

# Digital.....Healthcare





This Annual Report is available online at [www.microsec.in](http://www.microsec.in)

## Corporate Information

### BOARD OF DIRECTORS

**Banwari Lal Mittal**  
Chairman and Managing Director  
**Ravi Kant Sharma**  
Non-Executive Director  
**Parimal Kumar Chattaraj**  
Independent Director  
**Raj Narain Bhardwaj**  
Independent Director  
**Deba Prasad Roy**  
Independent Director  
**Abha Mittal**  
Non-Executive Director

### CHIEF FINANCIAL OFFICER

**Amrit Daga**  
(Appointed w.e.f. 12.08.2015)

### COMPANY SECRETARY

**Biplab Kumar Mani**

### REGISTERED OFFICE

Shivam Chambers, 1st Floor  
53, Syed Amir Ali Avenue  
Kolkata - 700 019  
CIN : L65993WB1989PLC047002  
Phone: +91 33 3051 2100  
Fax: +91 33 3051 2020  
E-mail: [info@microsec.in](mailto:info@microsec.in)  
Website : [www.microsec.in](http://www.microsec.in)

### CORPORATE OFFICE

Azimganj House, 2nd Floor  
7, Camac Street  
Kolkata - 700 017  
Phone: +91 33 2282 9330  
Fax: +91 33 2282 9335

### BANKERS

HDFC Bank Limited  
Axis Bank Limited

### AUDITORS

S.R. Batliboi & Co. LLP,  
Chartered Accountants  
22, Camac Street, Block-'C'  
3rd Floor, Kolkata - 700 016

### REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited  
59C, Chowringhee Road, 3rd Floor  
Kolkata - 700 020  
Phone: +91 33 2289 0539/40  
Fax: +91 33 2289 0539  
E-mail: [kolkata@linkintime.co.in](mailto:kolkata@linkintime.co.in)  
Website : [www.linkintime.co.in](http://www.linkintime.co.in)

## Inside this Report

### Statutory Reports 1-50

Directors' Report	1
Management Discussion & Analysis Report	26
Corporate Governance Report	31

### Standalone Financial Statements 52-78

Independent Auditors' Report	52
Balance Sheet	58
Statement of Profit and Loss	59
Cash Flow Statement	60
Notes to the Financial Statements	62

### Consolidated Financial Statements 80-120

Independent Auditors' Report	80
Balance Sheet	84
Statement of Profit and Loss	85
Cash Flow Statement	86
Notes to the Financial Statements	88

# CHAIRMAN'S MESSAGE

*Dear Shareholders,*

Few years back we all decided that if we have to exist to do great business, we need to solve the problems of the people. And if we are here to solve the problems of the people, we decided to first solve the bigger problems.

We realised that more than a billion people in India do not have access to consistent affordable healthcare in spite of having expertise in medicine and healthcare science. We realised that this problem can be solved by digital connectivity. The idea of SastaSundar.com was thus born and we started working on this.

As we went deep into this idea our conviction about this business got stronger by every day. We decided to hive off broking and depository services business and focus on the business of technology healthcare. I see your pains looking at the continuous losses our company is reporting but I hope we all understand that these losses are to build strong intangibles in terms of technology, branding, distribution network and customer experience.

As you are aware, we have signed an agreement to transfer the brand Microsec and 100% shares of Microsec Capital Ltd (demerged entity), and the process of transfer is on subject to regulatory approval. We have decided to change the name of our holding company from Microsec Financial Services Ltd to SastaSundar Ventures Ltd subject to your approval. The Reserve Bank of India has stipulated that companies having net worth less than Rs.500 crores shall not be treated as a systematic investment company. We are making an application in our holding company to be registered as a non-banking financial company to hold shares of our business entity and to support financing to our vendors using the platform of SastaSundar.com.

The innovative model of our business lies in having cash carry business with technology as its platform connected with a chain of retailers called Health Buddies with a strong portfolio of Digital First Brands.



This is an innovation which will solve one of the biggest problems of India and also solve the biggest problem of E-Commerce i.e. Customer Retention and Last Mile Logistic.

Foreseegame.com is our technology based Consumer Engagement Platform which is supporting the development of our own brands and other brands.

We are a technology healthcare company and aiding better health is our purpose. Everyday SastaSundar.com has the opportunity to make a positive impact on the lives of millions of people and help them on their path to better health.

The positioning and story lining of our brands have been given in this annual report and I would request you to read those carefully.

**B L Mittal**  
Chairman & Managing Director

# LETTER FROM THE CEO

*Dear Shareholders,*

It gives me great pleasure to update you on our company's performance. We are very excited with the way we are moving forward and transforming the company.

**SastaSundar.com** has become a trusted household name among our customers. With an average of 5000 orders per day, **SastaSundar.com** has emerged as a clear leader in the digital healthcare space in India. The GMV during the year has more than tripled to Rs.898 million depicting strong acceptance of the brand SastaSundar.com.

We are gaining the market share at a rapid pace with our strong record of service, execution, competitive pricing, deep insight of our business and by bringing unique innovative solutions.

The innovative model of Health Buddy directly addresses the major issues of E-commerce business in India – Last Mile Logistic and Customer Retention. The Health Buddy strengthens the relationship with the customers, does the last mile logistics to customers and substantially reduces the operational cost bringing strong competitive advantage in health care retailing.

We continuously work on our digital innovations to create a better experience for our customers. The reorder reminder tools, single button reorder facility, smart search with ordering facility, personalized customer interface and dashboard, structured information about medication, their effects and side effects, alternate medicines information, content focused on health, medicines and diseases are some of the features that continuously engage our customers. The engagement is being reflected with around 55% orders coming through mobile app. Our mobile app is available in Android, IOS and Windows. The Android App has over 1 lac download within a short period of launch with 4.2 strong positive user rating in Google Playstore. What's next? Engaging our customers with a Pill Reminder feature so as to make them more adherent to their medications, telemedicine, integration of digital prescription, facility to fix doctor's appointment, market place of healthcare service providers, pathology integration, automation of medical records, integration with sensing technology, use of Chatbots and other unique useful features are few of the upcoming highlights.



Following are the key matrix of SastaSundar.com

- Strong unit economic matrix with gross margins of 26% on GMV
- Highest customer retention ratio with 90% repeat orders and lowest cost of customer acquisition
- 119 Healthbuddy stores covering 15 districts of West Bengal with 3 lac registered household
- Rapidly growing basket of our Digital First Brands, that are also well accepted across major E-commerce platforms like Amazon, Flipkart, Snapdeal etc.

Few years back, we all decided to transform ourselves with a different aspiration and emerge as a technology healthcare company that will lead in innovation and value creation. We are executing that dream.

We learn. We innovate. We act. We transform. We get better. We continuously work on being more than what we are today. We are moving forward. We are committed to deliver for you. Join us as we create the next wave of growth.

I would request you to read the ensuing pages that highlight the performance of the Company, our product lines and brand.

Yours sincerely,

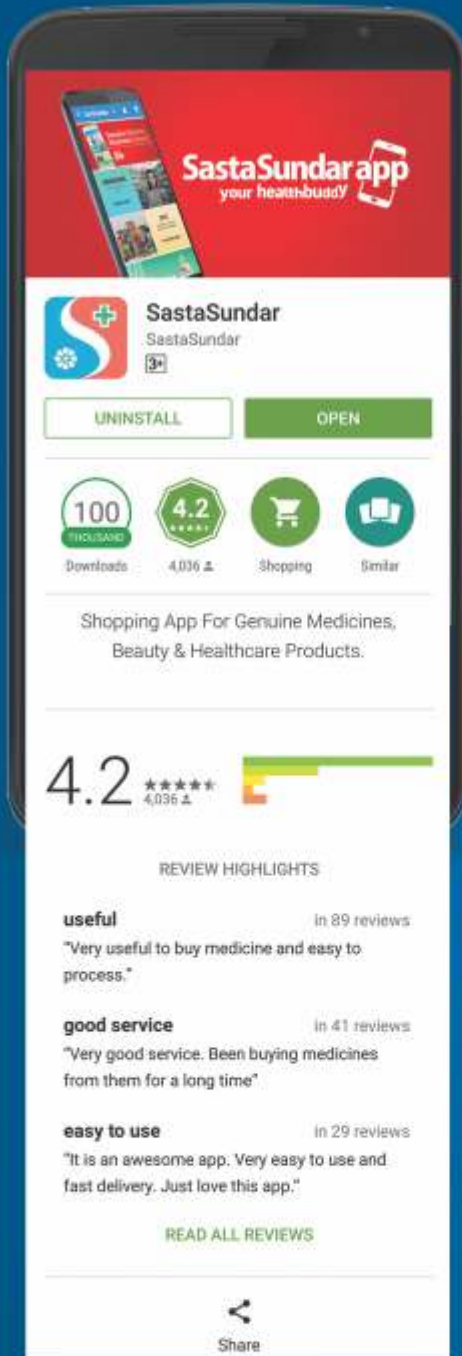
**Ravi Kant Sharma**  
Chief Executive Officer  
**SastaSundar.com**



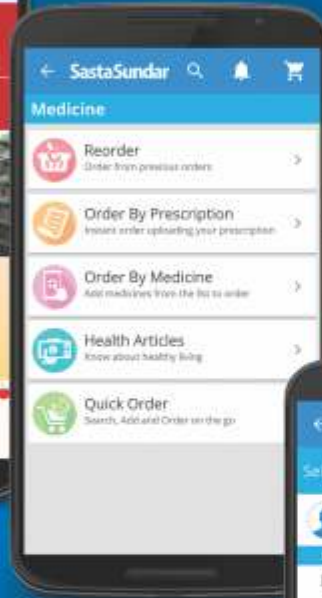
# GOOGLE PLAY STORE

## 4.2 RATING

## 1LAC+ DOWNLOADS



HOME PAGE



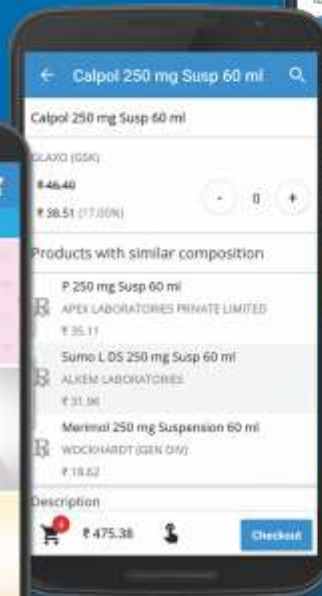
MEDICINES ORDER



REORDER

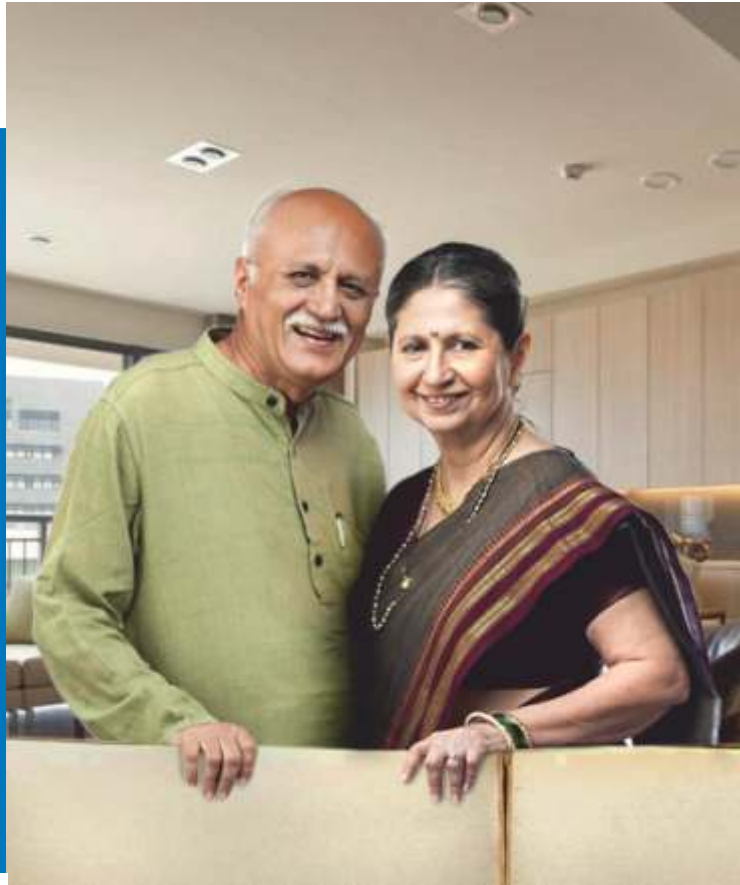


HEALTH ARTICLES



ALTERNATE MEDICINES  
INFORMATION

# We are a technology healthcare company & better health is our purpose...



When it comes to handling healthcare challenges in India, particularly related to cost, quality and access, it is pertinent that we need uniquely innovative solutions.

- The unique and innovative model of **“Healthbuddy”** that provides access to the personal attention of pharmacists for counselling is the speciality of SastaSundar.com.
- We maintain a centralized system of procurement from authorized sources following stringent genuinity check, which eliminates chances of fake medicines. All medicines are shipped from our centralized air-conditioned hygienic warehouse verified with a **“Genu Check” stamp**. Thus, we guarantee **100% Genuine Medicines**.
- We address our warehouse as **“Elevation Centre”**, because our warehouse is a centre not only to pack and dispatch, but also to elevate the entire process to a systematic and authenticated trail.
- We follow a cost effective model that allows us to supply genuine medicines at maximum discount by passing on the savings to our customers.
- We provide customised report of alternative brands of medicines that are available at comparable low cost so that our customers can consult their Doctor and get the substitution as per professional advice.
- We facilitate our customers to connect with right products and customised knowledge using health condition data and analytics.

# We own a Product Portfolio that spans from Prescribed Medicines to Wellness...



Our OTC (Over the Counter) product range covers a wide spectrum of wellness products.

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To bridge the supply gap of health condition products, we have developed our own brands such as:

**Chef**  (Make-to-Order, Fresh & Yummy, Healthy Gourmet),

**DNAVITA** (Customized Health Supplement Made of Natural Ingredients)



(Tea & Spices) and a wide range of **healthbuddy**  **HERBAL**

**ZEROTOX**™ and other healthcare products.





Getting fresh and yummy processed foods is a big challenge nowadays. The conventional distribution system is factory > stockist > distributor > wholesaler > retailer > consumer. Because of this long chain, you find your products mfg date before 1-12months (approx). To increase the shelf life, unreasonable preservatives are used that kills the freshness and nutrition content. Moreover, unhygienic warehouses and lengthy transportation over the time add to the impureness.

## We solved this problem by **CONNECTING YOU TO THE CHEF.**

Our Chef is now ready to make as per your order in our certified 100% hygienic kitchen maintaining international standards. Our kitchen is 100% vegetarian with air-conditioned and hygienic storage.

All our ingredients are procured and stored after thorough checking at our laboratory to make sure that only genuine and healthy ingredients are used.

The Chef and his Assistant adhere to hygienic global standard uniform and sanitised instruments (in a HACCP and GMP certified process). The health food segment is an important part of our wellness portfolio brands.



**COOKIES • CHOCOLATE & BROWNIES • SNACKS • DIET SNACKS • SUGAR FREE RANGE • NUTRIFUN TIFFIN BARS • SAUCES • PASTA**





# CUSTOMIZED HEALTH DRINK MADE OF NATURAL INGREDIENTS

## SUPERIOR IN



*Fitness*



*Bone Health*



*Brain Nutrition*

Everyone is different, as each one has different food habits. The regular food intake does not supply required nutrition. Thus, health supplements are an important part of wellness. They bridge the nutritional gap that one has in their regular diet, taking into consideration their health conditions - age, height, weight and family health history. Unfortunately, the readymade products available in the market fail to provide a solution to this. The standardisation of ingredients makes them unfit for majority of people. The problems are further complicated by the manufacturing process which is fundamentally dependent upon the concept of extended shelf life (up to 12 months) required to fit into conventional distribution system of factory > stockist > distributor > wholesaler > retailer > consumer. Analysing the products available in the market, we found that they are manufactured as old as 1-12 months before. They also have a lot of added sugar, which is harmful for diabetics and overweight persons. Surprisingly the ingredients in these products contain artificial colours, preservatives and flavours. We realise from scientific facts and nutrition science that health supplements should:

- a) be made of natural ingredients
- b) be fresh and not pass through lengthy distribution system from unhygienic warehouses,
- c) contain ingredients which supplement an individual's nutritional deficits and therefore be customised,
- d) not contain any added artificial colours, preservatives and flavours.

In the conventional system of distribution, it seems impossible but the digital connectivity provides us a scope of interactive innovation and direct connectivity to customers with our nutritionists.

## Thus the idea of **DNAVITA** was born.

**DNAVITA** is a customised health drink "Made for You" to provide Nutrition including Vitamins and Minerals considering your health condition, age, height, weight, food habits and lifestyle using Natural Ingredients given by PRAKRITI (Nature) for your PRAKRITI (DNA). It is superior in Fitness, Bone Health and Brain Nutrition. \*(Please compare the nutritional facts of **DNAVITA** with other health drinks).

**DNAVITA** is processed in our certified 100% hygienic facility maintaining international standards. Our facility is 100% vegetarian with air-conditioned and hygienic storage. All our ingredients are procured and stored after thorough checking at our laboratory to make sure that only genuine and healthy ingredients are used. The Nutritionists adhere to hygienic global standard uniform and sanitised instruments (in a HACCP and GMP certified process). No artificial colours, flavours or preservatives are used. We have an in house team of nutrition experts for your consultation.



**DNAVITA IS A CUSTOMISED HEALTH DRINK "MADE FOR YOU"**

healthbuddy™



TEA



India is one of the finest tea producers in the world. We have exotic locations like Darjeeling and Assam to produce high quality tea specialising in taste and aroma. Now, many scientific researches have established beyond doubt that tea is rich in health properties in terms of antioxidants which help in improving immunity. Tea has established itself as a health drink beneficial for immunity, diabetes, weight management and stress relief.

In spite of India being one of the best producers of tea in the world, the availability of quality tea is a complex situation. The blends which are available in the market fail to maintain the quality in terms of purity and freshness. Further, the availability of best quality like organic green tea or tea blended with original natural ingredients like rose, lemongrass and tulsi is difficult.

We decided to solve this problem and therefore  
**HEALTHBUDDY PURE & FRESH TEA WAS BORN.**

Explore the finest range of **Healthbuddy Pure & Fresh Teas @ SastaSundar.com**. Choose from a vast range of exclusive teas, from 100% certified Organic Green Tea to Tea blended with Natural Organic Lemongrass, we have it all for you.

It is like your own tea garden at your fingertips. The teas in this range are handpicked from the best of the gardens in Darjeeling and Assam and are processed maintaining the best of hygiene standards. Pure & Fresh teas are 100% natural.

If you are looking for teas with special health benefits, choose from Special Teas for Diabetics, Yoga, Weight Loss or Immunity.

For the Lovers of Darjeeling Green Tea & Black Tea to Masala Chai of Assam we have a complete range of quality, flavours, leaf and tea bags to offer.



DARJEELING GREEN • DARJEELING BLACK • ORGANIC • ASSAM CTC

healthbuddy™



SPICES

# Bina koi milawat ke



After Yoga and Ayurveda, one thing that made the Indian household healthy is Indian spices (Masala). Following thorough scientific researches it has been established worldwide that Indian spices like Mirchi (Chilli), Haldi (Turmeric), Dhania (Coriander), Jeera (Cumin), Posto (Khus khus / Poppy Seed), Dalchini (Cinnamon) and Sarson (Mustard) have substantial properties for health benefits like antioxidants, digestion, immunity, weight management, diabetic and overall fitness.

Traditionally Indian households purchased whole spices and grinded them into powder using their domestic CHAKKI. Modern economy provided readymade powder available in the market and this convenience discarded the need of CHAKKI from Indian households. Along with powdered spices, this convenience however supplied impure blend causing a flood of diseases like gastric, constipation, headache, unhealthy liver and stomach. Dhania mix had cowdung while Haldi contained harmful yellow dyed starch. We didn't find it appropriate to compromise with your convenience but we could not sit silent when your health was at stake. And therefore, we decided to use that CHAKKI in our processing centre and connect you directly with the CHAKKI without any unhygienic logistics and warehousing.

## We present to you our brand **Healthbuddy Pure & Fresh Spices.**

An idea to connect you with your own CHAKKI and to deliver Masalas without any adulteration (Bina Koi Milawat Ke). The additional benefit is that these masalas do not travel through C&FA (Clearing & Forwarding Agent, distributors, retailers and thus are delivered fresh.

Our spices are processed in a certified 100% hygienic facility maintaining international standards. It is 100% vegetarian with air-conditioned and hygienic storage.

All our ingredients are procured and stored after thorough checking at our laboratory to make sure that only genuine and healthy ingredients are used. Our people adhere to hygienic global standard uniform and sanitized instruments (in a HACCP and GMP certified process).

No artificial colours, preservatives or flavours are used.

You must be thinking that purity and freshness delivered at your home must be costly, but since we have savings in terms of brief distribution process, it is our pleasure to pass on that savings to you to make our mission come true.

**So these spices are not only Pure & Fresh but truly SastaSundar.**



**HEALTHBUDDY PURE & FRESH SPICES ARE FROM "AAPKICHAKKI", BINA KOI MILAWAT KE...**





Look before you buy! Studies have shown that dangerous chemicals are found in everyday cosmetics and cleaning products. More than an expected percentage of commonly used cosmetics contain dangerous chemicals in various combinations. These chemicals are found in products which are commonly sold in India. This is a direct result of globalization where companies use the same chemicals in their operations across the world. Indians however are at a distinct disadvantage due to the lack of strict government regulations on the composition of cosmetic products. These hazardous chemicals include ones like SLS and Paraben. There is also a debate on whether Parabens should be completely banned. Let us shed light on their harmful effects to the environment and human health:

1. SLS (Sodium Lauryl Sulfate) is a cheap, chemical compound, an anionic detergent found in most of the cosmetics, soaps and beauty care products. On application of a product with SLS, it not only touches your skin but also gets through it and mixes with your blood stream. SLS has reportedly been considered a "moderate hazard" that has been on numerous occasions linked to skin and other complications.
2. Paraben is also a class of chemical preservative widely used in pharmaceutical and cosmetic industry. They easily penetrate the skin. Several studies and researches have implied that parabens interfere with hormone functions. They have been found to mimic estrogens, the primary female hormone important for sexual and reproductive development. They may also interfere with male reproductive functions.

To sum it up, will you prefer using products with these chemicals for your hair or skin care?

Of course, it will be a NO.

The prevalence of natural products free from harmful chemicals is both in demand and are much accepted today. Taking inspiration from nature, we decided to enhance your convenience in getting natural products free from these chemicals easily.

## Thus **ZEROTOX** was born.

**ZEROTOX** is a realm of toxin free beauty care products. The products under this banner are handmade from natural resources. Owing to nature's gifts and love, we carefully knit our endeavour with holistic approach and they offer a chemical free, pristine beauty care.

**ZEROTOX** products are SLS and Paraben free. We DO NOT USE harmful artificial and chemical fragrances but pure essential oils, which have often showed therapeutic effects too! The products are free from chemical preservatives to create colours and longevity as well.

**ZEROTOX** proudly sustains the integrity by using natural and toxin-free ingredients with skin-loving qualities!

Here at **ZEROTOX**, our goal is to offer the best and let you choose for yourself, a better and healthier product that is natural, simple and honest!



**HANDMADE: SOAP • SHAMPOO • CONDITIONER • HAIR COLOUR • BODY WASH • HAND WASH & SANITIZER • SHAVING SOAP, LOTION & OIL**





# ENHANCE your beauty & health naturally

Most of the products available in the market contain substantial amount of mineral oil. Now the question is: Are mineral oils natural or not?

Mineral oils are derived from petroleum (fossil fuel). Petroleum is made from the residue of plant and animal life (plankton and algae), that have been exposed to extremely high pressure and temperature deep within the earth's crust. So far, it sounds quite natural. When crude oil is taken out of the ground, it first needs to be purified before it can be used. This is also known as refinement. The oil used for household purposes or cars has already been well purified, but the mineral oil used in skin care products undergoes such extensive purification that there is hardly anything left of the original material afterwards. Mineral oils may often be contaminated cancer causing Polycyclic Aromatic Hydrocarbons (PAHs). Mineral oils in skin and beauty care products aggravate acne and pulls moisture away from the basal cells where new cells are formed. It also slows down skin function and normal cell development, resulting in premature ageing of the skin and many other health and skin disorders. After this, we leave it up to you to judge the purity and natural credibility of mineral oils!

**Healthbuddy** aspires to foster a connection with consumers and inspire the usage of natural products. In the quest to serve your health better and enable deeper ways to meet your needs,

Healthbuddy introduces

## Healthbuddy Herbal – a genus of range launched never-before!

**Healthbuddy Herbal** products are sans any mineral additives. The products under the banner of **Healthbuddy** are 100% herbal and contain ingredients extracted from natural sources.

**Healthbuddy** Herbal products are "Made in India". They are prepared maintaining environmental standards under clean and hygienic environment.

**Healthbuddy Herbal** is a completely planet safe, which produces toxic free products for the prosperity of our people. We know that every detail matters in the delivery of herbal products, so we maintain a complete chain of custody over the quality of its products.



WITH HEALTHBUDDY HERBAL, WE LET YOU CONNECT WITH YOUR HERBS!



The first and foremost concern of parents while choosing any product for their little ones is safety and hygiene. Be it the feeding bottle or the tiny nail clipper, they are always prepared to acquire the best option for their baby. Sometimes this may prove to be confusing, especially with so many options available in the market. The plastic material used in most of these products often contains BPA (Bisphenol A) which is a chemical used for hardening, potentially holding harmful effects on brain, behaviour and prostrates glands of infants. Thus, all the accessories related to babies should meet safety standards, made from food grade materials and free from harmful toxic chemicals. Unfortunately, many of the baby accessories available in the market do not fully comply with the safety standards. The products you use on your child may be labelled as "Chemical free" but they could be filled with toxic chemicals dangerous for your baby's health. Shopping for baby products, sifting through all of the information and searching for safer alternatives may be time-consuming and confusing.

## Our will, to solve this problem gave birth to NokNok BABY.

Keeping in view the concern of parents in choosing the right and safe accessories for their little angels, we have taken utmost care in designing each of our products under the banner of Healthbuddy NokNok BABY – a wide range of safe and hygienic chemical free baby care products facilitating baby care for mothers. Parents may be rest assured about its quality and safety.

The products under NokNok BABY are made from food-grade PP (polypropylene) material, which is both safe and hygienic to be used for the delicate little ones. It is important to mention that these PP (polypropylene) material products are devoid of BPA (Bisphenol A) and other harmful chemicals that have been reported to have adverse effects on babies.

The products have been specifically designed to suit the needs of the tiny ones. Mother's convenience is elevated with the ergonomic forms of the products.



**NOKNOK BABY – A WIDE RANGE OF SAFE AND HYGIENIC CHEMICAL FREE BABY CARE PRODUCTS**

# healthbuddy™ care

## ORTHOPAEDIC CARE WITH 24 HOURS ZERO IRRITATION DESIGN

With the motive to simplify the essential requirements of day-to-day life while maintaining quality and comfort,

### Healthbuddy CARE **was born.**

**Healthbuddy CARE** is a varied range that covers a wide spectrum of products, starting from wellness to hygiene, cleanliness to orthopaedic as well as elderly care.

To provide high quality products that would render equal comfort and hygiene was the key factor. The wellness products in this category range from Compressor Nebulizer to Hot & Cold Pack.

It also caters to different kinds of tissues like Wallet Tissue, Pocket Tissue and Box Tissue.

The unique line of Orthopaedic Belts under this category deserves special mention. These unique belts are designed with high quality Permeable, Breathable and Anti-Slip materials keeping your health and comfort in mind. The Ortho Range comprises of Knee, Ankle and Waist Support Belt alongside an exclusive Cervical Collar. They are comforting and hygienic, provide a neat fit and are easy to clean for reuse.

To ensure care for the golden years of seniors, the category SENIORS offers senior care products like Adult Diapers, Walker and Walking Stick. Caring has never been easier!



HEALTHBUDDY CARE DAY-TO-DAY ESSENTIAL, MAINTAINING QUALITY AND COMFORT



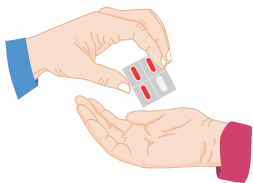
**YOUR  
HEALTH  
&  
WELLNESS  
COMPANION**





# 'DAWA KE SAATH DUA'

## Social Responsibility - Our DNA



- We have devised a system of reverse logistic whereby our customers donate their unused medicines using SastaSundar.com services to accredited NGO.



- With every purchase of a product from us, we contribute to ISKCON Food Foundation for services and mid-day meal to the underprivileged children.



- We provide comparison of price of each medicine linked to generic salt with supply of high quality generic medicines at absolutely low price.

# FINANCIAL AND OPERATIONAL HIGHLIGHTS

## Consolidated Financial Performance

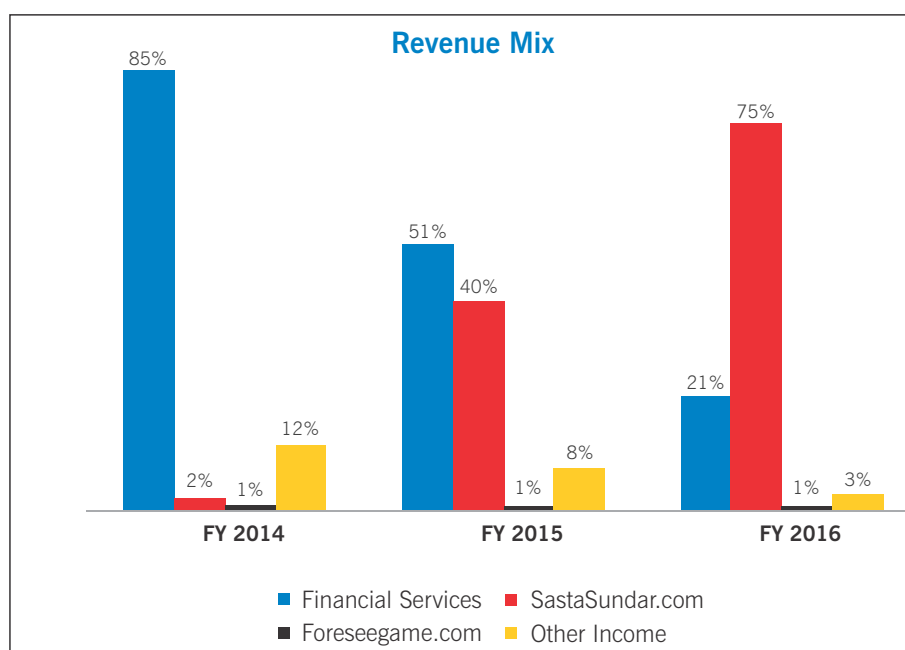
(Rs. in Lacs except for EPS)

Revenue	FY ended 2016	FY ended 2015
Financial Services	1,945.59	2,681.61
SastaSundar.com	6,619.42	2,111.92
Foreseegame.com	58.89	40.88
Other Income	275.26	414.57
Total Revenue	8,899.16	5,248.98
EBIDTA	-2,855.36	-822.05
EBIT	-3,583.28	-1,391.94
Profit/(Loss) before Tax	-3,683.45	-1,485.09
Profit/(Loss) after Tax	-3,655.39	-1,482.37
EPS	-11.51	-4.69

## Consolidated Financial Position

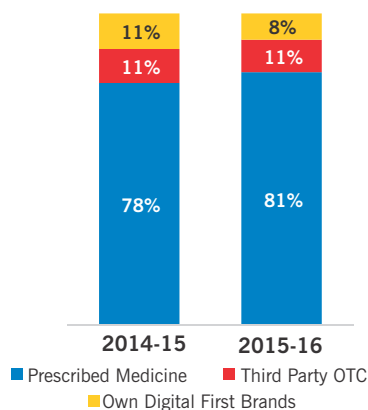
(Rs. in Lacs)

	As at 31.03.2016	As at 31.03.2015
<b>Application of Funds</b>		
Non-Current Assets	16,617.08	19,283.89
Current Assets	9,022.24	8,832.52
<b>Sources of Funds</b>		
Shareholders Fund	21,803.04	25,463.85
Minority Interest	38.21	32.78
Non-Current Liabilities	663.34	413.86
Current Liabilities	3,134.73	2,205.92

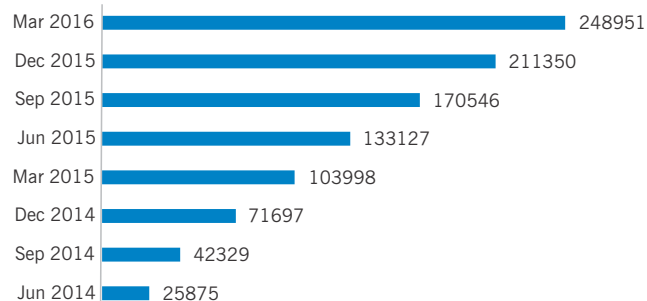


# GRAPHICAL REPRESENTATION OF **SastaSundar.com**

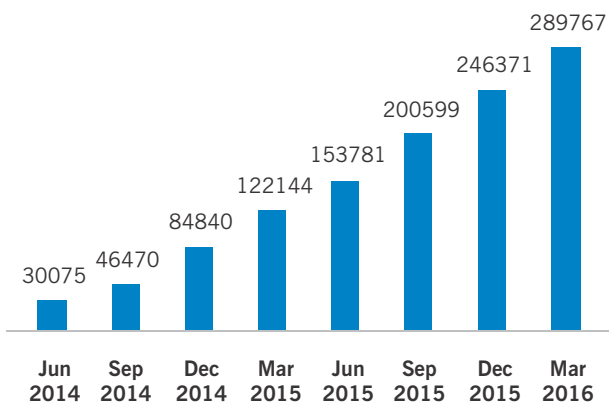
## Product Mix on the basis of GMV



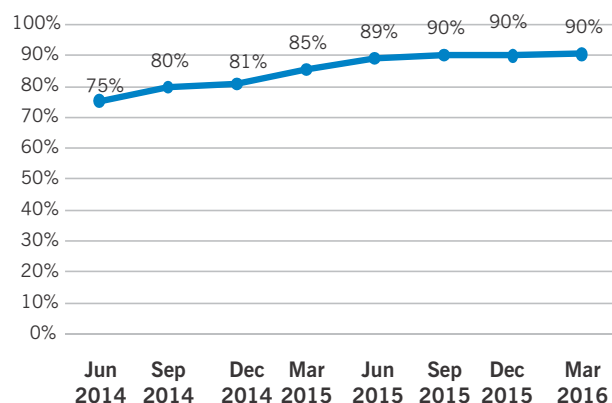
## Customer Base



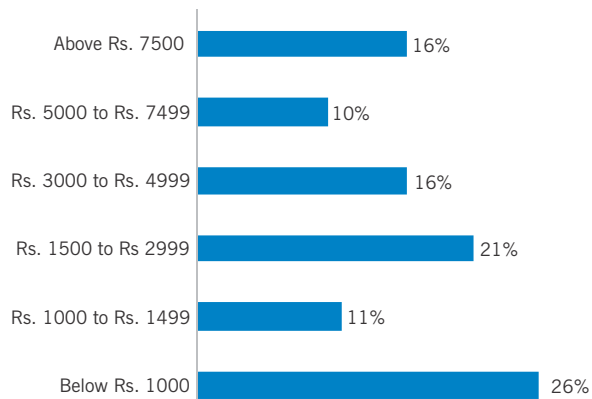
## No. of Orders



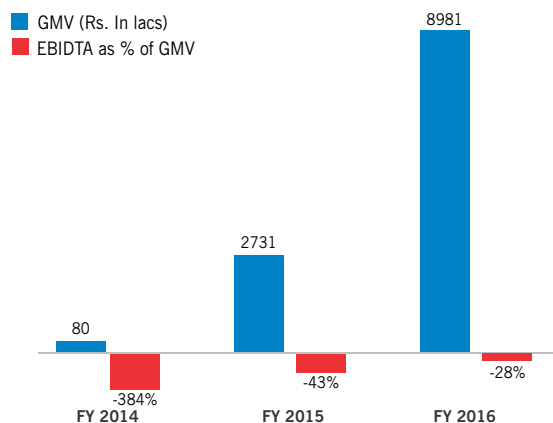
## Strong Repeat Orders



## Customer Segmentation on monthly order value



## SastaSundar.com



# STATS

## YOU LOVE TO KNOW



**15061**  
NO. OF CAMPAIGNS

**130M**  
NO. OF ENGAGEMENTS

**3.1M**  
NO. OF WINNERS

**375+**  
NO. OF BRANDS  
ASSOCIATED

STATS AS ON 31.03.2016





## Directors' Report

Dear Members,

Your Directors are pleased to present the Twenty-Seventh Annual Report together with Audited Annual Financial Statements (including Audited Consolidated Financial Statements) of the Company for the Financial Year ended 31st March, 2016.

### FINANCIAL HIGHLIGHTS

(Rs. in lacs)

Particulars	Standalone		Consolidated	
	FY 2015-16	FY 2014-15	FY 2015-16	FY 2014-15
Total Revenue	221.47	244.83	8899.16	5248.98
<b>Profit/(Loss) before Interest, Depreciation &amp; Tax</b>	<b>18.78</b>	<b>42.58</b>	<b>-2855.36</b>	<b>-994.92</b>
Less: Depreciation	33.89	40.97	727.92	569.90
Less: Interest	-	-	100.17	93.15
<b>Profit/(Loss) before Tax and Exceptional Item</b>	<b>-15.11</b>	<b>1.61</b>	<b>-3683.45</b>	<b>-1657.97</b>
Exceptional Item	-237.00	-	-	172.87
<b>Profit/(Loss) before Tax</b>	<b>-252.11</b>	<b>1.61</b>	<b>-3683.45</b>	<b>-1485.10</b>
Less: Tax Expenses				
- Current Tax	-	-	4.41	33.66
- Excess Provision for taxation no longer required written back	-44.82	-103.60	-39.60	-103.60
- Deferred Tax	-	-	7.13	67.22
<b>Profit/(Loss) for the year before Minority Interest</b>	<b>-207.29</b>	<b>105.21</b>	<b>-3655.39</b>	<b>-1482.38</b>
Less: Minority Interest	-	-	5.43	7.98
<b>Profit/(Loss) for the year</b>	<b>-207.29</b>	<b>105.21</b>	<b>-3660.82</b>	<b>-1490.36</b>

### DIVIDEND

In view of loss incurred by the Company the Board of Directors do not recommend any dividend for the financial year 2015-16.

### TRANSFER TO RESERVE

The Company does not propose to transfer any amount to reserve.

### OPERATIONAL UPDATE

During the year under review, in response to our letter dated 28th October, 2014 requesting for de-registration / cancellation of the Certificate of Registration as Non-Banking Financial Company (NBFC), the RBI vide its letter dated 21st July, 2015 has confirmed the same w.e.f. 21st May, 2015. At present the Company is a Core Investment Company (CIC).

## Directors' Report

The Company has entered in a Share Purchase Agreement (SPA) on 19th April, 2016 for sale of 100% shareholding in Microsec Capital Limited. Implementation of said SPA is conditional upon sanction of proposed Scheme of Arrangement between Microsec Capital Limited (MCap), the wholly owned subsidiary company and Microsec Commerce Limited (MCL), a wholly owned subsidiary of Microsec Capital Limited and PRP Technologies Limited. The proposed scheme of arrangement envisages transfer of "Consultancy and Investment" undertakings of Microsec Capital Limited and Microsec Commerce Limited into PRP Technologies Limited.

Your Directors have also decided to change of name of the Company to represent correctly the activity / business of the Company.

On a standalone basis, the revenue of your Company was Rs. 221.47 Lacs as against Rs. 244.83 Lacs during the previous year. EBITD was Rs. 18.78 Lacs as compared to Rs. 42.58 Lacs during the previous financial year. The net loss for the year under review was Rs. 207.29 Lacs, as against profit of Rs. 105.21 Lacs in the previous year.

### DEPOSITS

Your Company has neither accepted nor renewed any deposits from public within the meaning of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 during the year.

### SHARE CAPITAL

The paid up Equity share capital of the Company as at 31st March, 2016 is Rs. 31.81 crores. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock option or sweat equity shares. As on 31st March, 2016, none of the Directors of the Company holds instrument convertible into equity shares of the Company. Your Company has not made any provision of money for purchase of its own Shares by employees or by trustees for the benefit of employees during the year under review.

### LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

### MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of your Company have occurred between the end of the financial year of the Company to which financial statements relates and on the date of this report.

### SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATOR

There were no significant and material orders passed by the Regulators or Courts or Tribunals during the year impacting the going concern status and the operations of the Company in future.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company's Internal Control Systems are commensurate with the nature, size and complexity of its business and ensure proper safeguarding of assets, maintaining proper accounting records and providing reliable financial information.

The Directors have laid down internal financial controls to be followed by the Company and such policies and procedures have been adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

An external independent firm carries out the internal audit of the Company operations and reports its findings to the Audit Committee on a regular basis. Internal Risk & Control function also evaluates organisational risk along with controls required for mitigating those risks. Internal Audit provides assurance on functioning and quality of internal controls along with adequacy and effectiveness through periodic reporting.

### SUBSIDIARY/JOINT VENTURES/ASSOCIATE COMPANIES

The Company has fifteen subsidiaries (both direct and step down).

In accordance with Section 129(3) of the Companies Act, 2013, the Company has prepared consolidated financial statements of the Company and all its subsidiaries forms part of the Annual Report. Further a statement containing the salient features of the financial statements of each of the subsidiaries, associates in the prescribed format Form AOC-1, forms part of the

## Directors' Report

Annual Report. The annual accounts of the subsidiary companies will be made available to the shareholders on request and will also be kept for inspection by the shareholders at the registered office of your Company.

Further as per section 136 of the Companies Act, 2013, the audited financial statements, including the consolidated financial statements and related information of the Company are available at our website at [www.microsec.in](http://www.microsec.in).

A Policy has been formulated for determining the Material Subsidiaries of the Company pursuant to Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [hereinafter referred to as SEBI (LODR) Reg, 2015]. The said Policy has been posted on the Company's website at the weblink [http://www.microsec.in/static/Pdf/Policy\\_of\\_Material\\_Subsiary\\_Microsec.pdf](http://www.microsec.in/static/Pdf/Policy_of_Material_Subsiary_Microsec.pdf)

The Company does not have any Joint Venture or Associate Company as per the provisions of the Companies Act 2013.

### BOARD OF DIRECTORS:

#### a) Directors and Key Managerial Personnel

The tenure of Mr. Banwari Lal Mittal (DIN- 00365809) as Managing Director expired on 30th June, 2015. The Board of Director at their meeting held on 30th May, 2015, on the recommendation of Nomination and Remuneration Committee, had appointed Mr. Banwari Lal Mittal as Managing Director & CEO for a period of 3 years w.e.f. 1st July, 2015 which was approved by the members at the Annual General Meeting held on 28th September, 2015.

During the year under review Mr. Giridhar Dhelia resigned as the Chief Financial Officer of the Company at the close of business hours on 11th August, 2015. Based on the recommendation of the Nomination and Remuneration Committee and the Board, Mr. Amrit Daga has been appointed as the Chief Financial Officer and Key Managerial Personnel of the Company w.e.f 12th August, 2015. The Company has the following three Key Managerial Personnel:

1. Mr. Banwari Lal Mittal, Managing Director,
2. Mr. Amrit Daga, Chief Financial Officer and
3. Mr. Biplab Kumar Mani, Company Secretary

As per the provision of the Companies Act, 2013 Mrs. Abha Mittal (DIN: 00519777) retires by rotation at the ensuing Annual General Meeting and being eligible, offers for re-appointment. Your Directors recommended the re-appointment. Details of Mrs. Abha Mittal as required under SEBI (LODR) Reg, 2015 are provided in the Corporate Governance Report and notice of 27th Annual General Meeting.

None of the Directors of the Company are disqualified for being appointed as Directors, as specified in section 164(2) of the Companies Act, 2013 and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

#### b) Declaration by an Independent Director(s)

All the Independent Directors have given a declaration that they meet criteria of independence as laid down under section 149(6) of the Companies Act, 2013 read with the rules made thereunder and Regulation 16(1)(b) of the SEBI (LODR) Reg, 2015.

#### c) Familiarization Programme undertaken for Independent Director

During the year, the Company has organised a familiarisation Programme of the Independent Directors. The details of the familiarisation programme of Independent Directors are provided in the Corporate Governance Report and are also available on the Company's website at the weblink [http://www.microsec.in/static/Pdf/Familiarisation\\_program\\_for\\_ID\\_Microsec.pdf](http://www.microsec.in/static/Pdf/Familiarisation_program_for_ID_Microsec.pdf)

#### d) Board Evaluation

In compliance with the requirements of the provisions of Section 178 of the Companies Act, 2013 read with Rules framed thereunder and provisions of Schedule IV to the Act as well as the SEBI (LODR) Reg, 2015, your Company has carried out a performance evaluation programme for the Board of Directors, Committees of the Board and Individual Directors for the financial year ended 31st March, 2016.

For annual evaluation of the Board as a whole, its Committee(s) and Individual Directors including the Chairman of the Board, the Company has formulated a questionnaire to assist in evaluation of the performance. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## Directors' Report

### e) Remuneration Policy

The remuneration policy of the Company aims to attract, retain and motivate qualified people at the Executive and at the Board levels. The remuneration policy seeks to employ people who not only fulfil the eligibility criteria but also have the attributes needed to fit into the corporate culture of the Company. The Board has on the recommendation of the Nomination & Remuneration Committee adopted the Remuneration Policy, which inter alia includes policy for selection and appointment of Directors, Key Managerial Personnel, Senior Management Personnel and their remuneration. The said Policy has been disclosed in the Corporate Governance Report, which forms part of this Annual Report.

### MEETINGS OF THE BOARD OF DIRECTORS AND COMMITTEE

#### Board of Directors

The Board meets at regular intervals to discuss and decide on business policy and strategy apart from other Board business. However, in case of special and urgent business need, the Board's approval is taken by passing resolutions through circulation, as permitted by law, which are confirmed in the subsequent Board meeting. During the year under review, four Board Meetings were convened and held on 30th May, 2015, 10th August, 2015, 4th November, 2015 and 9th February, 2016, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 as well as the SEBI (LODR) Reg, 2015.

#### Audit Committee

The composition and terms of reference of the Audit Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report. There has been no instance where the Board has not accepted the recommendations of the Audit Committee.

#### Nomination and Remuneration Committee

The composition and terms of reference of the Nomination and Remuneration Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report.

#### Stakeholders Relationship and Shareholders Grievance Committee

The composition and terms of reference of the Stakeholders Relationship and Shareholders Grievance Committee has been furnished in the Corporate Governance Report forming a part of this Annual Report.

### STATUTORY AUDITORS

The Statutory Auditors of your Company M/s. S. R. Batliboi & Co. LLP, (Firm Regn. No. 301003E/ E300005) Chartered Accountants, retires at the ensuing Annual General Meeting of the Company and have given their consent for re-appointment. Your Company has received a certificate from them confirming their eligibility to be re-appointed as Auditors of the Company in terms of the provisions of section 141 of the Companies Act, 2013 and rules framed thereunder. They have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India as required under the provisions of Regulation 33 of the SEBI (LODR) Reg, 2015. The proposal for their re-appointment has been included in the Notice convening the Twenty Seventh Annual General Meeting of the Members of the Company.

### AUDITORS' REPORT

The Auditors have submitted their Independent Auditor Report for the financial ended 31st March, 2016 and they have made no qualification, reservation or adverse remarks or disclaimer in their report.

### SECRETARIAL AUDIT

Pursuant to the provisions of section 204 of the Companies Act, 2013 read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company had appointed M/s MKB & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company for the financial year 2015-16. The Report of the Secretarial Audit is annexed herewith as "**Annexure - I**".



## Directors' Report

### RELATED PARTY TRANSACTIONS

The Company has formulated a policy on related party transactions for purpose of identification and monitoring of such transactions. The said policy on related Party transactions as approved by the Board is posted at the Company's website at the weblink [http://www.microsec.in/static/Pdf/Policy\\_of\\_Material\\_Subsidary\\_Microsec.pdf](http://www.microsec.in/static/Pdf/Policy_of_Material_Subsidary_Microsec.pdf)

All the related party transactions that were entered into during the financial year were on an arm's length basis, in the ordinary course of business and in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (LODR) Reg, 2015 except the contract or arrangements entered into by the Company with the related party in terms of sub-section (1) of section 188 of the Companies Act, 2013 as disclosed in Form No. AOC -2 is annexed herewith as "Annexure - II".

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo as per section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is annexed herewith as "Annexure - III".

### EXTRACT OF THE ANNUAL RETURN

Pursuant to sub-section 3(a) of Section 134 and sub-section (3) of Section 92 of the Companies Act, 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014 the extract of the annual return in Form No. MGT – 9 is included in this report as "Annexure - IV" and forms an integral part of this report.

### PARTICULARS OF EMPLOYEES & RELATED DISCLOSURES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this Report and marked as "Annexure - V".

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has adopted a Whistle Blower Policy to provide a formal mechanism to the Directors and Employees to report their concern about unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or ethics policy. The policy provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides for direct access to the Chairman of the Audit Committee. The details of the Whistle Blower Policy is explained in the Corporate Governance Report and also posted on the website of the Company at the weblink [http://www.microsec.in/static/Pdf/Whistle\\_Blower\\_Policy\\_Microsec.pdf](http://www.microsec.in/static/Pdf/Whistle_Blower_Policy_Microsec.pdf). During the year under review, no complaints has been received/reported.

### CORPORATE SOCIAL RESPONSIBILITY

Your Company suffered losses during the year 2015-16. The Financial performance of the Company has declined since 2013-14. The immediate future in terms of performance appears to be bleak. In such circumstance the Company has not voluntarily undertaken any CSR activity during the year under review.

### POLICY ON PREVENTION OF INSIDER TRADING

Your Company has adopted a Code for Prevention of Insider Trading with a view to Regulate trading in equity shares of the Company by the Directors and designated employees of the Company. The said Code of Conduct is available on the website of the Company at [www.microsec.in](http://www.microsec.in). The Code requires preclearance for dealing in Company's shares and prohibit the purchase or sale of shares in your company by the Directors and designated employees, while they are in possession of unpublished price sensitive information and also during the period when the Trading Window remains closed.

### CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION ANALYSIS REPORT

The Company is committed to maintain the highest standards of corporate governance and adhere to the corporate governance requirements as set out by SEBI. The Company has also implemented several best corporate governance practices. The report on Corporate Governance and Management Discussion & Analysis Report as stipulated under Schedule V of the SEBI (LODR) Reg, 2015 forms an integral part of this report.

## Directors' Report

### CORPORATE GOVERNANCE CERTIFICATE

In Compliance with the provisions of Regulation 34 of the SEBI (LODR) Reg, 2015 read with Schedule V of the said Regulations, the Corporate Governance Certificate issued by the Statutory Auditors M/s S. R. Batliboi & Co. LLP, Chartered Accountants regarding compliance with the conditions of Corporate Governance as stipulated is annexed to this report.

Your Company has taken adequate steps for strict compliance with the Corporate Governance guidelines, as amended from time to time.

### CHIEF EXECUTIVE OFFICER (CEO) / CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

As required under Regulation 17(8) of the SEBI (LODR) Reg, 2015, the CEO/CFO certification has been submitted to the Board and a copy thereof is contained elsewhere in this Annual Report.

### RISK MANAGEMENT POLICY

The Company has formulated a Risk Assessment & Management Policy which identify, evaluate business risks and opportunities. The details of the same are covered in the Corporate Governance Report forming part of the Board's Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors acknowledges the responsibility for ensuring compliances with the provisions of section 134(3)(c) read with section 134(5) of the Companies Act, 2013 and provisions of the SEBI (LODR) Reg, 2015 and in the preparation of the annual accounts for the year ended 31st March, 2016 states that —

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the loss of the company for the year;
- (c) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) proper systems had been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### GREEN INITIATIVES IN CORPORATE GOVERNANCE

Ministry of Corporate Affairs has permitted Companies to send copies of Annual report, Notices, etc., electronically to the email IDs of shareholders. Your Company has arranged to send the soft copies of these documents to the registered email IDs of the shareholders, wherever available. In case, any shareholder would like to receive physical copies of these documents, the same shall be forwarded upon receipt of written request in this respect.

### HUMAN RESOURCES

Our employees are our core resource and the Company has continuously evolved policies to strengthen its employee value proposition. Your Company was able to attract and retain best talent in the market and the same can be felt in the past growth of Microsec Group. The Company is constantly working on providing the best working environment to its Human Resources with a view to inculcate leadership, autonomy and towards this objective, your company spends large efforts on training. Your Company shall always place all necessary emphasis on continuous development of its Human Resources. The belief "great people create great organization" has been at the core of the Company's approach to its people.

## Directors' Report

### **DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

Your Company is committed to provide a safe and secure environment to its women employees across its functions, as they are considered as integral and important part of the Organisation.

Your company has in place an Anti Sexual Harrassment Policy in line with the requirements of the Sexual Harrassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

There was no case of sexual harrasment reported during the year under review.

### **ACKNOWLEDGEMENTS**

Your Directors take this opportunity to thank the Regulatory and Government Authorities, Bankers, Business Associates, Shareholders and the Customers of the Company for their continued support to the Company. The Directors express their deep sense of appreciation towards all the employees and staff of the Company and wish the management all the best for achieving greater heights in the future.

For and on behalf of the Board

Sd/-

**B. L. Mittal**

*Chairman & Managing Director*

DIN: 00365809

Date : 5th August, 2016

Place : Kolkata

## Annexure to the Directors' Report

Annexure - I

Form No. MR-3

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]*

To  
The Members,  
**Microsec Financial Services Limited**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s Microsec Financial Services Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

The Company's Management is responsible for preparation and maintenance of secretarial and other records and for devising proper systems to ensure compliance with the provisions of applicable laws and Regulations.

Based on the verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016, to the extent applicable, according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 and Rules made thereunder;
- iii) The Depositories Act, 1996 and Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The Regulations and Guidelines prescribed under the Securities & Exchange Board of India Act, 1992 ("SEBI Act") or by SEBI, to the extent applicable:
  - a) The Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011
  - b) The Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and the Securities Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
  - c) The Securities Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
  - d) The Securities Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
  - e) The Securities Exchange Board of India (Issue and listing of Debt securities) Regulations, 2008
  - f) The Securities Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993
  - g) The Securities Exchange Board of India (Delisting of Equity Shares) Regulations, 2009
  - h) The Securities Exchange Board of India (Buyback of Securities) Regulations, 1998



## Annexure to the Directors' Report

vi) The Company was deregistered as a Non- Banking Financial Company vide cancellation order dated 21st May, 2015. Thereafter, the Company is functioning as a Core Investment Company (CIC). The following acts/ laws are applicable to the Company:

- a) Reserve Bank of India Act, 1934 (Chapter IIIB), sec 45 IA
- b) Non-Banking Financial Companies (Reserve Bank) Directions, 1998
- c) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions 2007;
- d) Master Circular dated 1st July, 2014 on Know Your Customer (KYC) Guidelines –Anti Money Laundering Standards (AML) -Prevention of Money Laundering Act, 2002;
- e) Master Circular dated 1st July, 2014 on Miscellaneous Instructions to NBFC – ND- SI;
- f) Master Circular dated 1st July, 2014 on Fair Practices Code;
- g) Core Investment Companies (Reserve Bank) Directions, 2011 dated January 5, 2011;
- h) Regulatory Framework for Core Investment Companies (CICs) dated 1st July, 2015;
- i) Other Circulars/ Directions/ Guidelines issued by RBI from time to time;

We have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards issued by The Institute of Company Secretaries of India[Applicable from 1st July, 2015];
- b) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. [Applicable from 1st December, 2015];

During the period under review the Company has generally complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above *except the Minutes of the Annual General Meeting are not in conformity with the Secretarial Standards.*

We further report that

- a) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c) None of the directors in any meeting dissented on any resolution and hence there was no instance of recording any dissenting member's view in the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period under audit, there are no specific events/ actions which have any major bearing on the Company's affairs.

This report is to be read with our letter of even date which is annexed as **Annexure- 1** which forms an integral part of this report.

For **MKB & Associates**  
Company Secretaries  
Sd/-  
**Manoj Kumar Banthia**  
[Partner]

Date: 5th August, 2016  
Place : Kolkata

ACS No. 11470  
COP No. 7596

## Annexure to the Directors' Report

### Annexure-1

To  
The Members,  
**Microsec Financial Services Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **MKB & Associates**  
Company Secretaries  
Sd/-

**Manoj Kumar Banthia**  
[Partner]

ACS No. 11470  
COP No. 7596

Date: 5th August, 2016  
Place : Kolkata

## Annexure to the Directors' Report

### Annexure- II

#### Form No. AOC-2

*(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)*

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1 Details of contracts or arrangements or transactions not at arm's length basis	
Name(s) of the related party and nature of relationship	<b>Microsec Capital Limited, a wholly owned subsidiary Company</b>
Nature of contracts/arrangements/transactions	Rendering of Corporate Advisory Services
Duration of the contracts / arrangements/transactions	2nd April, 2013 to 2nd April, 2018
Salient terms of the contracts or arrangements or transactions including the value, if any	<p>Providing Corporate Advisory Services:</p> <p>Microsec Financial Services Limited (the Company) provides the Advisory Services on various matters viz. Financial and Strategy Planning, Compliance matters with Statutory Authorities and Exchanges, fund planning, receivable management, formulate and updation of the internal controls etc.</p> <p>Rs. 200.00 lacs pa</p>
Justification for entering into such contracts or arrangements or transactions	All transactions would be carried out as part of the business requirements of the Company in ordinary course of business.
Date(s) of approval by the Board	8 <sup>th</sup> February, 2013 further ratified by the Board on 19 <sup>th</sup> May, 2014
Amount paid as advances, if any:	NIL
Date on which the special resolution was passed in general meeting as required under first proviso to section 188	13th August, 2014
2 Details of material contracts or arrangement or transactions at arm's length basis	
Name(s) of the related party and nature of relationship	-
Nature of contracts/arrangements/transactions	-
Duration of the contracts / arrangements/transactions	-
Salient terms of the contracts or arrangements or transactions including the value, if any:	-
Date(s) of approval by the Board, if any:	-
Amount paid as advances, if any	-

For and on behalf of the Board

Place: Kolkata  
Date: 5th August, 2016

Sd/-  
**B. L. Mittal**  
Chairman & Managing Director  
DIN : 00365809

## Annexure to the Directors' Report

### Annexure- III

**DISCLOSURE OF THE PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014**

#### A) CONSERVATION OF ENERGY :

i)	the steps taken or impact on conservation of energy;	The Company is engaged in providing financial services and as such its operations do not account for substantial energy consumption. However, the Company is taking all possible measures to conserve energy by using efficient computer systems and procuring energy efficient equipment. As an ongoing process, your Company evaluates new technologies and techniques to make its infrastructure more energy efficient.
ii)	the steps taken by the company for utilising alternate sources of energy	
iii)	the capital investment on energy conservation equipments;	

#### B) TECHNOLOGY ABSORPTION :

*From B: Disclosure of particulars with respect to Technology absorption*

**Technology, absorption, adaptation and innovation:-**

Efforts made towards technology absorption	There is no change in technology used by the company
The benefits derived like product improvement, cost reduction, product development or import substitution	
In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and	Not Applicable

#### Research & Development (R & D) -

The expenditure incurred on Research and Development	The Company is engaged in financial services and so there were no activities in the nature of research and development involved in the business. Being in financial services, we provide financial and equity research to the customers which is not in the nature of research and development.
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#### C) FOREIGN EXCHANGE EARNING AND OUTGO :

(in Rs.)

	<b>FY 2015-16</b>	<b>FY 2014-15</b>
Foreign Exchange earnings	<b>NIL</b>	<b>NIL</b>
Foreign Exchange outgo	<b>NIL</b>	<b>NIL</b>

For and on behalf of the Board

Sd/-

**B. L. Mittal**

Chairman & Managing Director

DIN : 00365809

Place: Kolkata  
Date: 5th August, 2016



## Annexure to the Directors' Report

Annexure-IV

Form No. MGT-9

### EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I. REGISTRATION AND OTHER DETAILS

i)	CIN	L65993WB1989PLC047002
ii)	Registration Date	6th June, 1989
iii)	Name of the Company	Microsec Financial Services Limited
iv)	Category / Sub-Category of the Company	Public Limited Company
v)	Address of the Registered office and contact details	Shivam Chambers, 1st Floor, 53 Syed Amir Ali Avenue, Kolkata - 700 019 Tel: 033 3051 2100 Fax: 033 3051 2020
vi)	Whether listed company (Yes / No)	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited 59C, Chowringhee Road, 3rd Floor, Kolkata – 700 020 Tel: 033 2289 0540 Fax: 033 2289 0539

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Professional Services	70200	92.20

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	<b>Microsec Capital Limited</b> Shivam Chambers, 1st Floor, 53 Syed Amir Ali Avenue, Kolkata - 700 019	U51909WB1995PLC072876	Subsidiary	100	2(87)
2	<b>Microsec Resources Private Limited</b> Azimganj House, 7 Camac Street, 2nd Floor, Kolkata - 700 017	U51109WB1994PTC066509	Subsidiary	100	2(87)
3	<b>Microsec Technologies Limited</b> Innovation Tower, Premise No. 16-315, Plot No. DH6/32, Action Area - 1D, Newtown, Rajarhat, Kolkata – 700156	U72200WB2002PLC094642	Subsidiary	100	2(87)
4	<b>Microsec Commerze Limited</b> Shivam Chambers, 1st Floor, 53 Syed Amir Ali Avenue, Kolkata - 700 019	U74140WB1994PLC066386	Step down Subsidiary	100	2(87)

## Annexure to the Directors' Report

Sl. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
5	<b>Microsec Insurance Brokers Limited</b> Shivam Chambers, 1st Floor, 53 Syed Amir Ali Avenue, Kolkata - 700 019	U67200WB2002PLC095275	Step Down Subsidiary	100	2(87)
6	<b>PRP Technologies Limited</b> Shivam Chambers, 1st Floor, 53 Syed Amir Ali Avenue, Kolkata - 700 019	U72200WB2007PLC119759	Subsidiary	100	2(87)
7	<b>Microsec Health Buddy Limited</b> Azimganj House, 7 Camac Street, 2nd Floor, Kolkata - 700 017	U15411WB2011PLC160195	Subsidiary	100	2(87)
8	<b>Bharatiya Sanskriti Village Private Limited</b> Jindal Towers, 21/1A/3 Darga Road, Unit - 502, Block- B, 5th Floor, Kolkata - 700 017	U92140WB2011PTC166740	Subsidiary	100	2(87)
9	<b>Myjoy Tasty Food Private Limited</b> Jindal Towers, 21/1A/3 Darga Road, Unit - 502, Block- B, 5th Floor, Kolkata - 700 017	U55209WB2011PTC162516	Subsidiary	100	2(87)
10	<b>Myjoy Hospitality Private Limited</b> Jindal Towers, 21/1A/3 Darga Road, Unit - 502, Block- B, 5th Floor, Kolkata - 700 017	U55101WB2011PTC162474	Step Down Subsidiary	100	2(87)
11	<b>Myjoy Technologies Private Limited</b> Microsec Block, Azimganj House, 7 Camac Street, 2nd Floor, Kolkata - 700 017	U72200WB2011PTC164402	Step Down Subsidiary	100	2(87)
12	<b>Myjoy Pharmaceuticals Private Limited</b> Jindal Towers, 21/1A/3 Darga Road, Unit - 502, Block- B, 5th Floor, Kolkata - 700 017	U24232WB2011PTC169959	Step Down Subsidiary	100	2(87)
13	<b>Sasta Sundar Shop Private Limited</b> Jindal Towers, 21/1A/3 Darga Road, Unit - 502, Block- B, 5th Floor, Kolkata - 700 017	U74999WB2011PTC165465	Step Down Subsidiary	100	2(87)
14	<b>Joybuddy Fun Products Private Limited</b> Flat 1E, 1st Floor, 25D Harish Mukherjee Road, Kolkata - 700 025	U52100WB2014PTC200741	Step Down Subsidiary	100	2(87)
15	<b>Microsec Tech Solutions Private Limited</b> Innovation Tower, Premises No. 16-315, Plot No. DH6/32, Action Area - 1D, Newtown, Rajarhat, Kolkata - 700156	U72300WB2015PTC205351	Step Down Subsidiary	100	2(87)

## Annexure to the Directors' Report

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Share Holding :

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	1,20,78,793	0	1,20,78,793	37.97	1,20,78,793	0	1,20,78,793	37.97	0.00
b) Central Govt.	0	0	0	0	0	0	0	0.00	0.00
c) State Govt. (s)	0	0	0	0	0	0	0	0.00	0.00
d) Bodies Corp.	94,69,744	0	94,69,744	29.77	94,79,744	0	94,79,744	29.80	+0.03
e) Banks / FI	0	0	0	0	0	0	0	0.00	0.00
f) Any Other....	12,41,000	0	12,41,000	3.90	12,41,000	0	12,41,000	3.90	0.00
<b>Sub-total (A) (1):-</b>	<b>2,27,89,537</b>	<b>0</b>	<b>2,27,89,537</b>	<b>71.64</b>	<b>2,27,99,537</b>	<b>0</b>	<b>2,27,99,537</b>	<b>71.67</b>	<b>0.00</b>
(2) Foreign									
a) NRIs - Individuals	0	0	0	0	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0	0	0	0	0.00	0.00
e) Any Other	0	0	0	0	0	0	0	0.00	0.00
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A) (1)+(A)( 2)</b>	<b>2,27,89,537</b>	<b>0</b>	<b>2,27,89,537</b>	<b>71.64</b>	<b>2,27,99,537</b>	<b>0</b>	<b>2,27,99,537</b>	<b>71.67</b>	<b>+0.03</b>
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0.00	0.00
b) Banks / FI	16,515	0	16,515	0.05	16,515	0	16,515	0.05	0.00
c) Central Govt	0	0	0	0	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0.00	0.00
g) Foreign Portfolio Investor	0	0	0	0	1,27,500	0	1,27,500	0.40	+0.40
h) Others (specify)	0	0	0	0	0	0	0	0.00	0.00
<b>Sub-total (B)(1):-</b>	<b>16,515</b>	<b>0</b>	<b>16,515</b>	<b>0.05</b>	<b>1,44,015</b>	<b>0</b>	<b>1,44,015</b>	<b>0.45</b>	<b>+0.40</b>
2. Non-Institutions									
a) Bodies Corporate	17,75,734	0	17,75,734	5.58	23,77,443	0	23,77,443	7.47	+1.89
i) Indian									
ii) Overseas	-	-	-	-	-	-	-	-	-

## Annexure to the Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	25,01,709	16	25,01,725	7.87	25,98,549	148	25,98,697	8.17	+0.30
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	28,44,671	0	28,44,671	8.94	14,15,041	0	14,15,041	4.45	-4.50
c) Others (specify)									
1. Clearing Member	79,694	0	79,694	0.25	2,82,206	0	2,82,206	0.89	+0.64
2. Trust	395	17,83,400	17,83,795	5.61	316	17,83,400	17,83,716	5.61	0.00
3. HUF	0	0	0	0	3,10,644	0	3,10,644	0.98	+0.98
4. NRI (Repat)	13,575	0	13,575	0.04	88,298	0	88,298	0.28	+0.24
5. NRI (Non Repat)	5,254	0	5,254	0.02	10,903	0	10,903	0.03	+0.01
<b>Sub-total (B)(2):-</b>	<b>72,21,032</b>	<b>17,83,416</b>	<b>90,04,448</b>	<b>28.31</b>	<b>70,83,400</b>	<b>17,83,548</b>	<b>88,66,948</b>	<b>27.88</b>	<b>-0.43</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>80,40,165</b>	<b>17,83,416</b>	<b>98,23,581</b>	<b>28.63</b>	<b>72,27,415</b>	<b>17,83,548</b>	<b>90,10,963</b>	<b>28.33</b>	<b>-0.03</b>
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0.00	0.00
<b>Grand Total (A+B+C)</b>	<b>3,00,27,084</b>	<b>17,83,416</b>	<b>3,18,10,500</b>	<b>100.00</b>	<b>3,00,26,952</b>	<b>17,83,548</b>	<b>3,18,10,500</b>	<b>100.00</b>	<b>0.00</b>

### (ii) Shareholding of Promoters

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Banwari Lal Mittal	1,08,16,000	34.00	0.00	1,08,16,000	34.00	0.00	0.00
2	Topview Enclaves LLP	74,24,069	23.34	0.00	74,34,069	23.37	0.00	+0.03
3	Luv Kush Projects Limited	12,45,675	3.92	0.00	12,45,675	3.92	0.00	0.00
4	Ravi Kant Sharma Jointly with Luv Kush Projects Ltd. as trustees of Microsec Vision Trust One	12,41,000	3.90	0.00	12,41,000	3.90	0.00	0.00
5	Ravi Kant Sharma	9,23,893	2.90	0.00	9,23,893	2.90	0.00	0.00
6	Longrange Management Services Pvt. Ltd.	8,00,000	2.52	0.00	8,00,000	2.52	0.00	0.00
7	Bharati Sharma	3,23,200	1.02	0.00	3,23,200	1.02	0.00	0.00
8	Abha Mittal	15,700	0.05	0.00	15,700	0.05	0.00	0.00
	<b>Total</b>	<b>2,27,89,537</b>	<b>71.64</b>	<b>0.00</b>	<b>2,27,99,537</b>	<b>71.67</b>	<b>0.00</b>	<b>+0.03</b>



## Annexure to the Directors' Report

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

SI. No.			Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Topview Enclaves LLP		74,24,069	23.34	74,34,069	23.37
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):						
	Date	Reason	No. of shares purchased / sell	% of total shares of the company	Cumulative No. of shares	Cumulative % of total shares of the company
	10-Apr-15	Buy	10000	0.03	74,34,069	23.37

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	MICROSEC VISION EMPLOYEE TRUST	17,83,400	5.61	17,83,400	5.61
2.	SREE SEATING SYSTEMS PVT LTD	3,49,243	1.10	0	0.00
3.	PAYAL BHANSHALI	3,00,000	0.94	0	0.00
4.	MANEK BHANSHALI	2,50,000	0.79	0	0.00
5.	MANGAL BHANSHALI	2,50,000	0.79	0	0.00
6.	SURAJ BHANSHALI	2,50,000	0.79	0	0.00
7.	SUSHIL LAHOTI	2,34,000	0.57	2,06,500	0.64
8.	VALLABH BHANSHALI	2,32,100	0.73	0	0.00
9.	SHASHI LAHOTI	2,05,820	0.65	2,08,500	0.66
10.	APARESH INFOTECH PVT LTD	2,00,000	0.63	2,00,000	0.63
11.	SARDARSINGH GOPALSINGH KARNAVAT	1,70,000	0.53	1,70,000	0.53
12.	GIRDHAR FISCAL SERVICES PVT LTD	1,63,824	0.51	2,22,161	0.70
13.	QOPPA TRADING PVT LTD	0	0.00	3,90,000	1.23
14.	SREE SEATING SYSTEMS LLP	0	0.00	3,49,243	1.10
15.	QUANT CAPITAL HOLDINGS PVT LTD	0	0.00	2,00,000	0.63
16.	HYPNOS FUND LIMITED	0	0.00	1,27,500	0.40

**Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):**

	Date	Reason	No. of shares purchased / sell	% of total shares of the company	Cumulative No. of shares	Cumulative % of total shares of the company
<b>1</b>	<b>SREE SEATING SYSTEMS PVT LTD</b>					
	As on 01.04.2015				349243	1.10
	10-Apr-15	Sell	3605	0.01	345638	1.09
	5-Jun-15	Sell	2598	0.01	343040	1.08
	12-Jun-15	Sell	2823	0.01	340217	1.07
	3-Jul-15	Sell	24937	0.08	315280	0.99
	10-Jul-15	Sell	50881	0.16	264399	0.83
	31-Jul-15	Buy	10115	0.03	274514	0.86

## Annexure to the Directors' Report

	Date	Reason	No. of shares purchased / sell	% of total shares of the company	Cumulative No. of shares	Cumulative % of total shares of the company
	7-Aug-15	Buy	24122	0.08	298636	0.94
	14-Aug-15	Sell	298636	0.94	0	0
<b>2</b>	<b>PAYAL BHANSHALI</b>					
	As on 1.4.2015				300000	0.94
	10-Jul-15	Sell	46676	0.15	253324	0.80
	17-Jul-15	Sell	253324	0.80	0	0.00
<b>3</b>	<b>MANEK BHANSHALI</b>					
	As on 1.4.2015				250000	0.79
	10-Jul-15	Sell	250000	0.79	0	0.00
<b>4</b>	<b>MANGAL BHANSHALI</b>					
	As on 1.4.2015				250000	0.79
	10-Jul-15	Sell	250000	0.79	0	0.00
<b>5</b>	<b>SURAJ BHANSHALI</b>					
	As on 1.4.2015				250000	0.79
	17-Jul-15	Sell	100000	0.31	150000	0.47
	24-Jul-15	Sell	119748	0.38	30252	0.10
	31-Jul-15	Sell	30252	0.10	0	0.00
<b>6</b>	<b>SUSHIL LAHOTI</b>					
	As on 1.4.2015				234000	0.57
	31-Jul-16	Sell	15000	0.05	219000	0.69
	7-Aug-15	Sell	45000	0.14	174000	0.55
	14-Aug-15	Buy	10000	0.03	184000	0.58
	15-Jan-16	Buy	10000	0.03	194000	0.61
	12-Feb-16	Buy	5000	0.02	199000	0.63
	26-Feb-16	Buy	10000	0.03	209000	0.66
	4-Mar-16	Buy	10000	0.03	219000	0.69
	31-Mar-16	Sell	12500	0.04	206500	0.65
<b>7</b>	<b>VALLABH BHANSHALI</b>					
	As on 1.4.2015				232100	0.73
	10-Jul-15	Sell	232100	0.73	0	0.00
<b>8</b>	<b>SHASHI LAHOTI</b>					
	As on 1.04.2015				205820	0.65
	10-Apr-15	Sell	2681	0.01	203139	0.64
	17-Apr-15	Buy	1861	0.01	205000	0.64
	8-May-15	Sell	1333	0.00	203667	0.64
	15-May-15	Buy	12333	0.04	216000	0.68
	22-May-15	Buy	1000	0.00	217000	0.68
	3-Jul-15	Sell	10228	0.03	206772	0.65
	10-Jul-15	Sell	27772	0.09	179000	0.56
	17-Jul-15	Sell	14596	0.05	164404	0.52
	24-Jul-15	Sell	24000	0.08	140404	0.44
	31-Jul-15	Buy	8140	0.03	148544	0.47
	7-Aug-15	Buy	11456	0.04	160000	0.50
	14-Aug-15	Buy	14000	0.04	174000	0.55

## Annexure to the Directors' Report

	Date	Reason	No. of shares purchased / sell	% of total shares of the company	Cumulative No. of shares	Cumulative % of total shares of the company
	21-Aug-15	Buy	3000	0.01	177000	0.56
	28-Aug-15	Buy	19100	0.06	196100	0.62
	18-Sep-15	Sell	21000	0.07	175100	0.55
	25-Sep-15	Sell	4000	0.01	171100	0.54
	13-Nov-15	Buy	3000	0.01	174100	0.55
	27-Nov-15	Sell	3000	0.01	171100	0.54
	4-Dec-15	Sell	12101	0.04	158999	0.50
	11-Dec-15	Buy	2584	0.01	161583	0.51
	18-Dec-15	Buy	3116	0.01	164699	0.52
	25-Dec-15	Sell	1759	0.01	162940	0.51
	8-Jan-16	Sell	7787	0.02	155153	0.49
	15-Jan-16	Sell	4157	0.01	150996	0.47
	22-Jan-16	Buy	947	0.00	151943	0.48
	29-Jan-16	Buy	1057	0.00	153000	0.48
	12-Feb-16	Buy	5970	0.02	158970	0.50
	19-Feb-16	Buy	4030	0.01	163000	0.51
	26-Feb-16	Buy	5000	0.02	168000	0.53
	4-Mar-16	Buy	2000	0.01	170000	0.53
	11-Mar-16	Buy	3000	0.01	173000	0.54
	18-Mar-16	Buy	12000	0.04	185000	0.58
	31-Mar-16	Buy	23500	0.07	208500	0.66
<b>9</b>	<b>GIRDHAR FISCAL SERVICES PVT LTD</b>					
	As on 1.4.2015				163824	0.51
	8-Jan-16	Buy	46688	0.15	210512	0.66
	15-Jan-16	Buy	2182	0.01	212694	0.67
	22-Jan-16	Buy	1827	0.01	214521	0.67
	26-Feb-16	Buy	7640	0.02	222161	0.70
<b>10</b>	<b>QOPPA TRADING PRIVATE LIMITED</b>					
	As on 1.4.2015				0	0.00
	17-Jul-15	Buy	200000	0.63	200000	0.63
	24-Jul-15	Buy	100000	0.31	300000	0.94
	31-Jul-15	Buy	90000	0.28	390000	1.23
	18-Dec-15	Sell	390000	1.23	0	0.00
	31-Mar-16	Buy	390000	1.23	390000	1.23
<b>11</b>	<b>SREE SEATING SYSTEMS LLP</b>					
	As on 1.4.2015				0	0.00
	14-Aug-15	Buy	349243	1.10	349243	1.10
<b>12</b>	<b>QUANT CAPITAL HOLDINGS PVT LTD</b>					
	As on 1.4.2015				0	0.00
	31-Jul-15	Buy	153132	0.48	153132	0.48
	7-Aug-15	Buy	51898	0.16	205030	0.64
	14-Aug-15	Buy	4000	0.01	209030	0.66
	18-Dec-15	Sell	200000	0.63	9030	0.03

## Annexure to the Directors' Report

	Date	Reason	No. of shares purchased / sell	% of total shares of the company	Cumulative No. of shares	Cumulative % of total shares of the company
	25-Dec-15	Sell	9030	0.03	0	0.00
	31-Mar-16	Buy	200000	0.63	200000	0.63
<b>13</b>	<b>HYPNOS FUND LIMITED</b>					
	As on 1.4.2015				0	0.00
	21-Aug-15	Buy	44434	0.14	44434	0.14
	28-Aug-15	Buy	55566	0.17	100000	0.31
	25-Sep-15	Buy	27500	0.09	127500	0.40
	11-Dec-15	Sell	127500	0.40	0	0.00
	18-Dec-15	Buy	127500	0.40	127500	0.40

### (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Directors				
1.	Mr. Banwari Lal Mittal	1,08,16,000	34.00	1,08,16,000	34.00
2.	Mr. Ravi Kant Sharma	9,23,893	2.90	9,23,893	2.90
3.	Mrs. Abha Mittal	15,700	0.05	15,700	0.05
	Key Managerial Personnel				
1.	Mr. Biplab Kumar Mani	50	0.00	50	0.00
2.	Mr. Amrit Daga*	-	-	-	-
3.	Mr. Giridhar Dhelia**	-	-	-	-

#### Note:

Mr. Parimal Kumar Chattaraj, Mr. Raj Narain Bhardwaj and Mr. Deba Prasad Roy, Directors do not hold any share of the Company.

\*Mr. Amrit Daga, CFO appointed w.e.f. 12th August, 2015

\*\*Mr. Giridhar Dhelia, CFO resigned w.e.f. 11th August, 2015



## Annexure to the Directors' Report

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total ( i + ii + iii)</b>	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction				
<b>Net Change</b>	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year:				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total ( i + ii + iii)</b>	NIL	NIL	NIL	NIL

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. in Lacs)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Banwari Lal Mittal, CMD	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	50.03	50.03
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-
2.	Stock Option	-	-
3.	Sweat Equity	-	-
4.	Commission - as % of profit	-	-
5.	Others - Employer's Contribution to PF and insurance premium	3.56	3.56
	<b>Total (A)</b>	<b>53.59</b>	<b>53.59</b>
	Ceiling as per the Act	Section 197 of the Companies Act, 2013 read with Schedule V	

## Annexure to the Directors' Report

### B. Remuneration to other directors:

(Rs. in Lacs)

	Particulars of Remuneration	Name of Directors			Total Amount
1.	Independent Directors	<i>Mr. P. K. Chattaraj</i>	<i>Mr. R. N. Bhardwaj</i>	<i>Mr. D. P. Roy</i>	
	Fee for attending board / committee meetings	3.90	5.00	5.90	14.80
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	3.90	5.00	5.90	14.80
2.	Other Non-Executive Directors	<i>Mr. Ravi Kant Sharma</i>	<i>Mrs. Abha Mittal</i>		Total Amount
	Fee for attending board / committee meetings	-	-		-
	Commission	-	-		-
	Others, please specify	-	-		-
	Total (2)	-	-		-
	Total (B)=(1+2)	-	-		-
	Total Managerial Remuneration	-	-		-
	Overall Ceiling as per the Act*				-

\*All the Independent Directors have been paid only sitting fees for attending board meetings and committee meetings which is well within the limits prescribed under the Companies Act, 2013.

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(Rs. in Lacs)

	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Giridhar Dhelia, Chief Financial Officer*	Mr. Amrit Daga, Chief Financial Officer**	Mr. Biplab Kumar Mani, Company Secretary	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8.42	8.88	13.83	31.13
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.12	0.21	0.32	0.65
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit	-	-	-	-
5.	Others - Employer's Contribution to PF and insurance premium	0.03	0.42	0.22	0.67
	<b>Total</b>	<b>8.57</b>	<b>9.51</b>	<b>14.37</b>	<b>32.45</b>

\*Mr. Giridhar Dhelia, CFO resigned w.e.f. 11th August, 2015

\*\*Mr. Amrit Daga, CFO appointed w.e.f. 12th August, 2015

## Annexure to the Directors' Report

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY :					
Penalty	None				
Punishment					
Compounding					
B. DIRECTORS :					
Penalty	None				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT :					
Penalty	None				
Punishment					
Compounding					

For and on behalf of the Board

Place: Kolkata  
Date: 5th August, 2016

Sd/-  
**B. L. Mittal**  
Chairman & Managing Director  
DIN : 00365809

## Annexure to the Directors' Report

### Annexure-V

#### INFORMATION PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

Sl. No.	Requirements of Rule 5(1)	Details
i.	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	Mr. B. L. Mittal, Managing Director - 4.57:1 Mr. R. K. Sharma, Non Executive Director - Nil Mr. P. K. Chattaraj, Independent Director - 0.33:1 Mr. R. N. Bhardwaj, Independent Director - 0.43:1 Mr. D. P. Roy, Independent Director - 0.50:1 Mrs. A. Mittal, Non Executive Director - Nil (*Independent Directors are only entitled to sitting fees and no fees is paid to Non Executive Directors)
ii.	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	<b>Directors:</b> Mr. B. L. Mittal - 66% Mr. R. K. Sharma - Nil Mr. P. K. Chattaraj - Nil Mr. R. N. Bhardwaj - Nil Mr. D. P. Roy - Nil Mrs. A. Mittal - Nil <b>Key Managerial Personnel:</b> Mr. G. Dhelia, CFO - Nil (Resigned w.e.f. 11/08/2015) Mr. A. Daga, CFO - Nil (Appointed w.e.f 12/08/2015) Mr. B. K. Mani, CS - 10%
iii.	The percentage increase in the median remuneration of employees in the financial year;	10%
iv.	The number of permanent employees on the rolls of company	6 employees as on 31.03.2016
v.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	Average Salary increase of non-managerial employees in the last financial year is 9% as compared to an average increase of 66% in the managerial remuneration. Managerial remuneration was increased in line with comparable market rate. There are no exceptional circumstances for increase in the managerial remuneration.
vi.	Affirmation that the remuneration is as per the remuneration policy of the company.	The remuneration paid during the financial ended 31st March, 2016 is as per the remuneration policy of the Company.

## Annexure to the Directors' Report

The statement showing the list of top ten employees and their remuneration as on 31st March, 2016 :

Sr. No.	Name of Employees	Designation	Remuneration received (Rs. In lacs)	Qualification and experience of the employee	Date of commencement of employment	Age of the employee	The last employment held by such employee before joining the Company	the percentage of equity shares held by the employees in the Company within meaning of clause (iii) of sub rule (2) above	whether such employee is a relative of any other director or manager of the company
1	Banwari Lal Mittal	Managing Director	53.59	FCA, FCS, FCMA	01.07.2007	48	Microsec Limited	34.00%	Yes
2	Amrit Daga (Appointed w.e.f. 12/08/2015)	Chief Financial Officer	9.51	ACA , ACS	12.08.2015	30	Microsec Limited	–	No
3	Biplab Kr Mani	Company Secretary	14.37	ACS, LLB	19.02.2007	41	RCL Cements Limited	50 equity shares	No
4	P K Choudhary	Senior Manager	9.08	B Com	04.01.2007	49	C P Coals Limited	–	No
5	Mahuya De	AVP- HR	7.33	B.A., M.A, MBA (HR)	01.09.2008	36	Bajaj Allianz Financial Distribution Limited	–	No
6	Subir Basu	Manager - Accounts	3.76	M Com	11.02.2011	47	Merit Investment Limited	–	No

For and on behalf of the Board

Sd/-  
**B. L. Mittal**  
*Chairman & Managing Director*  
DIN : 00365809

Place: Kolkata  
Date: 5th August, 2016



## Management Discussion and Analysis Report

### INDUSTRY STRUCTURE & DEVELOPMENT

The Healthcare sector in India is categorised under Hospital, Pharmaceutical Companies, Pharmacies, Diagnostic Services, Retail Healthcare, Healthcare Insurance and Telemedicine. It is estimated to grow at the rate of 12-14% as per industry estimates.

Out of the Healthcare sector, the Pharmacy market in India is estimated to be of Rs 97,000 crores, which is expected to grow at 14% until 2020. The growth in industry is expected to be driven by:

- Increase in health related awareness among customers
- Increase in Government spending on healthcare
- Rising income level of Indian population
- Emerging health trends

The Pharma distribution structure in India is very complex and it allows fake/counterfeit medicines an easy entry into retail pharmacy. Painting a scary picture of the healthcare sector in the country, FICCI (The Federation of Indian Chambers of Commerce and Industry) reports say that an estimated 26% of medicines sold in the Indian retail market may be fake.

The market is largely fragmented with unorganized pharmacies having the major market share. The organized pharmacy chain is estimated to have market share of 8 to 10%. The organized players are growing at a higher rate and gaining good market share due to their customer centric service approach and the shift in customer approach to transact with organized pharmacy.

We have seen major consolidation taking place in Pharma distribution in developed markets over the last few years and we expect the same to happen in India in the coming years. The online pharmacies have globally gained good market share and positively influenced the Pharma distribution practices. In India, it is estimated that online pharmacies can have market share of 10 to 15% and can play a major role in enhancing the access of medicines to under-served population, which is estimated to be substantial. With smart phone penetration and Indian population getting tech savvy, it is expected that online pharmacies may garner estimated market share at an earliest.

We see a significant growth opportunity in the Pharmacy business.

### BUSINESS OVERVIEW

#### SASTASUNDAR.COM

Sastasundar.com has emerged as a clear leader in the online pharmacy space in India. Strong growth coupled with 91% repeat orders from the existing customers reflects high confidence of the customers on brand. At present, the services of Sastasundar.com is available in West Bengal and it is processing an average of 5000 orders on daily basis. The GMV (Gross Merchandise Value) during the year was Rs 898 million as compared to Rs 273 million registering a whopping 229% growth over previous year. The revenue from this segment during the year was Rs 661.94 million in comparison to Rs 211.19 million in the previous year, which has more than tripled during the year. The difference between GMV and the net revenue is discounts to customers and payment to Health Buddies. The gross margin was at 26% at GMV during the year.

The negative EBIDTA has come down to 28% of GMV as compared to 43% in previous year.

We understand that the negative EBIDTA contribution may be a worry for all stakeholders but the kind of long term assets and business model which have been built will give strong positive yields in future.

- Trusted brand having digital connectivity and human touch with customers
- Captive last mile logistic network of Healthbuddy working on variable cost linked with sales which can be used for multiple business opportunities like telemedicine, integration with pathology, etc.
- Cash & Carry Model in Pharma
- Strong portfolio of own Digital First Brands
- Unique Business model having minimum cost of customer acquisition with highest retention ratio
- Medication based Strong Data & Analytics
- Low operating cost model

## Management Discussion and Analysis Report

Our approach to provide high quality healthcare products under our own brands at comparable low price to customers yielding good results. The customers like the products and we are witnessing repeat purchase. Our brands of products are also getting good response from E-commerce websites like Amazon, Flipkart, Snapdeal, etc.

### **FORESEEGAME.COM**

Foreseegame.com is the No. 1 consumer engagement platform in India. As on 31st March 2016, Foreseegame.com has had more than 1.11 million registered users. With more than 3.8 million page views per month and 12 minutes average time spend per user, Foreseegame.com is far ahead from any peer platform in India. During the year, the revenue earned from this segment was Rs 5.88 million, which your company feels is in line with any start up business. As a digital consumer engagement platform, Foreseegame.com is supporting development of our own brands of products and other brands also.

With the advent of urbanization, the advertising industry is experiencing a paradigm shift to digitalisation. The advertising platform is now more inclined towards digital platforms to attract the youth consumers of the nation.

The rise in internet usage and healthy growth in sales of smart phones together with higher net disposable income led to the popularisation of digitalization to a greater level. Considering the benefits of the digitalisation coupled with the increasing affordability amongst the population, the contemporary marketing and promotional strategies are switching to digital mastering design to keep up with the ongoing changes in advertising.

With increasing exposure to online content, digital advertising is poised to grow at a notable rate.

India's advertising industry is expected to grow at a rate of 16.8% year-on-year to INR 51,365 crores in 2016. Print contributes a significant portion to the total advertising revenue, accounting for almost 41.2% whereas TV contributes 38.2%, and Digital contributes 11% of the total revenue that comes to INR 5,650 crores.

The outlook for digital advertising and marketing sector in India remains promising as the internet penetration in the country is still low and expected to grow significantly in the years to come. Launch of affordable 4G smart phones, expansion of data services to the rural part of the nation and the government's Digital India initiative are likely to keep driving the growth of digital content in the country. This factor is expected to remain supportive to the performance of digital advertising and marketing sector as well.

### **FINANCIAL SERVICES**

During the year, the BSE Sensex has gone down by 9.36% on YoY basis. The BSE and NSE combined Cash volumes were INR 49,770.72 billion in 2015-16 against INR 51,845.00 billion last year, registering a decrease of 4%. Out of the total volume registered in the exchanges, 83.97% contributed by F&O segment in FY15-16 against 87.06% registered in FY 14-15. As on 31st March 2016, we have more than 35,000 registered clients for our Equity Brokerage Services. In Institutional business, we were successful in getting empanelment with 20 institutions as on 31st March, 2016.

The financing segment mainly consists of Loan against Shares (LAS). As you are aware that we have signed an agreement to sell the brand Microsec and 100% share capital of Microsec Capital Limited mainly comprising of brokerage business of the group, we are working on increasing our lending activities by extending borrowings to our vendors of medicines and healthcare products of SastaSundar.com.

## Management Discussion and Analysis Report

### FINANCIAL PERFORMANCE

The consolidated financial performance on year to year basis is given below:

(Rs. in Lacs except for EPS)

Revenue	FY ended 2016	FY ended 2015
Financial Services	1,945.59	2,681.61
SastaSundar.com	6,619.42	2,111.92
Foreseegame.com	58.89	40.88
Other Income	275.26	414.57
Total Revenue	8,899.16	5,248.98
EBIDTA	(2,855.36)	(822.05)
EBIT	(3,583.28)	(1,391.94)
Profit/(Loss) before Tax	(3,683.45)	(1,485.09)
Profit/(Loss) after Tax	(3,655.39)	(1,482.37)
EPS	(11.51)	(4.69)

### STRATEGY

- Strengthen leadership position of SastaSundar.com
- Expand operations to Pan India
- Work on increasing operational efficiencies and reduction of cost
- Increase share of our own products resulting in higher gross margins
- Increase basket of NBFC offering - Explore lending opportunity to vendors of medicines and healthcare products of SastaSundar.com
- Foreseegame.com, the consumer engagement platform, to offer unique solutions to brands as launching pad

### SWOT ANALYSIS

#### Strengths

**Trusted Brand:** SastaSundar.com has gained trust of customers as a brand ensuring value both in terms of economy and in terms of quality. The unprecedented growth witnessed in the last 2 years with annualised GMV run-rate crossing Rs 140 crores mark is a testimony of strength of our Brand SastaSundar.com

**Integrated Offerings:** We own a product portfolio that spans from Prescribed Medicines to Wellness. With more than 20,000 SKUs on offerings for our customers, we have a wide range of OTC (Over the Counter) products that covers a wide spectrum of Wellness Products. To bridge the supply gap of health condition products, SastaSundar.com has developed its own brands such as: ChefOn (Make-to-Order, Fresh & Yummy, Healthy Gourmet), DNAVITA (Customised health supplement made of natural ingredients), Pure & Fresh (Tea and Spices), Healthbuddy Herbal (100% Pure & Natural, Free from Mineral Additives), Zerotox (SLS & Paraben Free Beauty Care) and a wide range of other healthcare products.

**Growing Network:** With 119 health buddies covering 15 districts of West Bengal, our Network of health buddies have grown rapidly fast. We have made strong inroads into many under-served 2nd tier and small towns tackling the issue of access to medicines and other healthcare products in their area and empowering them with choices of high quality healthcare products to take care of their health issues.

#### Weakness

**Experienced Manpower:** With the increase in awareness about healthcare among customers resulting in increased demand for healthcare needs, there is lack of Pharmacists and other skilled manpower available to take care of growing requirement.

# Management Discussion and Analysis Report

## OPPORTUNITIES AND THREATS

We see tremendous growth opportunity for companies like us in Pharmacy business. The existing Pharmacy stores in India have largely confined themselves to prescribed medicines only with no focus to provide wellness products. The small format stores have limitations on the no. of SKUs that can be kept at the store. It results in non-fulfilment of full prescription many a times causing unnecessary hardship to customers to move from one store to other. Whereas pharmacy stores in developed markets like Boots, Walgreens, CVS, Yomo etc. range from 5000 sq ft to 25000 sq ft. There is one section for Prescribed Medicine with space for Pharmacist Consultation (around 1000 sq ft) and the remaining space is dedicated to ranges of: chocolates, cookies including sugar free chocolates and cookies for diabetic, healthy snacks as health condition gourmet products, undergarments, hosiery and socks as hygiene category, range of home and toilet cleaning products, stationery and toys etc. Our offerings for customers cover range of products from Prescribed Medicines to Wellness. We aim to grow at a larger pace due to our unique offerings and fragmented nature of industry. There are many entrants in online pharmacy space who may try to replicate us and there can be competition from existing organized pharmacy chains which may plan to reinvent their business model in line with global successful healthcare stores.

### Opportunities

- Healthy and sustainable economic growth rate with sound macro-economic fundamentals
- With more than 350 million internet users in India which is expected to cross 500 million by 2017 provides excellent opportunities for digital businesses
- Young and aspiring population

### Threats

- Increased competition from local and global players operating in India
- Technology Advancement
- Getting Trained Manpower

## RISK MANAGEMENT

The objective of risk management is to balance the trade-off between risk and return and ensure optimum risk adjusted return on capital. The Risk Management Policies related to Procurement, Debtors, Inventory, Financing and Investments are in place, properly documented and reviewed continuously. The processes have been laid down to oversee the implementation of the policies and continuous monitoring of the same. Our Board level Committee viz. Audit Committee oversees risk management policies and procedures. It reviews the credit and operational risks, policies in relation to investment strategy and other risks like interest rate risk, compliance risk and liquidity risk.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In any industry, the processes and internal control systems play a critical role in the health of the Company. We have adequate Internal Audit and Control system across all businesses. Our internal control systems are competent and provide, among other things, reasonable assurance of recording transactions of operations in all material respects and of providing protection against significant misuse or loss of company assets. We believe in the conduct of its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. The internal processes have been designed to ensure adequate checks and balances at every stage. Internal audit is conducted to assess the adequacy of our internal controls, procedures and processes, and the Audit Committee of the Board reviews their reports. Policy and process corrections are undertaken based on inputs from the internal auditors.

We have recently conducted review of our Internal Financial Control process by Deloitte Haskins and Sells and have taken measures to strengthen the process wherever required as per findings of them.

## Management Discussion and Analysis Report

### HUMAN RESOURCES

Human resource is one of the most important key to the success of any company. Your Company's business critically depends on the quality of manpower. Its multi-business context possesses unique challenges to the Human Resource function. The HR function of your Company has been structured and aligned in line with the business needs and requirements. The businesses are managed by a team of competent and passionate leaders, capable of enhancing your Company's standing in the competitive market. The employees have a defining role in accelerating its significant growth and transformation, thereby enhancing its position as one of the largest corporate houses. The Company has a structured recruitment process; the focus is on recruiting people who have the right mindset for working in a group, supported by structured training programmes and internal growth opportunities. The company consistently invests efforts in training and developing its employees, which in-turn leads to sustained growth. The total employee strength of the Group is 800 plus as on 31st March, 2016.

### CAUTIONARY STATEMENT

*Statements in the Management discussion and analysis, describing the Company's objectives, outlook, opportunities and expectations may constitute "Forward Looking Statements" within the meaning of applicable laws and regulations. The Actual result may vary materially from those expressed or implied in the statement. Several factors make a significant difference to the company's operations including the government regulations, taxation and economic scenario affecting demand and supply condition and other such factors over which the Company does not have any direct control.*



# Corporate Governance Report

## 1. COMPANY'S PHILOSOPHY

Microsec's Corporate Governance principles are based on the principles of transparency, responsibility, accountability, knowledge and commitment to values. The Company adheres to good corporate practices and is constantly striving to better them and adopt emerging best practices. Best results are achieved when the companies begin to treat the Corporate Governance system not as a mere structure but as a way of corporate life. The Company firmly believes that these aspects as well as compliances of applicable legislations and timely disclosures enhance the image of the Company and the long term value of all Shareholders and Stakeholders. However, good corporate governance practices should aim at striking a balance between interest of various stakeholders on the one hand and the duties and responsibilities of the Board and senior management in overseeing the affairs of the Company on the other. The Company's Board of Directors has framed a Code of Conduct for its Senior Managers including the Board Members. The Code of Conduct is available on the Company's website [www.microsec.in](http://www.microsec.in).

## 2. BOARD OF DIRECTORS

### Composition of the Board

The Board of Directors in Microsec has been constituted in a manner which ensures appropriate mix of Executive/Non-Executive and Independent Directors to ensure proper governance and management. The members of our Board are from diverse backgrounds with skills and experience in critical areas like taxation, finance, entrepreneurship, legal and general management. Many of them have worked extensively in senior management positions in global corporations with a deep understanding of the Indian business environment.

The Company's Board comprises of six members. The Company has an Executive Chairman, and therefore 50% of the total number of Directors should comprise of Independent Directors. At present the Company has one executive director and five non executive directors out of which one is woman director. The number of Independent Directors is three i.e. 50% of the total number of Directors. At the beginning of every financial year ,every Independent Director signs a Declaration to confirm that they fulfill all the conditions for being an Independent Director as laid down under Section 149(6) of the Companies Act, 2013. The terms and conditions of appointment are disclosed on the website of the Company. The management of the Company is headed by Mr. Banwari Lal Mittal, Chairman & Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long-term objectives of enhancing stakeholder value are met. Mr. Ravi Kant Sharma, Director is also the Managing Director of the Microsec Health Buddy Limited (MHBL), a wholly owned subsidiary of the Company and draws remuneration from MHBL.

The Company has one Woman Director in its Board and as such the Company has complied with the provisions of Section 149 of the Companies Act 2013 and Regulation 17(1)(a) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ["SEBI (LODR) Regulations, 2015"].

### Number of Board Meetings

The Board of Directors met four times during the year ended 31st March, 2016 on 30th May, 2015, 10th August, 2015, 4th November, 2015 and 9th February, 2016. All meetings were well attended. The maximum interval between any two meetings was well within the maximum allowed gap of four months. The Board Meetings are usually held at the registered office of the Company at Shivam Chambers, 1st Floor, 53 Syed Amir Ali Avenue, Kolkata - 700 019.

### Role of Company Secretary in overall Governance Process

The Company Secretary plays a vital role in ensuring that Board procedures are followed and regularly reviewed. The Company Secretary ensures that all relevant information, details and documents are made available to the Directors and the senior management for effective decision-making at the meeting.

### Directors' Attendance Record and Directorship Held

As mandated by Regulation 26(1) of the SEBI (LODR) Regulations, 2015 none of the Directors are members of neither more than ten Board level Committees nor are they Chairman of more than five Committees in which they are Directors.

The table below gives the names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting, and also the number of Directorships and Committee positions held by them in other companies:

## Corporate Governance Report

Name of Directors	Category	No. of Board Meetings		Attendance at the previous AGM	No. of Directorships and Committee Memberships/ Chairmanships (including the Company)		
		Held	Attended		Directorships*	Committee Memberships**	Committee Chairmanships**
Mr. Banwari Lal Mittal DIN: 00365809	Chairman & Managing Director	4	4	Yes	6	1	-
Mr. Ravi Kant Sharma DIN: 00364066	Non Executive Director	4	4	Yes	7	1	-
Mr. Parimal Kumar Chattaraj DIN: 00893963	Independent Director	4	4	Yes	7	2	1
Mr. Raj Narain Bhardwaj DIN: 01571764	Independent Director	4	3	No	9	9	2
Mr. Deba Prasad Roy DIN: 00049269	Independent Director	4	4	Yes	3	3	-
Mrs. Abha Mittal DIN: 00519777	Non Executive Director	4	4	Yes	4	-	-

\* excludes directorship in private limited companies, foreign companies, section 8 companies

\*\* Only memberships/chairmanships of the Audit Committees and Stakeholders' Relationship Committees in various public limited companies, considered.

**Note :** In the above statement the Directorship and Committee Membership of Directors have been computed with reference to section 165 of the Companies Act, 2013 read with Regulation 26(1) of the SEBI (LODR) Regulations, 2015 with Stock Exchanges. The number of Directorship, Committee Membership and Chairmanship includes that of the Company. No Director is related to any other Director on the Board except Mrs. Abha Mittal, who is spouse of Mr. Banwari Lal Mittal.

The Company sends a detailed agenda folder to each Director with sufficient time before every Board and Committee meetings. All the agenda item are backed by necessary supporting information and documents to enable the Board to take informed decision. To enable the Board to discharge its responsibilities effectively, the Managing Director apprises the Board at every meeting on the overall performance of the Company. The Board also, inter alia, considers and reviews investment and exposure limits, adoption of quarterly/half-yearly/annual results, transactions pertaining to purchase/disposal of property, major accounting provisions and write-offs, minutes of meetings of the Audit and other Committees of the Board and information on recruitment of officers just below the Board level, including the Compliance Officer.

The Board periodically reviews compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. In addition to the above, Regulation 17(7) of the SEBI (LODR) Regulations, 2015, the minutes of the Board meetings of your Company's subsidiaries and a statement of all significant transactions and arrangements entered into by the subsidiaries are also placed before the Board.

### Information placed before Board of Directors

The Company has complied with Part A of Schedule II of the SEBI (LODR) Regulations, 2015 read with Regulation 19(7) of the said Regulations with regard to information being placed before the Board.

### Presentation by the Management

Before putting on record the quarterly/annual financial results of the Company, a presentation is made to the Board on operations of the Company including performance initiatives taken for sales promotion and all other matters having impact on the business of the Company.

## Corporate Governance Report

### Familiarisation Programme

In terms of the Regulation 25 of the SEBI (LODR) Regulations, 2015 the Company is required to conduct programmes for the Independent Directors of the Company to familiarise them with their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company etc.

The details of such programmes for familiarization of the Independent Directors are disclosed on the website of the Company at the following weblink [http://www.microsec.in/static/Pdf/Familiarisation\\_program\\_for\\_ID\\_Microsec.pdf](http://www.microsec.in/static/Pdf/Familiarisation_program_for_ID_Microsec.pdf)

Independent Directors are regularly informed and updated on the business activities of the Company by providing them with the details of businesses of the company as well as details of competitors, changes in relevant laws, their duties/responsibilities and liabilities as a Director. Such information enables the Independent Directors to be familiarised with the Company's operations and the industry at large.

### Board Evaluation Policy

The primary objective of the Policy is to provide a framework and set standards for the evaluation of the Board as a whole and each Director individually. Microsec aims to achieve a balance of merit, experience and skills on the Board. The policy is to assess and enhance the effectiveness of the Board as a whole. Individual Board members are assessed on their effective contribution and commitment to their role and responsibilities as Directors. The Board evaluation process is carried out by the Nomination and Remuneration Committee.

### Post meeting follow-up mechanism

The important decisions taken at the Board/Board level Committee meetings are communicated to the departments/divisions concerned promptly. A report on the action taken on the decisions/suggestions of the previous meeting(s) is placed at the immediately succeeding meeting of the Board / committee for noting the same.

### Code of Conduct

The Company has its Code of Conduct for all the members of the Board including Independent Directors, Committees and employees working at the level of Heads of Departments. In compliance with SEBI (LODR) Regulations, 2015 and Companies Act, 2013 the Code of Conduct suitably lays down the duties of the Independent Director. The said Code is displayed on the Company's website [www.microsec.in](http://www.microsec.in).

All the Board Members and senior management personnel, as per Regulation 26(3) of the SEBI (LODR) Regulations, 2015 have affirmed compliance with the applicable code of conduct. A declaration to this effect by the Managing Director and CEO forms part of this report. The Director and senior management of the Company have made disclosure to the Board confirming that there are no material financial and/or commercial transaction between them and the Company that could have potential conflict of interest with the Company at large.

### Risk Management

The Company has a well-defined risk management policy in place. The risk management policy adopted by the Company is discussed in detail in the Management Discussion and Analysis chapter of this Annual Report. The Board assesses the risk and the procedures being followed by the Company and steps taken by it to mitigate these risks.

### 3. COMMITTEES CONSTITUTED BY THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities which concern the Company and need a closer review. The Board has constituted various Committees comprising of Directors and Senior Management Personnel, namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship and Shareholders Grievance Committee, Strategic Committee and Investment Committee, which act in accordance with the terms of reference determined by the Board. Meetings of each of these Committees are convened by the respective Chairman. Matters requiring Board's attention/approval are placed before the Board. The Minutes of the meetings of all the Committees are placed before the Board for review. Details of role and composition of these Committees including the number of meetings held during the financial year and the related attendance details are provided hereunder.

## Corporate Governance Report

### (A) AUDIT COMMITTEE

A qualified and Independent Audit Committee has been set up by the Board in compliance with the requirement of Regulation 18 of the SEBI (LODR) Regulations, 2015 read with Section 177 of the Companies Act, 2013. The Committee comprises of:-

- i) Mr. Parimal Kumar Chattaraj, Independent Director (Chairman)
- ii) Mr. Raj Narain Bhardwaj, Independent Director
- iii) Mr. Deba Prasad Roy, Independent Director and
- iv) Mr. Ravi Kant Sharma, Non-Executive Director

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- Efficiency and effectiveness of operations, both domestic and overseas;
- Safeguarding of assets and adequacy of provisions for all liabilities;
- Reliability of financial and other management information and adequacy of disclosures;
- Compliance with all relevant statutes.

The Audit Committee is empowered, pursuant to its terms of reference, inter-alia, to:

- investigate any activity within its terms of reference and to seek information any information it requires from any employee;
- obtain legal or other professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The role of the Committee includes the following: -

- (a) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommending to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the statutory auditor and fixation of their remuneration;
- (c) Reviewing, with the management, the financial statements before submission to the Board, focusing primarily on:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management
  - d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
- (d) Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- (e) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

## Corporate Governance Report

- (f) Review and monitor the auditor's independence and performance and effectiveness of audit process;
- (g) Approval or any subsequent modification of transactions of the company with related parties;
- (h) Scrutiny of inter-corporate loans and investments;
- (i) Valuation of undertakings or assets of the company, wherever it is necessary;
- (j) Evaluation of internal financial controls and risk management systems;
- (k) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (l) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (m) Discussion with internal auditors any significant findings and follow up there on;
- (n) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- (o) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (p) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors;
- (q) To review the functioning of the Whistle Blower mechanism;
- (r) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
- (s) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee also reviews the following:

- a) Management discussion and analysis of financial condition and results of operations;
- b) Statement of significant related party transactions as submitted by management;
- c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d) Internal audit reports relating to internal control weaknesses; and
- e) The appointment, removal and terms of remuneration of the internal auditor shall be subject to review by the Audit Committee.

Mr. P.K. Chattaraj, the Chairman of the Committee was present at the previous Annual General Meeting of the Company.

During the financial year ended 31st March, 2016 the Audit Committee met four times on 30th May, 2015, 10th August, 2015, 4th November, 2015 and 9th February, 2016. The details of the Composition of the Committee, Number of meetings held and the attendance of the Directors thereat is given herein below: -

Name of members	Category	No. of meeting	
		Held	Attended
Parimal Kumar Chattaraj	Chairman & Independent Director	4	4
Raj Narain Bhardwaj	Independent Director	4	3
Deba Prasad Roy	Independent Director	4	4
Ravi Kant Sharma	Non-Executive Director	4	4

Statutory Auditors, Internal Auditors, Chief Financial Officer and the Executive Director are regularly invited to attend the Audit Committee meeting. The Company Secretary is the Secretary to the Committee. Minutes of each Audit Committee



## Corporate Governance Report

meeting are placed and discussed in the next meeting of the Board.

All the members of the Audit Committee possess strong accounting and financial management expertise.

### (B) NOMINATION AND REMUNERATION COMMITTEE

In terms of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations, 2015 the Board has constituted the Nomination and Remuneration Committee. The Committee comprises of:-

- i) Mr. Parimal Kumar Chattaraj, Independent Director (Chairman)
- ii) Mr. Raj Narain Bhardwaj, Independent Director
- iii) Mr. Deba Prasad Roy, Independent Director

The Nomination and Remuneration Committee shall act in accordance with the prescribed provisions of section 178 of the Companies Act, 2013 and shall be responsible for :

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b) Formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- c) Devising a policy on diversity of Board of Directors;
- d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal and carry out evaluation of every director's performance.

The Chairman of the nomination and remuneration committee was present at the previous Annual General Meeting, to answer the shareholders' queries.

During the Financial Year ended 31st March, 2016 the nomination and remuneration committee met four times on 30th May, 2015, 10th August, 2015, 4th November, 2015 and 9th February, 2016. The details of the Composition of the Committee, Number of meetings held and the attendance of the Directors thereat is given herein below:-

Name of members	Category	No. of meeting	
		Held	Attended
Parimal Kumar Chattaraj	Chairman & Independent Director	4	4
Raj Narain Bhardwaj	Independent Director	4	3
Deba Prasad Roy	Independent Director	4	4

### Remuneration paid to Directors

The Independent Directors is entitled to sitting fees for attending the Board and Committee meetings. No sitting fee is paid to Mr. Banwari Lal Mittal, Mr. Ravi Kant Sharma and Mrs Abha Mittal, the Non-Independent Directors of the Company.

Details of the sitting fees paid to Independent Directors during the year ended 31st March, 2016 are as follows: -

Name of the Directors	Category	Sitting Fees (Rs.)*
Parimal Kumar Chattaraj	Independent Director	3,90,000
Raj Narain Bhardwaj	Independent Director	5,00,000
Deba Prasad Roy	Independent Director	5,90,000

\*excluding service tax

No commission was paid to the Directors during the year ended 31st March, 2016.

# Corporate Governance Report

## REMUNERATION POLICY

The Company has adopted the Remuneration Policy as required under the provisions of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of SEBI (LODR) Regulations, 2015.

- **Policy for the Executive Directors and CEO**

The Remuneration/ Compensation to Directors is determined by the Nomination and Remuneration Committee ('N&R Committee') and recommend to the Board for approval. At the time of appointment or re-appointment, the CEO & Managing Director shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and the CEO & Managing Director within the overall limits prescribed under the Companies Act, 2013 and the rules made thereunder. Increment to the existing remuneration structure may be recommended by the N&R Committee to the Board which should be within the limits approved by the shareholders in the case of Managing Director.

The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

The remuneration of the CEO & Managing Director shall be arrived after taking into account the Company's overall performance, their contribution for the same and trend in the industry.

- **Policy for Key Managerial Personnel (KMP) and Senior Management Personnel (SMP)**

The N&R Committee has framed a policy for determining the criteria of remuneration payable to KMP and SMP.

While determining the criteria the N&R Committee shall consider the following:

- i. the relationship of remuneration and performance benchmark is clear;
- ii. the remuneration including annual increment and performance bonus is decided based on the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis industry benchmark and current compensation trends in the market.

The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the N&R Committee for its review and approval.

Their remuneration are also governed by the external competitive environment, track record, potential, individual performance and performance of the company as well as industry standards.

- **Remuneration to Non-Executive and Independent Directors:**

No Commission or Sitting fees are being paid to the Non Executive Directors of the Company. The Independent Directors of the Company are paid remuneration by way of sitting fees only for attending the meetings of the Board of Directors and its Committees. The sitting fees paid to the Independent Directors for the Board Meetings and Committee meetings are fixed by the Board and reviewed from time to time in accordance with applicable law.

- **PERFORMANCE EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (LODR) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committee. A structured questionnaire has been prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Directors expressed their satisfaction with the evaluation process.

## Corporate Governance Report

### Remuneration to the Managing Director for FY 2015-16

During the year under review, the details of remuneration paid to Executive Director is appended below:

Name of Director	Salary and advances (Rs.) per annum	Performance linked incentives (Rs.)	Monetary value of perquisites (Rs.)	Sitting fees (Rs.)	Total (Rs.)
Banwari Lal Mittal	53,58,739	-	-	-	53,58,739

No remuneration was paid to Mr. Ravi Kant Sharma and Mrs. Abha Mittal, Non Executive Director during the financial year 2015-16.

Mr. Ravi Kant Sharma is also designated as the Managing Director & CEO of Microsec Health Buddy Limited (MHBL), a wholly owned Subsidiary of the Company and draws remuneration from MHBL.

### Shares held by the Non-Executive Directors

The table below gives details of the Equity Shares of the Company held by the Non-Executive Directors as on 31st March, 2016.

Name of the Directors	Category	Number of Equity shares held
Parimal Kumar Chattaraj	Independent Director	NIL
Raj Narain Bhardwaj	Independent Director	NIL
Deba Prasad Roy	Independent Director	NIL
Ravi Kant Sharma	Promoter / Non-executive	9,23,893
Abha Mittal	Promoter / Non-executive	15,700

### (C) STAKEHOLDERS RELATIONSHIP AND SHAREHOLDERS GRIEVANCE COMMITTEE

In compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations, 2015, the Board has constituted the Stakeholders Relationship and Shareholders Grievance Committee.

The terms of reference of the Committee includes the following:

- transfer/transmission of shares/debentures and such other securities as may be issued by the Company from time to time;
- issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;
- issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates / certificates relating to other securities;
- issue and allot right shares / bonus shares pursuant to a Rights Issue / Bonus Issue made by the Company, subject to such approvals as may be required;
- to grant Employee Stock Options pursuant to approved Employees' Stock Option Scheme(s), if any, and to allot shares pursuant to options exercised;
- to issue and allot debentures, bonds and other securities, subject to such approvals as may be required;
- to approve and monitor dematerialization of shares / debentures / other securities and all matters incidental or related thereto;
- to authorize the Company Secretary and Head Compliance / other Officers of the Share Department to attend to matters relating to non receipt of annual reports, notices, non receipt of declared dividend / interest, change of address for correspondence etc. and to monitor action taken;
- monitoring expeditious redressal of investors / stakeholders grievances;
- all other matters incidental or related to shares, debentures and other securities of the Company.

## Corporate Governance Report

The Stakeholders Relationship and Shareholders Grievance Committee constituted by the Board comprises of four Directors. The Committee meets at regular intervals and specifically looks into the aspect of redressal of Shareholders/ Investors Grievance. During the year under review, the Committee met four times on 30th May, 2015, 10th August, 2015, 4th November, 2015 and 9th February, 2016. Mr. R. N. Bhardwaj, Chairman of the Committee was not present at the previous Annual General Meeting of the Company. The Composition of the Stakeholders Relationship and Shareholders Grievance Committee and Meeting held and attended thereof are as below:

Name of Directors	Category	Position Held	No. of Meetings	
			Held	Attended
Raj Narain Bhardwaj	Independent Director	Chairman	4	3
Banwari Lal Mittal	Managing Director	Member	4	4
Parimal Kumar Chattaraj	Independent Director	Member	4	4
Deba Prasad Roy	Independent Director	Member	4	4

Mr. Biplab Kumar Mani, Company Secretary is designated as the Compliance Officer of the Company.

The Company confirms that no shareholder's complaint was lying pending as on March 31, 2016.

There were no pending requests for the share transfer/ dematerialisation/ rematerialisation of shares as of 31st March, 2016.

The Name, designation and address of Compliance Officer of the Company is as under:

**Name and Designation** : Mr. Biplab Kumar Mani, Company Secretary & Compliance Officer

**Address** : Shivam Chambers, 1st Floor, 53 Syed Amir Ali Avenue, Kolkata- 700 019

**Contacts** : Phone: +91 33 3051 2100/ 2282 9330, Fax: +91 33 3051 2020/ 2282 9335

**E-mail** : [investors@microsec.in](mailto:investors@microsec.in)

### (D) INDEPENDENT DIRECTORS MEETING

A separate Meeting of independent Directors of the Company was held on August 10, 2015, as required under Schedule IV of the Companies Act, 2013 (Code for Independent Directors) and Regulation 25(3) of the SEBI (LODR) Regulations, 2015. At the meeting, the Independent Directors:

- Reviewed the performance of Non-Independent Directors, the Board as a whole;
- Reviewed the performance of the Chairman of the Company;
- Assessed the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

### (E) STRATEGIC COMMITTEE

During the year the Board had formed a Committee Known as Strategic Committee.

The Strategic Committee consists of three members viz. Mr. Raj Narain Bhardwaj, Mr. Deba Prasad Roy and Mr. Ravi Kant Sharma. During the year under review, the Committee met four times.

### (F) INVESTMENT COMMITTEE

The Investment Committee comprises of three members namely Mr. Banwari Lal Mittal, Mr. Ravi Kant Sharma and Mr. Amrit Daga. The responsibility of duties of the Committee are as under:

- Review the investment policies, strategies, and programs of the Company
- Determine that investment constraints are consistently followed and that procedures are in place to ensure that the investment portfolio is managed in compliance with the investment policy and applicable investment constraints
- Review the performance of the investment portfolios of the Company
- Make periodic reports to the Board

The Committee met once during the financial year 2015-16.

## Corporate Governance Report

### 4. SUBSIDIARY COMPANIES

Regulation 24 of the SEBI (LODR) Regulations, 2015 defines a "Material Non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. The Company has 15 (Fifteen) wholly owned subsidiaries (both direct and step-down). The Company has two material non-listed subsidiary i.e. Microsec Capital Limited and Microsec Health Buddy Limited within the meaning of the Regulation 16(1)(c) of the SEBI (LODR) Regulations, 2015. Mr. Parimal Kumar Chattaraj is also a Director on the Board of Microsec Capital Limited and Microsec Health Buddy Limited.

The financial statements including particulars of investments made by all the unlisted subsidiary companies are reviewed by the Audit Committee.

Your Company has a system of placing the minutes and statements of all the significant transactions of all the unlisted subsidiary companies in the Meeting of Board of Directors.

The Company has already formulated a policy for determining 'material' subsidiaries and such policy has been disclosed on the company's website and can be accessed through the weblink [http://www.microsec.in/static/Pdf/Policy\\_of\\_Material\\_Subsiidiary\\_Microsec.pdf](http://www.microsec.in/static/Pdf/Policy_of_Material_Subsiidiary_Microsec.pdf).

### 5. SHAREHOLDERS

#### Re-appointment of Director

Pursuant to the Articles of Association of the Company, at every Annual General Meeting of the Company, one-third of the rotational directors retire by rotation.

Accordingly Mrs. Abha Mittal retires by rotation and being eligible, has offered herself for reappointment at the forthcoming Annual General Meeting.

The details of Mrs. Abha Mittal seeking re-appointment at the forthcoming Annual General Meeting are as under:

<b>Name of Director</b>	Mrs. Abha Mittal (DIN: 00519777)
<b>Date of Birth</b>	23rd November, 1974
<b>Date of Appointment on the Board</b>	26th March, 2015
<b>Expertise in specific functional Area</b>	Mrs. Abha Mittal is a Commerce Graduate from Bhawanipur Gujarati Education Society under Calcutta University. She has done the diploma in Fashion designing from J.D. Birla Institute, Kolkata. She is actively involved in various social welfare activities and also member of various NGOs. Mrs. Mittal is involved in the promotion and advancement of Organic farming activities.
<b>Qualification</b>	B Com, Diploma in Fashion Designing
<b>#Directorship in other limited Companies</b>	1. Luv Kush Projects Limited 2. Mihit Consultancy Services Limited 3. Padmakar Advisors Limited
<b>Membership/ Chairmanship of *Committees of the Board of Directors of the Company</b>	NIL
<b>Chairman/Member of the *Committee of the Board of Directors of other companies in which she is a Director</b>	NIL
<b>Shareholding of Director in the Company</b>	15,700
<b>Inter-se relations with any director of the Company</b>	Spouse of Mr. Banwari Lal Mittal

# Only covers directorship in public (listed and unlisted) Companies.

\* Pursuant to SEBI (LODR) Regulations, 2015 only two committees viz. Audit Committee and Stakeholder Relationship Committee have been considered.

It is proposed to re-appoint Mrs. Abha Mittal as Director who retires from office by rotation at the forthcoming Annual General Meeting of the Company.



## Corporate Governance Report

### GENERAL BODY MEETING:

The following table gives the details of the last three Annual General Meetings of the Company:

<i>Year</i>	<i>AGM date and time</i>	<i>Venue</i>	<i>No. of special resolutions passed</i>
2014-15	28th September, 2015 at 10.30 a.m.	"Gyan Manch", 11 Pretoria Street, Kolkata - 700 071	Two
2013-14	13th August, 2014 at 10.30 a.m.	"Rotary Sadan", 94/2 Chowringhee Road, Kolkata - 700 020	One
2012-13	14th August, 2013 at 10.30 a.m.	"Gyan Manch", 11 Pretoria Street, Kolkata - 700 071	Nil

- No Extra-Ordinary General Meeting of the shareholders was held during the year.
- There were no special resolution passed last year through postal ballot.
- As on date, no special resolution is proposed to be conducted through postal ballot.

### 6. DISCLOSURES

#### i) Related Party Transaction

Your Company places the statement of the related party transaction at every Audit Committee meetings. The Register of Contracts containing the transactions in which the Directors are interested are placed at the Board meetings. The disclosure of the related party transaction as per the Accounting Standard (AS-18) are set out in Note No. 27 of the Notes to the Accounts. However these transactions are not likely to have any conflict with the Company's Interest.

#### ii) Details of non-compliance by the Company

The Company has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market since the listing of the Company's equity shares.

#### iii) Compliance with Regulation 27 of the SEBI (LODR) Regulations, 2015

The Company has complied with the mandatory requirements of the Regulation 27 of the SEBI (LODR) Regulations, 2015. The details of these compliances have been given in the relevant sections of this report. The status on compliance with the Non-mandatory requirements is given at the end of the Corporate Governance Report.

#### iv) Reconciliation of Share Capital Audit

A qualified practicing company secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited (NSDL) and The Central Depository Services (India) Limited (CDSL) and the total issued and the listed equity share capital. The Audit report confirms that the total issued / paid up capital is in agreement with the total number of shares in physical forms and the total number of dematerialized shares held with NSDL and CDSL.

#### v) Accounting treatment in preparation of financial statement

The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

#### vi) Risk Management

The Company carries a risk management process and the weaknesses if found are communicated to the Audit Committee from time to time. Periodic reviews are made on extent of risk minimization measures adopted to minimize the potential risks.

## Corporate Governance Report

### vii) Vigil Mechanism /Whistle Blower Policy

The Company has already established a vigil mechanism for their directors and employees to report their genuine concerns or grievances. A Vigil (Whistle Blower) mechanism provides a channel to the employees and Directors to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the Codes of conduct or policy. Such a vigil mechanism provides for adequate safeguards against victimization of persons who use such mechanism and also make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. The whistle blower policy has been adopted by the Company and placed on the website of the Company and can be accessed through the weblink [http://www.microsec.in/static/Pdf/Whistle\\_Blower\\_Policy\\_Microsec.pdf](http://www.microsec.in/static/Pdf/Whistle_Blower_Policy_Microsec.pdf)

## 7. ADDITIONAL INFORMATION:

### i. Prevention of Insider Trading:

#### a. *Code of Conduct for Prevention of Insider Trading:*

In compliance with SEBI regulations on prevention of insider trading, the Company has formulated a comprehensive Code of Conduct for Prevention of Insider Trading in the securities of the Company. This Code of Conduct is applicable to Promoters, Directors, Chiefs, Group Heads, Heads, and such other employees of the Company and others who are expected to have access to unpublished price sensitive information. The code is effective from 15th May, 2015.

The Code of Conduct lays down guidelines advising them on procedures to be followed and disclosures to be made while dealing with the shares of the Company and cautioning them of consequences of violations. The Company Secretary of the Company is the Compliance Officer.

#### b. *Code of Practices and Procedures for Fair Disclosure:*

The Board has approved the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, in terms with the SEBI (Prohibition of Insider Trading) Regulations, 2015, effective from 15th May, 2015.

The code lays down broad standards of compliance and ethics, as required by the SEBI regulations. The code is required to be complied in respect of all corporate disclosures in respect of the Company and /or its subsidiary companies. The Company Secretary of the Company is the Compliance Officer.

### ii. Code of Conduct for Directors and Senior Management:

The Board has laid down the Code of Conduct for its Members and designated Senior Management Personnel of the Company. The Code has been posted on the Company's website at the weblink [http://www.microsec.in/static/Pdf/Microsec\\_Code\\_of\\_Conduct.pdf](http://www.microsec.in/static/Pdf/Microsec_Code_of_Conduct.pdf). All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

### iii. In terms of SEBI (LODR) Regulations, 2015 the Board have adopted a policy for preservation and archival of documents and a policy on determination of materiality of event and information. The said policy has been posted on the website of the Company [www.microsec.in](http://www.microsec.in).

## 8. MEANS OF COMMUNICATION WITH SHAREHOLDERS:

**Quarterly Results and its publication :** The unaudited quarterly/ half yearly results are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the close of the financial year as per the requirements of the SEBI (LODR) Regulations, 2015. The aforesaid financial results are sent to BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE) where the Company's securities are listed, immediately after these are approved by the Board. The financial results are also uploaded on the Company's website [www.microsec.in](http://www.microsec.in). The Company publishes quarterly, half-yearly and annual results in widely circulated national newspapers and local dailies such as "Business Standard" in English and one of the prominent business dailies in Bengali.

## Corporate Governance Report

**News Release, etc :** The Company has its own website [www.microsec.in](http://www.microsec.in) and all vital information relating to the Company and its performance including financial results and corporate presentations, etc. are regularly posted on the website.

**Investors' Relation :** The Company's website contains a separate dedicated section "Investor Relation" where Shareholders' information is available. The website also provides lists of unclaimed dividend which have not yet been transferred to the Investor Education and Protection Fund of the Central Government. The Company has an exclusive email ID for shareholders/investors and they may write to the Company at [investors@microsec.in](mailto:investors@microsec.in).

No presentations were made to institutional investors and analysts during the year.

The Management Discussion and Analysis Report forms part of this Annual Report.

### 9. GENERAL SHAREHOLDER INFORMATION

#### i. Annual General Meeting :

Day and Date : Tuesday, 27th September, 2016  
 Time : 3.00 p.m.  
 Venue : "Rotary Sadan", 94/2, Chowringhee Road, Kolkata - 700 020

#### ii. Financial calendar : (tentative)

Financial Year April 1, 2016 to March 31, 2017

Particulars	Quarter/ Half year/ Year ending	Tentative schedule
Unaudited Financial Result (1st Quarter)	Quarter ended 30.06.2016	On or before August 14, 2016
Unaudited Financial Result (2nd Quarter)	Quarter ended 30.09.2016	On or before November 15, 2016
Unaudited Financial Result (3rd Quarter)	Quarter ended 31.12.2016	On or before February 15, 2017
Audited Financial Result (Annual)	Year ended 31.03.2017	On or before May 30, 2017

#### iii. Book closure date :

Information about the Book Closure dates have been provided in the Notice convening the AGM, which forms a part of the Annual Report.

#### iv. Dividend Payment date :

Due to loss, your Directors have not recommended any dividend for the FY 2015-16.

#### v. Company registration details :

The Company is registered in the state of West Bengal, India. The Corporate Identification No. (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L65993WB1989PLC047002.

#### vi. Listing of equity shares on stock exchanges at:

The Company's Shares are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The requisite listing fees for 2015-16 and 2016-17 has been paid in full to BSE and NSE.

#### vii. Stock Code & ISIN No. :

BSE : 533259

NSE : MICROSEC

The International Securities Identification Number (ISIN) allotted to our shares under the depository system is INE019J01013.

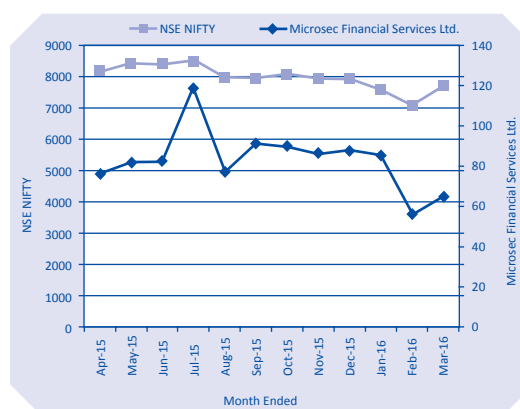
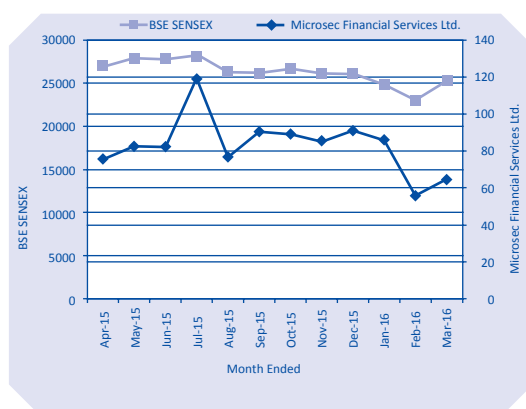
## Corporate Governance Report

### viii. Market Price Data :

High, Low during each month in the financial year 2015-16 at BSE and NSE:-

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2015	92.30	74.20	91.90	74.05
May, 2015	91.40	72.10	92.80	69.75
June, 2015	88.80	73.15	91.90	73.05
July, 2015	138.90	80.35	138.65	80.40
August, 2015	122.80	68.00	123.00	66.00
September, 2015	101.20	69.80	101.40	70.05
October, 2015	95.35	84.00	97.00	83.60
November, 2015	92.50	78.00	92.50	78.65
December, 2015	100.90	84.00	100.50	84.00
January, 2016	96.40	68.10	95.90	67.75
February, 2016	86.55	50.00	87.10	48.60
March, 2016	69.00	55.50	68.10	55.40

### ix. Performance in comparison to broad-based indices such as BSE Sensex, etc. :



### x. Registrar & Transfer Agent :

Link Intime India Private Limited

59C, Chowringhee Road, 3rd Floor, Kolkata - 700020

Phone: +91 33 2289 0539/40 Fax : +91 33 2289 0539

Email: [kolkata@linkintime.co.in](mailto:kolkata@linkintime.co.in)

### xi. Share Transfer System :

Trading in Equity Shares of the Company is permitted only in dematerialised form. Shares sent for transfer in physical form are registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expediting the process of share transfers Mr. Biplab Kumar Mani, Company Secretary and Authorised Representative of Link Intime India Private Limited have been authorised to approve transfer of equity shares and the same is ratified in the next meeting of the Stakeholders Relationship and Shareholders Grievance Committee. The Stakeholders Relationship and Shareholders Grievance Committee meets as and when required to consider the other transfer, transmission of shares, etc. and attend to shareholder grievances.

## Corporate Governance Report

### xii. Distribution of shareholding and shareholding pattern as on 31st March, 2016:

#### a) Distribution of Shareholding :

<i>No. of equity shares held (range)</i>	<i>No. of shareholders</i>	<i>% of shareholders</i>	<i>No. of shares</i>	<i>% of shareholding</i>
1 - 500	15672	93.63	1460613	4.59
501 – 1000	498	2.98	399674	1.26
1001 – 2000	249	1.49	377599	1.19
2001 – 3000	92	0.55	240124	0.75
3001 – 4000	49	0.29	174225	0.55
4001 – 5000	38	0.22	183387	0.57
5001 – 10000	62	0.37	441603	1.39
10001 and more	79	0.47	28533275	89.70
<b>TOTAL</b>	<b>16739</b>	<b>100.00</b>	<b>31810500</b>	<b>100.00</b>

#### b) Shareholding Pattern:

<b>Sl. No.</b>	<b>Description</b>	<b>Number of shares</b>	<b>Percentage of Capital</b>
I	Promoter and Promoter Group	2,27,99,537	71.67
II	Financial Institutions/ Banks	16,515	0.05
III	Foreign Institutional Investors/ Foreign Companies/ Foreign Portfolio Investor	1,27,500	0.40
IV	Bodies Corporate	23,77,443	7.47
V	NRIs / OCBs/ NRNs	99,201	0.31
VI	Trust	17,83,716	5.61
VII	Resident Individuals	40,13,738	12.62
VIII	Clearing Member/ HUF	5,92,850	1.87
	<b>TOTAL</b>	<b>3,18,10,500</b>	<b>100.00</b>

### xiii. Dematerialisation of shares and liquidity :

As on 31st March, 2016, 94.39% of the total equity share capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The market lot is one share as the trading in equity shares of the Company is permitted only in dematerialised form.

### xiv. Outstanding convertible instruments, conversion date and likely impact on equity

As on March 31, 2016, the Company did not have any outstanding GDRs/ADRs/ Warrants or any Convertible instruments.

### xv. Plant Location:

The Company is in the business of providing financial advisory services; therefore, it does not have any manufacturing plant.

### xvi. Address for Correspondence:

For any assistance, queries, regarding transfer or transmission of shares, dematerialization, non receipt of dividend on shares, non receipt of share application money, non credit of shares in demat account and any other queries relating to the shares of the Company and Annual Report, the investors may please write to the following:

## Corporate Governance Report

**i) The Company Secretary**

Microsec Financial Services Limited  
Shivam Chambers, 1st Floor  
53 Syed Amir Ali Avenue, Kolkata – 700 019  
Tel : +91 33 3051 2100/2282 9330, Fax : +91 33 30512020/2282 9335  
E-mail : investors@microsec.in

**ii) Link Intime India Private Limited**

59C, Chowringhee Road, 3rd Floor, Kolkata – 700 020  
Phone : +91 33 2289 0539/40 Fax : +91 33 2289 0539  
Email : kolkata@linkintime.co.in

### 10. NON-MANDATORY REQUIREMENTS

**(A) The Board**

The requirement of maintenance of an office for the non-executive Chairman and the reimbursement of expenses to him are not applicable to the Company presently as the Company has an executive Chairman.

**(B) Shareholders Rights**

The Company is getting its quarterly/half yearly and Annual financial results published in leading newspapers with wide distribution across the country and regularly updates and other important information on its public domain website.

**(C) Modified Opinion in Audit Report:**

There are no qualifications contained in the audit report.

**(D) Separate Posts of Chairman and MD/CEO**

The post of Chairman and MD/CEO are same.

**(E) Reporting of Internal Auditor:**

The internal Auditors of the Company report to the Audit Committee



## Corporate Governance Report

### Auditors' Certification

To  
**The Members of Microsec Financial Services Limited**

We have examined the compliance of conditions of corporate governance by Microsec Financial Services Limited, for the year ended on 31st March, 2016, as stipulated in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor 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 conditions of Corporate Governance as stipulated in the provisions as specified in chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges.

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

For **S.R. BATLIBOI & CO. LLP**  
*Chartered Accountants*

ICAI Firm registration number: 301003E/ E300005

per **Bhaswar Sarkar**  
*Partner*

Membership No. : 55596

Place: Kolkata  
Date: 26th May, 2016

## Corporate Governance Report

### Compliance with Code of Conduct for Directors and Senior Management

As provided under Regulation 34(3) read with Schedule V of the SEBI (LODR) Regulations, 2015, the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of financial year 2015-16.

For **Microsec Financial Services Limited**

Sd/-

**Banwari Lal Mittal**

*Managing Director*

DIN: 00365809

Kolkata, 5th August, 2016

### Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

We, Banwari Lal Mittal, Managing Director and Amrit Daga, Chief Financial Officer of Microsec Financial Services Limited, to the best of our knowledge and belief, certify that:

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2016 and that to the best of our knowledge and belief:
  - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) Significant changes in internal control over financial reporting during the year;
  - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Microsec Financial Services Limited**

Sd/-

**Banwari Lal Mittal**

*Managing Director*

DIN: 00365809

Sd/-

**Amrit Daga**

*Chief Financial Officer*

Kolkata, 5th August, 2016

### FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "A": Subsidiaries/ Step down Subsidiaries

(Rs. in Lacs)

Name of the Subsidiary	Microsec Resources Private Limited	Microsec Capital Limited	Microsec Commerce Limited	Microsec Insurance Brokers Limited	Microsec Technologies Limited	PRP Technologies Limited	Microsec Health Buddy Limited	Joybuddy Fun Products Private Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR	INR	INR	INR	INR	INR	INR
Share capital	32.10	226.36	160.30	51.61	33.10	10.00	1,397.37	1.00
Reserves & surplus	452.86	4,217.26	843.33	75.40	2,063.66	2,354.31	4,602.79	-30.31
Total assets	3,519.27	3,617.41	268.53	128.69	2,392.94	27.02	5,214.30	6.14
Total Liabilities	3,034.31	1,401.83	79.95	1.68	296.18	1,505.45	1,225.15	35.45
Investments	-	2,228.04	815.05	-	0.01	3,842.74	2,011.01	-
Turnover	500.05	1,274.40	44.38	10.89	58.89	0.02	6,355.04	1.50
Profit / (Loss) before taxation	3.98	59.53	45.32	-6.69	-1,160.29	280.00	-2,473.90	-11.35
Provision for taxation	1.82	-45.12	1.38	0.88	2.56	0.20	-	-
Profit / (Loss) after taxation	2.16	104.65	43.94	-7.57	-1,162.85	279.80	-2,473.90	-11.35
Proposed Dividend	-	-	-	-	-	-	-	-
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%

Name of the Subsidiary	Myjoy Hospitality Private Limited	Myjoy Pharmaceuticals Private Limited	Myjoy Tasty Food Private Limited	Myjoy Technologies Private Limited	Bharatiya Sanskriti Village Private Limited	Sasta Sundar Shop Private Limited	Microsec Tech Solutions Private Limited
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16	2015-16
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR	INR	INR	INR	INR	INR
Share capital	5.00	251.00	5.00	63.04	11.50	11.00	10.00
Reserves & surplus	-46.69	-690.51	11.04	265.25	-31.06	34.86	-28.26
Total assets	377.34	128.16	4.22	307.42	580.76	9.83	513.91
Total Liabilities	419.13	567.98	428.30	0.60	1,626.17	5.97	535.17
Investments	0.10	0.31	440.12	21.47	1,025.85	42.00	3.00
Turnover	-	2,899.62	3.21	-	-	1.00	-
Profit / (Loss) before taxation	-20.77	-487.73	2.51	-3.35	-25.11	-0.52	-27.95
Provision for taxation	-	-	-	-	-	-	-
Profit / (Loss) after taxation	-20.77	-487.73	2.51	-3.35	-25.11	-0.52	-27.95
Proposed Dividend	-	-	-	-	-	-	-
% of shareholding	100%	100%	100%	100%	100%	100%	100%

**Note :** 1. Name of subsidiaries which are yet to commence operations : NIL  
2. Name of subsidiaries which have been liquidated or sold during the year : NIL

### FORM AOC - 1

(Pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

#### Part "B": Associates and Joint Ventures

Sl. No.	Name of Associate / Joint Venture	Details
1	Latest audited Balance Sheet Date	NIL
2	Shares of Associate/Joint Venture held by the company on the year end	
	No. of shares	
	Amount of Investment in Associate/Joint Venture	
	Extent of Holding %	
3	Description of how there is significant influence	
4	Reason why the associate/joint venture is not consolidated	
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	
6	Profit / Loss for the year	
	i. Considered in Consolidation	
	ii. Not Considered in Consolidation	

**Note :** 1. Name of associates or joint ventures which are yet to commence operations : NIL  
2. Name of associates or joint ventures which have been liquidated or sold during the year : NIL

#### For and on behalf of the Board of Directors

**B. L. Mittal**  
Chairman & Managing Director  
DIN : 00365809

**Ravi Kant Sharma**  
Director  
DIN : 00364066

**Amrit Daga**  
Chief Financial Officer

**Biplab Kumar Mani**  
Company Secretary

Place : Kolkata  
Date : 26th May, 2016

# **STANDALONE FINANCIAL STATEMENTS**

## Independent Auditors' Report

To the Members of  
**Microsec Financial Services Limited**

### Report on the Financial Statements

We have audited the accompanying standalone financial statements of Microsec Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its loss, and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;



## Independent Auditors' Report

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 22 to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 301003E/E300005

per **Bhaswar Sarkar**

*Partner*

Membership Number: 55596

Place of Signature: Kolkata

Date: May 26, 2016

## Annexure to the Auditors' Report

### ANNEXURE -1

TO  
THE MEMBERS OF MICROSEC FINANCIAL SERVICES LIMITED  
[REFERRED TO IN OUR REPORT OF EVEN DATE]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) Fixed assets were physically verified by the management during the year and no material discrepancies were noticed on such verification.  
(c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company
- (ii) The Company is a Core Investment Company and is not required to maintain inventory. Consequently, the requirements of paragraph 3 (ii) of the Companies (Auditor's report) Order, 2016 ("the Order") are not applicable to the Company and hence not commented upon.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 where applicable, in respect of investments made, guarantees and securities given in respect of financial assistance obtained by the wholly owned subsidiaries from banks have been complied with by the Company. Further, in our opinion and according to the information and explanations given to us, there are no loans in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services rendered by the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, service tax, cess and other material statutory dues applicable to it. During the year, the Company did not have any dues towards sales tax, duty of customs, duty of excise and value added tax.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. During the year, the Company did not have any dues towards sales tax, duty of customs, duty of excise and value added tax.  
(c) According to the records of the Company, the dues outstanding of income-tax and service tax, on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Disallowances of certain expenses	13,17,770	Assessment Year 2011-12 and 2012-13	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	60,76,073	Financial Year 2007-08, 2008-09, 2009-10, 2010-11, 2011-2012	Customs, Central Excise and Service Tax Appellate Tribunal

## Annexure to the Auditors' Report

According to the information and explanation given to us, there are no dues towards sales tax, duty of customs, duty of excise and value added tax which have not been deposited on account of any dispute.

- (viii) Based on our audit procedures and as per the information and explanations given by the management, the Company did not have any outstanding dues to a financial institution, banks or government. There were no outstanding debentures during the year. Accordingly, the provisions of paragraph 3 (viii) are not applicable to the Company and hence not commented upon.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer, further public offer, debt instruments or term loans. Consequently, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and, consequently reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) As fully explained under Note 29 to the financial statements, the Company is not required to obtain registration under the provisions of section 45-IA of the Reserve Bank of India Act, 1934.

For **S.R. Batliboi & CO. LLP**  
Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Bhaswar Sarkar**  
Partner

Membership Number: 55596

Place of Signature: Kolkata

Date: May 26, 2016

## Annexure to the Auditors' Report

### **ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF MICROSEC FINANCIAL SERVICES LIMITED**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Microsec Financial Services Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Annexure to the Auditors' Report

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S.R. Batliboi & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 301003E/E300005

per **Bhaswar Sarkar**

*Partner*

Membership Number: 55596

Place of Signature: Kolkata

Date: May 26, 2016

## Balance Sheet

as at 31st March, 2016

(Amount in Rs.)

	Notes	As at 31.03.2016	As at 31.03.2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	3	31,81,05,000	31,81,05,000
(b) Reserves and Surplus	4	1,92,07,68,742	1,94,14,97,941
<b>2. Current Liabilities</b>			
(a) Trade Payables	5		
Total outstanding dues of micro enterprises and small enterprises		—	—
Total outstanding dues of creditors other than micro enterprises and small enterprises		7,56,762	7,03,771
(b) Other Current Liabilities	6	16,90,341	6,29,058
(c) Short Term Provisions	7	11,98,943	50,81,786
		<b>2,24,25,19,788</b>	<b>2,26,60,17,556</b>
<b>II. ASSETS</b>			
<b>1. Non Current Assets</b>			
(a) Fixed Assets	8		
(i) Tangible Assets		4,44,57,878	3,79,28,694
(ii) Intangible Assets		2,23,344	4,03,259
(b) Non Current Investments	9	1,89,92,19,661	2,19,65,73,528
(c) Long Term Loans and Advances	10	1,01,75,673	1,53,23,701
<b>2. Current Assets</b>			
(a) Current Investment	11	27,36,53,867	—
(b) Trade Receivables	12	—	4,29,912
(c) Cash and Bank Balances	13	1,37,80,097	1,35,45,148
(d) Short Term Loans and Advances	14	9,32,434	16,48,689
(e) Other Current Assets	15	76,834	1,64,625
		<b>2,24,25,19,788</b>	<b>2,26,60,17,556</b>
<b>Summary of significant accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **S. R. Batliboi & CO. LLP**  
Firm Registration No: 301003E/E300005  
Chartered Accountants

per **Bhaswar Sarkar**  
Partner  
Membership No. 55596

Place : Kolkata  
Date : 26th May, 2016

For and on behalf of the Board of Directors

**B. L. Mittal**  
Chairman & Managing Director  
DIN : 00365809

**Amrit Daga**  
Chief Financial Officer

**Ravi Kant Sharma**  
Director  
DIN : 00364066

**Biplab Kumar Mani**  
Company Secretary



## Statement of Profit and Loss

for the year ended 31st March, 2016

(Amount in Rs.)

	Notes	2015-16	2014-15
<b>Income</b>			
<b>I. Revenue from Operations</b>	16	2,04,20,026	2,04,20,182
<b>II. Other Income</b>	17	17,27,078	40,62,841
<b>III. Total Revenue</b>		<b>2,21,47,104</b>	<b>2,44,83,023</b>
<b>Expenses</b>			
Employee Benefits Expense	18	1,16,98,302	1,25,63,605
Depreciation and Amortisation expense	19	33,89,182	40,97,502
Other Expenses	20	85,71,219	76,61,114
<b>IV. Total Expenses</b>		<b>2,36,58,703</b>	<b>2,43,22,221</b>
<b>V. PROFIT/(LOSS) BEFORE TAX AND EXCEPTIONAL ITEM</b>		(15,11,599)	1,60,802
<b>VI. EXCEPTIONAL ITEMS [REFER NOTE 9]</b>		2,37,00,000	—
<b>VII. PROFIT/(LOSS) BEFORE TAX</b>		(2,52,11,599)	1,60,802
<b>VIII. Tax Expenses :</b>			
(a) Current Tax		—	—
(b) Deferred Tax Charge		—	—
(c) Excess provision for taxation no longer required written back		(44,82,400)	(1,03,60,208)
		<b>(44,82,400)</b>	<b>(1,03,60,208)</b>
<b>IX. PROFIT/ (LOSS) FOR THE YEAR</b>		<b>(2,07,29,199)</b>	<b>1,05,21,010</b>
<b>X. Earnings / (Loss) Per Equity Share :</b>			
Basic and Diluted [Nominal Value per Share Rs. 10 (2014-15 : Rs. 10 each)]	21	(0.65)	0.33
<b>Summary of significant accounting policies</b>	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **S. R. Batliboi & CO. LLP**  
Firm Registration No: 301003E/E300005  
Chartered Accountants

per **Bhaswar Sarkar**  
Partner  
Membership No. 55596

Place : Kolkata  
Date : 26th May, 2016

For and on behalf of the Board of Directors

**B. L. Mittal**  
Chairman & Managing Director  
DIN : 00365809

**Amrit Daga**  
Chief Financial Officer

**Ravi Kant Sharma**  
Director  
DIN : 00364066

**Biplab Kumar Mani**  
Company Secretary

## Cash Flow Statement

for the year ended 31st March, 2016

(Amount in Rs.)

	2015-16	2014-15
<b>A. Cash Flow from Operating Activities</b>		
<b>Profit/ (Loss) before tax</b>	(2,52,11,599)	1,60,802
Adjustments for :		
Interest on Fixed Deposits and Others	(5,94,153)	(24,62,841)
Provision for standard assets written back	(10,00,000)	(16,00,000)
Provision for diminution in value of Investments	2,37,00,000	
Profit on sale of Fixed Asset (Net)	(1,32,925)	—
Depreciation and amortization expense	33,89,182	40,97,502
<b>Operating profit before working capital changes</b>	<b>1,50,505</b>	<b>1,95,463</b>
Increase in trade payables	52,991	76,863
Increase / (Decrease) in other current liabilities	10,61,283	(8,770)
Increase in short term provisions	1,90,476	2,22,547
(Increase) / Decrease in trade receivables	4,29,912	(4,29,912)
Increase in long-term loans and advances	(8,17,000)	—
Decrease in other current assets	—	50,323
Decrease in short-term loans and advances	7,16,255	22,19,857
(Increase) in non-current investments	—	(4,06,26,173)
<b>Cash generated from / (used in) operations</b>	<b>17,84,422</b>	<b>(3,82,99,802)</b>
Direct tax paid (Net)	(18,98,660)	(22,86,342)
<b>Net cash flow used in operating activities</b>	<b>(1,14,238)</b>	<b>(4,05,86,144)</b>
<b>B. Cash Flow from Investing Activities</b>		
Purchase of fixed assets (including capital advances)	(8,73,703)	(5,85,172)
Proceeds from sale of Fixed Asset	5,40,946	
Investment in Fixed Deposits (having original maturity of more than three months)	(2,10,00,000)	(7,59,21,370)
Encashment of Fixed Deposits (having original maturity of more than three months)	2,30,00,000	11,29,21,370
Interest on Fixed Deposits and others	6,81,944	29,39,668
<b>Net cash flow from investing activities</b>	<b>23,49,187</b>	<b>3,93,54,496</b>

## Cash Flow Statement

for the year ended 31st March, 2016

(Amount in Rs.)

	2015-16	2014-15
<b>C. Cash Flows from Financing Activities</b>		
Dividend Paid	–	(801)
<b>Net cash flow used in financing activities</b>	–	<b>(801)</b>
<b>D. Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>22,34,949</b>	<b>(12,32,449)</b>
<b>E. Cash and Cash equivalents at the beginning of the year</b>	<b>45,08,332</b>	<b>57,40,781</b>
<b>F. Cash and Cash equivalents at the end of the year</b>	<b>67,43,281</b>	<b>45,08,332</b>
Components of cash and cash equivalents as indicated in Note 13 comprises of:		
Cash on hand	22,872	20,775
Balances with scheduled banks *	27,20,409	44,87,557
Deposit with original maturity of less than three months	40,00,000	–
<b>Total</b>	<b>67,43,281</b>	<b>45,08,332</b>

\* Excludes balance of Rs. 36,816 (2014-15 : Rs. 36,816) with a bank for which refund instruments have been issued to the investors but are yet to be encashed and Rs. 70,00,000 (2014-15 : Rs. 90,00,000) of Fixed Deposits with maturity for more than three months.

As per our report of even date

For **S. R. Batliboi & CO. LLP**

Firm Registration No: 301003E/E300005

Chartered Accountants

per **Bhaswar Sarkar**

Partner

Membership No. 55596

Place : Kolkata

Date : 26th May, 2016

For and on behalf of the Board of Directors

**B. L. Mittal**

Chairman & Managing Director

DIN : 00365809

**Amrit Daga**

Chief Financial Officer

**Ravi Kant Sharma**

Director

DIN : 00364066

**Biplab Kumar Mani**

Company Secretary

## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

### 1. Basis of preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material aspects with the accounting standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for change in accounting policy explained below.

### 2. Summary of Significant Accounting Policies :

#### i) Change in Accounting Policy

##### a) Provisioning on Standard Assets

Till the previous year, the Company created provision on standard assets as per The Reserve Bank of India (RBI) vide Notification No. DNBS 223/CGM (US) – 2011 dated January 17, 2011 issued to all NBFCs to make provision of 0.25% on standard assets. In the current year, the Company had applied to the Reserve Bank of India (RBI) for voluntary surrender of Certificate of Registration (CoR) as Non-Banking Financial Company. Henceforth Vide intimation dated 16th July, 2015, the RBI has accepted the Company's application and cancelled the CoR. Accordingly, the Company has discontinued creating provision at the rate of 0.25% on standard assets which was required as per NBFCs norms.

##### b) Component Accounting

On application of Schedule - II to the Companies Act, 2013, the Company has changed the manner of providing depreciation for its fixed assets. Now, the Company identifies and determines separate useful life for each major components of the fixed assets, if they have useful life that is materially different from that of the remaining assets.

#### ii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting year end. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets and liabilities in future periods.

#### iii) Revenue Recognition

- a. Fees from Investment Banking activities which include Mergers & Acquisitions, Investment and other advisory services are recognized as revenue when the relevant services are rendered to the customers and there are reasonable certainties as regards ultimate collectability of such revenue. The Company collects service tax on behalf of the Government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.
- b. Dividend income is recognized when the shareholder's right to receive dividend is established by the balance sheet date.
- c. Income from Royalty is recognised on an accrual basis in accordance with the terms of the relevant agreement.
- d. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- e. Profit / (loss) on sale of investments is determined based on the weighted average cost of the investments sold.

# Notes to the Financial Statements

as at and for the year ended 31st March, 2016

## iv) Tangible Fixed Assets

Tangible Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognised.

## v) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

## vi) Depreciation and Amortization on tangible and intangible assets

- a. Depreciation on fixed assets is calculated on a WDV basis using the rates arrived at based on the useful lives estimated by the management which is as per the rates specified in Schedule II to the Companies Act, 2013.
- b. Depreciation on Fixed Assets added/disposed off during the year is provided on prorata basis with reference to the date of addition/disposal.
- c. Copyrights are amortized on straight-line basis over a period of three years from the date the assets become available for use.
- d. Computer softwares are amortized on straight line basis over a period of three years from the date the assets become available for use.

## vii) Impairment of Tangible & Intangible Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation / amortization is provided on the revised carrying amount of the assets over its remaining useful lives.

A previously recognized impairment loss is increased or reversed depending on the changes in the circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortization if there was no impairment.

## viii) Borrowing Costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

## ix) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date on which such investments are made are classified as Current Investments. All other Investments are classified as Long term Investments. Current Investments are stated at lower of cost and market rate on an individual investment basis. Long term investments are considered "at cost" on individual investment basis, unless there is a decline other than temporary in the value, in which case adequate provision is made against such diminution in the value of investments.

## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

### x) Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

### xi) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

### xii) Taxation

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred Income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profit for the year is accounted for using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax asset is reviewed at each Balance Sheet date. The company writes down the carrying amount of a Deferred Tax Asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

At each Balance Sheet date, the company recognizes the unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax asset can be realized.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

### xiii) Segment Reporting

#### a) Identification of Segments :

The Company has identified that its business segments are the primary segments. The Company's operating businesses are organized and managed separately according to the nature of products/services provided, with each segment representing a strategic business unit that offers different products/services and serves different markets. The analysis of geographical segments is based on the areas in which the operating divisions of the company operates.



## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

### b) Allocation of Common Costs :

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common cost. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis are included under the head "Unallocated –Common".

The accounting policies adopted for segment reporting are in line with those of the Company.

### xiv) Retirement and other employees benefits

- a. Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to a reduction in future payment or a cash refund.
- b. Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method at the end of each financial year. Actuarial gains / losses are recognized in full in the period in which they occur in the Statement of Profit and Loss. The Company has got an approved gratuity fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.
- c. Short term compensated absences are provided for based on estimates.

### xv) Earning Per Share

Basic Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### xvi) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise of Cash at Bank and Cash/Cheque on hand and fixed deposits with an original maturity of three months or less.

## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	As at 31.03.2016	As at 31.03.2015
<b>3. SHARE CAPITAL</b>		
<b>Authorised</b>		
3,50,00,000 (2014-15: 3,50,00,000) Equity Shares of Rs. 10 each (2014-15: Rs. 10 each)	35,00,00,000	35,00,00,000
<b>Issued, Subscribed and Fully Paid-up</b>		
3,18,10,500 (2014-15: 3,18,10,500) Equity Shares of Rs. 10 each (2014-15: Rs. 10 each)	31,81,05,000	31,81,05,000

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity Shares	As at 31.03.2016		As at 31.03.2015	
	Nos.	Rs.	Nos.	Rs.
Outstanding at the beginning and at the end of the year	3,18,10,500	31,81,05,000	3,18,10,500	31,81,05,000

**(b) Terms / Rights attached to the equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares of Rs. 10 each full paid up				
Banwari Lal Mittal	1,08,16,000	34.00	1,08,16,000	34.00
Topview Enclaves LLP	74,34,069	23.37	74,24,069	23.34
Microsec Vision Employee Trust	17,83,400	5.61	17,83,400	5.61

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**(d) Aggregate number of bonus shares issued and shares bought back during the period of five years immediately preceding the reporting date**

Particulars	As at 31.03.2016	As at 31.03.2015
Equity shares bought back by the Company	—	10,00,000

## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	As at 31.03.2016	As at 31.03.2015
<b>4. RESERVES AND SURPLUS</b>		
Capital Redemption Reserve (Balance as per last financial statements)	1,00,00,000	1,00,00,000
Securities Premium Account (Balance as per last financial statements)	1,38,98,71,136	1,38,98,71,136
Reserve under Section 45-IC of the Reserve Bank of India Act, 1934		
Balance as per last financial statements	14,29,83,000	14,08,78,800
Add : Amount transferred from the Statement of Profit and Loss during the year	–	21,04,200
	<b>14,29,83,000</b>	<b>14,29,83,000</b>
According to Section 45-IC of the Reserve Bank of India Act, 1934, every NBFC shall create a reserve fund and transfer therein a sum not less than 20% of its Net Profit every year as disclosed in the Statement of profit and loss and before declaration of dividend.		
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	39,86,43,805	39,24,16,839
Add : (Loss) / Profit for the year	(2,07,29,199)	1,05,21,010
	<b>37,79,14,606</b>	<b>40,29,37,849</b>
Less : Appropriations		
Transferred to Reserve under Section 45-IC of the RBI Act, 1934	–	21,04,200
Transitional provision for depreciation under the Companies Act, 2013	–	21,89,844
	<b>37,79,14,606</b>	<b>39,86,43,805</b>
	<b>1,92,07,68,742</b>	<b>1,94,14,97,941</b>
<b>5. TRADE PAYABLES</b>		
Due to Micro and Small Enterprises *	–	–
Due to Others	7,56,762	7,03,771
	<b>7,56,762</b>	<b>7,03,771</b>

\* Based on the information / documents available with the Company, no creditor is covered under Micro, Small and Medium Enterprise Development Act, 2006. As a result, no interest provisions / payments have been made by the company to such creditors, if any, and no disclosures thereof are made in these financial statements.

<b>6. OTHER CURRENT LIABILITIES</b>		
Unclaimed Dividend *	1,63,736	1,63,736
Share Application Money pending refund**	36,816	36,816
Other liabilities		
Statutory Dues	5,10,214	2,59,487
Other Payables	9,79,575	1,69,019
	<b>16,90,341</b>	<b>6,29,058</b>

\* to be paid as and when due to Investor Education and Protection Fund

\*\* Represents refund instruments issued to the investors which are yet to be encashed since 1st October, 2010. This, however, does not include any amount, due and outstanding to be credited to Investors Education and Protection Fund.

## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	As at 31.03.2016	As at 31.03.2015
<b>7. SHORT TERM PROVISIONS</b>		
For taxation [Net of Advances Rs. Nil (2014-15: Rs. 2,66,77,831)]	7,85,920	38,59,239
For Standard Assets	-	10,00,000
For Gratuity (Refer Note 24)	4,13,023	2,22,547
	<b>11,98,943</b>	<b>50,81,786</b>

### 8. FIXED ASSETS :

#### A. Tangible Assets

Particulars	Office Premises	Residential Flat	Computers	Furniture and Fixtures	Office Equipments	Vehicles	Total
<b>Gross Block</b>							
<b>At April 1, 2014</b>	<b>4,63,99,370</b>	<b>55,52,350</b>	<b>59,59,506</b>	<b>1,24,71,575</b>	<b>77,37,179</b>	<b>18,99,043</b>	<b>8,00,19,023</b>
Additions	-	-	45,375	-	-	-	45,375
Disposals	-	-	-	-	-	-	-
<b>At March 31, 2015</b>	<b>4,63,99,370</b>	<b>55,52,350</b>	<b>60,04,881</b>	<b>1,24,71,575</b>	<b>77,37,179</b>	<b>18,99,043</b>	<b>8,00,64,398</b>
Additions	1,01,07,223	-	39,250	-	-	-	1,01,46,473
Disposals	-	-	1,01,150	-	2,75,127	11,66,399	15,42,676
<b>At March 31, 2016</b>	<b>5,65,06,593</b>	<b>55,52,350</b>	<b>59,42,981</b>	<b>1,24,71,575</b>	<b>74,62,052</b>	<b>7,32,644</b>	<b>8,86,68,195</b>
<b>Depreciation</b>							
<b>At April 1, 2014</b>	<b>1,47,04,692</b>	<b>7,61,033</b>	<b>55,58,642</b>	<b>94,36,798</b>	<b>47,79,339</b>	<b>7,44,392</b>	<b>3,59,84,896</b>
Charge For the Year	15,40,678	2,32,858	1,36,061	12,85,805	3,88,297	3,77,265	39,60,964
Impact of Transitional Provision for depreciation under the Companies Act, 2013	-	-	2,15,447	-	19,74,397	-	21,89,844
Disposals	-	-	-	-	-	-	-
<b>At March 31, 2015</b>	<b>1,62,45,370</b>	<b>9,93,891</b>	<b>59,10,150</b>	<b>1,07,22,603</b>	<b>71,42,033</b>	<b>11,21,657</b>	<b>4,21,35,704</b>
Charge For the Year	18,10,071	2,21,541	72,842	7,37,018	1,36,832	2,30,963	32,09,267
Disposals	-	-	1,01,150	-	2,61,737	7,71,767	11,34,654
<b>At March 31, 2016</b>	<b>1,80,55,441</b>	<b>12,15,432</b>	<b>58,81,842</b>	<b>1,14,59,621</b>	<b>70,17,128</b>	<b>5,80,853</b>	<b>4,42,10,317</b>
<b>Net Block</b>							
<b>At March 31, 2015</b>	<b>3,01,54,000</b>	<b>45,58,459</b>	<b>94,731</b>	<b>17,48,972</b>	<b>5,95,146</b>	<b>7,77,386</b>	<b>3,79,28,694</b>
<b>At March 31, 2016</b>	<b>3,84,51,152</b>	<b>43,36,918</b>	<b>61,139</b>	<b>10,11,954</b>	<b>4,44,924</b>	<b>1,51,791</b>	<b>4,44,57,878</b>

## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

### B. Intangible Assets

Particulars	Copyrights - Right on Web Application Portal - Personal Resource Planning	Software	Total
<b>Gross Block</b>			
<b>At April 1, 2014</b>	5,00,01,000	34,37,630	<b>5,34,38,630</b>
Purchase	–	5,39,797	<b>5,39,797</b>
<b>At March 31, 2015</b>	<b>5,00,01,000</b>	<b>39,77,427</b>	<b>5,39,78,427</b>
Purchase	–	–	–
<b>At March 31, 2016</b>	<b>5,00,01,000</b>	<b>39,77,427</b>	<b>5,39,78,427</b>
<b>Amortization</b>			
<b>At April 1, 2014</b>	<b>5,00,01,000</b>	<b>34,37,630</b>	<b>5,34,38,630</b>
Charge For the Year	–	1,36,538	<b>1,36,538</b>
<b>At March 31, 2015</b>	<b>5,00,01,000</b>	<b>35,74,168</b>	<b>5,35,75,168</b>
Charge For the Year	–	1,79,915	<b>1,79,915</b>
<b>At March 31, 2016</b>	<b>5,00,01,000</b>	<b>37,54,083</b>	<b>5,37,55,083</b>
<b>Net Block</b>			
<b>At March 31, 2015</b>	–	<b>4,03,259</b>	<b>4,03,259</b>
<b>At March 31, 2016</b>	–	<b>2,23,344</b>	<b>2,23,344</b>

## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	No. of Shares / Units	Face value Per share / Unit	As at 31.03.2016	As at 31.03.2015
<b>9. NON CURRENT INVESTMENTS</b>				
Trade Investments (Valued at Cost)				
<b>Unquoted Equity Shares</b> (fully paid up)				
<b>In Wholly Owned Subsidiary Companies</b>				
Microsec Capital Limited	–	10	–	27,36,53,867
	(22,63,561)			
Microsec Resources Private Limited	3,20,000	10	1,31,00,000	1,31,00,000
	(3,20,000)			
Microsec Health Buddy Limited	1,08,15,543	10	1,09,81,28,553	1,09,81,28,553
	(1,08,15,543)			
Bhartiya Sanskriti Village Private Limited	1,15,000	10	8,02,00,000	8,02,00,000
	(1,15,000)			
Myjoy Tasty Food Private Limited	50,000	10	5,01,250	5,01,250
	(50,000)			
PRP Technologies Limited	1,00,000	10	2,41,60,250	2,41,60,250
	(1,00,000)			
Microsec Technologies Limited	2,80,257	10	35,13,29,608	35,13,29,608
	(2,80,257)			
Less : Provision for diminution of long term Investments*			(2,37,00,000)	–
<b>Total (a)</b>			<b>1,54,37,19,661</b>	<b>1,84,10,73,528</b>
<b>Unquoted Compulsorily Convertible Unsecured Debentures</b> (fully paid up)				
<b>In Wholly Owned Subsidiary Companies</b>				
PRP Technologies Limited	1,60,000	940	15,04,00,000	15,04,00,000
	(1,60,000)			
Bharatiya Sanskriti Village Private Limited	20,32,500	80	16,26,00,000	16,26,00,000
	(20,32,500)			
Myjoy Tasty Food Private Limited	42,50,000	10	4,25,00,000	4,25,00,000
	(42,50,000)			
<b>Total (b)</b>			<b>35,55,00,000</b>	<b>35,55,00,000</b>
<b>Total Investments (a+b)</b>			<b>1,89,92,19,661</b>	<b>2,19,65,73,528</b>
<b>Aggregate Value of Investments</b>				
Unquoted			1,89,92,19,661	2,19,65,73,528
Aggregate provision for diminution in value of Investments			2,37,00,000	–

\* Represents provision for diminution, other than temporary, in value of the Company's investment in Microsec Technologies Limited based on the assessment done by the Company's management.



## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	As at 31.03.2016	As at 31.03.2015
<b>10. LONG TERM LOANS AND ADVANCES</b>		
(Unsecured considered good)		
Capital Advances (Refer Note 26)	–	92,72,770
Advance Tax [Net of Provisions Rs. 2,64,722 (2014-15: Rs. 2,64,722)]	91,67,916	58,60,174
Security Deposits	10,07,757	1,90,757
	<b>1,01,75,673</b>	<b>1,53,23,701</b>

	No. of Shares / units	Face Value per share / unit	As at 31.03.2016	As at 31.03.2015
<b>11. CURRENT INVESTMENTS</b>				
Current portion of Long term Investments (Valued at cost)				
<b>Unquoted Equity Shares</b> (fully paid up)				
<b>In Wholly Owned Subsidiary Company</b>				
Microsec Capital Limited [Refer Note 30]	22,63,561	10	27,36,53,867	–
			<b>27,36,53,867</b>	–
<b>Aggregate amount of Unquoted Investments</b>			27,36,53,867	–

<b>12. TRADE RECEIVABLES</b>		
(Unsecured, Considered Good)		
Outstanding for a period exceeding six months from the date they are due for payment	–	–
Other Receivables	–	4,29,912
	<b>–</b>	<b>4,29,912</b>

<b>13. CASH AND BANK BALANCES</b>		
(i) Cash and Cash Equivalents		
Cash on Hand	22,872	20,775
Balances with Scheduled Banks		
On Current Accounts	25,56,673	43,23,821
Deposit with original maturity of less than three months	40,00,000	–
Unclaimed Dividend Account	1,63,736	1,63,736
	<b>67,43,281</b>	<b>45,08,332</b>
(ii) Other Bank Balances		
IPO Refund Account *	36,816	36,816
Deposits with original maturity for more than 3 months but not more than 12 months	70,00,000	90,00,000
	<b>1,37,80,097</b>	<b>1,35,45,148</b>

\* Represents balance with a bank for which refund instruments have been issued to the investors which are yet to be encashed by the investors.

## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	As at 31.03.2016	As at 31.03.2015
<b>14. SHORT TERM LOANS AND ADVANCES</b>		
(Unsecured considered good, unless otherwise stated)		
Advances recoverable in cash or in kind	30,554	315
Prepaid Expenses	2,45,190	1,87,445
Balance with Government Authorities	6,56,690	14,60,929
	<b>9,32,434</b>	<b>16,48,689</b>

<b>15. OTHER CURRENT ASSETS</b>		
Accrued Interest on Fixed Deposits	76,834	1,64,625
	<b>76,834</b>	<b>1,64,625</b>

	2015-16	2014-15
<b>16. REVENUE FROM OPERATIONS</b>		
Income from Royalty	26	182
Professional Services	2,04,20,000	2,04,20,000
	<b>2,04,20,026</b>	<b>2,04,20,182</b>

<b>17. OTHER INCOME</b>		
(a) Interest Income		
On Fixed Deposits	5,94,153	24,62,841
(b) Other Non Operating Income		
Provision for standard assets written back	10,00,000	16,00,000
Profit on sale of Fixed Asset (Net)	1,32,925	—
	<b>17,27,078</b>	<b>40,62,841</b>

<b>18. EMPLOYEE BENEFITS EXPENSE</b>		
Salary and Bonus	1,06,64,472	1,20,94,743
Contribution to Provident and other funds	4,72,412	2,87,484
Contribution to Employees' State Insurance	—	12,034
Gratuity expense (Refer Note 24)	4,96,272	86,733
Staff Welfare Expenses	65,146	82,611
	<b>1,16,98,302</b>	<b>1,25,63,605</b>

<b>19. DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation of Tangible Assets	32,09,267	39,60,964
Amortization of Intangible Assets	1,79,915	1,36,538
	<b>33,89,182</b>	<b>40,97,502</b>

## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	2015-16	2014-15
<b>20. OTHER EXPENSES</b>		
Advertisement and Publicity	1,64,468	2,34,338
Communication Expenses	1,25,127	1,65,759
Repairs and Maintenance - Others	2,91,393	3,05,083
Rates and Taxes	3,05,007	4,12,028
Filing Fees	14,814	8,438
Directors Sitting Fee	15,85,474	15,50,228
Insurance Premium	2,63,890	2,77,172
Printing and Stationery	5,15,693	5,66,353
Postage and Telegram	4,14,783	5,00,286
Bank and Demat charges	2,26,714	1,87,297
Travelling and Conveyance	13,18,762	13,14,121
Legal and Professional fees	19,34,913	9,75,201
Listing Fee	3,61,012	2,54,832
Auditors' Remuneration		
As Auditors		
Audit Fees	2,01,000	1,00,000
Limited Reviews	1,50,500	1,50,000
In other capacity for certificates and other services	2,01,000	1,50,000
Reimbursement of expenses (including service tax)	61,379	38,386
Miscellaneous expenses	4,35,290	4,71,592
	<b>85,71,219</b>	<b>76,61,114</b>

## 21. EARNINGS / (LOSS) PER SHARE

Basis for calculation of Basic and Diluted Earnings Per Share is as under:		
Profit / (loss) after tax (Rs.)	(2,07,29,199)	1,05,21,010
Weighted Average Number of Equity Shares (Nos)	3,18,10,500	3,18,10,500
Nominal Value of each Equity Share (Rs.)	10.00	10.00
Basic and Diluted Earnings Per Share (Rs.)	(0.65)	0.33

## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

### 22. CONTINGENT LIABILITIES

- (a) The Company has provided Corporate Guarantee of Rs. 9,50,00,000 (2014-15: Rs. 35,00,00,000) against bank guarantee and has created equitable mortgage of Rs. 7,47,55,370 (2014-15: Rs. 7,47,55,370) over its property at Kolkata as security for credit facility extended by a scheduled bank to Microsec Capital Limited (a wholly owned subsidiary company) for the purpose of operations of the business. The amount of facility / guarantee actually availed by the subsidiary as on the balance sheet date amounts to Rs. 2,59,84,441 (2014-15: Rs. 85,267) and Rs. 7,65,88,999 (2014-15: Rs. 22,94,14,495) (net of fixed deposits of Rs. 9,75,00,000 (2014-15: Rs. 16,75,00,000 pledged by the subsidiary with the scheduled banks) respectively.
- (b) The Company has provided Corporate Guarantee amounting Rs. 10,00,00,000 against credit facility availed from a Union Bank of India by Microsec Health Buddy Limited (a subsidiary company) for the purpose of purchase of Plant & Machinery and operations of the business. The amount of facility / guarantee actually availed by the subsidiary as on the balance sheet date amounts to Rs. 6,44,56,688 (2014-15: Rs. Nil).
- (c) Income tax demand under appeal – Rs. 5,31,850 (2014-15: Rs. 4,69,520). The management believes that the Company has a good case for success in this matter and therefore no provision there against is considered necessary.
- (d) Service tax demand – Rs. 65,91,073 (2014-15: Rs. 65,91,073). The management believes that the Company has a good case for success in this matter and therefore no provision there against is considered necessary.

### 23. DIRECTOR'S REMUNERATION

(Amount in Rs.)

Particulars	2015-16	2014-15
Salary, Bonus, etc.	50,17,186	33,21,887
Contribution to Provident Fund	3,41,553	2,17,273
	<b>53,58,739</b>	<b>35,39,160</b>

**Note :** The remuneration to Chairman and Managing Director does not include the provision made for gratuity as it is determined on an actuarial basis for the Company as a whole.

24. The Company has a defined employee benefit plan in the form of gratuity. Every employee, who has completed five years or more of services, gets a gratuity on departure @ 15 days of last drawn salary for each completed years of service. The gratuity scheme is entrusted with Life Insurance Corporation of India.

The following tables summarise the components of gratuity expenses recognised in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet for the plan.

(Amount in Rs.)

Particulars	2015-16	2014-15
(i) <b>Net Employee Expense/(benefit)</b>		
Current service cost	1,96,306	1,81,823
Interest cost on benefit obligation	60,445	83,562
Expected return on plan assets	88,834	1,06,912
Net Actuarial (gain) / loss recognised in the year	3,28,355	(71,740)
Total employer expense recognised in Statement of Profit and Loss	4,96,272	86,733
(ii) <b>Actual Return on Plan Assets</b>	60,913	1,06,508
(iii) <b>Benefit Asset/(Liability)</b>		
Defined benefit obligation	9,21,478	13,32,973
Fair value of Plan Assets	5,08,455	11,10,426
Benefit Asset / (Liability)	(4,13,023)	(2,22,547)

## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

Particulars	2015-16	2014-15
(iv) <b>Movement in benefit liability</b>		
Opening defined benefit obligation	13,32,973	11,37,588
Interest cost	60,445	83,562
Current service cost	1,96,306	1,81,823
Benefits paid	9,68,680	-
Actuarial (gains) / losses on obligation	3,00,434	(70,000)
Closing benefit obligation	9,21,478	13,32,973
(v) <b>Movement in fair value of plan assets</b>		
Opening fair value of plan assets	11,10,426	11,87,911
Expected Return on plan assets	88,834	1,06,912
Contributions by employer	1,19,659	-
Benefits paid	7,82,543	1,86,137
Actuarial gains on plan assets	(27,921)	1,740
Closing fair value of plan assets	5,08,455	11,10,426
(vi) <b>Major categories of plan assets as a percentage of the fair value of total plan assets</b>		
Investments in insurance managed fund	100%	100%
(vii) <b>The principal actuarial assumptions are as follows</b>		
Discount Rate	8.00%	8.00%
Expected rate of return on plan assets	8.00%	9.00%
Salary increase	6.00%	6.00%
Withdrawal rates	1.00%	1.00%
(viii) <b>Amount incurred as expense for defined contribution plans</b>		
Contribution to Provident / Pension fund	4,72,412	2,87,484

(ix) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(x) The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

(xi) The Company expects to contribute Rs. 1,00,000 (2014-15: Rs. 1,00,000) to Gratuity Fund during April, 2016 to March, 2017.

(xii) <b>Amounts for the current year and previous years are as follows :</b>	<b>Year Ended March 31, 2016 (Rs.)</b>	<b>Year Ended March 31, 2015 (Rs.)</b>	<b>Year Ended March 31, 2014 (Rs.)</b>	<b>Year Ended March 31, 2013 (Rs.)</b>	<b>Year Ended March 31, 2012 (Rs.)</b>
Defined Benefit Obligation	9,21,478	13,32,973	11,37,588	10,66,508	6,12,519
Plan Assets	5,08,455	11,10,426	11,87,911	7,76,029	8,19,960
Surplus / ( Deficit )	(4,13,023)	(2,22,547)	50,323	(2,90,479)	2,07,441
Experience adjustments on plan liabilities	3,00,434	(2,28,745)	3,18,232	29,409	16,890
Experience adjustments on plan assets	(16,817)	(1,230)	5,179	8,135	8,596

## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

25. Minimum Alternate Tax (MAT) credit entitlement of Rs. 31,74,787 (2014-15: Rs. 30,55,715) although available as tax credit for set off in future years as per Income Tax Act, 1961, has not been accounted for in view of accounting policy specified in Note 2(xii) herein.

**26. Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - Rs. Nil (2014-15: Rs. 14,05,138).

27. **Related Party in terms of Accounting Standard 18 and as per the Companies Act, 2013 are given below :**

**Name of related parties and description of relationship**

**i) Related parties where control exists**

**a) Subsidiaries**

Microsec Capital Limited  
Microsec Resources Private Limited  
Microsec Technologies Limited  
Microsec Insurance Brokers Limited  
Microsec Commerze Limited  
PRP Technologies Limited  
Microsec Health Buddy Limited  
Bharatiya Sanskriti Village Private Limited  
Myjoy Tasty Food Private Limited  
Myjoy Hospitality Private Limited  
Myjoy Technologies Private Limited  
Sasta Sundar Shop Private Limited  
Myjoy Pharmaceuticals Private Limited  
Joybuddy Fun Products Private Limited  
Microsec Tech Solutions Private Limited

**b) Limited Liability Partnership (Entities over which control is exercised)**

Microsec Invictus Advisors LLP  
Ruchika Advisory Services LLP  
Alokik Advisory Services LLP  
Dreamscape Advisors LLP  
Kailashwar Advisory Services LLP  
Stuti Advisory Services LLP  
Bhavya Advisory Services LLP

**Name of other related parties with whom transactions have taken place during the year**

**ii) Key Management Personnel**

Mr. Banwari Lal Mittal (Chairman and Managing Director)  
Mr. Giridhar Dhelia (Chief Financial Officer) (upto 11th August, 2015)  
Mr. Amrit Daga (Chief Financial Officer) (w.e.f. 12th August, 2015)  
Mr. Biplob Kumar Mani (Company Secretary)

## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

Particulars	Subsidiary Companies / Entities (Enterprise over which control exists)					Key Management Personnel				(Amount in Rs.)
	Microsec Technologies Limited	PRP Technologies Limited	Microsec Capital Limited	Microsec Health Buddy Limited	Mr. Banwari Lal Mittal	Mr. Giridhar Dhelia	Mr. Amrit Daga	Mr. Biplab Mani		
Director's Remuneration	-	-	-	-	53,58,739	-	-	-	-	
	(-)	(-)	(-)	(-)	(35,39,160)	(-)	(-)	(-)	(-)	
Remuneration	-	-	-	-	-	8,14,543	9,53,269	14,31,483		
	(-)	(-)	(-)	(-)	(-)	(13,33,234)	(-)	(12,83,265)		
Management Consultancy Fees	-	-	2,00,00,000	-	-	-	-	-	-	
	(-)	(-)	(2,00,00,000)	(-)	(-)	(-)	(-)	(-)	(-)	
Income from Royalty	-	26	-	-	-	-	-	-	-	
	(-)	(182)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
Service Charges	-	-	2,879	-	-	-	-	-	-	
	(-)	(-)	(2,550)	(-)	(-)	(-)	(-)	(-)	(-)	
Investments during the year	-	-	-	-	-	-	-	-	-	
	(8,00,06,220)	(-)	(-)	(28,02,19,953)	(-)	(-)	(-)	(-)	(-)	
Redemption of Compulsorily Convertible Debentures	-	-	-	-	-	-	-	-	-	
	(-)	(31,96,00,000)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	
Conversion of Compulsorily Convertible Debentures into Equity Shares	-	-	-	-	-	-	-	-	-	
	(-)	(-)	(-)	(30,66,33,600)	(-)	(-)	(-)	(-)	(-)	
Corporate Guarantee Given	-	-	9,50,00,000	6,44,56,688	-	-	-	-	-	
	(-)	(-)	(35,00,00,000)	(-)	(-)	(-)	(-)	(-)	(-)	
Other Payable	-	-	-	-	5,85,335	-	82,782	1,08,750		
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	



## Notes to the Financial Statements

as at and for the year ended 31st March, 2016

### 28. Segment Reporting

In terms of Accounting Standard 17 – “Segment Reporting” notified by Companies Act, 2013, the Company has only one reportable business segment, i.e., “Financial Services – Core Investment Company” and have only one reportable geographic segment in India.

The Company operates in only one geographical segment i.e. ‘Within India’ and no separate information for geographical segment has been given.

29. The shareholders of the Company had approved conversion of the Company to a Core Investment Company (CIC) on 19th March 2013. During the previous year, the Company had applied to the Reserve Bank of India (RBI) for voluntary surrender of Certificate of Registration (CoR) as Non-Banking Financial Company. Vide intimation dated 16th July, 2015, the RBI has accepted the Company’s application and cancelled the CoR.

A Company having an asset size of more than Rs. 100 crores and not accessing public funds is exempt from registration as CIC with RBI in terms of the notification no. DNBS.PD.CC.No.274/03.02.089/2011-12 dated 11th May, 2012.

30. The Company’s wholly owned subsidiary, Microsec Capital Limited (MCL) and MCL’s wholly owned subsidiary Microsec Commerce Limited (MCZL) are engaged in various financial service businesses. With the objective of divesting certain financial service businesses of MCL and MCZL, the Board of Directors of the Company and MCL have approved the demerger of the Consultancy and Investments undertaking of their respective Companies into a resulting company w.e.f. the appointed date April 01, 2016 subject to the approvals from members and creditors of MCL and MCZL, approval of the Hon’ble High Court at Calcutta and other necessary regulatory approvals.

The Company has also entered into a Share Purchase Agreement dated April 19, 2016 for sale of its entire shareholding in MCL (the demerged Company). This sale is subject to the aforesaid approvals necessary for the demerger.

Consequently, the Company’s investments in Microsec Capital Limited have been reclassified from Non-current to current.

31. Net Deferred Tax Assets of Rs. 1,70,98,921 (2014-15: Rs. 1,67,26,328) has not been recognized in view of accounting policy specified in Note 2(xii) herein.
32. Previous year’s figures including those in brackets have been regrouped and / or reclassified to confirm to this year’s classification.

As per our report of even date

For **S. R. Batliboi & CO. LLP**  
Firm Registration No: 301003E/E300005  
Chartered Accountants

per **Bhaswar Sarkar**  
Partner  
Membership No. 55596

Place : Kolkata  
Date : 26th May, 2016

For and on behalf of the Board of Directors

**B. L. Mittal**  
Chairman & Managing Director  
DIN : 00365809

**Amrit Daga**  
Chief Financial Officer

**Ravi Kant Sharma**  
Director  
DIN : 00364066

**Biplab Kumar Mani**  
Company Secretary

# **CONSOLIDATED FINANCIAL STATEMENTS**

## Independent Auditors' Report

To the Members of  
**Microsec Financial Services Limited**

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Microsec Financial Services Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

### **Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group, as at March 31, 2016, their consolidated loss, and their consolidated cash flows for the year ended on that date.

## Independent Auditors' Report

### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, we report, to the extent applicable, that:

- (a) We and the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies, incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 30 to the consolidated financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

### Other Matter

The accompanying consolidated financial statements include total assets of Rs. 1,163,923,429 as at March 31, 2016, total revenues and net cash outflows of Rs. 508,158,973 and Rs. 8,538,963 respectively for the year ended on that date, in respect of 20 subsidiaries, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report(s) of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

For **S.R. Batliboi & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 301003E/E300005

per **Bhaswar Sarkar**

*Partner*

Membership Number: 55596

Place of Signature: Kolkata

Date: May 26, 2016

## Annexure to the Auditors' Report

### ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MICROSEC FINANCIAL SERVICES LIMITED

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of Microsec Financial Services Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Microsec Financial Services Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Annexure to the Auditors' Report

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, insofar as it relates to these 20 (twenty) subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

For **S.R. Batliboi & CO. LLP**

*Chartered Accountants*

ICAI Firm Registration Number: 301003E/E300005

per **Bhaswar Sarkar**

*Partner*

Membership Number: 55596

Place of Signature: Kolkata

Date: May 26, 2016

## Consolidated Balance Sheet

as at 31st March, 2016

(Amount in Rs.)

	Notes	As at 31.03.2016	As at 31.03.2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	3	31,81,05,000	31,81,05,000
(b) Reserves and Surplus	4	1,86,21,98,826	2,22,82,80,354
<b>2. Minority Interest</b>		38,20,888	32,78,394
<b>3. Non Current Liabilities</b>			
(a) Long Term Borrowings	5	2,40,00,000	–
(b) Long Term Provisions	6	46,97,265	44,66,790
(c) Deferred Tax Liabilities (Net)	7	3,76,37,012	3,69,18,648
<b>4. Current Liabilities</b>			
(a) Short Term Borrowings	8	15,78,79,861	4,74,18,845
(b) Trade Payables	9		
Total outstanding dues of micro enterprises and small enterprises		24,76,304	20,77,706
Total outstanding dues of creditors other than micro enterprises and small enterprises		6,48,06,344	8,12,84,580
(c) Other Current Liabilities	10	8,42,70,234	8,19,26,953
(d) Short Term Provisions	6	40,39,667	78,83,605
		<b>2,56,39,31,401</b>	<b>2,81,16,40,875</b>
<b>II. ASSETS</b>			
<b>1. Non Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	11	66,24,81,985	77,50,03,864
(ii) Intangible Assets	11	2,61,17,525	2,58,48,696
(iii) Capital Work in Progress		12,84,959	3,10,74,363
(iv) Intangible assets under development		–	1,51,686
(b) Goodwill on Consolidation		57,38,51,763	57,38,51,763
(c) Non Current Investments	12	8,66,75,630	18,01,88,188
(d) Deferred Tax Assets (net)	13	2,84,908	2,79,964
(e) Long Term Loans and Advances	14	12,58,41,553	14,37,38,136
(f) Other Non Current Assets	15	18,51,69,329	19,82,52,235
<b>2. Current Assets</b>			
(a) Current Investments	16	1,07,62,726	3,94,00,000
(b) Inventories	17	15,97,48,402	17,02,43,941
(c) Trade Receivables	18	8,36,87,481	12,43,80,244
(d) Cash and Bank Balances	19	12,73,10,653	13,10,98,737
(e) Short Term Loans and Advances	14	37,75,67,173	41,16,86,293
(f) Other Current Assets	15	14,31,47,314	64,42,765
		<b>2,56,39,31,401</b>	<b>2,81,16,40,875</b>
<b>Summary of significant accounting policies</b>	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **S. R. Batliboi & CO. LLP**  
Firm Registration No: 301003E/E300005  
Chartered Accountants

per **Bhaswar Sarkar**  
Partner  
Membership No. 55596

Place : Kolkata  
Date : 26th May, 2016

For and on behalf of the Board of Directors

**B. L. Mittal**  
Chairman & Managing Director  
DIN : 00365809

**Amrit Daga**  
Chief Financial Officer

**Ravi Kant Sharma**  
Director  
DIN : 00364066

**Biplab Kumar Mani**  
Company Secretary



## Consolidated Statement of Profit and Loss

for the year ended 31st March, 2016

(Amount in Rs.)

	Notes	2015-16	2014-15
I. Revenue from Operations	20	86,23,89,852	48,34,40,554
II. Other Income	21	2,75,25,714	4,14,57,438
III. <b>Total Revenue (I + II)</b>		<b>88,99,15,566</b>	<b>52,48,97,992</b>
IV. <b>Expenses</b>			
Purchase of traded goods	22	65,37,20,697	28,13,97,082
(Increase) in Inventory of Finished Goods and Traded Goods	23	(2,26,21,529)	(9,70,14,273)
Cost of Materials Consumed	24	91,26,290	83,173
Employee Benefits Expense	25	29,59,14,075	22,49,64,025
Finance Costs	26	1,00,16,630	93,14,836
Depreciation and Amortisation expense	27	7,27,92,254	5,69,89,772
Other Expenses	28	23,93,11,797	21,49,60,262
<b>Total Expenses</b>		<b>1,25,82,60,214</b>	<b>69,06,94,877</b>
V. <b>(LOSS) BEFORE EXCEPTIONAL ITEM AND TAX (III - IV)</b>		<b>(36,83,44,648)</b>	<b>(16,57,96,885)</b>
VI. Profit/(loss) on sale of Property (net)		-	1,72,87,582
VII. <b>(LOSS) BEFORE TAX (V + VI)</b>		<b>(36,83,44,648)</b>	<b>(14,85,09,303)</b>
VIII. <b>Tax Expenses :</b>			
(a) Current Tax		4,40,532	33,66,229
(b) Excess provision for taxation no longer required written back		(39,59,565)	(1,03,60,380)
(c) Deferred Tax Charge		7,13,419	67,22,290
		<b>(28,05,614)</b>	<b>(2,71,861)</b>
IX. <b>(LOSS) FOR THE YEAR BEFORE MINORITY INTEREST</b>		<b>(36,55,39,034)</b>	<b>(14,82,37,442)</b>
Less : Minority Interest (Share of profit of a subsidiary)		5,42,494	7,98,499
X. <b>(LOSS) FOR THE YEAR</b>		<b>(36,60,81,528)</b>	<b>(14,90,35,941)</b>
XI. <b>(Loss) Per Equity Share :</b>			
Basic and Diluted (Nominal Value per Share Rs. 10)	29	(11.51)	(4.69)
<b>Summary of significant accounting policies</b>	2.1		

The accompanying notes are an integral part of the financial statements

As per our report of even date

For **S. R. Batliboi & CO. LLP**  
Firm Registration No: 301003E/E300005  
Chartered Accountants

per **Bhaswar Sarkar**  
Partner  
Membership No. 55596

Place : Kolkata  
Date : 26th May, 2016

For and on behalf of the Board of Directors

**B. L. Mittal**  
Chairman & Managing Director  
DIN : 00365809

**Amrit Daga**  
Chief Financial Officer

**Ravi Kant Sharma**  
Director  
DIN : 00364066

**Biplab Kumar Mani**  
Company Secretary

## Consolidated Cash Flow Statements

for the year ended 31st March, 2016

(Amount in Rs.)

Particulars	2015-16	2014-15
<b>A. Cash Flow from Operating Activities</b>		
<b>(Loss) before tax</b>	(36,83,44,648)	(14,85,09,303)
Adjustments for :		
Loss on sale/discard of Fixed Assets	29,61,573	15,64,666
Exceptional Item - Profit/loss on Sale of Fixed Assets	—	(1,72,87,582)
Provision for standard assets written back	(10,38,000)	(15,99,000)
Gratuity Expense	36,32,034	47,30,302
Depreciation and amortization expense	7,27,92,254	5,69,89,772
Interest Expenses	50,51,745	62,45,806
Provision for doubtful debts	—	3,74,552
Government Grant	(50,363)	—
Interest on Fixed deposits and Others	(2,98,17,928)	(3,85,89,432)
Bad debt written off (net)	18,82,391	47,86,027
Bad debt recovered	(24,64,815)	—
Unspent liabilities no longer required written back	(3,10,424)	(9,96,651)
<b>Operating (Loss) before working capital changes</b>	<b>(31,57,06,181)</b>	<b>(13,22,90,843)</b>
<b>Movements in working capital :</b>		
(Decrease) in trade payables	(1,53,91,738)	(8,71,44,460)
Increase / (Decrease) in other current liabilities	23,43,281	(8,09,17,408)
(Increase) / Decrease in Non-Current Investments	9,35,12,558	(2,44,454)
Decrease in Current Investments	2,86,37,274	19,23,52,982
(Increase) / Decrease in Inventories	1,04,95,539	(9,86,61,270)
Decrease in long-term Loans & Advances	(86,72,308)	61,61,721
Decrease in short-term Loans and Advances	4,75,10,148	8,37,44,435
Decrease in Other Non Current Assets	(5,36,609)	—
Decrease in Other Current Assets	(1,84,785)	—
Decrease in Short term Provision	(33,76,495)	—
Increase in Long term Provision	2,30,475	—
Decrease in trade receivables	4,12,75,187	1,11,04,233
<b>Cash generated (used in) from operations</b>	<b>(11,98,63,654)</b>	<b>(10,58,95,064)</b>
Income tax paid (net)	4,24,110	(1,26,62,539)
<b>Net cash (used in) from operating activities</b>	<b>(11,94,39,544)</b>	<b>(11,85,57,603)</b>

## Consolidated Cash Flow Statements

for the year ended 31st March, 2016

(Amount in Rs.)

Particulars	2015-16	2014-15
<b>B. Cash Flow from Investing Activities</b>		
Proceeds from sale of fixed assets	2,37,24,391	2,44,77,359
Purchase of fixed assets (including intangible assets, Capital Work in Progress and capital advances)	(8,43,83,320)	(18,29,34,320)
Encashment of Fixed Deposits (having original maturity of more than three months)	10,59,50,243	72,46,21,370
Investment in Fixed Deposits (having original maturity of more than three months)	(9,74,34,788)	(53,44,98,632)
Proceeds from Government Grant	10,23,195	—
Interest on Fixed Deposits and Others	4,05,50,904	3,85,86,118
<b>Net cash from / (used in) from investing activities</b>	<b>(1,05,69,375)</b>	<b>7,02,51,895</b>
<b>C. Cash Flows from Financing Activities</b>		
Proceeds from short-term Borrowings	11,04,61,016	4,55,84,797
Proceeds from long-term Borrowings	2,40,00,000	—
Dividend Paid	—	(801)
Interest Paid	(50,51,745)	(62,45,806)
<b>Net cash from financing activities</b>	<b>12,94,09,271</b>	<b>3,93,38,190</b>
<b>D. Net change in cash and cash equivalents (A+B+C)</b>	<b>(5,99,648)</b>	<b>(89,67,518)</b>
<b>E. Cash and Cash equivalents - Opening Balance</b>	<b>6,66,47,811</b>	<b>7,56,15,329</b>
<b>F. Cash and Cash equivalents - Closing Balance</b>	<b>6,60,48,163</b>	<b>6,66,47,811</b>
Cash and Cash Equivalent as indicated in Note 19 comprises of		
Cash in hand	18,05,355	23,87,614
Cheque on hand	10,01,916	—
Balances with scheduled banks *	5,92,40,892	6,42,60,197
Deposit with original maturity of less than three months	40,00,000	—
<b>Total</b>	<b>6,60,48,163</b>	<b>6,66,47,811</b>

\* Excludes balance of Rs. 36,816 (2014-15 Rs. 36,816) with a bank for which refund instruments have been issued to the investors but are yet to be encashed and Rs. 6,12,25,674 (2014-15: Rs. 6,44,14,110) of Fixed Deposits with restricted use or maturity for more than three months.

As per our report of even date

For **S. R. Batliboi & CO. LLP**  
Firm Registration No: 301003E/E300005  
Chartered Accountants

per **Bhaswar Sarkar**  
Partner  
Membership No. 55596

Place : Kolkata  
Date : 26th May, 2016

For and on behalf of the Board of Directors

**B. L. Mittal**  
Chairman & Managing Director  
DIN : 00365809

**Amrit Daga**  
Chief Financial Officer

**Ravi Kant Sharma**  
Director  
DIN : 00364066

**Biplab Kumar Mani**  
Company Secretary

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

### 1. BASIS OF CONSOLIDATION

The Consolidated Financial Statements which relate to Microsec Financial Services Limited (the Company) and its subsidiaries have been prepared on the following basis:

- The financial Statements of the Company and its subsidiaries have been consolidated in terms of Accounting Standard – 21, “Consolidated Financial Statements” and Companies Act, 2013 on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure after fully eliminating intra group balances, intra group transactions and any unrealized profit/loss included therein.
- The excess/shortfall of cost to the Company’s investments over equity in the subsidiary companies as on the date of investment is recognized in the financial statements as goodwill / capital reserve as the case may be.
- The consolidated financial statements have been prepared using uniform accounting policies, for like transactions and are presented to the extent possible, in the same manner as the Company’s standalone financial statements.
- The Subsidiaries considered in these consolidated financial statements are as under:

Name	Country of Incorporation	% of Voting Power/Ownership interest	
		As at 31.03.2016	As at 31.03.2015
Microsec Capital Limited	India	100	100
Microsec Commerze Limited	India	100	100
Microsec Insurance Brokers Limited	India	100	100
Microsec Technologies Limited	India	100	100
Microsec Resources Private Limited	India	100	100
PRP Technologies Limited	India	100	100
Microsec Invictus Advisors LLP	India	100	100
Microsec Health Buddy Limited	India	100	100
Bharatiya Sanskriti Village Private Limited	India	100	100
Myjoy Tasty Food Private Limited	India	100	100
Myjoy Hospitality Private Limited	India	100	100
Sasta Sundar Shop Private Limited	India	100	100
Myjoy Technologies Private Limited	India	100	100
Myjoy Pharmaceuticals Private Limited	India	100	100
Alokik Advisory Services LLP	India	100	100
Dreamscape Advisory Services LLP	India	100	100
Kailashwar Advisory Services LLP	India	100	100
Stuti Advisory Services LLP	India	100	100
Ruchika Advisory Services LLP	India	100	100
Bhavya Advisory Services LLP	India	98	98
Joybuddy Fun Products Private Limited	India	100	100
Microsec Tech Solutions Private Limited	India	100	100

Note :- All the above Limited Liability Partnership (LLPs) have been consolidated due to the Company’s control over composition of their governing bodies by PRP Technologies Limited, Microsec Commerze Limited, Microsec Capital Limited, Bharatiya Sanskriti Village Private Limited, Myjoy Hospitality Private Limited, Myjoy Tasty Food Private Limited and Myjoy Pharmaceuticals Private Limited.

# Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

## 2 BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material aspects with the accounting standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 and the directives as prescribed by the Reserve Bank of India to Non Deposit Accepting Core Investment Companies. The financial statements have been prepared under the historical cost convention on an accrual basis. However, income is not recognized and also provision is made in respect of non-performing assets as per the prudential norms prescribed by the Reserve Bank of India. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

### 2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### i) Change in Accounting Policy

##### a) Component Accounting

The Company has adopted component accounting as required under Schedule II to the Companies Act, 2013 from 1st April, 2015. The Company was previously not identifying components of fixed asset separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset.

##### b) Depreciation on fixed assets

Till the year ended 31 March 2015, the Company used the depreciation rate as prescribed under Schedule II to the Companies Act, 2013. From the current year, the Company has revised the remaining useful life of Plant & Machinery which is different from the life prescribed under Schedule II of the Companies Act, 2013. The Management, supported by technical justification, has estimated the useful life to be 10 to 15 years which are lower than those indicated in Schedule II.

#### ii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of financial statements and the results of operations during the reporting year end. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets and liabilities in future periods.

#### iii) Revenue Recognition

- a) Revenue from share brokerage activities is accounted for on trade date basis and excludes service tax and Securities Transaction Tax. Annual Maintenance Charges in respect of depository services are collected from the customers at the time of account opening and every quarter thereafter and accounted for as income under the head Brokerage and related income, on a proportionate basis.
- b) Fees from Investment Banking activities which include Mergers & Acquisitions, Investment and other advisory services are recognized as revenue when the relevant services are rendered to the customers and there are reasonable certainties as regards ultimate collectability of such revenue. The Company collects service tax on behalf of the Government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.
- c) Commission on insurance policies sold is recognized, when an insurance policy sold by the Company is accepted by the principal insurance company.
- d) Commission and Incentive income on primary market activities, included in Investment Banking revenue is recognized on receipt of confirmation from the concerned party after completion of the public issue.

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

- e) Dividend income is recognized when the shareholder's right to receive payment is established by the balance sheet date.
- f) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- g) Penal Charges for delayed receipt of dues from the clients are credited on accrual basis, as per management's judgement, as to the reasonable certainty in realisation thereof.
- h) Service charge is recognised as and when services are rendered to the customers and when there is reasonable certainty for its ultimate realisation/collection.
- i) Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.
- j) Revenue from Consumer Engagement Activity is recognized when the related activities that generates revenue for the Company has been completed.
- k) Fees from professional / consultancy service is recognised as and when the services are rendered to the customers and there is reasonable certainty for its ultimate realisation/collection.
- l) Profit / (Loss) on sale of investments is determined based on the weighted average cost of the investments sold.
- m) Transactions in respect of Investment / dealing in securities are recognized on trade date.

### iv) Tangible Fixed Assets

Tangible Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is de-recognised.

### v) Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

### vi) Depreciation and Amortization on tangible and intangible assets

- a) Leasehold land is amortised on a straight line basis over the period of lease, i.e. 90 / 99 years.
- b) Depreciation on fixed assets is calculated on a WDV basis using the rates arrived at based on the useful lives estimated by the management which is as per the rates specified in Schedule II to the Companies Act, 2013.
- c) Depreciation on Fixed Assets added/disposed off during the year is provided on prorata basis with reference to the date of addition/disposal.
- d) Goodwill on consolidation is not amortized but tested for impairment.
- e) Copyrights are amortized on straight-line basis over a period of three years from the date the assets become available for use.
- f) Computer softwares are amortized on straight line basis over a period of three / five years as the case may be from the date the assets become available for use.
- g) Web Application Portal are amortized on straight-line basis over a period of ten years from the date the assets become available for use.

# Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

## vii) Impairment of Tangible & Intangible Assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment based on external/internal factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation / amortization is provided on the revised carrying amount of the assets over its remaining useful lives.

A previously recognized impairment loss is increased or reversed depending on the changes in the circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortization if there was no impairment.

## viii) Borrowing Costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

## ix) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date on which such investments are made are classified as Current Investments. All other Investments are classified as Non – Current / Long term Investments. Current Investments are stated at lower of cost and market rate on an individual investment basis. Non - Current / Long term investments are considered "at cost" on individual investment basis, unless there is a decline other than temporary in the value, in which case adequate provision is made against such diminution in the value of investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit and Loss.

## x) Fixed Assets Acquired under lease

### Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leasehold assets are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss.

## xi) Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

## xii) Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company and its subsidiaries does not recognize a contingent liability but discloses its existence in the financial statements.



## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

### xiii) Taxation

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred Income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

The deferred tax for timing differences between the book and tax profit for the year is accounted for using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

The carrying amount of deferred tax asset is reviewed at each Balance Sheet date. The company writes down the carrying amount of a Deferred Tax Asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

At each Balance Sheet date, the Company and its subsidiaries recognizes the unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax asset can be realized.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

### xiv) Provisioning on Standard Assets

The Reserve Bank of India (RBI) vide Notification No. DNBS 223/CGM (US) – 2011 dated January 17, 2011 has issued direction to all NBFCs to make provision of 0.25% on standard assets. Accordingly, the Company has made provision @0.25% on standard assets in accordance with RBI directions.

### xv) Segment Reporting

#### a) Identification of Segments :

The Company has identified that its business segments are the primary segments. The Company's operating businesses are organized and managed separately according to the nature of products/services provided, with each segment representing a strategic business unit that offers different products/services and serves different markets. The analysis of geographical segments is based on the areas in which the operating division of the company operates.

#### b) Allocation of Common Costs :

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common cost. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis are included under the head "Unallocated – Common".

The accounting policies adopted for segment reporting are in line with those of the Company.

### xvi) Retirement and other employees benefits

- a) Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the

# Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to a reduction in future payment or a cash refund.

- b) Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method at the end of each financial year. The Company has got an approved gratuity fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities. Current / Non Current bifurcation is done based on the actuarial valuation report.
- c) Short term compensated absences are provided for based on estimates.

## xvii) Inventories

Closing Stock of shares and mutual funds is valued at "lower of cost and fair value" on individual basis.

Raw materials and packing materials are valued at lower of cost and net realizable value. However, Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected will to be sold at or above cost.

Finished goods are valued at lower of cost and net realizable value. Cost includes direct and a proportion of overheads.

Traded Goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventory to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

## xviii) Earning Per Share

Basic Earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders, by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

## xix) Loan Assets

Loan asset includes loans given by the Company, repayable on demand and are secured by collateral offered by the customers.

## xx) Debenture Redemption Reserve

As a matter of prudence, the Company, as per the management's discretion, creates debenture redemption reserve for redemption of privately placed debentures on a straight line basis over the tenure of the respective debentures subject to availability of profits.

## xxi) Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise of Cash at Bank and Cash/Cheque on hand and fixed deposits with an original maturity of three months or less.

## xxii) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is shown as a deduction from the gross value of the asset concerned in arriving at its book value.

Where the company receives non-monetary grants, the asset is accounted for on the basis of its acquisition cost. In case a non-monetary asset is given free of cost, it is recognized at a nominal value.

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	As at 31.03.2016	As at 31.03.2015
<b>3. SHARE CAPITAL</b>		
<b>Authorised</b>		
3,50,00,000 (2014-15: 3,50,00,000) Equity Shares of Rs. 10 each (2014-15: Rs. 10 each)	35,00,00,000	35,00,00,000
<b>Issued, Subscribed and Fully Paid-up Shares</b>		
3,18,10,500 (2014-15: 3,18,10,500) Equity Shares of Rs. 10 each (2014-15: Rs. 10 each)	31,81,05,000	31,81,05,000

**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period**

Equity Shares	As at 31.03.2016		As at 31.03.2015	
	Nos.	Rs.	Nos.	Rs.
Outstanding at the beginning and at the end of the year	3,18,10,500	31,81,05,000	3,18,10,500	31,81,05,000

**(b) Terms / Rights attached to the equity shares**

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at 31.03.2016		As at 31.03.2015	
	No. of shares	% of holding	No. of shares	% of holding
(Equity shares of Rs. 10 each full paid up)				
Banwari Lal Mittal	1,08,16,000	34.00	1,08,16,000	34.00
Topview Enclaves LLP	74,34,069	23.37	74,24,069	23.34
Microsec Vision Employee Trust	17,83,400	5.61	17,83,400	5.61

As per records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**(d) Aggregate number of bonus shares issued and shares bought back during the period of five years immediately preceding the reporting date**

Particulars	As at 31.03.2016	As at 31.03.2015
Equity shares bought back by the Company	—	10,00,000

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	As at 31.03.2016	As at 31.03.2015
<b>4. RESERVES AND SURPLUS</b>		
<b>Capital Reserve (arisen on Consolidation)</b>	36,43,980	36,43,980
<b>Capital Redemption Reserve</b> (Balance as per the last financial statements)	1,02,00,000	1,02,00,000
<b>Securities Premium Account</b> (Balance as per the last financial statements)	1,38,98,44,136	1,38,98,44,136
<b>Debenture Redemption Reserve</b> Balance as per the last financial statements	1,60,63,456	1,48,13,456
Add : Transferred from the Statement of Profit and Loss	1,72,542	12,50,000
	<b>1,62,35,998</b>	<b>1,60,63,456</b>
<b>Reserve under Section 45-IC of the Reserve Bank of India Act, 1934</b> Balance as per the last financial statements	15,00,79,380	14,74,27,700
Add: Amount transferred from the Statement of Profit and Loss	43,140	26,51,680
	<b>15,01,22,520</b>	<b>15,00,79,380</b>
According to Section 45-IC of the Reserve Bank of India Act, 1934, every NBFC shall create a reserve fund and transfer therein a sum not less than 20% of its Net Profit every year as disclosed in the Statement of Profit and Loss and before declaration of dividend.		
<b>Surplus in the Statement of Profit and Loss</b> Balance as per the last financial statements	65,84,49,402	81,58,30,297
Less : Loss for the year transferred from the Statement of Profit and Loss	36,60,81,528	14,90,35,941
	<b>29,23,67,874</b>	<b>66,67,94,356</b>
Less : Appropriations		
Transitional provision for depreciation under the Companies Act, 2013	-	44,43,274
Transferred to Reserve under Section 45-IC of the RBI Act, 1934	43,140	26,51,680
Transferred to Debenture Redemption Reserve	1,72,542	12,50,000
	<b>29,21,52,192</b>	<b>65,84,49,402</b>
	<b>1,86,21,98,826</b>	<b>2,22,82,80,354</b>

	Non - Current Portion		Current Maturities	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.
<b>5. LONG-TERM BORROWINGS</b>				
<b>Term Loan</b>				
Indian Rupee loan from bank (Secured)	2,40,00,000	-	60,00,000	-
	<b>2,40,00,000</b>	<b>-</b>	<b>60,00,000</b>	<b>-</b>
Amount Disclosed under the head "other current liabilities" [Refer Note 10]	-	-	(60,00,000)	-
	<b>2,40,00,000</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

Indian rupee loan from bank is secured by hypothecation of plant & machinery purchased and Equitable Mortgage of factory premises on leasehold land and installed plant & machinery at Baruiapur along with corporate guarantee of the Company. The rate of interest applicable to this term loan is Bank's Base rate plus 50 basis point (i.e. 10.15%).

The loan is repayable in 60 equal monthly installments of Rs. 5,00,000 each from 30th April, 2016.

(Amount in Rs.)

	Long Term		Short Term	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.
<b>6. PROVISIONS</b>				
<b>Provision for Employee Benefits</b>				
Gratuity [Refer Note 32]	46,97,265	44,66,790	24,42,905	21,87,366
<b>Other Provisions</b>				
For Taxation [Net of Advances Rs. Nil (2014-15: Rs. 2,66,77,831)]	-	-	7,97,762	38,59,239
For Standard Assets	-	-	7,99,000	18,37,000
	<b>46,97,265</b>	<b>44,66,790</b>	<b>40,39,667</b>	<b>78,83,605</b>

	As at 31.03.2016	As at 31.03.2015
<b>7. DEFERRED TAX LIABILITIES (NET)</b>		
<b>Deferred Tax Liability</b>		
Fixed Assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting (adjusted through Statement of Profit and Loss)	-	29,26,280
Timing difference of accrued interest on bonds	-	38,70,984
Discount on Deep Discount Debentures	3,76,37,012	3,24,45,322
<b>Gross Deferred Tax Liability (A)</b>	<b>3,76,37,012</b>	<b>3,92,42,586</b>
<b>Deferred Tax Asset</b>		
Fixed Assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting. (adjusted through General Reserve)	-	9,12,334
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis. Expenses Allowable against taxable income in future years	-	14,11,604
<b>Gross Deferred Tax Asset (B)</b>	<b>-</b>	<b>23,23,938</b>
<b>Net Deferred Tax Liabilities (A-B)</b>	<b>3,76,37,012</b>	<b>3,69,18,648</b>

<b>8. SHORT-TERM BORROWINGS</b>		
Loan from Body Corporate (secured)	4,29,97,089	-
Cash Credit from Banks (secured) *	11,48,82,772	4,74,18,845
	<b>15,78,79,861</b>	<b>4,74,18,845</b>

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

- Cash Credit from Banks aggregating Rs. 5,44,41,642 (2014-15 : Rs. 4,73,33,578) secured by pledge of Fixed Deposits Receipts of Rs. 8,50,00,000 (Rs. 14,75,00,000) held by a subsidiary company, is repayable on demand and carries interest @ Fixed Deposit interest +1%, presently 9.60% to 10% per annum.
- Cash Credit from Bank aggregating Rs. 2,59,84,442 (2014-15 :Rs. 85,267) secured by mortgage of property of the company, is repayable on demand and carries interest @ 12.75% per annum.
- Loan from Body Corporate aggregating Rs. 4,29,97,089 (2014-15: Rs. Nil) is repayable on demand and secured against pledge of securities owned by the borrowers who have availed loan from the subsidiary company and carries interest @ 10.85% to 11.10% per annum.
- Cash credit from bank aggregating Rs.3,44,56,688 (2014-15: Rs. Nil) is secured against margin money deposits, hypothecation of inventories, book debts (both present & future), Equitable Mortgage of factory premises on leasehold land and installed plant & machinery at Baruipur held by a subsidiary company along with corporate guarantee of the Company. The cash credit is repayable on demand and carries interest @ Bank's Base Rate plus 50 Basis Points (i.e. 10.15%).

(Amount in Rs.)

	As at 31.03.2016	As at 31.03.2015
<b>9. TRADE PAYABLES</b>		
Due to Micro and Small Enterprises [Refer Note 45]	24,76,304	20,77,706
Amount Payable to Clients	3,28,21,137	5,19,55,740
Amount Payable to Stock / Commodity Exchanges	2,79,369	4,98,298
Due to Others	3,17,05,838	2,88,30,542
	<b>6,72,82,648</b>	<b>8,33,62,286</b>
<b>10. OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term borrowings [Refer Note 5]	60,00,000	-
Margin from Clients	1,38,59,516	3,32,96,082
Security Deposits	1,61,94,423	1,61,21,557
Unclaimed Dividend *	1,63,736	1,63,736
Share Application Money pending refund**	36,816	36,816
Temporary Book overdraft from Scheduled Banks	49,342	1,477
Other Payables		
Capital Purchases	59,29,788	1,91,40,104
Advance from Customers	7,73,877	4,33,584
Interest Accrued but not due on borrowings	4,13,480	-
Statutory Dues	87,73,184	90,93,189
Other Payables	2,75,71,255	36,40,408
Liability for Reward Points - Sasta Sundar Currency	45,04,817	-
	<b>8,42,70,234</b>	<b>8,19,26,953</b>

\* to be paid as and when due to Investor Education and Protection Fund.

\*\* Represents refund instruments issued to the investors which are yet to be encashed since 1st October, 2010. This, however, does not include any amount, due and outstanding to be credited to Investors Education and Protection Fund.

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

### 11. FIXED ASSETS :

#### A. Tangible Assets

Particulars	Freehold Land	Leasehold Land	Residential Flat	Building / Office Premises	Computer and Allied Equipments	Furniture and Fixtures	Plant and Machinery	Electrical Equipments	Office Equipments	Vehicles	Total
<b>Gross Block</b>											
At April 1, 2014	2,37,39,239	22,89,01,823	55,52,350	26,78,96,887	5,92,57,854	6,17,77,416	-	57,39,279	4,72,20,081	1,09,31,154	71,10,16,083
Additions	-	14,77,35,438	-	4,20,44,750	1,02,20,413	1,34,09,865	75,96,505	1,72,93,839	1,27,39,978	28,15,088	25,38,55,876
Disposals	-	-	-	91,32,479	17,10,980	51,78,476	-	52,519	44,41,684	25,29,554	2,30,45,692
At March 31, 2015	2,37,39,239	37,66,37,261	55,52,350	30,08,09,158	6,77,67,287	7,00,08,805	75,96,505	2,29,80,599	5,55,18,375	1,12,16,688	94,18,26,267
Additions	-	-	-	5,48,86,195	51,21,810	2,00,13,573	2,60,58,971	81,16,868	66,41,234	3,01,000	12,11,39,651
Disposals	-	16,47,84,870	-	10,29,476	6,93,863	30,15,527	-	6,39,135	30,12,924	31,02,795	17,62,78,590
Government Grant [Refer Note 50]	-	-	-	10,23,195	-	-	-	-	-	-	10,23,195
At March 31, 2016	2,37,39,239	21,18,52,391	55,52,350	35,36,42,682	7,21,95,234	8,70,06,851	3,36,55,476	3,04,58,332	5,91,46,685	84,14,893	88,56,64,133
<b>Depreciation</b>											
At April 1, 2014	-	54,78,322	7,61,033	2,99,07,014	3,75,56,440	2,82,15,993	-	4,148	1,50,77,621	51,85,643	12,21,86,214
Charge For the Year	-	23,34,581	2,32,860	1,15,25,070	1,18,63,555	1,02,52,786	1,63,085	39,87,049	1,10,80,667	21,21,121	5,35,60,774
Impact of Transitional Provision for depreciation under the Companies Act, 2013	-	-	-	-	10,49,141	1,72,560	-	-	41,43,085	1,878	53,66,664
Disposals	-	-	-	34,27,320	16,58,209	41,61,836	-	9,545	40,02,326	10,32,013	1,42,91,249
At March 31, 2015	-	78,12,903	9,93,893	3,80,04,764	4,88,10,927	3,44,79,503	1,63,085	39,81,652	2,62,99,047	62,76,629	16,68,22,403
Charge For the Year	-	22,66,214	2,21,541	1,40,39,902	1,09,67,268	1,17,51,191	60,42,736	79,05,201	1,07,64,290	14,46,914	6,54,05,257
Disposals	-	7,51,540	-	2,59,459	6,48,109	23,18,317	-	1,62,193	27,82,160	20,73,371	89,95,149
Government Grant [Refer Note 50]	-	-	-	50,363	-	-	-	-	-	-	50,363
At March 31, 2016	-	93,27,577	12,15,434	5,17,34,844	5,91,30,086	4,39,12,377	62,05,821	1,17,24,660	3,42,81,177	56,50,172	22,31,82,148
<b>Net Block</b>											
At March 31, 2015	2,37,39,239	36,88,24,358	45,58,457	26,28,04,394	1,89,56,360	3,55,29,302	74,33,420	1,89,98,947	2,92,19,328	49,40,059	77,50,03,864
At March 31, 2016	2,37,39,239	20,25,24,814	43,36,916	30,19,07,838	1,30,65,148	4,30,94,474	2,74,49,655	1,87,33,672	2,48,65,508	27,64,721	66,24,81,985



## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

### B. Intangible Assets

Particulars	Computer Software	Web Application Portal	Copyrights - Right on Web Application Portal - Personal Resource Planning	Business and Membership Rights	Total
<b>Gross Block</b>					
<b>At April 1, 2014</b>	2,12,15,410	51,91,747	5,00,01,000	45,15,579	<b>8,09,23,736</b>
Additions	1,02,59,329	1,30,59,521	-	-	<b>2,33,18,850</b>
Disposals	-	-	-	-	-
<b>At March 31, 2015</b>	<b>3,14,74,739</b>	<b>1,82,51,268</b>	<b>5,00,01,000</b>	<b>45,15,579</b>	<b>10,42,42,586</b>
Purchase	67,50,839	9,04,988	-	-	<b>76,55,827</b>
Disposals	-	-	-	-	-
<b>At March 31, 2016</b>	<b>3,82,25,578</b>	<b>1,91,56,256</b>	<b>5,00,01,000</b>	<b>45,15,579</b>	<b>11,18,98,413</b>
<b>Amortization</b>					
<b>At April 1, 2014</b>	1,63,27,110	41,21,203	5,00,01,000	45,15,579	<b>7,49,64,892</b>
Charge For the Year	33,35,325	93,673	-	-	<b>34,28,998</b>
Disposals	-	-	-	-	-
<b>At March 31, 2015</b>	<b>1,96,62,435</b>	<b>42,14,876</b>	<b>5,00,01,000</b>	<b>45,15,579</b>	<b>7,83,93,890</b>
Charge For the Year	45,29,339	28,57,659	-	-	<b>73,86,998</b>
Disposals	-	-	-	-	-
<b>At March 31, 2016</b>	<b>2,41,91,774</b>	<b>70,72,535</b>	<b>5,00,01,000</b>	<b>45,15,579</b>	<b>8,57,80,888</b>
<b>Net Block</b>					
<b>At March 31, 2015</b>	<b>1,18,12,304</b>	<b>1,40,36,392</b>	-	-	<b>2,58,48,696</b>
<b>At March 31, 2016</b>	<b>1,40,33,804</b>	<b>1,20,83,721</b>	-	-	<b>2,61,17,525</b>

	Face value Per share/ unit Rs.	No. of Shares/ units	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>12. NON-CURRENT INVESTMENTS</b>				
<b>Trade Investments (valued at cost)</b>				
<b>Quoted Bonds (fully paid Up)</b>				
National Bank for Agriculture and Rural Development *	20,000	3,101	2,86,84,250	9,03,81,750
		(9,771)		
		(A)	<b>2,86,84,250</b>	<b>9,03,81,750</b>
<b>Non Trade Investments (valued at cost unless stated otherwise)</b>				
<b>Quoted Equity Shares (fully paid up)</b>				
Emami Limited	1	30,000	1,17,62,147	1,17,62,147
		(30,000)		

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

	Face value Per share/ unit Rs.	No. of Shares/ units	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
WABCO - TVS (India) Limited	5	1,621	21,64,123	41,66,704
		(3,121)		
NMDC Limited	1	-	-	69,80,220
		(56,256)		
Blue Star Limited	2	15,771	25,37,021	25,37,021
		(15,771)		
Engineers India Limited	5	-	-	31,21,101
		(20,000)		
Himadri Chemicals and Industries Limited	1	-	-	13,07,596
		(89,447)		
IL&FS Transportation Networks Limited	10	-	-	53,04,959
		(33,020)		
Larsen and Toubro Limited	2	8,372	91,47,938	91,47,938
		(8,372)		
Thermax Limited	2	9,000	51,49,093	51,49,093
		(9,000)		
Power Grid Corporation of India Limited	10	-	-	10,39,410
		(11,549)		
Tata Motors Limited (DVR)	2	-	-	46,85,664
		(30,000)		
ABB Limited	2	6,004	49,75,523	49,75,523
		(6,004)		
ACC Limited	10	3,850	49,84,200	49,84,200
		(3,850)		
Bharat Electronics Limited	10	17,172	73,70,812	73,70,812
		(5,724)		
IDFC	10	-	-	24,68,076
		(18,500)		
Indraprasta Gas Limited	10	-	-	23,99,665
		(7,500)		
Vedanta Limited**	1	47,800	99,00,523	99,00,523
		(47,800)		
Ramkrishna Forgings Limited	10	-	-	25,05,786
		(6,500)		
		(B)	<b>5,79,91,380</b>	<b>8,98,06,438</b>
		(A + B)	<b>8,66,75,630</b>	<b>18,01,88,188</b>

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	Face value Per share/ unit Rs.	No. of Shares/ units	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>Aggregate Value of Investments</b>				
Quoted			8,66,75,630	18,01,88,188
Market value of Quoted Investments			14,24,97,966	28,05,64,473
* Includes Rs. 2,08,21,750 (2014-15: Rs. 9,03,81,750 ) pledged with the following Scheduled banks as security against bank guarantees and working capital facility.				
			As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
HDFC Bank Limited			57,62,750	4,64,62,750
Indusind Bank Limited			33,76,250	2,66,86,250
Axis Bank Limited			1,16,82,750	1,72,32,750
			<b>2,08,21,750</b>	<b>9,03,81,750</b>

\*\* Previously known as Sesa Sterlite Limited.

	As at 31.03.2016	As at 31.03.2015
<b>13. DEFERRED TAX ASSETS (NET)</b>		
<b>Deferred Tax Liability</b>		
Fixed Assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting.	6,721	11,609
<b>Gross Deferred Tax Liability (A)</b>	<b>6,721</b>	<b>11,609</b>
<b>Deferred Tax Asset</b>		
Impact of expenditure charged to the statement of Profit and Loss in the Current Year but allowed for tax purposes on payment basis. Expenses Allowable against taxable income in future years	44,738	32,940
Provision for standard assets	2,46,891	2,58,633
<b>Gross Deferred Tax Asset (B)</b>	<b>2,91,629</b>	<b>2,91,573</b>
<b>Net Deferred Tax Assets (B-A)</b>	<b>2,84,908</b>	<b>2,79,964</b>

	Non Current		Current	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.
<b>14. LOANS AND ADVANCES</b>				
<b>A. Loans</b>				
- Secured, considered good	-	-	18,67,81,337	33,11,64,304
- Unsecured, considered good	-	-	11,33,80,432	34,34,473
<b>(A)</b>	<b>-</b>	<b>-</b>	<b>30,01,61,769</b>	<b>33,45,98,777</b>

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	Non Current		Current	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.
<b>B. Advances</b>				
(Unsecured Considered good, unless otherwise stated)				
Capital Advances [Refer Note 35]	6,75,97,170	8,20,96,623	-	-
Advance against Investment Property [Refer Note 35]	1,22,11,098	1,21,82,713	-	-
Advance Recoverable in cash or kind	-	-	57,98,673	1,04,40,167
Prepaid Expenses	4,72,224	6,68,974	58,58,396	52,67,492
Deposits with Government Authorities and others	1,53,13,750	23,72,662	51,69,058	1,39,41,608
Deposits with Exchanges	2,76,34,301	3,17,06,331	67,50,000	70,00,000
Advance Income tax and Tax Deducted at Source [Net of Provision Rs. 5,76,16,981 (2014-15: Rs. 8,56,45,514)]	26,13,010	1,47,10,833	5,38,29,277	4,04,38,249
<b>(B)</b>	<b>12,58,41,553</b>	<b>14,37,38,136</b>	<b>7,74,05,404</b>	<b>7,70,87,516</b>
<b>(A + B)</b>	<b>12,58,41,553</b>	<b>14,37,38,136</b>	<b>37,75,67,173</b>	<b>41,16,86,293</b>

	Non Current		Current	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.
<b>15. OTHER ASSETS</b>				
(Unsecured, Considered Good)				
Non Current Bank Balances [Refer Note 19]	14,86,00,000	15,39,27,019	-	-
Accrued Interest on Fixed Deposits	2,16,92,700	92,01,509	21,28,837	64,42,765
Accrued Interest on Bonds	1,43,40,020	3,51,23,707	-	-
Interest on Income Tax Refund Receivable	-	-	6,13,692	-
Receivable on Surrender of Leasehold Land [Refer Note 47]	-	-	14,02,20,000	-
Unamortized Premium on Borrowing Cost	5,36,609	-	1,34,152	-
Dividend Receivable	-	-	50,633	-
	<b>18,51,69,329</b>	<b>19,82,52,235</b>	<b>14,31,47,314</b>	<b>64,42,765</b>

	No. of Shares/ units	Face value Per share/ unit (Rs.)	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>16. CURRENT INVESTMENTS</b>				
(Valued at lower of cost and fair value, unless stated otherwise)				
<b>Unquoted Mutual Funds (Fully Paid)</b>				
Reliance Liquid Fund - Treasury Plan - Growth Plan - Growth Option	3,093.54	1,000	1,07,62,726	3,94,00,000
	(11,580.57)			
			<b>1,07,62,726</b>	<b>3,94,00,000</b>

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	No. of Shares/ units	Face value Per share/ unit (Rs.)	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
<b>Aggregate Value of Investments</b>				
Unquoted			1,07,62,726	3,94,00,000
Aggregate Net Asset Value of Mutual Fund Units			1,14,01,217	3,94,54,486

	No. of units	Face value Per share/ unit (Rs.)	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
		Rs.	Rs.	Rs.
<b>17. INVENTORIES</b>				
(Valued at lower of cost and net realisable value)				
<b>Unquoted Mutual Funds</b> (fully paid)				
Reliance Liquid Fund - Treasury Plan - Growth Plan - Growth Option	-		-	5,25,00,000
	(15,395.78)			
		(A)	-	5,25,00,000
<b>Quoted Equity Shares</b> (fully paid)				
NMDC Limited	10,000		9,76,623	-
	(-)			
Hindustan Unilever Limited	-		-	2,19,791
	(285)			
Ranbaxy Laboratories Limited	-		-	2,21,298
	(325)			
Indian Oil Corporation	-		-	17,56,487
	(5,000)			
		(B)	9,76,623	21,97,576
<b>Raw Materials, Traded Goods, Finished Goods and Packing Materials</b>				
<b>Raw Materials</b>				
Food Ingredients			1,01,91,163	14,56,809
<b>Finished Goods</b>				
Food Products			12,67,788	-
<b>Traded Goods</b>				
Medicines			8,17,64,702	5,86,45,867
FMCG Goods			5,07,86,339	5,25,51,432
<b>Packing Materials</b>			1,47,61,787	28,92,257
		(C)	15,87,71,779	11,55,46,365
		(A+B+C)	15,97,48,402	17,02,43,941

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	As at 31.03.2016	As at 31.03.2015
<b>18. TRADE RECEIVABLES</b>		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	18,63,593	3,80,024
Unsecured, considered good	79,72,950	45,98,896
Doubtful	-	3,74,552
	<b>98,36,543</b>	<b>53,53,472</b>
Provision for doubtful receivables	-	(3,74,552)
	<b>98,36,543</b>	<b>49,78,920</b>
Other receivables		
Secured, considered good	6,63,58,991	10,18,51,597
Unsecured, considered good	74,91,947	1,75,49,727
	7,38,50,938	11,94,01,324
	<b>8,36,87,481</b>	<b>12,43,80,244</b>

	Non Current		Current	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
	Rs.	Rs.	Rs.	Rs.
<b>19. CASH AND BANK BALANCES</b>				
<b>(i) Cash and Cash Equivalents</b>				
Cash on Hand	-	-	18,05,355	23,87,614
Cheque on Hand			10,01,916	-
Balances with Scheduled Banks				
On Current Accounts	-	-	5,90,77,156	6,40,96,461
Deposit with original maturity of less than three months	-	-	40,00,000	-
Unclaimed Dividend Account	-	-	1,63,736	1,63,736
	-	-	6,60,48,163	6,66,47,811
<b>(ii) Other Bank Balances</b>				
IPO Refund Account *	-	-	36,816	36,816
"Deposits with original maturity for more than 12 months [Refer Note 31]"	14,86,00,000	15,39,27,019	2,63,25,674	4,05,14,110
Deposits with original maturity for more than 3 months but not more than 12 months [Refer Note 31]	-	-	3,49,00,000	2,39,00,000
"Amount disclosed under ""other non current assets"" [Refer Note 15]"	(14,86,00,000)	(15,39,27,019)	-	-
	-	-	<b>12,73,10,653</b>	<b>13,10,98,737</b>

\*Represents balance with a bank for which refund instruments have been issued to the investors which are yet to be encashed by the investors.

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	2015-16	2014-15
<b>20. REVENUE FROM OPERATIONS</b>		
<b>(i) Interest Income</b>		
On Loans	4,35,08,958	4,89,10,944
On Fixed Deposits	-	34,89,222
On Fixed Deposits pledged with Stock / Commodity Exchange & Clearing member	81,82,780	54,47,456
(A)	<b>5,16,91,738</b>	<b>5,78,47,622</b>
<b>(ii) Other Financial Services</b>		
<b>- Stock/Commodity Broking</b>		
Brokerage and Related Income	10,68,04,035	15,83,71,158
Penal Charges Collected from clients	1,51,91,566	1,68,10,449
(B)	<b>12,19,95,601</b>	<b>17,51,81,607</b>
<b>- Investments</b>		
Profit on Sale of Non-Trade Investments (Net)		
-Long Term	1,47,45,674	1,46,22,290
-Current	9,59,270	77,73,487
-Trading in Mutual Fund / Quoted Shares	8,92,035	42,48,641
Dividend from Long Term Non-Trade Investments	10,64,137	16,19,926
(C)	<b>1,76,61,116</b>	<b>2,82,64,344</b>
<b>- Wealth Management, Financial Planning and Distribution</b>		
Insurance Brokerage and Related Income	10,88,592	15,20,321
Service Charges	2,477	18,647
(D)	<b>10,91,069</b>	<b>15,38,968</b>
<b>- Others</b>		
Consultancy & Investment Banking Revenue	15,49,000	49,00,100
Professional Fees	5,70,000	4,20,000
Miscellaneous	750	8,250
(E)	<b>21,19,750</b>	<b>53,28,350</b>
<b>(iii) Consumer Engagement Activity</b>	58,88,614	40,88,015
(F)	<b>58,88,614</b>	<b>40,88,015</b>
<b>(iv) Sale of Traded Goods</b>		
Medicines	56,15,19,902	17,23,24,389
FMCG Products	9,52,28,053	3,88,67,259
(G)	<b>65,67,47,955</b>	<b>21,11,91,648</b>
<b>(v) Sale of Finished Goods</b>		
Food Products	51,94,009	-
(H)	<b>51,94,009</b>	<b>-</b>
<b>Total (A + B + C + D + E + F + G + H)</b>	<b>86,23,89,852</b>	<b>48,34,40,554</b>



## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	2015-16	2014-15
<b>21. OTHER INCOME</b>		
Interest Income on		
Fixed Deposits	1,22,03,837	1,95,62,221
Long-Term Bonds (Non Trade)	75,57,863	99,81,539
Income Tax Refund	18,73,448	1,08,994
Other Non Operating Income		
Liabilities no longer required written back	3,10,424	9,96,651
Profit on sale of Non Trade Investments - Current	19,89,246	91,05,486
Government Grant [Refer Note 50]	50,363	-
Provision for standard assets written back	10,38,000	15,99,000
Bad Debt Recovered	24,64,815	-
Miscellaneous Income	37,718	1,03,547
	<b>2,75,25,714</b>	<b>4,14,57,438</b>
<b>22. PURCHASES OF TRADED GOODS</b>		
Medicines	55,73,23,955	19,79,70,592
FMCG Products	9,63,96,742	8,34,26,490
	<b>65,37,20,697</b>	<b>28,13,97,082</b>
<b>23. (INCREASE) IN INVENTORY OF TRADED GOODS AND FINISHED GOODS</b>		
Inventories at the beginning of the year		
Traded Goods	11,11,97,299	1,41,83,026
Inventories at the end of the year [Refer Note 17]		
Traded Goods	13,25,51,040	11,11,97,299
Finished Goods	12,67,788	-
	<b>(2,26,21,529)</b>	<b>(9,70,14,273)</b>
<b>24. COST OF RAW MATERIALS CONSUMED</b>		
Inventory at the beginning of the year	14,56,809	-
Add : Purchases	1,78,60,644	15,39,982
Less : Inventory at the end of the year [Refer Note 17]	1,01,91,163	14,56,809
	<b>91,26,290</b>	<b>83,173</b>
<b>Detail of Raw Material Consumed</b>		
Food Ingredients	83,31,371	83,173
Cultivation	7,94,919	-

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	2015-16	2014-15
<b>25. EMPLOYEE BENEFITS EXPENSE</b>		
Salary, Bonus etc.	27,88,60,370	21,20,36,424
Contribution to Provident and other funds	71,96,178	31,98,478
Contribution to Employees' State Insurance	25,00,428	14,30,353
Gratuity expense [Refer Note 32]	36,32,034	47,30,302
Employees' Welfare Expenses	37,25,065	35,68,468
	<b>29,59,14,075</b>	<b>22,49,64,025</b>
<b>26. FINANCE COSTS</b>		
Interest Expense		
On Loans	18,68,026	-
On Cash Credit Facilities	45,30,322	24,57,241
Margin from Clients	5,21,423	37,88,565
Other Borrowing Costs	30,96,859	30,69,030
	<b>1,00,16,630</b>	<b>93,14,836</b>
<b>27. DEPRECIATION AND AMORTIZATION EXPENSE</b>		
Depreciation of Tangible Assets	6,54,05,256	5,35,60,774
Amortisation of Intangible Assets	73,86,998	34,28,998
	<b>7,27,92,254</b>	<b>5,69,89,772</b>
<b>28. OTHER EXPENSES</b>		
Membership Fees and Subscription	15,89,947	9,70,168
Software Maintenance charges	37,61,525	50,83,213
Stock / Commodity Exchange charges	39,55,379	56,36,492
SEBI Turnover Fees	2,97,013	4,14,408
Depository Transaction charges	12,78,625	15,24,538
Advertisement and Publicity	2,28,05,978	2,11,10,603
Packing Material Consumed	80,73,937	64,95,723
Consumer Engagement Expenses	1,28,64,723	1,77,56,430
Communication Expenses	95,59,063	94,67,997
Electricity Expenses	1,65,08,956	1,07,59,796
Repairs and Maintenance - Others	98,93,042	69,10,441
Rent	40,34,611	42,87,020
Rates and Taxes	31,23,576	38,49,602
Directors Sitting Fee	15,85,474	15,50,228
Insurance Premium	7,04,802	6,50,580
Printing and Stationery	26,94,896	62,83,551

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

	2015-16	2014-15
<b>28. OTHER EXPENSES (Contd.)</b>		
Bank and Demat charges	17,06,890	6,60,523
Business Promotion Expenses	37,62,872	30,08,215
Travelling and Conveyance	1,14,92,060	97,32,700
Security Service Charges	66,37,930	54,45,528
Postage and Courier Expenses	11,01,438	18,26,920
Damaged Goods	-	18,87,831
Legal and Professional Fees	1,87,25,315	1,06,08,382
Listing Fees	3,61,012	2,54,832
Bad debts written off (net)	18,82,391	47,86,027
Provision for doubtful debts	-	3,74,552
Loss on Fixed Assets sold/discarded (Net)	29,61,573	15,64,666
Logistic Expenses	89,51,342	22,16,729
Testing Charges	11,51,609	-
Server hosting, bandwith and other data service charges	1,18,57,171	89,61,260
License and Statutory Fees	25,000	26,000
Service Charges		
- Market research and Analysis services	26,457	6,30,651
- Facility Services, etc. [Refer Note 37]	2,50,88,084	1,78,40,532
Commission to Authorised Person and Others	3,57,98,501	3,81,72,102
Auditor's Remuneration		
As Auditors		
Audit Fees	24,35,930	14,36,016
Tax Audit Fee	9,160	8,989
Limited Reviews	1,50,500	1,50,000
In other capacities for certificates and other services	2,81,439	3,67,979
Reimbursement of expenses (including service tax)	86,819	85,007
Miscellaneous expenses	20,86,757	21,64,031
	<b>23,93,11,797</b>	<b>21,49,60,262</b>

## 29. EARNINGS / (LOSS) PER SHARE

Basis for calculation of Basic and Diluted Earnings Per Share is as under:		
(Loss) after tax (Rs.)	(36,60,81,528)	(14,90,35,941)
Weighted Average Number of Equity Shares (Nos.)	3,18,10,500	3,18,10,500
Nominal Value of each Equity Share (Rs.)	10.00	10.00
Basic and Diluted Earnings Per Share (Rs.)	<b>(11.51)</b>	<b>(4.69)</b>

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

### 30. Contingent Liabilities :

- (a) The Company has provided Corporate Guarantee of Rs. 9,50,00,000 (2014-15: Rs. 35,00,00,000) against bank guarantee and has created equitable mortgage of Rs. 7,47,55,370 (2014-15: Rs. 7,47,55,370) over its property at Kolkata as security for credit facility extended by a scheduled bank to Microsec Capital Limited (a wholly owned subsidiary company) for the purpose of operations of the business. The amount of facility / guarantee actually availed by the subsidiary as on the balance sheet date amounts to Rs. 2,59,84,441 (2014-15: Rs. 85,267) and Rs. 7,65,88,999 (2014-15: Rs. 22,94,14,495) (net of fixed deposits of Rs. 9,75,00,000 (2014-15: Rs. 16,75,00,000 pledged by the subsidiary with the scheduled banks) respectively.
- (b) The Company has provided Corporate Guarantee amounting Rs. 10,00,00,000 against credit facility availed from a Union Bank of India by Microsec Health Buddy Limited (a subsidiary company) for the purpose of purchase of Plant & Machinery and operations of the business. The amount of facility / guarantee actually availed by the subsidiary as on the balance sheet date amounts to Rs. 6,44,56,688 (2014-15: Rs. Nil).
- (c) Claims of Rs. 20,05,441 (2014-15: Rs. 20,05,441) against a subsidiary Company not acknowledged as debts. The management believes that the Company has a good case for success in the above matters and hence no provision thereagainst is considered necessary.
- (d) Income tax demand under appeal – Rs. 1,94,72,560 (2014-15: Rs. 2,19,41,150). The management believe that the Company and its subsidiaries to which the demand relates has a good case for success in this matter and therefore no provision thereagainst is considered necessary.
- (e) Service tax demand under appeal – Rs. 71,34,347 (2014-15: Rs. 85,19,045). The management believe that the Company and its subsidiaries to which the demand relates has a good case for success in this matter and therefore no provision thereagainst is considered necessary.
- (f) Bank Guarantee issued by a subsidiary company in favour of Sales Tax Department Rs. 63,867 (2014-15: Rs. 63,867).
- (g) Bank Guarantee issued by subsidiary companies in favour of West Bengal State Electricity Distribution Company Limited - Rs. 66,73,836 (2014-15: Rs. 66,73,836).
- (h) Bank Guarantees issued by a subsidiary company in favour of Pension Fund Regulatory and Development Authority Rs. 5,00,000 (2014-15: Rs. 5,00,000).

### 31. Fixed Deposits with Banks aggregating to Rs. 20,14,98,655 (2014-15: Rs. 20,82,14,110) are pledged as follows:

(Amount in Rs.)

Pledged with	As at 31.03.2016	As at 31.03.2015
National Stock Exchange of India Limited	8,00,000	8,00,000
National Securities Clearing Corporation Limited	32,00,000	1,64,00,000
IL&FS Securities Services Limited (Clearing Member)	7,00,00,000	-
HDFC Bank Limited (As security against credit facilities/Bank Guarantees)	7,96,03,129	9,15,50,243
Insurance Regulatory and Development Authority (IRDA)	11,00,000	11,00,000
United Bank of India	51,81,659	-
Axis Bank Limited (As security against Overdraft Facilities)	2,25,00,000	7,50,00,000
IndusInd Bank Limited (As security against credit facilities/bank Guarantee)	1,25,00,000	2,00,00,000
MCX Stock Exchange Limited	8,00,000	8,00,000
National Commodity Derivative Exchange	15,00,000	15,00,000
Multi Commodity Exchange of India Limited	7,50,000	-
Axis Bank Limited (As security against Bank guarantee)	63,867	63,867
Bombay Stock Exchange	25,00,000	-
Indian Clearing Corporation Limited	10,00,000	10,00,000
<b>Total</b>	<b>20,14,98,655</b>	<b>20,82,14,110</b>

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

- 32.** The Company has a defined benefit gratuity plan. Every employee, who has completed five years or more of services, gets a gratuity on departure @ 15 days of last drawn salary for each completed years of service. The scheme is funded with Life Insurance Corporation of India, except in case of few subsidiaries which are unfunded.

The following tables summarise the components of net benefit expenses recognised in the Statement of Profit and Loss and the funded status and amounts recognized in the balance sheet for the plan.

Particulars	(Amount in Rs.)	
	2015-16	2014-15
<b>(i) Net Employee Expense /(benefit)</b>		
Current service cost	44,10,200	35,68,431
Interest cost on benefit obligation	9,10,012	6,90,355
Expected return on plan assets	4,52,492	6,02,591
Net Actuarial (gain) /loss recognised for the year	(8,63,464)	10,74,107
Settlement Cost	2,24,230	-
Total employer expense recognised in Statement of Profit and Loss	36,32,034	47,30,302
<b>(ii) Actual return on plan assets</b>	5,39,694	6,21,806
<b>(iii) Benefit Asset/(Liability)</b>		
Defined benefit obligation	1,32,87,449	1,38,93,109
Fair value of Plan Assets	61,47,279	72,38,953
Benefit Asset/(Liability)	(71,40,170)	(66,54,156)
<b>(iv) Movement in benefit liability</b>		
Opening defined benefit obligation	1,38,93,109	89,15,063
Interest cost	9,10,012	6,90,355
Current service cost	44,10,200	35,68,431
Benefits paid	50,12,011	3,76,206
Actuarial (gains)/losses on obligation	(9,13,861)	10,95,466
Closing benefit obligation	1,32,87,449	1,38,93,109
<b>(v) Movement in fair value of plan assets</b>		
Opening fair value of plan assets	72,38,953	69,22,293
Expected Return on plan assets	6,00,484	6,02,591
Contribution by employer	29,59,883	2,55,053
Benefits paid	46,01,644	5,62,342
Actuarial gains/(losses) on plan assets	(50,397)	21,358
Closing fair value of plan assets	61,47,279	72,38,953
<b>(vi) Major categories of plan assets as a percentage of the fair value of total plan assets</b>		
Investments in insurance managed fund	100%	100%
<b>(vii) The principal actuarial assumptions are as follows</b>		
Discount rate	8.00%	8.00%
Expected rate of return on plan assets	8.00%	9.00%
Salary increase	6.00%	6.00%
Withdrawal rates	1.00%	1.00%
<b>(viii) Amount incurred as expense for Defined Contribution plans</b>		
Contribution to Employees Provident Fund	71,96,178	31,98,478
Contribution to Employees State Insurance	25,00,428	14,30,353

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

- (ix) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factor, such as supply and demand in the employment market.
- (x) The Overall Exempted rate of return is determined based on market prices prevailing on that date, applicable to the period over which the obligation is to be settled.
- (xi) The Company expects to contribute Rs. 25,10,000 (2014-15: Rs. 25,10,000) to Gratuity fund during April 2016 to March 2017.

(xii) Amounts for the current year and previous years are as follows :	Year ended March 31, 2016 (Rs.)	Year ended March 31, 2015 (Rs.)	Year ended March 31, 2014 (Rs.)	Year ended March 31, 2013 (Rs.)	Year ended March 31, 2012 (Rs.)
<b>Gratuity</b>					
Defined Benefit Obligation	1,32,87,449	1,38,93,109	89,15,063	64,67,586	67,14,186
Plan Assets	61,47,279	72,38,953	69,22,293	63,41,962	60,53,074
Surplus / ( Deficit )	(71,40,170)	(66,54,156)	(19,92,770)	(1,25,624)	(6,61,112)
Experience adjustments on plan liabilities	(5,95,536)	(12,07,471)	(46,16,366)	(10,11,990)	(11,51,110)
Experience adjustments on plan assets	(21,701)	24,682	96,675	52,818	52,016

### 33. Expenditure in Foreign Currency (on accrual basis)

Particulars	2015-16 (Rs.)	2014-15 (Rs.)
Travelling Expense	—	1,47,955
Miscellaneous Expenses	—	—
<b>Total</b>	<b>—</b>	<b>1,47,955</b>

### 34. Value of imports calculated on CIF basis

Particulars	2015-16 (Rs.)	2014-15 (Rs.)
Traded Goods	88,66,936	3,40,55,461
<b>Total</b>	<b>88,66,936</b>	<b>3,40,55,461</b>

### 35. Capital Commitments

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) – Rs. 1,50,76,910 (2014-15: Rs. 2,74,09,561).
- b) At 31st March 2016, the Company has commitments of Rs. Nil (2014-15: Rs. 6,99,590) relating to consumer engagement activity started during the year but not completed as at 31st March, 2016.
- c) At 31st March 2016, the Company has commitments of Rs. Nil (2014-15: Rs. 17,53,246) relating to reward points (SS currency) accumulated but not redeemed by customers as at 31st March, 2016.
36. Minimum Alternate Tax (MAT) credit entitlement of Rs. 3,66,66,139 (2014-15: Rs. 3,65,47,254) although available as tax credit for set off in future years as per Income Tax Act, 1961, has not been accounted for in view of accounting policy specified in Note 2.1 (xiii) herein.
37. Facility Service charges of Rs. 2,50,88,084 (2014-15: Rs. 1,78,40,532) as indicated in Note 28 include payments made by certain subsidiaries to various parties for use of their infrastructure facilities like office space, office equipments, computers, furniture & fixtures, telephones and manpower services etc. in relation to maintenance of their offices/ branches.

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

38. Related Party in terms of Accounting Standard 18 and as per the Companies Act, 2013 are given below:

(a) **Name of the related parties and description of their relationship**

**Key Management Personnel**

Mr. Banwari Lal Mittal (Chairman and Managing Director)  
Mr. Ravi Kant Sharma (Director)  
Mr. Ajay Jaiswal (Director in PRP Technologies Limited) (upto 21st December, 2015)  
Mr. Pankaj Harlalka (Executive Director in Microsec Capital Limited and Company Secretary)  
Mr. Ramesh Kumar Sharma (Whole Time Director in Microsec Health Buddy Limited)  
Mr. Mahesh Kumar Singhi (Managing Director in Microsec Health Buddy Limited)  
Mr. Amrit Daga (Chief Financial Officer w.e.f, 12th August, 2015)  
Mr. Giridhar Dhelia (Chief Financial Officer upto 11th August, 2015)  
Mr. Biplab Kumar Mani (Company Secretary)  
Mr. Rajat Khator (Chief Financial Officer in Microsec Technologies Limited) (upto 31st December, 2015)  
Mr. Pratap Singh (Company Secretary in Microsec Technologies Limited) (upto 20th January, 2016)  
Mr. Pratap Singh (Company Secretary in Microsec Health Buddy Limited) (w.e.f, 21st January, 2016)  
Mr. Abhishek Singhi (Chief Financial Officer in Microsec Health Buddy Limited)  
Mr. Avik Saha (Company Secretary in Microsec Health Buddy Limited) (upto 13th July, 2015)

**Relatives of Key Management Personnel**

Mrs. Abha Mittal (Wife of Mr. Banwari Lal Mittal)  
Mr. Narsingh Mittal (Brother of Mr. Banwari Lal Mittal)  
Mr. Sajjan Kumar Sharma (Father of Mr. Ravi Kant Sharma)  
Mrs. Bharati Sharma (Wife of Mr. Ravi Kant Sharma)  
Mrs. Rasmi Harlalka (Wife of Mr. Pankaj Harlalka)  
Mrs. Kanta Devi Sharma (Mother of Mr. Ravi Kant Sharma)  
Mr. Man Mohan Harlalka (Father of Mr. Pankaj Harlalka)  
Mr. Arjun Mittal (Brother of Mr. Banwari Lal Mittal)  
Mrs. Sushila Devi Khaitan (Sister of Mr. Banwari Lal Mittal)  
Mrs. Gomti Devi Mittal (Mother of Mr. Banwari Lal Mittal)  
Master Krishna Mittal (Son of Mr. Banwari Lal Mittal)  
Mr. Rajiv Sharma (Brother of Mr. Ravi Kant Sharma)  
Mrs. Laxmi Gupta (Sister of Mr. Pankaj Harlalka)  
Ms. Saloni Mittal (Daughter of Mr. Banwari Lal Mittal)  
Ms. Vidhi Mittal (Daughter of Mr. Banwari Lal Mittal)

(b) **Details of Related Party Transaction**

Particulars	Key Mangement personnel	Relatives of Key Mangement personnel	Enterprise in which Mangement personnel Exercise Significant Influence	Total
<b>Directors' s Remuneration</b>				
Mr. Banwari Lal Mittal	53,58,739 (35,39,160)	— (—)	— (—)	53,58,739 (35,39,160)
Mr. Ravi Kant Sharma	62,69,616 (35,06,390)	— (—)	— (—)	62,69,616 (35,06,390)
Mr. Pankaj Harlalka	28,67,910 (26,62,028)	— (—)	— (—)	28,67,910 (26,62,028)



## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

Particulars	Key Mangement personnel	Relatives of Key Mangement personnel	Enterprise in which Mangement personnel Exercise Significant Influence	Total
Mr. Ramesh Kumar Sharma	14,41,831	—	—	14,41,831
	(11,43,597)	(—)	(—)	(11,43,597)
Mr. Rajendra Kumar Chotia	—	—	—	—
	(11,66,757)	(—)	(—)	(11,66,757)
Mr. Mahesh Kumar Singhi	12,21,053	—	—	12,21,053
	(11,29,194)	(—)	(—)	(11,29,194)
Mr. Sushil Choubey	—	—	—	—
	(2,00,000)	(—)	(—)	(2,00,000)
<b>Remuneration</b>				
Mr. Giridhar Dhelia	8,14,543	—	—	8,14,543
	(13,33,234)	(—)	(—)	(13,33,234)
Mr. Amrit Daga	9,53,269	—	—	9,53,269
	(—)	(—)	(—)	(—)
Mr. Biplab Kumar Mani	14,31,483	—	—	14,31,483
	(12,83,265)	(—)	(—)	(12,83,265)
Mr. Rajat Khator	9,28,639	—	—	9,28,639
	(2,65,976)	(—)	(—)	(2,65,976)
Mr. Pratap Singh	5,44,585	—	—	5,44,585
	(4,91,449)	(—)	(—)	(4,91,449)
Mr. Abhishek Singhi	11,52,967	—	—	11,52,967
	(3,22,300)	(—)	(—)	(3,22,300)
Mr. Avik Saha	1,46,234	—	—	1,46,234
	2,92,141	(—)	(—)	(5,10,562)
Mr. Manoj Singh	2,92,141	—	—	2,92,141
	(1,56,149)	(—)	(—)	(5,10,562)
Mr. Chetan Chand Jain	5,75,796	—	—	5,75,796
	(3,34,414)	(—)	(—)	(5,10,562)
<b>Other Payables</b>				
Mr. B.L. Mittal	5,85,335	—	—	5,85,335
	(—)	(—)	(—)	(—)
Mr. Ravi Kant Sharma	2,22,106	—	—	2,22,106
	(—)	(—)	(—)	(—)
Mr. Ramesh Kumar Sharma	22,573	—	—	22,573
	(—)	(—)	(—)	(—)
Mr. Mahesh Kumar Singhi	94,565	—	—	94,565
	(—)	(—)	(—)	(—)
Mr. Amrit Daga	82,782	—	—	82,782
	(—)	(—)	(—)	(—)
Mr. Biplab Kumar Mani	1,08,750	—	—	1,08,750
	(—)	(—)	(—)	(—)
<b>Brokerage and related Income</b>				
Luv Kush Projects Limited	—	—	—	—
	(—)	(—)	(7,934)	(7,934)
Topview Enclaves LLP	—	—	1,05,009	1,05,009
	(—)	(—)	(1,71,933)	(1,71,933)

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

Particulars	Key Mangement personnel	Relatives of Key Mangement personnel	Enterprise in which Mangement personnel Exercise Significant Influence	Total
Umaputra Consultants LLP	— (—)	— (—)	1,37,237 (7,582)	1,37,237 (7,582)
Chaturveda Advisory Services LLP	— (—)	— (—)	1,49,610 (857)	1,49,610 (857)
Others	6,324 (4,287)	81,136 (51,101)	59,088 (21,974)	1,46,548 (21,469)
<b>Sale of Traded Goods</b>				
Banwari Lal Mittal	31,004 (—)	— (—)	— (—)	31,004 (—)
Ravi Kant Sharma	1,40,088 (56,811)	— (—)	— (—)	1,40,088 (56,811)
Ramesh Kumar Sharma	19,966 (2,963)	— (—)	— (—)	19,966 (2,963)
Maresh Kumar Singhi	20,488 (8,577)	— (—)	— (—)	20,488 (8,577)
Rajendra Kumar Chotia	— (4,630)	— (—)	— (—)	— (4,630)
Rajat Khator	6,818 (—)	— (—)	— (—)	6,818 (—)
Pratap Singh	250 (—)	— (—)	— (—)	250 (—)
Avik Saha	— (288)	— (—)	— (—)	— (288)
Biplab Kumar Mani	17,271 (348)	— (—)	— (—)	17,271 (348)
Giridhar Dhelia	8,103 (5,917)	— (—)	— (—)	8,103 (5,917)
Amrit Daga	14,720 (—)	— (—)	— (—)	14,720 (—)
Chetan Chand Jain	16,757 (—)	— (—)	— (—)	16,757 (—)
Manoj Kumar Singh	20,567 (—)	— (—)	— (—)	20,567 (—)
Abha Mittal	— (—)	— (—)	3,16,601 (1,36,986)	3,16,601 (1,36,986)
Narsingh Mittal	— (—)	— (—)	— (1,794)	— (1,794)
<b>Advance Given</b>				
Abhishek Singhi	2,00,000 (—)	— (—)	— (—)	2,00,000 (—)
<b>Refund of Advance Given</b>				
Abhishek Singhi	75,000 (—)	— (—)	— (—)	75,000 (—)
<b>Balance Receivable</b>				
Abhishek Singhi	1,25,000 (—)	— (—)	— (—)	1,25,000 (—)

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

39. One of the Company's subsidiary has invested in deep discount bonds redeemable after a period of 20 years issued by another fellow subsidiary company. The investor company has not accounted for income on such deep discount bonds whereas the investee company has accounted for interest expense in its books. As per policy consistently followed, the investor company will account for such interest income at the time of redemption of the bonds in their books. However, at the time of consolidation, to follow uniform accounting policies for like transactions, income accrued on such bonds has been duly considered as a consolidated adjustment and eliminated with the corresponding expenses recognised by another subsidiary. The consequential deferred tax liability of Rs. 3,76,37,012 (2014-15: Rs. 3,24,45,322) on such interest income has also been considered in these consolidated financial statements.

### 40. Segment Reporting

The Company has indentified the following as business segments :-

- Financial Services : consists mainly of financing of loans and investment in shares and securities, financial consultancy, professional fees, debt syndication, Brokerage (Equity, Commodities and Currency including Depository Services), wealth management, insurance broking, financial planning, distribution and related services.
- Digital Consumer Engagement Platform ([www.foreseegame.com](http://www.foreseegame.com)) - includes activities under [www.foreseegame.com](http://www.foreseegame.com).
- Digital Pharmacy & Healthcare Store ([www.sastasundar.com](http://www.sastasundar.com)) - includes activities for food processing, preservation and marketing of healthcare products through e-commerce portal [www.sastasundar.com](http://www.sastasundar.com).

**Geographical Segments :-** The Company operates in only one geographical segment i.e. 'Within India' and no separate information for geographical segment has been given.

The Company's segment information as at and for the year ended March 31, 2016 are as below:

(Amount in Rs.)

Particulars	Financial Services	Digital Media of Consumer Engagement ( <a href="http://www.Foreseegame.com">www.Foreseegame.com</a> )	Digital Pharmacy & Healthcare Store ( <a href="http://www.sastasundar.com">www.sastasundar.com</a> )	Total
Segment Revenue	19,45,59,274	58,88,614	66,19,41,964	86,23,89,852
	(26,81,60,891)	(40,88,015)	(21,11,91,648)	(48,34,40,554)
Segment Results	4,90,95,843	(11,49,79,148)	(29,45,36,828)	(36,04,20,133)
	(9,12,51,463)	(-10,29,94,578)	(-13,42,20,234)	(-14,59,63,349)
Add: Unallocated Income net of unallocated expenses				79,24,514
				(-25,45,954)
Profit / (Loss) Before Tax				(36,83,44,648)
				(-14,85,09,303)
Current Tax				4,40,532
				(33,66,229)
Deferred Tax				7,13,419
				(67,22,290)
Excess Provision of Income Tax for earlier years, written back				(39,59,565)
				(-1,03,60,380)
Profit / (Loss) after Tax				(36,55,39,034)
				(-14,82,37,442)
Segment Assets	91,59,99,077	25,55,66,601	1,06,93,62,515	2,24,09,28,194
	(1,19,24,40,266)	(29,82,78,032)	(99,11,11,297)	(2,48,18,29,595)

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

Particulars	Financial Services	Digital Media of Consumer Engagement (www.Foreseegame.com)	Digital Pharmacy & Healthcare Store (www.sastasundar.com)	Total
Unallocated Corporate Assets				<b>32,30,03,206</b>
				(32,87,96,379)
Total Assets				<b>2,56,39,31,400</b>
				(2,81,06,25,974)
Segment Liabilities	<b>19,83,82,052</b>	<b>1,06,32,461</b>	<b>13,19,78,805</b>	<b>34,09,93,318</b>
	(16,06,99,454)	(59,97,056)	(5,34,43,570)	(22,01,40,080)
Unallocated Corporate Liabilities				<b>3,88,13,369</b>
				(4,08,22,146)
Total Liabilities				<b>37,98,06,687</b>
				(26,09,62,226)
Capital Expenditure	<b>1,03,87,597</b>	<b>46,70,989</b>	<b>11,37,36,892</b>	<b>12,87,95,478</b>
	(43,61,840)	(2,24,70,371)	(15,61,02,109)	(18,29,34,320)
Depreciation/Amortization	<b>86,45,295</b>	<b>2,20,72,143</b>	<b>4,20,74,816</b>	<b>7,27,92,254</b>
	(1,41,47,754)	(2,51,98,723)	(1,76,43,295)	(5,69,89,772)
Non Cash expenses	<b>5,63,932</b>	<b>12,62,872</b>	<b>55,587</b>	<b>18,82,391</b>
	(47,86,027)	–	(3,74,552)	(51,60,579)

### 41. Operating Lease :

Certain office premises are obtained on operating lease. The lease term for Microsec Technologies Limited, a subsidiary of the company is upto 11 months and for Microsec Capital Limited, a subsidiary of the company is 1 to 9 years and renewable for further period either mutually or at the option of the Company. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no sub-leases. The leases are cancellable.

The details of lease payments are as follows:-

(Amount in Rs.)

Particulars	2015-16	2014-15
Lease payments made for the year	24,30,080	36,97,395
Contingent rent recognised in the Statement of Profit and Loss	Nil	Nil

42. The shareholders of the Company had approved conversion of the Company to a Core Investment Company (CIC) on 19th March 2013. During the previous year, the Company had applied to the Reserve Bank of India (RBI) for voluntary surrender of Certificate of Registration (CoR) as Non-Banking Financial Company. Vide intimation dated 16th July, 2015, the RBI has accepted the Company's application and cancelled the CoR.

A Company having an asset size of more than Rs. 100 crores and not accessing public funds is exempt from registration as CIC with RBI in terms of the notification no. DNBS.PD.CC.No.274/03.02.089/2011-12 dated 11th May, 2012.

43. The Directors of the Company in order to optimize group legal entity structure and to ensure greater alignment with the business and to achieve operational synergies, have approved the demerger of the Consultancy and Investment Undertakings of Microsec Capital Limited, a wholly owned subsidiary of the company, and of Microsec Commerce Limited, a wholly owned subsidiary of Microsec Capital Limited, into PRP Technologies Limited (Resulting Company) w.e.f. the appointed date April 01, 2016 subject to the approvals to be obtained from members and creditors of

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

(Amount in Rs.)

Microsec Capital Limited and Microsec Commerze Limited and approval of the Hon'ble Calcutta High Court, Stock & Commodity Exchanges besides other regulatory authorities.

The Company has also entered into a share purchase agreement dated April 19, 2016 for sale of 100% of the shareholding in the demerged company Microsec Capital Limited. The sale is subject to the approval of the demerger of the Consultancy and Investment Undertakings of Microsec Capital Limited and Microsec Commerze Limited by the Hon'ble Calcutta High Court and Stock & Commodity Exchanges. Further, the sale is also subject to the approvals of the shareholders of the company and other regulatory authorities.

44. The Board of Directors at their meeting held on 27th May, 2015 has approved the merger of Sasta Sundar Shop Private Limited, a wholly owned subsidiary, with Microsec Health Buddy Limited w.e.f. 1st April, 2015, subject to various requisite approvals. However, the Board at its meeting held on 30th November, 2015 has considered and approved to postpone the proposal of the merger based on the present business environment.

45. Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	24,76,304	20,77,706
Interest due on above	Nil	Nil
ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		
Principal	Nil	Nil
Interest	Nil	Nil
iii) The amount of interest due and payable for the period of delay in making payment (which been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	Nil	Nil
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil

## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

### 46. Deferred Tax Asset / (Liability) (Net)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Deferred Tax Liability (A)		
Fixed Assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting.	2,35,25,881	79,56,701
Timing difference of accrued interest on bonds	15,80,270	—
Deferred Tax Assets (B)		
Fixed Assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting.	—	4,76,820
Provision for Gratuity	20,67,663	7,19,973
Provision for Standard Assets	-	3,09,000
Business Loss and Unabsorbed Depreciation	21,50,03,319	10,80,01,692
Net Deferred Tax Asset (B – A)	<b>19,19,64,831</b>	<b>10,15,50,784</b>
Less : Deferred Tax Asset not recognized	19,19,64,831	10,15,50,784
Net Deferred Tax asset recognized	Nil	Nil

Deferred Tax Asset as above has not been recognized in these accounts in view of the Accounting Policy specified in Note 2.1(xiii) above.

47. Microsec Technologies Limited, Myjoy Hospitality Private Limited and Microsec Tech Solutions Private Limited, subsidiaries of the company has voluntary surrendered Leasehold Lands held at Bangalore amounting to Rs. 5,40,31,852, Rs. 3,96,46,734 and Rs. 5,40,56,852 respectively net of 5% deductible as per the terms of allotment letter of Karnataka Industrial Areas Development Board (including other charges) amounting to Rs. 27,31,852, Rs. 20,26,734 and Rs 27,56,852 respectively
48. Bharatiya Sanskriti Village Private Limited, a subsidiary of the company, the Urban Improvement Trust (UIT) has allotted a plot at Resort No. 3, Tiger Hill, Udaipur for set up of resort. As per the lease deed dated 22nd July, 2012 between UIT and the Company, the Company shall within a period of 3 years from 18th April 2012 after obtaining sanction to the building plan, construct at its own expenses on the Resort plot and complete in a substantial and workman like manner resort building for private dwelling in accordance with the sanction plan and obtain the completion certificate from the improvement trust. The Company vides its letter dated January 23, 2013 & April 26, 2016 have requested the UIT to provide basic facilities such as availability of water, sewerage, electricity and roads for setup of resort. However, no reply has been received till day from UIT. The Company have initiated plans for a resort, but the Company in unable to go ahead in the absence of the above information.
49. Ruchika Adviosory Services LLP, a subsidiary of the company, the Urban Improvement Trust (UIT) has allotted a plot at Resort No. 4, Tiger Hill, Udaipur for set up of resort. As per the lease deed dated 27th July 2012 between UIT and the LLP, the LLP shall within a period of 3 years from 30th June 2011 after obtaining sanction to the building plan, construct at its own expenses on the Resort plot and complete in a substantial and workman like manner resort building for private dwelling in accordance with the sanction plan and obtain the completion certificate from the improvement trust. The LLP vides its letter dated January 23, 2013 & April 26, 2016 have requested the UIT to provide basic facilities such as availability of water, sewerage, electricity and roads for setup of resort. However, no reply has been received till day from UIT. The LLP have initiated plans for a resort, but the LLP in unable to go ahead in the absence of the above information.
50. Microsec Technologies Limited, a subsidiary of the Company has received government grant under West Bengal IT Incentive Scheme (2009) amounting to Rs.10,23,195 on 24th February, 2016 against interest subsidy which was capitalised in the year 2013-14 under the head "Building / Office Premises". The subsidiary Company has opted to reduce the government grant from the cost of fixed asset. Hence, depreciation charge of Rs.47,507 has been adjusted against "Depreciation and Amortisation Expense" for the current year and Rs. 50,363 pertaining to earlier years have been disclosed under the head "Other Income".

# Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

## 51. Additional information in respect of net assets and profit / loss of each entity within the Group and their proportionate share of the totals

Name of the Entity	As at 31.03.2016		2015-16		As at 31.03.2015		2014-15	
	Net assets i.e. total assets minus total liabilities		Share in Profit or Loss		Net assets i.e. total assets minus total liabilities		Share in Profit or Loss	
	As % of consolidated net assets	Amount (Rs.)	As % of consolidated profit or loss	Amount (Rs.)	As % of consolidated net assets	Amount (Rs.)	As % of consolidated profit or loss	Amount (Rs.)
<b>Parent</b>								
Microsec Financial Services Limited	29.30%	63,98,51,977	-4.66%	(1,70,29,226)	24.98%	63,68,81,176	-6.39%	(94,79,169)
<b>Indian Subsidiaries</b>								
Microsec Resources Private Limited	11.34%	24,77,22,402	8.57%	3,13,39,517	13.09%	33,38,57,375	30.73%	4,55,55,598
Microsec Capital Limited	11.46%	25,02,42,507	6.02%	2,19,96,095	14.08%	35,90,45,997	22.72%	3,36,81,511
Microsec Commerce Limited	0.86%	1,88,57,663	-0.13%	(4,57,016)	0.99%	2,53,14,672	-0.36%	(5,38,546)
Microsec Insurance Brokers Limited	0.58%	1,27,00,343	-0.21%	(7,56,418)	0.53%	1,34,56,761	-0.64%	(9,46,232)
Microsec Technologies Limited	10.47%	22,87,20,431	-31.43%	(11,48,99,984)	10.82%	27,59,60,448	-69.12%	(10,24,58,847)
PRP Technologies Limited	0.12%	25,57,054	-0.11%	(4,00,765)	0.59%	1,50,39,196	-0.49%	(7,21,200)
Microsec Health Buddy Limited	18.15%	39,64,61,205	-66.79%	(24,41,47,704)	15.03%	38,33,40,750	-74.44%	(11,03,54,262)
Joybuddy Fun Products Private Limited	0.03%	5,69,231	-0.31%	(11,34,404)	0.03%	7,03,634	-1.26%	(18,62,833)
Myjoy Hospitality Private Limited	1.73%	3,76,98,671	-0.56%	(20,58,916)	1.56%	3,97,93,181	-0.02%	(32,392)
Myjoy Pharmaceuticals Private Limited	0.12%	27,19,107	-13.33%	(4,87,36,589)	0.43%	1,09,59,589	-14.37%	(2,12,97,492)
Myjoy Tasty Food Private Limited	-0.01%	(2,29,350)	-0.01%	(20,394)	0.00%	1,22,015	-0.02%	(30,414)
Myjoy Technologies Private Limited	1.50%	3,28,28,678	-0.09%	(3,34,878)	1.30%	3,31,63,556	-0.36%	(5,35,732)
Bharatiya Sanskriti Village Private Limited	2.85%	6,21,75,078	-0.25%	(9,03,893)	2.50%	6,36,58,971	-0.48%	(7,17,411)
Sasta Sundar Shop Private Limited	0.21%	45,86,160	-0.04%	(1,52,060)	0.18%	46,38,220	-0.09%	(1,26,338)
Microsec Tech Solutions Private Limited	2.37%	5,16,73,539	-0.76%	(27,95,107)	2.14%	5,44,68,646	-0.02%	(31,354)
Microsec Invictus Advisors LLP	2.67%	5,82,36,622	4.39%	1,60,47,465	3.60%	9,18,79,157	11.22%	1,66,26,409
Bhavya Advisory Services LLP	0.57%	1,25,36,985	0.39%	14,19,702	3.23%	8,24,46,784	4.95%	73,44,783
Alokik Advisory Services LLP	0.55%	1,19,89,880	-0.01%	(49,575)	0.47%	1,19,27,494	-0.02%	(26,177)
Dreamscape Advisors LLP	0.39%	85,16,558	-0.04%	(1,55,490)	0.31%	80,27,046	-0.03%	(43,455)
Kailashwar Advisory Services LLP	0.05%	11,10,958	0.01%	40,500	0.04%	10,30,644	0.02%	28,644
Ruchika Advisory Services LLP	4.51%	9,84,60,459	-0.50%	(18,25,231)	3.90%	9,94,88,348	-1.17%	(17,34,212)
Stuti Advisory Services LLP	0.19%	41,38,559	-0.14%	(5,24,662)	0.20%	44,60,088	-0.36%	(5,38,321)
<b>Total</b>	<b>100.00%</b>	<b>2,18,41,24,714</b>	<b>100.00%</b>	<b>(36,55,39,034)</b>	<b>100.00%</b>	<b>2,54,96,63,748</b>	<b>100.00%</b>	<b>(14,82,37,442)</b>
Minority Interests in a subsidiary		38,20,888		5,42,494		32,78,394		7,98,499



## Notes to the Consolidated Financial Statements

as at and for the year ended 31st March, 2016

52. Previous year's figures including those in brackets have been regrouped and / or reclassified to confirm to this year's classification.

As per our report of even date

For **S. R. Batliboi & CO. LLP**

Firm Registration No: 301003E/E300005

*Chartered Accountants*

per **Bhaswar Sarkar**

*Partner*

Membership No. 55596

Place : Kolkata

Date : 26th May, 2016

**For and on behalf of the Board of Directors**

**B. L. Mittal**

*Chairman & Managing Director*

DIN : 00365809

**Amrit Daga**

*Chief Financial Officer*

**Ravi Kant Sharma**

*Director*

DIN : 00364066

**Biplab Kumar Mani**

*Company Secretary*

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