



**17TH
ANNUAL REPORT
2008 - 2009**

ANNUAL REPORT 2008 - 2009

BOARD OF DIRECTORS

1. S. L. JAIN
2. R. K. JAIN
3. K. K. BHANDARI
4. V. SHRIVASTAVA

BANKERS

IDBI BANK LTD.

AUDITORS

M. S. DAHIYA & CO.
CHARTERED ACCOUNTANTS

REGISTERED OFFICE

St-4, Press House,
22, Press Complex A. B. Road,
INDORE - (M. P.) INDIA - 452 008
Tel. 91-731-4072754

REGISTRAS & TRANSFER AGENTS

Ankit Consultancy Pvt. Ltd.
Alankar Point
Geeta Bhavan Square, INDORE
Tel. : 91-731-2491298

DIRECTORS' REPORT

To,
The Members,
SYLPH TECHNOLOGIES LIMITED

Your Directors are delighted to present their 17th Annual Report along with the Audited Accounts for the financial year ended 30th June 2009.

Financial Performance :

| Year ended June 30, | 2009 | 2008 |
|-------------------------------------|---------------------|---------------------|
| Income from Operations | | |
| Job work Charges | 55,90,000.00 | 4334000.00 |
| Sale of Software Exports | 16,42,279.00 | 3797569.00 |
| Sale of Software Domestic | 2,43,000.00 | - |
| Other Income | 5,24,947.00 | 157129.00 |
| Total Income from Operations | 80,00,226.00 | 8288698.23 |
| Profit before Depreciation & Tax | 36,02,458.20 | -5707947.00 |
| Less: Depreciation | 16,197.50 | 10320.00 |
| Profit before taxation | 35,86,260.70 | (5718267.05) |
| Less: Provision for Taxation | | |
| Current Tax | - | - |
| MAT Credit Entitlement | - | - |
| Fringe Benefit Tax | 9500.00 | 3390.00 |
| Net Profit after tax | 3576760.70 | -5714877.05 |
| Previous Year Adjustment | --- | 1100000.00 |
| Add: Balance b/f from previous year | (3497613.53) | 1124043.52 |
| Balance available for appropriation | 79147.17 | -3497613.53 |
| Appropriation | | |
| Transfer to/(from) General Reserve | - | - |
| Interim dividend | - | - |
| Proposed final Dividend | - | - |
| Dividend for previous year | - | - |
| Tax on Dividends | - | - |
| Balance carried to Balance Sheet | 79147.17 | -3497613.53 |

RESULTS OF OPERATIONS

Your Company has recorded a total income of Rs.74.75 lacs in 2009 from Software and Information Technology Business and last year income from Software Development was Rs.81.32 lacs. The Net Profit after tax is Rs.35.77 lacs in 2009 against the Loss of Rs.57.18 lacs in the previous year.

RESERVES

During the year the company has not proposes to transfer any amount to the General Reserve.

DIVIDEND

The Directors of the Company are not recommending any dividend looking to the nominal accumulated profit in the Company

BUSINESS

The Company is doing Information Technology Business and has started earning profit. The company has also started export of Software. The Company expects a good business in coming years.

CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS

The Company has been proactive in following the principles and practices of good governance. The Company has taken adequate steps to ensure that the condition of corporate governance as stipulated in Clause 49 of the Listing agreements of the Stock Exchange is complied with.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000, the Directors hereby state and confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting Standards have been followed along with proper explanation relating to Material departures.
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are responsible and prudent so as to give a true and fair view of the state of affairs of the Company as at June 2009 and of the Profit and Loss Account for the Year ended June 30,2009.
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting standards 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.
- (iv) The annual accounts have been prepared on a going concern basis.

FIXED DEPOSITS

The Company has not accepted any Fixed Deposits during the year. The Company does not have any Fixed Deposits with it since inception.

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

Particulars with regards to conservation of energy etc, as required under Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988 are not applicable as the Company is not a manufacturing Company.

The foreign exchange earning and expenditure of the Company is as follows

- 1. Earning Foreign Exchange US \$ 0.39 lacs
- 2. Expenses in Foreign Exchange Nil

DIRECTORS

Shri S.L. Jain director of the Company retires by rotation and being eligible offer himself for re-election.

AUDITORS

M/s M.S. Dahiya and Company Chartered Accountants as Auditor has been reappointed to hold office until the conclusion of next Annual General Meeting. The Company has received certificate from to the effect that their appointment, if made, would be within the prescribed limit under section 224(1-B) of the Companies Act, 1956. The notes on Accounts referred to in the Auditors Report are self-explanatory and therefore do not call for any further comments.

PARTICULARS OF EMPLOYEES

The particulars of employees, required to be furnished under section 217(2A) of the companies Act 1956 read with companies (Particulars of Employees), Rules 1975 as amended, there are no employees covered by the said Rules.

ACKNOWLEDGEMENT

The Directors place on record their sincere appreciation for the encouragement, co-operation and support receive by the Company from the local authorities, banks, customers, suppliers, and business their sincere appreciation of the valuable services rendered by the employees of the Company at all levels.

For & on Behalf of Board of Directors

Date : August 10, 2009

S. L. Jain

Place : Indore

Chairman

REPORT ON CORPORATE GOVERNANCE

The detailed report on Corporate Governance, for the year July 1 2008 to June 30 2009 as per the format prescribed by and incorporated in Clause 49 of the Listing Agreement is set out below:

A. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :-

The Company strongly believes that good Corporate Governance is a pre-requisite for enhancing share holders long term value. The Board considers itself as the trustee of its Shareholders. During the period under review the Board continued its pursuit by adopting and monitoring of corporate strategies, prudent business plan, major risks and ensuring that the Company pursues policies and procedure to satisfy its social, legal and ethical responsibilities.

B. BOARD OF DIRECTORS**(i) Composition and category of Directors**

| S. No. | Name of Director | Category | Directorship | Number of Other Committee Members | Committee Chairmanship |
|--------|--------------------|------------------------|--------------|-----------------------------------|------------------------|
| 1. | Rajesh Jain | Professional /Director | 3 | 2 | - |
| 2. | K. K. Bhandari | Independent Director | 1 | 2 | 1 |
| 3. | S.L. Jain | Promoter | 1 | 1 | - |
| 4. | Vineet Shrivastava | Independent Director | 1 | 2 | - |

(ii) Attendance of each Director at the Board Meeting and the last Annual General Meeting :-

The Board of Directors provide the strategic direction and thrust to the operation of the company. During the period under review, 5 board meeting were held on 31st July 2008, 27th September 2008, 23rd October 2008, 30th January 2009, 30th April 2009. The Sixteenth Annual General Meeting was held on 28th November 2008.

Attendance of each Director at Board Meeting and Annual General Meeting (AGM) was as follow

| S. No. | Name of Director | No. of Board Meeting attended | Attendance at AGM held on |
|--------|--------------------|-------------------------------|---------------------------|
| 1. | Rajesh Jain | 5 | Yes |
| 2. | K.K. Bhandari | 5 | Yes |
| 3. | S.L. Jain | 5 | Yes |
| 4. | Vineet Shrivastava | 5 | Yes |

C. DETAILS OF REMUNERATION PAID TO DIRECTORS DURING THE PERIOD ENDED ON 30th June,2009

Directors are not paid any sitting fees or any remuneration for attending meeting of the Board of Directors and Committees thereof.

D. COMMITTEES OF THE BOARD :-

- i. Audit Committee
- ii. Shareholder/Investors grievance committee

The following Directors are members of the Audit Committee:-

1. Rajesh Jain
2. K. K. Bhandari
3. Vineet Shrivastava

All the members of the Committee are independent Directors except Mr. Rajesh Jain. The Statutory Auditors and Internal Auditors attend the meeting of the Committee.

The role, powers and function of the audit Committee are as stated in clause no.49 of the Listing Agreement and section 292A of the Companies Act, 1956. The Committee reviews the financial statements before they are placed before the Board. The audit committee has been constituted on 28th March, 2004 in compliance to clause no. 49 of the Listing Agreement. The Committee reviews the financial statement before they are placed before the Board. During the period under review four meeting of the committee were held i.e. 31st July 2008, 27th September 2008, 23rd October 2008, 30th January 2009, 30th April 2009 and all the directors were present in all the five meetings.

Share Holders / Investors Grievance Committee

The following Directors are members of the Shareholders Committee

| S.No. | Name of Director |
|-------|--------------------|
| 1. | Rajesh Jain |
| 2. | K.K. Bhandari |
| 3. | Vineet Shrivastava |

Mr. Atul Chouhan is the Compliance Officer of the Company.

M/s Ankit Consultancy Private Limited is a Share Transfer Agent of the Company.

The Company shares are in D-Mat form. The company has signed up with CDSL & NSDL. The INE Numbers is INE706F01013.

E. GENERAL BODY MEETING :-

Particulars of the last Three Annual General Meeting (AGM) of the company have been held at the following places in the last three years:-

| AGM | For the year | Venue | Date | Time |
|------|--------------|---------------------------|------------|-------|
| 14th | 30-09-2006 | 22, Press Complex, Indore | 31-12-2006 | 11:00 |
| 15th | 30-06-2007 | 22, Press Complex, Indore | 31-12-2007 | 11:00 |
| 16th | 30-06-2008 | 22, Press Complex, Indore | 28-11-2008 | 11:00 |

Postal Ballot

No Resolution were passed through postal ballot during the last financial year.

E. DISCLOSURES REGARDING RE-APPOINTMENT OF DIRECTORS

Pursuant to the provision of section 255 & 256 of the Companies Act, 1956, Mr. S.L. Jain retires by rotation at the forthcoming Annual General Meeting being eligible offers himself for re-appointment.

F. DISCLOSURES

- (i) There are no transactions of material natures with directors/Promoters or any related entity, which will have any potential conflict with the interest of the Company at large.
- (ii) There is no non-compliance by the company or any penalties, structures imposed by the stock exchange SEBI, or any statutory authorities on any matter related to capital markets, during the last three years/period.

H. MEANS OF COMMUNICATIONS :-

Financials Results

The quarterly unaudited financial results and annual audited financials results are normally published in Apni Dunia & Free Press.

I. GENERAL SHAREHOLDER INFORMATION

- (i) Annual General Meeting :
- Day, Date and Time : Monday, October 5, 2009, 11:30 a.m.
- Venue : 22, Press Complex, Indore
- (ii) Financial Calendar :
- Calendar of events for the year ended 30th June 2010.
- Audited results for the period ended 01-07-2009 : 30-06-2010

| Quarter ending | Release of results |
|---|---------------------------|
| For the Quarter ending September 30, 2009 | October 31, 2009 |
| For the Quarter ending December 31, 2009 | January 31, 2010 |
| For the Quarter ending March 31, 2010 | April 30, 2010 |
| For the Quarter ending June 30, 2010 | August 31, 2010 |

- (iii) Date of book Closure :
- The Company's Register of members and Share Transfer Books shall remain closed from 28th September 2009 to 3rd October 2009 (both days inclusive).
- (iv) Share Transfer System :
- M/s Ankit Consultancy Private Limited is a Share Transfer Agent. Documents for transfer of shares in physical form can be lodged with Ankit Consultancy Pvt. Ltd. at Indore. The transfers are processed within 10-15 days if the documents are complete in all respects.
- (v) Investor Services – queries/ complaints during the period ended 01.07.2008 to 30.06.2009 queries/ complaints/ requests were received by the Company from the share holders and investors have been resolved.
- (vi) Listing on Stock Exchange:
- The Shares of the Company is listed on the Madhya Pradesh Stock Exchange at Indore & Bombay Stock Exchange at Mumbai.
- BSE Code :- 511447
- Stock Exchange:- The Stock Exchange Mumbai
- Phiroze Jeejeebhoy Towers
- Dalal Street, Mumbai-400001
- Madhya Pradesh Stock Exchange
- Palika Plaza, MTH Compound, Indore

SYLPH TECHNOLOGIES LIMITED 2008 - 2009(vii) (a) **Market Price data (At BSE)**

| Month | Highest Rate | Lowest Rate |
|-----------|--------------|-------------|
| July | No Trading | No Trading |
| August | No Trading | No Trading |
| September | No Trading | No Trading |
| October | No Trading | No Trading |
| November | No Trading | No Trading |
| December | 161.75 | 161.75 |
| January | 153.70 | 102.10 |
| February | 97.00 | 45.20 |
| March | 42.95 | 22.35 |
| April | 21.25 | 10.10 |
| May | 9.60 | 5.79 |
| June | 13.80 | 8.30 |

(b) **Madhya Pradesh Stock Exchange:**

Trading Platform at MPSE does not exist hence no trading is possible at MPSE.

(viii) **Distribution of Shares Holding (As on 30.06.2009)**

| Rs. | Holding of Share | Shareholders Number | Shareholders% of total Holders | Number of Shares | Shares % of total capital |
|--------|------------------|------------------------|-----------------------------------|---------------------|------------------------------|
| Upto | 1000 | 1809 | 32.73 | 1809000 | 3.84 |
| 1001 | 2000 | 961 | 17.39 | 1921400 | 4.08 |
| 2001 | 3000 | 271 | 4.90 | 813000 | 1.73 |
| 3001 | 4000 | 279 | 5.05 | 1116000 | 2.37 |
| 4001 | 5000 | 872 | 15.78 | 4360000 | 9.26 |
| 5001 | 10000 | 798 | 14.44 | 7382000 | 15.67 |
| 10001 | 20000 | 309 | 5.59 | 5212000 | 11.06 |
| 20001 | 30000 | 96 | 1.74 | 2533000 | 5.38 |
| 30001 | 40000 | 35 | 0.63 | 1236000 | 2.62 |
| 40001 | 50000 | 26 | 0.47 | 1254600 | 2.66 |
| 50001 | 100000 | 50 | 0.90 | 3547000 | 7.53 |
| 100000 | Above | 21 | 0.38 | 15924000 | 33.80 |

(ix) **Dematerialization of Shares:-**
The company's shares are in D-Mat & Physical form.

(x) **Address for correspondence for Share holders:-**
Ankit Consultancy Private Limited
Alankar Point , A.B. Road, Indore
Telephone: 0731-2491298

J. CODE FOR PREVENTION OF INSIDER TRADING

In compliance with SEBI Regulations on prevention of insider trading, the company has adopted a code of conduct for its directors and designated employees. The code lays down guidelines which included procedures to be followed and disclosures to be made while dealing into shares of the company.

K. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- a) Industry Structure and Developments:
The Company is in information technology activity & trading of shares during the year Company pursued only information technology activities and company expects the software development to surge in India and in particular with respect to company.
- b) Segment-wise or product-wise performance
The company has only one business segment of Software development.
- c) Risk and Concerns
Software development is a risky business but the company is doing business diligently and does not expect any losses in the future.
- d) Internal Control System and their adequacy
The Company has an elaborate system of internal controls to ensure optimal utilization of company's resources and protections thereof, facilitating accurate and speedy compilation of accounts and management information reports and compliance with laws and regulations. The internal Auditors and Company's internal audit department conducts regular audits to ensure adequacy of internal control system, adherence to management instruction and compliance to the laws and regulations of the country as well as to suggest improvement.
- e) Discussion on financial performance with respect to operational performance
During the year the company has made a Profit of Rs.35,76,761.
- f) Human Resources
The company firmly believes that Human Resources and knowledge capital are vital for business success and creating value for stakeholders. The Company recognizes the fact that people drive business success, cordial with total dedicated efforts from employees. The number of employees on 30.06.2009 was 48.

DECLARATION

As provided under clause 49 of the Listing Agreement with Stock Exchanges, all board members and senior management personnel have affirmed compliance with "The Sylph Technologies Limited – Code of Conduct" for the year ended 30th June, 2009.

For & on behalf of the Board of Directors

Place : Indore
Dated : August 10, 2009

S.L. Jain
CHAIRMAN & DIRECTOR

CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES IN INDIA

Certificate

To The Shareholders
SYLPH Technologies Limited

We have examined the compliance of the conditions of Corporate Governance by SYLPH Technologies Limited for the year ended 30-06-2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the condition of Corporate Governance as stipulated in the Above-mentioned Listing Agreement.

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

For M/S M.S. DAHIYA & Co.
CHARTERED ACCOUNTANTS

M.S. DAHIYA
Partner

Place : Indore
Dated : August 10, 2009

Secretarial Compliance Certificate

Registration No.: 10-7102
Nominal Capital: Rs.600 lacs

To,
The Members,
M/S SYLPH TECHNOLOGIES LIMITED,
Indore (M.P.)

We have examined the registers, records, books and papers of M/S SYLPH TECHNOLOGIES LIMITED as required to be maintained under the Companies Act, 1956, and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2009. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company and its officers, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure `A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure `B' to this certificate, with the Registrar of Companies as per due date of filing and the date of filing mentioned in the Annexure.
3. The Company, being a public limited Company, comments are not required.
4. The Board of Directors met 6(Six) times respectively on 30.04.2008, 31.07.2008, 01.09.2008, 27.09.2008, 23.10.2008 and 30.01.2009 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 27th October, 2008 to 25th November,2008 during the financial year.
6. The annual general meeting for the Accounting year ended on 30.06.2008 was held on 28.11.2008 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into contracts attracting provisions of section 297 of the Act. and complied with the provisions of that section.
10. The Company was not required to make entries in the register maintained under Sec.301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained approvals from the Board of Directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (i) there was no allotment of securities during the financial year. However, delivered share certificates lodged for transfer/transmission or any other purpose in accordance with the provisions of the Act.

- (ii) the Company has not deposited any amount in a separate Bank A/c.as no dividend was declared declared.
 - (iii) The Company was not required to post warrants to as no dividend was declared during the year.
 - (iv) there were no instances requiring any transfer of amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments of directors have been duly made.
 15. The Company has not appointed any Managing Director/ Whole-time Director/Manager during the financial year.
 16. The Company has not appointed any sole-selling agents during the financial year under review.
 17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and/or such authorities prescribed under the various provisions of the Act during the financial year.
 18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder.
 19. The Company has not issued any Shares or debentures during the financial year.
 20. The Company has not bought back any shares during the financial year.
 21. There was no redemption of preference shares or debentures during the financial year.
 22. There was no transactions necessitating the Company to keep in abeyance the rights to dividend, rights \shares and bonus shares pending registration of transfer of shares.
 23. The Company has not invited/ accepted any deposits including unsecured loans falling within the purview of Section 58A of the Act during the financial year.
 24. The Company has not borrowed any sum attracting provisions of section 293(1)(d) of the Act during the financial year.
 25. The Company has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
 26. The Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
 27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
 28. The Company has not altered the provisions of the memorandum with respect to name of the Company during the year under scrutiny.
 29. The Company has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.

SYLPH TECHNOLOGIES LIMITED 2008 - 2009

30. The Company has not altered its articles of association during the year under scrutiny.
31. There was no prosecution initiated against or show cause notice received by the Company and no fines and penalties or any other punishment was imposed on the Company during the financial year, for offences under the Act.
32. The Company has not received any money as security from its employees during the financial year.
33. The Company has not constituted Provident Fund for its employees as contemplated under Section 418 of the Companies Act, 1956.

Place: Indore
Date : 10th August'2009

G.K.AGRAWAL
Company Secretary
C.P.No.2247

Anexure A – SECRETARIAL COMPLIANCE CERTIFICATE

Registers as maintained by the Company

| S. No. | Section No. | Name of the Register |
|---------------|--------------------|--|
| 1. | 143 | Register of Charges |
| 2. | 150 | Register of Members |
| 3. | 163 | File regarding Copies of Annual Returns and other Company Law papers |
| 4. | 193 | Minutes of all meetings of Board of Directors |
| 5. | 193 (1) | Minutes of General Meetings. |
| 6. | 301 | Register of Contracts |
| 7. | 303 | Register of Directors |
| 8. | 307 | Register of Director's Shareholding. |
| 9. | 372A | Register of Loans & Investment |

Annexure B – SECRETARIAL COMPLIANCE CERTIFICATE

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March, 2009:

| S. No. | Form No./ Return | Filed U/s | Due date of Filing | Date of Filing |
|--------|------------------|-----------|--------------------|----------------|
| 1 | Form23AC/ACA | 220 | 28.12.2008 | 26.12.2008 |
| 2. | Form20B | 159 | 28.01.2009 | 26.12.2008 |

Place: Indore
Date : 10th August' 2009

G.K.AGRAWAL
Company Secretary
C.P.No.2247

AUDITOR'S REPORT

To,
The Members of

SYLPH TECHNOLOGIES LIMITED

1. We have audited the attached Balance Sheet of SLYPH TECHNOLOGIES LIMITED at the year ended 30th JUNE 2009 and relative profit and loss account and the cash flow statement for the year ended on that date and signed by us under reference to this report. These financial statements are the responsibilities of the Company's Management; our responsibilities are 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 amount 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 the reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) order 2003 issued by the Central Government in term of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement of the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments in the annexure referred to above, we report that :-
 - a. We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit,
 - b. In our opinion proper books of accounts as required by law have been kept by the company so far it appears our examinations of those books,
 - c. The Balance Sheet & Profit & Loss Account and Cash flow statement dealt with by this report are in agreement with the books of accounts,
 - d. In our opinion Balance Sheet & Profit & Loss Account & Cash Flow Statement dealt with by this report comply in all material respects with the applicable Accounting Standard issued by The Institute of Chartered Accountants of India referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956,
 - e. On the basis of written representation received from the directors, and taken on record by the Board of Directors, we record that none of the directors is prima facie disqualified as on 30th June, 2009 from being appointed as director in terms of clause (g) of Section 274 (1) of the Companies Act, 1956,
 - f. In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statement read with the significant accounting policies and notes to the accounts give the information required by The Companies Act, 1956 in the manner so required and give true & fair view in conformity with the accounting principles generally accepted in India:-
 - i. in case of Balance Sheet, of the state of affairs of the Company as at 30th June 2009,
 - ii. in case of profit & Loss Account, of the Profit for the year ended 30th June 2009.

For M/s M.S. DAHIYA & CO.
CHARTERED ACCOUNTANTS

FOR M.S. DAHIYA & CO

Place : Indore Chartered Accountants
Date : August 10, 2009

M.S.DAHIYA
(Partner)

Annexure to the Auditors' Report

To the Members of

Sylph Technologies Limited

[Referred to in paragraph (3) of our report of even date]

The Companies (Auditor's Report) Order, 2003 ('the order') was issued in June 2003 and came into force on 1st July, 2003. On the basis of such checks as considered appropriate and in terms of the information explanations given to us, we state as under:-

- i. In the respect of Fixed Assets :
 - a. Company has Maintained proper records showing full particulars including quantitative details & situation of fixed Assets,
 - b. All the Assets of the Company have been physically verified by the management at the end of the year & we are informed no discrepancies between book record and the physical inventories have been noticed,
 - c. During the year the Company has not disposed off any substantial part of Fixed Assets.
- ii. Inventory :
 - a. The inventory has been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable,
 - b. The procedure of physical verification of inventories followed by the Management is reasonable & adequate in relation to the size of the Company and the nature of its business,
 - c. On the basis of our examination of the records of inventory, we are of the opinion that the Company is maintaining proper records of inventory, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii.
 - a. According to the information and explanation given to us, the company has not granted any loans secured or unsecured to Companies, firm of others parties covered in the register maintained under Section 301 of the Companies Act, 1956, The Company has taken unsecured loan from person covered in the Register maintained u/s 301 of the Companies Act, 1956.
 - b. In view of what has been stated above, clause (iii)(b) regarding terms and conditions of such loans, clause (iii)(c) regarding payment of principal amount and interest and clause (iii)(d) regarding stems for recovery of overdue amount of Para 4 of the order are not adverse to the Company for the year,
 - c. Not Applicable,
 - d. Not Applicable,
 - e. The Company has taken a loan from the person covered in the register maintained under Section 301 of the Companies Act, 1956. The balance of such loan amounted to Rs.15,66,000,
 - f. In our opinion, the rate of interest and other terms and conditions of which the loan has been taken from the person listed in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company,
 - g. In the case of loan taken from the person listed in the register maintained under Section 301, the company has been regular in the repayment of the interest as stipulated. The terms of arrangement do not stipulate any repayment schedule and payment of interest.
- iv. According to the information & explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets & for sale of goods. And we have neither come across nor have been informed of any continuing failure to correct weaknesses in the aforesaid internal control procedure.
- v. Based on the audit procedure applied by us and according to information & explanation provided by the Management, we are of the opinion that the company has not entered into any transaction during the year, except details given in para (iii) (e) above, which need to be entered into the register maintained under Section 301 of the Companies Act, 1956.

- In view of what has been stated above, clause (v) (b) regarding reasonability of price of such transaction is not applicable.
- vi. During the year under review, the Company has not accepted any deposits from public.
 - vii. In our opinion, the Companies have an internal audit system commensurate with the size and nature of its business.
 - viii. Cost audit rules are not applicable to company as per Section 209(1) (d) of the Companies Act, 1956.
 - ix.
 - a. According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including Income Tax and other statutory dues. According to the information and explanation given to us, amount payable in respect of income tax outstanding, as at 30th June 2009 for a period of more than six month from the date they became payable.
 - b. According to the records of the Company, there are no dues of income tax which have not been deposited on account of any dispute.
 - x. The Company does not have accumulated losses and has not incurred cash losses during the financial year covered by our audit, but the company has accumulated losses and has incurred cash losses during the immediately preceding financial year.
 - xi. Based on our audit procedure and on the basis of information and explanation given by the Management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institution or bank.
 - xii. According to the information and explanation given to us, the Company has not granted any loans or advances on the basis of securities by the way of pledge of share, debenture or other securities.
 - xiii. The provision of special statute applicable to Chit Fund, Nidhi or Mutual Benefits Fund/ Securities are not applicable to the company.
 - xiv. The Company has maintained proper records of the transactions & contracts and has made timely entries in the records. The Company has held shares, securities, in its own name except to the extent of exemption granted u/s 49 of the Act.
 - xv. According to the information and explanation given to us and records made available to us. The company has not given any guarantee for loans to others.
 - xvi. The Company has not raised any term loans till date.
 - xvii. According to the information and explanation given to us and on as over all examination of the Balance Sheet and Cash flow statement of the Company ,we report that no funds raised on short term basis have been used for long investment by the Company.
 - xviii. The Company has not made preferential allotment of the shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956
 - xix. During the period covered by our audit report, the Company has not issued any debenture's requiring report under this clause.
 - xx. The company has not raised any money by way public issue during the year and hence the question of disclosure and verification of end use of such money does not arise.
 - xxi. Based upon the audit procedure performed and information and explanation given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For M/s M.S. DAHIYA & CO.
CHARTERED ACCOUNTANTS

Place : Indore
Date : August 10,2009

M.S.DAHIYA
(Partner)

BALANCE SHEET AS ON 30th JUNE, 2009

| PARTICULARS | SCHEDULE | AMOUNT 30-06-2009 | AMOUNT 30-06-2008 |
|----------------------------------|-----------------|------------------------------|------------------------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Fund | | 47187147.17 | 47108000.00 |
| SHARE CAPITAL | A | 47108000.00 | |
| RESERVES & SURPLUS | B | 79147.17 | |
| LOAN FUNDS | | | |
| SECURED LOANS | | 0.00 | 0.00 |
| UNSECURED LOANS | C | 1566000.00 | 0.00 |
| TOTAL | | 48753147.17 | 47108000.00 |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | D | 42872.50 | 24080.00 |
| Investments | E | 5750000.00 | 5750000.00 |
| Current Assets, Loans & Advances | F | 44082780.00 | 41739044.00 |
| Cash & Bank Balance | G | 100973.67 | 175465.47 |
| Other Current Assets | H | 107121.00 | 57527.00 |
| SUB TOTAL | | 44290874.67 | 41972036.47 |
| Less :- Current Liabilities | I | 1330600.00 | 4135730.00 |
| Net Current Assets | | 42960274.67 | 37836306.47 |
| Profit & Loss Account | J | 0.00 | 3497613.53 |
| TOTAL | | 48753147.17 | 47108000.00 |

Statement of Significant Accounting Policies and Notes forming part of Accounts P

As per report of even date attached.

For & on Behalf OF Board Of Director

FOR M/S M.S. DAHIYA & CO.
CHARTERED ACCOUNTANTS

Director

M.S. DAHIYA
Partner

Director

Date : August 10, 2009
Place : INDORE

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30th JUNE, 2009

| PARTICULARS | SCHEDULE | AMOUNT 30-06-2009 | AMOUNT 30-06-2008 |
|---|-----------------|------------------------------|---|
| INCOME | | | |
| Operating Income | K | 7475279.00 | 8131569.23 |
| Other Incomes | L | 524947.00 | 157129.00 |
| | TOTAL | 8000226.00 | 8288698.23 |
| EXPENDITURE | | | |
| Employees Remuneration | M | 1747400.00 | 3362100.00 |
| Financial Expenses | N | 2368.89 | 17058.00 |
| Other Expenses | O | 2647998.91 | 10617487.28 |
| Depreciation | | 16197.50 | 10320.00 |
| | TOTAL | 4413965.30 | 14006965.28 |
| | | 3586260.70 | -5718267.05 |
| PROFIT / LOSS BEFORE TAX | | | |
| Provision For Tas | | 0.00 | |
| Profit / Loss After Tax | | 3586260.70 | -5718267.05 |
| Provision For Fbt | | 9500.00 | 3390.00 |
| Previous Year Adjustment | | | 1100000.00 |
| | | 3576760.70 | -4621657.05 |
| BALANCE CARRIED TO BALANCE SHEET | | | |
| Statement of Significant Accounting Policies and Notes forming part of Accounts | P | | |
| As per report of even date attached. | | | For & on Behalf OF Board Of Director |
| FOR M/S M.S. DAHIYA & CO. CHARTERED ACCOUNTANTS | | | Director |
| M.S. DAHIYA Partner | | | Director |
| DATE : August 10, 2009 | | | |
| PLACE : INDORE | | | |

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 2009
Pursuant to Clause 32 of Listing Agreement(s) Amended**

| | AMOUNT 30-06-2009 | AMOUNT 30-06-2008 |
|--|----------------------|----------------------|
| A. CASH FLOW FROM OPERATION ACTIVITIES | | |
| Profit after Tax | 35.77 | -46.22 |
| Adjustment for Items not involving the movements of Funds: - | 0.00 | 89.00 |
| Depreciation as per P & L A/c | 0.16 | 0.10 |
| Preliminary & Pre-Operative Expenses | 0.00 | 0.00 |
| Operative Profit before Working Capital Changes | 35.93 | 42.88 |
| Increase in Unsecured Loans | 15.66 | -- |
| Increase/Decrease in Fixed Assets | 0.35 | 0.34 |
| Increase/Decrease in Investments | 0.00 | 31.00 |
| Increase/Decrease in Current Liabilities | 28.05 | -28.04 |
| Increase/Decrease in Current Assets | 23.93 | -77.25 |
| Increase/Decrease in miscellaneous exp. P & L A/c | 0.00 | 89.00 |
| Increase/Decrease in Stock | 0.00 | 26.50 |
| Cash Generated from Operation | 36.67 | 41.55 |
| A. Net Cash flow from Operation | 0.74 | 1.33 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | 0.00 | 0.00 |
| Net Cash Flow from Financing Activities | 0.00 | 0.00 |
| Net Increase/Decrease in Cash & Cash Equivalent | 0.74 | 1.33 |
| Add:- Cash & Cash Equivalent as at 30th JUNE 2008 | 1.75 | 0.42 |
| Cash & Cash Equivalent as at 30th JUNE 2009 | 1.01 | 1.75 |

FOR M S DAHIYA & CO.
CHARTERED ACCOUNTANTS

M S DAHIYA
PROPRIETOR
Membership No. 72458

Date : August 10, 2009
Place : INDORE

FOR & ON BEHALF OF BOARD OF DIRECTORS

DIRECTOR

DIRECTOR

AUDITORS' CERTIFICATE

To

The Board of Director
SYLPH Technologies Limited

We have verified the attached Cash Flow Statement of SYLPH Technologies Limited with reference to the audited annual accounts for the year ended 30th June 2009 and we found the same to be in agreement therewith.

FOR M S DAHIYA & CO.
CHARTERED ACCOUNTANTS

M S DAHIYA
PROPRIETOR
Membership No. 72458

Date : August 10, 2009
Place : INDORE

SCHEDULES FORMING PART OF THE BALANCE SHEET

| PARTICULARS | AMOUNT 30-06-2009 | AMOUNT 30-06-2008 |
|--|----------------------|----------------------|
| SCHEDULE 'A' | | |
| SHARE CAPITAL | | |
| AUTHORIZED CAPITAL (6000000 Equity Shares of Rs. 10 each) | 60000000.00 | 60000000.00 |
| ISSUED SUBSCRIBED AND PAID UP (4710800 Equity Shares of Rs. 10 each) | 47108000.00 | 47108000.00 |
| TOTAL | 47108000.00 | 47108000.00 |
| SCHEDULE 'B' | | |
| RESERVES AND SURPLUS | | |
| Profit and loss Account | | |
| Opening Balance | -3497613.53 | |
| Add: Profit During the period carried from profit and loss account | 3576760.70 | |
| TOTAL | 79147.17 | |
| SCHEDULE 'C' | | |
| UNSECURED LOANS | | |
| Rajesh Jain | 1566000.00 | 0.00 |
| TOTAL | 1566000.00 | 0.00 |
| SCHEDULE 'E' | | |
| INVESTMENTS | | |
| Long term investments | | |
| Quoted shares | 0.00 | 0.00 |
| Unquoted Shares | 5750000.00 | 5750000.00 |
| TOTAL | 5750000.00 | 5750000.00 |
| SCHEDULE 'F' | | |
| CURRENT ASSETS LOANS & ADVANCES | | |
| Loans & Advances | 35826245.00 | 15173428.00 |
| Sundry Debtors (Considered Good) | 5100000.00 | 23646616.00 |
| Less than 6 months | 5100000 | |
| Others | 0 | |
| Interest Receivable | 237535.00 | 0.00 |
| Stock in trade | 2919000.00 | 2919000.00 |
| TOTAL | 44082780.00 | 41739044.00 |

SCHEDULES FORMING PART OF THE BALANCE SHEET

| PARTICULARS | AMOUNT 30-06-2009 | AMOUNT 30-06-2008 |
|--|----------------------|----------------------|
| SCHEDULE 'G' | | |
| CURRENT ASSETS | | |
| Cash in Hand | 87504.75 | 138594.75 |
| Bank Balance with Schedule Bank | 13468.92 | 36870.72 |
| TOTAL | 100973.67 | 175465.47 |
| SCHEDULE 'H' | | |
| OTHER CURRENT ASSETS | | |
| Deposits | 107121.00 | 57527.00 |
| TOTAL | 107121.00 | 57527.00 |
| SCHEDULE 'I' | | |
| CURRENT LIABILITIES & PROVISIONS | | |
| Sundry creditors | 0.00 | 2305459.00 |
| Creditors for Expenses | 1321100.00 | 1826881.00 |
| Fringe Benefit Tax Payable | 9500.00 | 3390.00 |
| TOTAL | 1330600.00 | 4135730.00 |
| SCHEDULE 'J' | | |
| PROFIT & LOSS ACCOUNT | | |
| Opening Balance | | 1124043.52 |
| Add : Profit During the period carried from profit and loss account | | -4621657.05 |
| TOTAL | | -3497613.53 |
| SCHEDULE 'K' | | |
| OPERATING INCOME | | |
| Job Work Charges | 5590000.00 | 4334000.00 |
| Sale of Software Exports | 1642279.00 | 3797569.23 |
| Sale of Software Domestic | 243000.00 | 0.00 |
| TOTAL | 7475279.00 | 8131569.23 |

| SCHEDULE 'D' | | | | | | | | |
|---------------------|---------------------------------------|-----------------|-----------------------------------|---------------------------------|---------------------------------|--|--|--|
| FIXED ASSETS | | | | | | | | |
| Particulars | As at Commence-ment of the year (Rs.) | Additions (Rs.) | Withdrawals and adjustments (Rs.) | As at the end of the year (Rs.) | Depreciation for the year (Rs.) | Depreciation on Withdrawals and adjustment (Rs.) | Depreciation up to 30th June, 2009 (Rs.) | Net Book Value as at 30th June, 2009 (Rs.) |
| Computers | 24,080.00 | 34,990.00 | --- | 59,070.00 | 16,197.50 | ---- | 16,197.50 | 42,872.50 |
| Total | 24,080.00 | 34,990.00 | --- | 59,070.00 | 16,197.50 | ---- | 16,197.50 | 42,872.50 |
| Previous year | ---- | 34,400.00 | ---- | 34,400.00 | 10,320.00 | ---- | 10,320.00 | 24,080.00 |

SYLPH TECHNOLOGIES LIMITED 2008 - 2009**SCHEDULE 'L'****OTHER INCOMES**

| | | |
|---------------------------------------|------------------|------------------|
| Intrerst received on Loans & Advances | 524947.00 | 157129.00 |
| TOTAL | 524947.00 | 157129.00 |

SCHEDULE 'M'**EMPLOYEES REMUNERATION & BENEFITS**

| | | |
|----------------|-------------------|-------------------|
| Salary & Bonus | 1747400.00 | 3362100.00 |
| TOTAL | 1747400.00 | 3362100.00 |

SCHEDULE 'N'**FINANCIAL EXPENSES**

| | | |
|--------------|----------------|-----------------|
| Bank Charges | 2368.89 | 17058.00 |
| TOTAL | 2368.89 | 17058.00 |

SCHEDULE 'O'**OTHER EXPENSES**

| | | |
|-----------------------------|-------------------|--------------------|
| Advertisement & Publicity | 51200.00 | 38298.00 |
| Depository Charges | 6618.00 | 7865.00 |
| Office Expenses | 9062.00 | 2950.00 |
| Computer Maintenance | 2720.00 | 0.00 |
| Listing Fees | 22414.00 | 0.00 |
| Legal Fees | 93538.45 | 253100.00 |
| D-Mat Charges | 6751.00 | 0.00 |
| Audit Fees | 1000.00 | 2125.00 |
| Share Transfer Expenses | 0.00 | 0.00 |
| Postage & Telegram | 30000.00 | 0.00 |
| Misc. Exp. | 0.00 | 13505.00 |
| Rent Expenses | 0.00 | 53000.00 |
| Repair & Maintenance | 75224.00 | 0.00 |
| Club fees | 5936.00 | 21421.00 |
| Electricity Exp | 0.00 | 3050.00 |
| Travelling exp | 117640.81 | 144188.12 |
| Telephone Exp | 62742.64 | 34435.16 |
| Bad Debts | 2132642.00 | 10000000.00 |
| Stationery & Printing Exps. | 21510.00 | 43550.00 |
| TOTAL | 2647998.91 | 10617487.28 |

**NOTES FORMING PART OF ACCOUNTS
ACCOUNTING POLICIES**

As per report of even date attached.

For & on Behalf OF Board Of Director

FOR M/S M.S. DAHIYA & CO.

CHARTERED ACCOUNTANTS

Director

M.S. DAHIYA

Partner

Director

Date : August 10,2009

Place : INDORE

Significant Accounting Policies

SCHEDULE – P

IT IS CORPORATE POLICY

1. Basis of preparation:

The Financial statements are prepared under the historical cost convention, in accordance with Indian Generally Accepted Accounting Principles (GAAP) and mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI), provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India. All incomes and expenditures having a material bearing on the financial statement are recognized on the accrual basis. Accounting Policies have been consistently applied except where a newly issued accounting standard if initially adopted or a revision to an existing accounting standard requires a change in the accounting policies hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

2. Use of estimates:

The preparation of statements in conformity with GAAP requires Management to make estimates and assumptions that affect reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of financial statements and reported amount of revenue and expenses during the reported period. Actual result could differ from estimates. Any changes in estimates are adjusted prospectively. Management periodically assesses using external and internal sources whether there is any indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An impairment loss is reserved only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated.

3. Revenue recognition:

Revenue from software development services comprises income from time and material and fixed price contracts. Revenue from time and material basis recognized as the services are rendered. Revenue from fixed price contracts and sale of license and related customization and implementation is recognized in accordance with the percentage completion. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become certain based on the current estimates.

Revenue from annual technical service contracts is recognized on pro rata basis over the period in which the services are rendered.

Service income accrued but not due represents revenue recognized on contracts to be billed in the subsequent period, in accordance with terms of the contract.

Profit on sales of investments is recorded on transfer of title of company and is determined as the difference between the sales price and carrying value of the investment. Interest on development of surplus funds is recognized using time proportion method, based on interest rates implicit in the transaction. Dividend income is recognized when the right to receive the same is established.

4. Expenditure:

The cost of software purchased for use in software development and services is charged to the cost of revenue in the year of acquisition. Post sales customer support costs are estimated by the management, determined on the basis of past experience. Expenses are accounted for on accrual basis and provisions are made for all losses and liabilities.

5. Fixed Assets:

Fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation. Fixed assets under construction, advances paid towards acquisition of fixed asset and cost of assets not put to use before the period /years end, are disclosed as capital work in progress.

6. Depreciation:

Depreciation on fixed assets, except leasehold land, is on straight line method based on the useful lives of respective as estimated by the management. Depreciation a basis for assets purchased/ sold during the period / year. Assets costing less than Rupees 5000 are fully depreciated in the period / year of purchase.

The management's estimates of the useful lives of various fixed assets are as follows:

| Serial No. | Assets category | Useful life (in years) |
|------------|-----------------|------------------------|
| 1 | Computers | 4 |

7. Investments:

Investments are classified into long term and investments based on the intent of the management at the time of acquisition. Long term including investments in subsidiaries is stated at cost and provision is made to recognize any decline, other than temporary in the value of such investments. Current investments are stated at the lower of cost and the fair value.

8. Earnings Per share:

Basic earning per share is computed using the weighted average number of equity shares outstanding during the period /year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period/ year-end, except where the result would be anti – dilutive.

9. Taxation

Income tax is computed using tax effect accounting period, where taxes are accrued in the same period the related revenue and expenditure arise. A provision is made for income tax based on the tax liability computed after considering tax allowances and exemptions. The differences that result between the profit offered for income taxes and the profit as per financial statements are identified and thereafter a deferred tax asset or deferred liabilities is recorded for timing differences, namely the differences that originate in one accounting period and reserve in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of the financial year based on the prevailing enacted or substantially enacted regulations. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only to the extent there is virtual certainty of realization of such assets. In other situation, deferred tax assets are recognized only to the extent there is reasonable certainty realization in future. Such assets are reviewed at the end of each financial year and written down or written up to reflect the amount that is reasonably / virtually certain to be realized. Deferred tax assets or liabilities arising due to the timing difference, originality during the tax holiday period and reversing after the tax holiday period are recognized in the period in which the timing difference originates.

10. Managerial Remuneration :

No managerial remuneration has been paid during the period / year to the directors. (Previous year nil)

11. Segment Reporting**a) Segment accounting policies**

The segment reporting policies complies with the accounting policies adopted for preparation and presentation of financial statements of the company and in conformity with accounting standard-17 on segment reporting issued by ICAI.

b) The company operates in two segments namely software development and share trading. During the period the company has operated only in one segment i.e. software development. Hence the entire revenue and expenses pertains to this segment.**c) The assets and liabilities are also represent one segment i.e. software development only.**

12. Related party disclosures :

The company has not transacted with any related party during the year except interest free loan taken from Mr. Rajesh Jain Director, balance as at 30.06.2009 is Rs.15,66,000, (previous year Nil).

13. Legal and professional :

The payment to auditors is as follows :

| | 30.06.2009 | 30.06.2008 |
|-------------|------------|------------|
| Particulars | (in Rs.) | (in Rs.) |
| Audit fees | 10,000 | 2,125 |

14. CIF value of imports

The company has not made any imports during the period. (Previous year NIL)

15. Expenditure in foreign currency:

The company has not made any expenditure in foreign currency during the period. (Previous year NIL)

16. Earnings in foreign currency:

The company has made earnings in foreign currency of US \$39,153.71 during the year. (Previous year \$1,08,342)

17. Dividend remittance in foreign currency

The company has not made any payment of dividend in foreign currency during the year (Previous year NIL)

18. Earnings per share:

| Particulars | 30.06.2009 | 30.06.2008 |
|--|------------|------------|
| Profit (Loss) after tax available to equity shareholders (Before extra ordinary items) | 35,76,760 | -46,21,657 |
| No. of shares Outstanding | 4710800 | 4710800 |
| Basic Earning Per Share | +0.76 | -1.00 |

19. Capital commitments and contingents liabilities:

(a) Estimated amount of contracts remaining to be executed on capital account and not provided in the books of accounts is NIL.(Previous year NIL)

(b) The company does not have any contingent liabilities at the end of the period. (Previous year NIL)

20. Previous year figure have been regrouped / reclassified wherever necessary to make them comparable with the current period.

As per report of even date attached.

For & on Behalf OF Board Of Director

M/S M.S. DAHIYA & Co.

CHARTERED ACCOUNTANTS

Director

M.S. DAHIYA

Partner

Director

Date : August 10, 2009

Place : INDORE

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details

Registration No. 7102
 State Code 11
 Balance Sheet Date 30 06 2009
 Date Month Year

II. Capital raised during the year

Public Issue : N I L Rights Issue : N I L
 Bonus Issue : N I L Private Placement : N I L

*III. Position of Mobilisation and Deployment of Funds
 (Amount in Rs. In Lacs)*

Total Liabilities : 487.53 Total Assets : 487.53

SOURCE OF FUNDS

Paid-up Capital : 471.08 Reserve and Surplus : 0.79
 Secured Loans : 0.00 Unsecured Loans : 15.66
 Deferred Tax : Nil Current Liabilities & Provision : 13.31

APPLICATION OF FUNDS

Net Fixed Assets : 0.43 Investments : 57.50
 Current Assets : 442.91 Misc. Expenditure : 0.00
 Accumulated Losses : N. A.

IV. Performance of Company (Amount in Rs. Lacs)

Turnover : 80.00
 Includes other Income

+ - Profit/Loss Before Tax

3 5 . 8 6

+ - Profit/Loss After Tax

3 5 . 8 6

(Please tick appropriate box + for profit, - for loss)

Earning per Share : 0.76 Dividend : 0.00

V. Generic Names of three Pricipal Products / Services of the company (as per monetary terms)

a) Item Code no. 8 5 2 4 9 1 1 3 Product Description S O F T W A R E
 (ITC Code) D E V E L O P M E N T

As per report of even date attached.

For & on Behalf Of Board Of Director

M/S M.S. DAHIYA & Co.
 CHARTERED ACCOUNTANTS

Director

M.S. DAHIYA
 Partner

Director

Date : August 10, 2009

Place : INDORE

SYLPH TECHNOLOGIES LIMITED

Registered Office: St-4 Press House, 22 Press Complex A. B. Road, Indore. 452008

ATTENDANCE SLIP

I hereby record my presence at the 17th Annual General Meeting of the Company at St- 4, Press House 22, Press Complex Indore Madhya Pradesh 452008 on Monday , the 5th of Oct., 2009 at 11:30 A.M.

Member's / beneficial owner's Name (In block letters): _____

Folio no./ beneficiary Account no. _____

Signature of the Member/ beneficial Owner: _____

Proxy/ Authorized Representative _____

Note: Shareholder/Proxy holder Wishing to attend the meeting must bring the attendance slip to The meeting and hand it over at the entrance of the meeting venue duly signed.

SYLPH TECHNOLOGIES LIMITED

Registered Office: St-4 Press House, 22 Press Complex A. B. Road, Indore. 452008

PROXY FORM

I/We _____

Of _____

Being a member / beneficial owner of the above named Company hereby appoint _____

of _____

or falling whom _____

of _____

as my / our Proxy to attend and vote for me/us and on my/our behalf at the 17th Annual General Meeting of Sylph Technologies limited to be held on Monday, the 5th Oct. 2009 at 11:30 A.M. at St-4 Press House 22, Press Complex Indore, Madhya Pradesh -452008 and at any adjournment(s) thereof.

Signed this Day2009

Folio no./ beneficiary account no. : _____

Signature of the member / beneficial owner _____

Note : This Proxy form must reach the registered office of the company not less than 48 hours before the time of holding the meeting.

Book - Post

To,

If undelivered, Please return to :

SYLPH TECHNOLOGIES LIMITED

Regd. Office : St - 4, Press House, 22 Press Complex A. B. Road, Indore - 452 008