

Annual Report  
2008-09



# **MICRO SECURE SOLUTIONS LTD. FINANCIAL RESULTS 2008-2009**







## DIRECTORS' REPORT

To the members,

### MICRO SECURE SOLUTIONS LIMITED

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

#### Financial Results:

Rupees( In Millions)

The Audited financial results for the year ended March 31 are as follows:

Particulars	2009	2008
Total Turnover	486.04	186.94
Total Expenditure	424.76	161.39
Operating Profit	61.28	28.55
Depreciation	6.75	0.73
Interest	3.89	-
<b>Profit Before Tax</b>	<b>50.64</b>	<b>27.82</b>
Provision for Income Tax		
Current Tax	9.70	7.53
Fringe Benefit Tax	0.07	0.01
Deferred Tax	2.11	1.68
Income Tax Earlier Year	0.61	Nil
<b>Profit After Tax</b>	<b>38.16</b>	<b>18.60</b>
Balance B/F From Previous Year	18.60	Nil
<b>Balance Transferred to Balance Sheet</b>	<b>56.76</b>	<b>18.60</b>

#### Results of Operations

Your Company during the year has been able to achieve turnover to Rs.486.04 million .The Company has made a profit of Rs 50.64 million before income tax.

#### Dividend

Your directors recommend a dividend of 5% i.e Rs. 0.50 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**

**Dr. P. Sekhar**  
Director

**Jayanthi S.**  
Director

**Mumbai, August 28<sup>th</sup>, 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 SECURE SOLUTIONS LIMITED

1. We have audited the attached Balance Sheet of **MICRO SECURE SOLUTIONS LIMITED** as at **31<sup>st</sup> 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 and 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 31<sup>st</sup> March, 2009 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2009 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 **31<sup>st</sup> 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
    - lii) 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 28<sup>th</sup> August 2009



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NADIADWALACOLONY NO. 2,  
S.V. ROAD, MALAD (WEST),  
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**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 Secure Solutions Limited** on the accounts for the year ended **31<sup>st</sup> 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 program 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 contracts or arrangements entered into the register 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, 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 31<sup>st</sup> 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 arrives.
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**  
**Dated 28<sup>th</sup> August 2009**



**MICRO SECURE SOLUTIONS LIMITED**  
**BALANCE SHEET AS AT 31st MARCH 2009**

PARTICULARS	SCHEDULE	AS AT 31.03.2009 (Rs)	AS AT 31.03.2008 (Rs)
<b>SOURCES OF FUNDS</b>			
<b>1 SHAREHOLDERS FUNDS</b>			
Share Capital	<b>A</b>	81,500,000	500,000
Share Application Money Pending allotment		40,000,000	44,068,832
<b>Reserves &amp; Surplus</b>			
Reserves & Surplus	<b>B</b>	110,489,795	18,597,323
		231,989,795	63,166,155
<b>2 LOAN FUNDS</b>			
Secured Loans	<b>C</b>	49,618,079	-
Unsecured Loans	<b>D</b>	583,000	583,000
		50,201,079	583,000
<b>3 DEFERRED TAX LIABILITIES</b>			
		3,783,916	1,677,863
<b>TOTAL</b>		<b>285,974,790</b>	<b>65,427,018</b>
<b>APPLICATION OF FUNDS</b>			
<b>1 FIXED ASSETS</b>			
Gross Block	<b>E</b>	78,302,809	18,391,619
Less : Depreciation		7,474,398	727,991
Net Block		70,828,411	17,663,628
<b>Capital Work-in-progress</b>		1,300,000	5,147,389
		72,128,411	22,811,017
<b>2 CURRENT ASSETS, LOANS AND ADVANCES</b>			
Inventories	<b>F</b>	37,004,624	13,030,948
Sundry Debtors	<b>G</b>	175,881,057	28,631,349
Cash & Bank Balance	<b>H</b>	421,413	2,558,043
Loans & Advances	<b>I</b>	134,882,749	14,601,096
		348,189,842	58,821,435
<b>Less : CURRENT LIABILITIES</b>	<b>J</b>	111,479,368	8,754,261
<b>PROVISIONS</b>	<b>K</b>	22,935,466	7,546,334
		134,414,834	16,300,596
<b>NET CURRENT ASSETS</b>		213,775,008	42,520,840
<b>3 MISCELLANEOUS EXPENDITURE</b>			
(To the extent not written off/adjusted)	<b>L</b>	71,371	95,162
<b>TOTAL</b>		<b>285,974,790</b>	<b>65,427,018</b>
<b>Significant Accounting Policies and Notes on Accounts</b>	<b>P</b>		

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

**Dr. P. Sekhar**  
Director

**Jayanthi S.**  
Director



**MICRO SECURE SOLUTIONS LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

PARTICULARS	SCHEDULE	YEAR ENDED 31.03.2009 (Rs)	YEAR ENDED 31.03.2008 (Rs)
<b>INCOME</b>			
Income from Operations	<b>M</b>	486,035,998	186,943,319
		<b>486,035,998</b>	<b>186,943,319</b>
<b>EXPENDITURE</b>			
Cost of Sales		394,253,499	156,312,817
Staff Cost		11,321,983	768,318
Administrative Expenses	<b>N</b>	5,793,123	1,265,931
Selling Expenses	<b>O</b>	13,390,092	46,742
<b>Operating Profit (PBIDT)</b>		<b>61,277,302</b>	<b>28,549,511</b>
Interest		3,889,910	-
Depreciation		6,746,407	727,991
<b>Profit before Taxation (PBT)</b>		<b>50,640,985</b>	<b>27,821,520</b>
<b>Provision for Taxation</b>			
Current Tax		9,700,000	7,532,000
Deferred Tax		2,106,053	1,677,863
Fringe Benefit Tax		65,376	14,334
Income Tax for Earlier Years		609,538	-
<b>Profit After Taxation (PAT)</b>		<b>38,160,018</b>	<b>18,597,323</b>
Balance of Profit from Previous Years		<b>18,597,323</b>	-
<b>BALANCE AVAILABLE FOR APPROPRIATION</b>		<b>56,757,341</b>	<b>18,597,323</b>
<b>Transferred to General Reserve</b>		-	-
<b>Proposed Dividend</b>		4,075,000	-
<b>Corporate Dividend Tax</b>		692,546	-
<b>Surplus Carried to Balance Sheet</b>		51,989,795	18,597,323
		<b>56,757,341</b>	<b>18,597,323</b>
<b>Significant Accounting Policies and Notes on Accounts</b>	<b>P</b>		

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

**Dr. P. Sekhar**  
Director

**Jayanthi S.**  
Director



**MICRO SECURE SOLUTIONS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**

	Current Year		Previous Year
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)
<b>A CASH FLOW FROM OPERATING ACTIVITIES :</b>			
<b>Net Profit before Tax and extraordinary items</b>		50,640,985	27,821,520
<b>Adjustment for :</b>			
Preliminary Expenses Written off	23,791		
Prior Period Expenses	246,672		
Depreciation	6,746,407		
Interest Paid	3,889,910	10,906,779	751,781
<b>Operating Profit Before Working Capital Changes</b>		<b>61,547,764</b>	<b>28,573,301</b>
Adjustments For :			
Trade & Other Receivables	(147,249,708)		
Inventories	(23,973,676)		
Trade Payables	102,725,107	(68,498,276)	(33,026,988)
<b>Cash Generated From Operations</b>		<b>(6,950,512)</b>	<b>(4,453,687)</b>
Income Tax Paid		8,427,831	2,506,490
<b>Net Cash From Operating Activities (A)</b>		<b>(15,378,343)</b>	<b>(6,960,177)</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES :</b>			
Purchase of Fixed Assets	(56,063,801)		
Increase in Loans & Advances	(111,853,822)	(167,917,624)	(35,633,613)
<b>Net Cash Used In Investing Activities (B)</b>		<b>(167,917,624)</b>	<b>(35,633,613)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES :</b>			
Proceeds from issue of share capital	36,931,168		
Proceeds from share premium	58,500,000		
Proceeds from Share Application money	40,000,000		
Proceeds from long term/short term borrowings	49,618,079		
Secured			
Interest Paid	(3,889,910)	181,159,337	45,151,832
<b>Net Cash From Financing Activities (C)</b>		<b>181,159,337</b>	<b>45,151,832</b>
Net Increase/Decrease in Cash & Cash Equivalents (A+B+C)		(2,136,630)	2,558,042
<b>Cash and Cash Equivalents as at 1st April 2008     (Opening Balance)</b>		2,558,043	-
<b>Cash and Cash Equivalents as at 31st March 2009     (Closing Balance)</b>		<b>421,413</b>	<b>2,558,042</b>

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

**Dr. P. Sekhar**  
Director

**Jayanthi S.**  
Director



**MICRO SECURE SOLUTIONS 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)
<b>SCHEDULE - A</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
1,00,00,000 (5,00,000) Equity Shares of Rs 10/- each	100,000,000	5,000,000
	<b>100,000,000</b>	<b>5,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
81,50,000 (50,000) Equity shares of Rs 10/- each Fully paid	81,500,000	500,000
	<b>81,500,000</b>	<b>500,000</b>
<b>Share application money pending allotment</b>	<b>40,000,000</b>	<b>44,068,832</b>
<b>SCHEDULE - B</b>		
<b>RESERVES &amp; SURPLUS</b>		
<b>Share Premium Reserve</b>		
Opening Balance	-	-
Add: Received during the year	58,500,000	-
	<b>58,500,000</b>	<b>-</b>
<b>Profit &amp; Loss Account</b>	<b>51,989,795</b>	<b>18,597,323</b>
	<b>110,489,795</b>	<b>18,597,323</b>
<b>SCHEDULE - C</b>		
<b>SECURED LOANS</b>		
Cash Credit\Overdraft from Canara Bank (Overdraft/Working Capital Demand Loan against Current Assets and personal Guarantee of some of the Directors)	30,759,687	-
Term Loan from Canara Bank (Secured Against Hypothecation of Stock and receiveables, entire Fixed Assets, Equitable mortgage over building, Corporate Guarantee of Associate Companies and Personal Guarantee of some of the Directors)	18,858,392	-
	<b>49,618,079</b>	<b>-</b>
<b>SCHEDULE - D</b>		
<b>UNSECURED LOANS</b>		
Loan from Directors	583,000	583,000
	<b>583,000</b>	<b>583,000</b>



**MICRO SECURE SOLUTIONS LIMITED**

**SCHEDULES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2009**

**SCHEDULE - E**

(Rs)

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
Furniture & Fixtures	6.23%	1,305,860	207,553	-	1,513,413	21,882	92,225	-	114,107	1,399,307	1,283,978
Office Equipments	4.75%	627,679	259,809	-	887,488	2,690	35,604	-	38,294	849,194	624,989
Computer Systems & Softwares	16.21%	15,774,048	40,654,340	-	56,428,388	698,588	6,135,926	-	6,834,514	49,593,874	15,075,460
Electrical Installations	4.75%	684,032	513,255	-	1,197,287	4,831	48,554	-	53,385	1,143,902	679,201
Office Premises	3.24%	-	18,276,233	-	18,276,233	-	434,098	-	434,098	17,842,135	-
<b>Total</b>		<b>18,391,619</b>	<b>59,911,190</b>	<b>-</b>	<b>78,302,809</b>	<b>727,991</b>	<b>6,746,407</b>	<b>-</b>	<b>7,474,398</b>	<b>70,828,411</b>	<b>17,663,628</b>
Previous Year		-	18,391,619	-	18,391,619	-	727,991	-	727,991	17,663,628	-
<b>Capital Work-in-progress</b>		<b>5,147,389</b>	<b>1,340,164</b>	<b>5,187,553</b>	<b>1,300,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,300,000</b>	<b>5,147,389</b>
<b>TOTAL</b>										<b>72,128,411</b>	<b>22,811,017</b>
<p><b>Note : (1) Capital work in progress includes advance against capital orders, construction material purchase, labour charges paid for construction, Furniture &amp; Fixtures, plant &amp; machinery etc under installation</b></p>											



**MICRO SECURE SOLUTIONS 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)
<b>SCHEDULE - F</b>		
<b>INVENTORIES</b>		
(As taken, valued and certified by the management at lower of cost or net reliasable value)		
Finished Goods	37,004,624	-
Raw Material	-	13,030,948
	<b>37,004,624</b>	<b>13,030,948</b>
<b>SCHEDULE - G</b>		
<b>SUNDRY DEBTORS (Unsecured, Considered Good )</b>		
Outstanding for More then Six Months	26,944,204	-
Others	148,936,853	28,631,349
	<b>175,881,057</b>	<b>28,631,349</b>
<b>SCHEDULE - H</b>		
<b>CASH &amp; BANK BALANCES</b>		
Cash In Hand	21,042	16,443
<b>Balance with Scheduled Bank</b>		
In Current Accounts	198,860	2,541,600
In Deposit Accounts	201,511	
	<b>421,413</b>	<b>2,558,043</b>
<b>SCHEDULE - I</b>		
<b>LOANS &amp; ADVANCES</b>		
<b>Unsecured Considered Goods</b>		
Income Tax Paid	11,008,835	2,506,490
Advances recoverable in cash or kind	123,815,914	12,086,581
Deposits	58,000	8,025
	<b>134,882,749</b>	<b>14,601,096</b>
<b>SCHEDULE - J</b>		
<b>CURRENT LIABILITIES</b>		
Sundry Creditors	109,980,640	8,354,266
Other Liabilities	1,498,728	399,995
	<b>111,479,368</b>	<b>8,754,261</b>
<b>SCHEDULE - K</b>		
<b>PROVISION</b>		
For Income Tax	18,167,920	7,546,334
For Proposed Dividend	4,075,000	-
For Dividend Tax	692,546	-
	<b>22,935,466</b>	<b>7,546,334</b>
<b>SCHEDULE - L</b>		
<b>MISCELLENEOUS EXPENDITURE</b>		
(To the extent not written off /adjusted)		
Opening Balance	95,162	-
Addition during the year	-	118,952
Less : Written off during the year	23,791	23,790
	<b>71,371</b>	<b>95,162</b>



**MICRO SECURE SOLUTIONS 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)
<b>SCHEDULE - M</b>		
<b>INCOME FROM OPERATIONS</b>		
Sales	486,035,998	186,943,319
	<b>486,035,998</b>	<b>186,943,319</b>
<b>SCHEDULE - N</b>		
<b>ADMINISTRATION EXPENSES</b>		
Auditors Remuneration		
Audit Fees	25,000	28,090
Tax Audit Fees	10,000	-
Certification Fees	15,000	-
Conveyance	141,997	46,219
Computer Consumable	21,798	-
Electricity Charges	367,068	45,301
Directors Sitting Fees	13,500	-
Insurance Charges	28,323	-
Consultancy & Legal Charges	1,022,426	18,970
Labour Charges	546,210	616,534
Bank Charges	553,185	2,541
Office Expenses	164,363	29,074
Postage, Telegram & Courier Charges	53,102	4,833
Printing & Stationary Charges	547,372	136,174
Training Charges	-	7,190
Rent Rates, Taxes & Statutory Fees	871,374	2,500
<b>Repairs &amp; Maintenance</b>		
Building / Premises	114,517	45,587
Plant & Machinery	42,780	5,725
Others	76,244	25,949
Books and Periodical	3,581	1,057
Telephone & Mobile Charges	767,037	104,644
Preliminary Expenses Written off	23,791	23,790
Vechicle Running & Maintenance Charges	-	14,800
Water Charges	17,128	11,201
Membership Fees & Subscription	-	13,584
Security Charges	-	80,580
Miscellaneous Expenses	108,747	1,588
Prior Period Expenses	258,582	-
	<b>5,793,123</b>	<b>1,265,931</b>
<b>SCHEDULE - O</b>		
<b>SELLING EXPENSES</b>		
Travelling Expenses	10,820	15,366
Lodging and Boarding Expenses	7,700	13,206
Packing Expenses	354	9,345
Transportation Charges	6,498	8,825
Exhibition Expenses	2,000	-
Advertisement Expenses	13,362,720	-
	<b>13,390,092</b>	<b>46,742</b>



## MICRO SECURE SOLUTIONS LIMITED

### SCHEDULE 'P'

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF THE BALANCE SHEET AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31<sup>st</sup> 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 going 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 expenses 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 and Services 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 purchased/ 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 the software products contracts do 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 progress 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.

(i) **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 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 by bank in the favour of various government authorities and others.

	<b>2008-2009(Rs.)</b>	<b>2007-2008(Rs.)</b>
<b>Year ended 31<sup>st</sup> March</b>	1,98,438	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) Interest includes Rs 16,03,437 (Rs Nil) on Fixed Period Loans.

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

h) The information regarding Micro Enterprises and Small Enterprises as defined in The Micro, Small and Medium Enterprises 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 paid during the year Rs. Nil (previous year Rs. Nil).



i) 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.

j) <b>Payments to Auditors:</b>	<b>2008-2009(Rs.)</b>	<b>2007-2008 (Rs)</b>
Audit Fees	25,000	28,090
Tax Audit Fees	10,000	Nil
Certification Fees	15,000	Nil
	-----	-----
	50,000	28,090

k) **Payment to Directors**

Director Fees	13,500	Nil
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l) Earning in Foreign Exchange

FOB Value of Exports	Rs. 4,42,77,622	Nil
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m) Expenditure in foreign Exchange

FOB Value of Import of Capital Goods	Rs. 1,34,56,809	Nil
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FOB Value of Import of Purchase	Rs. 80,02,112	Nil
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n) Details of Capacities, Production and Stocks:

The activity of the Company is that of System Integration, Software Services & Products Technical Services, E-Commerce and Internet Services, Under the new Industrial Policy, no specific license is necessary for the manufacture of products mentioned above. 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 3,70,04,624
As on 31-3-2008	Rs 1,30,30,948

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

Systems Integration, Software Products, and Solutions, and Technical Services	Rs 48,60,35,998 (Rs18,69,43,319)
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o) 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 Retail Limited

Associates : Nil



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

<b>Nature of Transaction</b>	<b>Amount (in Rs)</b>
Share Capital	Rs. 7,95,00,000
Sales	Rs. 5,51,55,063
Purchases	Rs. 9,98,58,828

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

<b>Nature</b>	<b>Amount (in Rs)</b>
Sundry Debtors	Rs. 1,46,54,425

p) 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:

	<b>2008-2009</b>	<b>2007-2008</b>
Profit After Tax (Rs In lacs)	381.60	185.97
Weighted average number of Equity Shares	39,17,123	50000
Nominal Value of Equity Shares in Rs	10.00	10.00
Earnings Per Share (Basic & Diluted) Rs	9.74	371.94

**Kaushal Manish & Company**  
Chartered Accountants

**For and on Behalf of the Board**

**Manish Chulawala**  
**Partner**  
Membership No - 100570

**Dr. P. Sekhar**  
**Director**

Mumbai,  
Dated : 28th August 2009

**Jayanthi S.**  
**Director**



## 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 7 2 3 0 0 M H 2 0 0 7 P L C 1 6 9 2 5 4

Registration No. 1 6 9 2 5 4 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   2 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 8 5 9 7 5 Total Assets   2 8 5 9 7 5

**Sources of Funds**

Paid-up Capital    8 1 5 0 0 Share application Money   4 0 0 0 0

Reserves & Surplus   1 1 0 4 9 0 Secured Loans   4 9 6 1 8

Unsecured Loans     5 8 3 Deferred tax liability     3 7 8 4

**Application of Funds**

Net Fixed Assets    7 2 1 2 8 Investments     N I L

Net Current Assets   2 1 3 7 7 5 Miscellaneous Expenditure     7 1

Accumulated Losses N I L Deferred Tax Assets     N I L

**IV Performance of Company (Amount in Rs. Thousand)**

Turnover(Including other Income)   4 8 6 0 3 5 Total Expenditure   4 2 4 7 5 9

Profit/Loss before tax   5 0 6 4 0 Profit/Loss after tax   3 8 1 6 0

Basic Earning Per Share in Rs.   9 . 7 4 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

Dr. P. Sekhar  
Director

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

Jayanthi S.  
Director