalf of the Board

Manish Chulawala
Partner
Membership No - 100570

P R SRINIVASAN
Whole time Director

Dr P SEKHAR
Director

Mumbai,
Dated 28th August 2009



Balance Sheet Abstract and Company's General Business Profile

Additional Information as required under Part IV of Schedule VI to the Companies Act, 1956

I Registration Details: U 5 2 3 9 2 M H 2 0 0 8 P L C 1 7 7 6 9 5

Registration No. 1 7 7 6 9 5

State Code 1 1

Balance Sheet Date 3 1 - 0 3 - 2 0 0 9

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

Public Issue N I L

Right Issue N I L

Bonus Issue N I L

Private Placements 1 5 0 0 0 0 *

Global Depository Receipts N I L

Employees Stock Option Plan N I L *

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

Total Liabilities 2 0 7 3 3 7

Total Assets 2 0 7 3 3 7

Sources of Funds

Paid-up Capital 8 1 5 0 0

Reserves & Surplus 1 2 5 8 2 1

Secured Loans N I L

Unsecured Loans N I L

Deferred tax liability 1 5

Application of Funds

Net Fixed Assets 6 6 6

Investments N I L

Net Current Assets 2 0 6 6 5 4

Miscellaneous Expenditure 1 6

Accumulated Losses N I L

Deferred Tax Assets N I L

IV Performance of Company (Amount in Rs. Thousand)

Turnover(Including other Income) 3 5 3 5 8 0

Total Expenditure 2 9 1 0 2 2

Profit/Loss before tax 6 2 5 5 8

Profit/Loss after tax 5 7 0 8 9

Basic Earning Per Share in Rs. 1 4 . 4 9

Dividend Rate (%) on Equity Shares 5

V Name of three Principal Products/Services of Company.

Product Description Marketing of Computer Workstation & Network Servers and other Hardware/Software Products ITC Code 8 4 7 1

Product Description Software Development/Designing/Data Conversion Services ITC Code 8 5 2 4 5 3 0 1

As per our Report of even dated attached

**For and on behalf of
Kaushal Manish & Company
Chartered Accountants**

For and on behalf of the Board

**P.R.Srinivasan
Wholetime Director**

**Manish Chulawala
Partner
Membership No - 100570
Mumbai, August 28th , 2009**

**Dr. P. Sekhar
Director**