



INNOVATION

“ Innovation distinguishes between a leader and a follower ”

- Steve Jobs



Dear Fellow Shareholders,

It is a matter of immense pleasure for me as I take this opportunity to greet all of you at the end of another action packed year.

We have rested upon taking the lane of innovation contrasting to the tried and tested conventional business ideologies. The most successful businesses are built upon the creed which believes in helping people iron out their problems. Sustainability comes from the approach toward inclusive growth where the business serves to all parts of the society. We firmly believe that digital connectivity can be the solution to the problems of Indian citizens and accordingly we have initiated two different businesses focused on digitalization:

- **Foreseegame.com** - an innovative Digital Media for Consumer Engagement
- **Sastasundar.com**- an innovative Digital Pharmacy and Healthcare Store

Our entire focus is to raise a sustainable business and hereon we believe to witness growth by every quarter. The businesses are in the infant stage and therefore will take some time to exhibit positive cash flow and dividend payout. I am sure that this short term risk will prove beneficial for the long run.

From the Chairman's Desk

Finally, I would like to conclude by extending my heartfelt gratitude towards my colleagues on the Board, as it is their vision and foresight which has helped Microsec Enterprises reach where it is today. I would also like to thank all the stakeholders like our customers, business associates, bankers, employees and vendors for their extensive contribution towards the enterprises' growth.

On behalf of the entire Company and its leadership team, I want to thank all the shareholders for their much valuable co-operation. I look forward to your continued support, as your Company embarks on the next phase of its growth journey.

B.L. Mittal

Chairman and Managing Director

Corporate Information

BOARD OF DIRECTORS

Banwari Lal Mittal

Chairman and Managing Director

Ravi Kant Sharma

Managing Director & CEO

Parimal Kumar Chattaraj

Raj Narain Bhardwaj

Deba Prasad Roy

CHIEF FINANCIAL OFFICER

Giridhar Dhelia

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

Website : 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

Indusind 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

Website : www.linkintime.co.in

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Fifth Annual General Meeting (AGM) of the members of Microsec Financial Services Limited will be held on Wednesday, the 13th August, 2014 at 10.30 a.m. at "Rotary Sadan", 94/2, Chowringhee Road, Kolkata – 700 020, to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Mr. Ravi Kant Sharma, (holding DIN 00364066) who retires by rotation, and being eligible, seeks re-appointment.
3. To appoint auditors of the Company to hold office from the conclusion of this AGM till the conclusion of the next AGM and to fix their remuneration, and to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provision of Section 139 of the Companies Act, 2013 and Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force, and pursuant to the recommendations of Audit Committee of the Board of Directors, M/s. S.R. Batliboi & Co. LLP, Chartered Accountants (Firm Registration No. 301003E), be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this AGM till the conclusion of the next AGM of the Company and that the Board of Directors of the Company be and is hereby authorized to fix the remuneration considering the recommendations of the Audit Committee."

SPECIAL BUSINESS :

4. **Appointment of Mr. Parimal Kumar Chattaraj as an Independent Director**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Parimal Kumar Chattaraj (holding DIN 00893963), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member, proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to 31st March, 2019, and whose office shall not be liable to retire by rotation."

5. **Appointment of Mr. Deba Prasad Roy as an Independent Director**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule IV to the Companies Act, 2013, and Clause 49 of the Listing Agreement, Mr. Deba Prasad Roy (holding DIN 00049269), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member, proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to 31st March, 2019, and whose office shall not be liable to retire by rotation."

6. **Appointment of Mr. Raj Narain Bhardwaj as an Independent Director**

To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder, (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule IV to the Companies Act, 2013, and Clause 49 of the Listing Agreement, Mr. Raj Narain Bhardwaj (holding DIN 01571764), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member, proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office up to 31st March, 2019, and whose office shall not be liable to retire by rotation."

7. **Transaction with Related Party u/s 188 of the Companies Act, 2013**

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to Clause 49 of the Listing Agreement as amended by Notification dated 17th April 2014 and Section 188 of the Companies Act, 2013 (Act), if applicable and other applicable provision of the Act, if any, consent of the Company be and is

NOTICE OF ANNUAL GENERAL MEETING

hereby accorded for continuation of the following existing related party transaction(s) between the Company and its wholly owned subsidiary as per the terms and conditions specified in the respective contracts:

Name of Related Party	Nature of transaction(s)
Microsec Capital Limited	Rendering of Corporate Advisory Services

RESOLVED FURTHER that the Board of Directors be and is hereby authorized to do all such acts, deeds and things or take such steps or actions which they may deem necessary in this respect."

Registered Office :

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

Date: 19th May, 2014

CIN : L65993WB1989PLC047002

By Order of the Board
Microsec Financial Services Limited

Biplab Kumar Mani
Company Secretary

NOTES :

- The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, with respect to the Special Business set out in the Notice is annexed hereto.
- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.
- A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50 AND HOLDING IN AGGREGATE NOT MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY. A MEMBER HOLDING MORE THAN 10% OF THE TOTAL SHARE CAPITAL OF THE COMPANY MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER MEMBER.
- The instrument of Proxy , duly completed and signed, must be deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting. A Proxy form is enclosed herewith.
- The Register of Members and the Share Transfer Books of the Company will remain closed from Wednesday, the 6th August, 2014 to Wednesday, the 13th August, 2014 (both days inclusive).
- The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company/Registrar.
- Additional details pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the Directors seeking appointment/re-appointment at the AGM are furnished and forms a part of the notice. The Directors have furnished the requisite consents and declarations for their appointment/re-appointment.
- Members holding shares in physical form are requested to consider converting their holding to dematerialized form to eliminate all risks associated with physical shares and for ease of portfolio management. Members can contact the Company or the Registrar for assistance in this regard.
- In case of joint shareholders attending the meeting, joint holder whose name is higher in the order of names will be entitled to vote.
- Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting.
- Members/proxies should bring the duly filled attendance slip, attached herewith to attend the AGM.
- The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, will be available for inspection by Members at the AGM.
- The Register of Contracts or Arrangements in which Directors are interested maintained under Section 189 of the Companies Act, 2013, will be available for inspection by Members at the AGM.

NOTICE OF ANNUAL GENERAL MEETING

14. Members are requested to send their queries, if any, on the accounts or operations of the Company, to reach the Company Secretary at the Company's Registered Office, at least 7 (seven) working days prior to the meeting, so that the information can be compiled in advance.
15. Electronic copy of the Annual Report for 2014 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Annual Report for 2014 is being sent in the permitted mode.
16. Electronic copy of the Notice of the 25th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 25th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
17. Members may also note that the Notice of the 25th AGM and the Annual Report 2014 will also be available on the Company's website www.microsec.in for their download. The physical copy of the aforesaid documents will also be available at the Registered Office of the Company for inspection by members during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: investors@microsec.in
18. To support the 'Green Initiative', the Members who have not registered their e-mail addresses, are requested to register the same with the Registrar in case shares are held in certificate form and with the Depositories in case of shares held in demat form.
19. Members are requested to intimate immediately, any change in their address or bank mandate to their depository participants with whom they are maintaining their demat account or to the Registrar, if the shares are held by them in certificate form.
20. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide Members holding shares either in physical form or in dematerialized form the facility to exercise their right to vote at the 25th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).
21. The e-voting period commences on Thursday, 7th August, 2014 (10.00 am) and ends on Saturday, 9th August, 2014 (6.00 pm), both days inclusive. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off/entitlement date of 30th June, 2014, may cast their vote electronically.
22. Mr. Manoj Kumar Banthia, Company Secretary in Practice (Membership No. 11470 & CP No. 7596) of M/s MKB and Associates, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
23. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.microsec.in and on the website of CDSL within two days of passing of the resolutions at the AGM of the Company and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
24. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (10.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Mr. Parimal Kumar Chattaraj is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 2nd April, 2007. Mr. Chattaraj is Chairman of the Audit Committee and Remuneration and Compensation Committee and a member of the Shareholders/Investors' Grievance and Share Transfer Committee of the Board of Directors of the Company.

Mr. Chattaraj does not hold by himself or for any other person on a beneficial basis, any share in the Company.

Mr. Chattaraj has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Companies Act, 2013. Under the Companies Act, 2013, the Company is required to appoint Independent Directors for a fixed term and their office shall not be liable to determination by retirement of directors by rotation. Accordingly, in compliance of Section 149, 150, 152, Schedule IV and any other applicable provisions of the Companies Act, 2013, Mr. Chattaraj being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director upto 31st March, 2019. A notice has been received from a member proposing Mr. Chattaraj as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Chattaraj fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Chattaraj as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Chattaraj as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Chattaraj as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Chattaraj, being an appointee, none of the Directors or Key Managerial Personnels of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4.

Item No. 5

Mr. Deba Prasad Roy is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 12th October, 2010. Mr. Roy is a member of the Audit Committee and Remuneration and Compensation Committee of the Board of Directors of the Company.

Mr. Roy does not hold by himself or for any other person on a beneficial basis, any share in the Company.

Mr. Roy has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Companies Act, 2013. Under the Companies Act, 2013, the Company is required to appoint Independent Directors for a fixed term and their office shall not be liable to determination by retirement of directors by rotation. Accordingly, in compliance of Section 149, 150, 152, Schedule IV and any other applicable provisions of the Companies Act, 2013, Mr. Roy being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director upto 31st March, 2019. A notice has been received from a member proposing Mr. Roy as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Roy fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Roy as an Independent Director would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Roy as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Roy as an Independent Director, for the approval by the shareholders of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Except Mr. Roy, being an appointee, none of the Directors or Key Managerial Personnels of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 5

Item No. 6

Mr. Raj Narain Bhardwaj is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company on 5th September, 2009. Mr. Bhardwaj is the Chairman of the Shareholders/Investors' Grievance and Share Transfer Committee and a member of the Audit Committee and Remuneration and Compensation Committee, of the Board of Directors of the Company.

Mr. Bhardwaj does not hold by himself or for any other person on a beneficial basis, any share in the Company.

Mr. Bhardwaj has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Companies Act, 2013. Under the Companies Act, 2013, the Company is required to appoint Independent Directors for a fixed term and their office shall not be liable to determination by retirement of directors by rotation. Accordingly, in compliance of Section 149, 150, 152, Schedule IV and any other applicable provisions of the Companies Act, 2013, Mr. Bhardwaj being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director upto 31st March, 2019. A notice has been received from a member proposing Mr. Bhardwaj as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Bhardwaj fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Bhardwaj as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Bhardwaj as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Bhardwaj as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Bhardwaj, being an appointee, none of the Directors or Key Managerial Personnels of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No 6.

Item No. 7

Microsec Capital Limited (MCap), the wholly owned subsidiary of Microsec Financial Services Limited (MFSL or the Company) is engaged in the business of Stock Broking, Depository Participant and Investment Banking. The Company inter alia renders corporate advisory services to several bodies corporate. Accordingly, MCap and MFSL entered into a contract for provision of Corporate Advisory services by MFSL to MCap on 3rd April, 2013 in terms of authority granted by the Board at its meeting held on 8th February, 2013. The said contract shall terminate on 2nd April, 2018.

The transactions between the holding company and its wholly owned subsidiaries would be related party transactions in view of the provisions of Section 188 read with 2(76) of the Companies Act, 2013 as well as clause 49 of the listing agreement. Such transaction being existing transaction shall not require fresh compliance of Section 188 of the Companies Act, 2013. However, in terms of revised clause 49 of the Listing agreement, all existing material related party contracts or arrangements shall be approved by the shareholders of the Company. Considering the aggregate value of the transactions between the company and its wholly owned subsidiary, in terms of the said revised clause 49 of the listing agreement as well the provisions of Companies Act, 2013, if applicable, the consent of the members is hereby sought by way of proposed special resolution(s) as mentioned in Item No 7.

As required under Section 188 of the Companies Act, 2013 read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 the Members are hereby informed that Microsec Capital Limited, a wholly owned subsidiary of the Company has engaged MFSL for providing Corporate Advisory in the field of Financial and Strategy Planning, Compliance matters with Statutory Authorities and Exchanges, Fund Planning, Receivable Management, formulation and updation of the Internal Controls, etc. and other services which may be agreed upon between the parties from time to time. The consideration for the above services shall be Rs. 2 crores per annum plus service tax, as applicable. The said contract shall terminate on 2nd April, 2018. Mr. Banwari Lal Mittal, Mr. Ravi Kant Sharma and Mr. Parimal Kumar Chattaraj, the Directors of the Company are also on the Board of MCap.

NOTICE OF ANNUAL GENERAL MEETING

Members are hereby informed pursuant to second proviso of Section 188(1) of the Act as well as the listing agreement, that no member of the Company shall vote on such special resolution to approve any contract or arrangement which may be entered into by the Company, if such member is a related party.

None of the Directors or key managerial personnels of the Company or their relatives are concerned or interested in the resolution except to the extent of their shareholding in the Company, if any. Mr. B L Mittal, Mr. P K Chattaraj and Mr. R K Sharma, Directors of the company are concerned or interested in Microsec Capital Limited, as Directors of the said Company.

The Board recommends the approval of the above special resolution.

Registered Office :

Shivam Chambers, 1st Floor,

53 Syed Amir Ali Avenue

Kolkata - 700 019

Date: 19th May, 2014

CIN : L65993WB1989PLC047002

By Order of the Board
Microsec Financial Services Limited

Biplab Kumar Mani
Company Secretary

DETAILS OF DIRECTORS SEEKING APPOINTMENT/ RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE(S) :

Name	Mr. Ravi Kant Sharma	Mr. Parimal Kumar Chattaraj	Mr. Deba Prasad Roy	Mr. Raj Narain Bhardwaj
Date of Birth	10th November , 1974	29th September, 1945	26th November, 1941	8th May, 1945
Date of appointment	30th May, 2005	2nd April, 2007	12th October, 2010	5th September, 2009
Qualification	B.Com, FCA	BSc, PGDM, LL.B.	MSc, CAIIB and Fellow Indian Council of Arbitration (FICA)	Post graduate degree in economics from the Delhi School of Economics and a Diploma in Industrial Relations and Personnel Management from Punjabi University, Patiala.
Expertise in specific functional area	Mr R. K. Sharma is the co-founder of the Microsec Group and is associated with it since 1999. He has an experience of more than 16 years in wealth management and capital market operations.	Mr. P. K. Chattaraj has more than 3 decades of experience in the field on finance, human resource and strategic management. He has served large public sector companies and MNCs. He was a part of Aditya Birla Group for 17 Years. He is proprietor & founder of a management consultancy firm namely Vertex Consulting, having strong client base in India & abroad. He provides wide range of management consultancy services,	Mr D. P. Roy has over 38 years of experience in corporate, international and investment banking sectors. He is on the advisory committee of Central Bank of India and currently engaged as an arbitrator in various arbitration proceedings in NSE, MCX and ICA. He was previously associated with State Bank of India and has held senior and managerial posts such as deputy managing director and group executive (international banking), president and chief executive officer (New York) and country manager	Mr. R. N. Bhardwaj served as the Chairman as well as Managing Director of Life Insurance Corporation of India (LIC) and has also served as Member of Securities Appellate Tribunal (SAT). Mr. Bhardwaj has more than 38 years of experience in the fields of Economics, Finance, Investments, Portfolio Management, Human Resource Management and Securities Market. Presently he is on the Board of various companies as Independent Director and provides Management

NOTICE OF ANNUAL GENERAL MEETING

Name	Mr. Ravi Kant Sharma	Mr. Parimal Kumar Chattaraj	Mr. Deba Prasad Roy	Mr. Raj Narain Bhardwaj
		that provide support to CEO/Top management of the organization to ensure appropriate direction to business strategy, building strong team with leadership at all level & carry out various innovative initiatives that strengthen business & people process.	(USA) and manager of SBI London. Mr. Roy is ex-chairman of SBI Capital Markets Limited.	Consultancy to various corporates.
List of outside Directorships held excluding Alternate Directorship.	1. Microsec Capital Limited 2. Microsec Technologies Limited 3. Microsec Commerze Limited 4. Microsec Insurance Brokers Limited 5. PRP Technologies Limited 6. Microsec Resources Private Limited	1. Microsec Capital Limited 2. Microsec Technologies Limited 3. Microsec Commerze Limited 4. Microsec Insurance Brokers Limited 5. PRP Technologies Limited 6. Microsec Resources Private Limited	1. ITD Cementation India Limited 2. Escorts Investment Trust Limited 3. ICRA Management Consulting Services Limited 4. Singhi Advisors Pvt. Ltd. 5. Landmark Capital Advisors Private Limited	1. Jaiprakash Associates Limited 2. Dhunseri Petrochem & Tea Limited 3. Jaypee Infratech Limited 4. Jaiprakash Power Ventures Limited 5. Amtek Auto Limited 6. Rupa & Company Limited 7. Reliance Communications Limited 8. Quadria Investment Management Pvt. Ltd. 9. Religare Invesco Trustee Company Private Limited 10. Invent Asset Securitization and Reconstruction Private Limited 11. Samvridhi Advisors Private Limited 12. Singhi Advisors Pvt. Ltd. 13. Milestone Capital Advisors Limited 14. IL&FS Milestone Realty Advisors Private Limited 15. Reliance Infratel Limited 16. SBI Life Insurance Company Limited 17. Landmark Capital Advisors Pvt. Ltd.

NOTICE OF ANNUAL GENERAL MEETING

Name	Mr. Ravi Kant Sharma	Mr. Parimal Kumar Chattaraj	Mr. Deba Prasad Roy	Mr. Raj Narain Bhardwaj
Membership/ Chairmanship of *Committees of the Board of Directors of the Company	Member of the Audit Committee	Chairman of the Audit Committee Member of the Shareholders'/Investors' Grievance and Share Transfer Committee	Member of the Audit Committee	Member of the Audit Committee Chairman of the Shareholders'/Investors' Grievance and Share Transfer Committee
Chairman/Member of the *Committees of the Board of Directors of other companies in which he/she is a Director	NIL	NIL	Member of the Audit Committee: 1. ICRA Management Consulting Services Limited 2. ITD Cementation India Limited	Chairman of the Audit Committee of : 1. Jaiprakash Associates Limited 2. Religare Invesco Trustee Company Private Limited 3. Invent Asset Securitization and Reconstruction Private Limited Member of the Audit Committee of : 1. Milestone Capital Advisors Limited 2. Reliance Infratel Limited 3. Jaiprakash Power Ventures Limited 4. SBI Life Insurance Company Limited 5. Rupa & Company Limited 6. Reliance Communications Limited Member of Shareholders'/Investors' Grievance Committee of : 1. Reliance Infratel Limited 2. SBI Life Insurance Company Limited 3. Reliance Communications Limited
Number of shares held in the Company	9,23,893	NIL	NIL	NIL
Inter-se relations with any director of the Company	No	No	No	No

Note :

*Pursuant to Clause 49 of the Listing Agreement, only two committees viz. Audit Committee and Shareholders'/Investors' Grievance Committee have been considered.



Directors' Report

To the Members,

Your Directors have pleasure in presenting the 25th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2014.

FINANCIAL HIGHLIGHTS

A summary of Consolidated Financial Results of the Company and its subsidiaries for the year ended 31st March, 2014 is given below :

(Rs. in Lacs)

	Year ended 31.03.2014	Year ended 31.03.2013
Particulars		
Total Revenue	3,060.62	4,762.45
Profit/(Loss) before Interest, Depreciation & Tax	(417.12)	1,549.17
Less : Depreciation	187.66	170.25
Less : Interest	65.15	113.68
Profit/(Loss) before Taxation	(669.93)	1,265.24
Less : Tax Expenses		
- Current Tax	8.93	324.36
- Excess Provision for taxation no longer required written back	(104.47)	0.72
- Deferred Tax	59.66	62.10
Profit/(Loss) for the year before Minority Interest	(634.05)	878.06
Less: Minority Interest	13.40	1.40
Less: Proportionate share of Loss in associate	—	57.06
Profit/(Loss) for the Year	(647.45)	819.60
Balance brought forward from previous year	8,833.17	8,209.85
Balance Available for appropriation	8,185.72	9,029.45
Less : Appropriations		
Transfer to Reserve under section 45-IC of the RBI Act, 1934	14.92	196.06
Transfer to Debenture Redemption Reserve	12.50	0.22
Proposed Dividend	—	—
Dividend Tax thereon	—	—
Surplus in the Statement of Profit & Loss	8,158.30	8,833.17

A summary of the Standalone Financial Results for the year ended 31st March, 2014 is given below: (Rs. in Lacs)

	Year ended 31.03.2014	Year ended 31.03.2013
Particulars		
Total Revenue	275.82	1,789.86
Profit before Interest, Depreciation & Tax	60.24	1,335.59
Less: Depreciation	35.65	38.71
Less: Interest	0.14	5.19
Profit before Taxation	24.45	1,291.69
Less: Tax Expenses		
- Current Tax	2.65	297.51
- Excess provision for taxation no longer required written back	(67.97)	–
- Deferred Tax	30.83	17.95
Profit for the year	58.94	976.23
Balance brought forward from previous year	3,877.02	3,096.79
Balance Available for appropriation	3,935.96	4,073.02
Less: Appropriations		
Transfer to Reserve under section 45-IC of the RBI Act, 1934	11.79	196.00
Proposed dividend	–	–
Dividend Tax thereon	–	–
Surplus in the Statement of Profit & Loss	3,924.17	3,877.02

REVIEW OF OPERATIONS

During the year, the Indian economy remained upset owing to global distress and persistent domestic turbulence. The major obstructions were inflation, high fiscal deficit, lack of liquidity, policy uncertainty and currency volatility. India's Gross Domestic Product (GDP) growth rate moderated in the year 2013, owing to the underperformance by almost all sectors of the economy. The Rupee plunged to its lowest level against the US dollar.

During the year, the company has launched sastasundar.com - an innovative digital pharmacy and healthcare store. Foreseegame.com has also seen tremendous growth in terms of registered users and brands. Both these businesses are in infant stage and therefore will take some time to exhibit positive cash flows.

During the year under review, on consolidated basis, your company posted a total income of Rs. 3060.62 Lacs and net loss after tax of Rs. 647.45 Lacs.

DIVIDEND

With a view to strengthening the financial position of the Company, your Directors have not recommended any dividend for the financial year 2013-14.

SUBSIDIARY AND CONSOLIDATED RESULTS OF OPERATIONS

As at 31st March, 2014 the Company's subsidiaries and step-down subsidiaries are as follows :

Sr. No.	Name	Sr. No.	Name
1.	Microsec Capital Limited	8	Bharatiya Sanskriti Village Private Limited
2.	Microsec Resources Private Limited	9	Myjoy Tasty Food Private Limited
3.	Microsec Technologies Limited	10	Myjoy Hospitality Private Limited
4.	Microsec Commerze Limited	11	Myjoy Technologies Private Limited
5.	Microsec Insurance Brokers Limited	12	Myjoy Pharmaceuticals Private Limited
6.	PRP Technologies Limited	13	Sasta Sundar Shop Private Limited
7.	Microsec Health Buddy Limited	14	Joybuddy Fun Products Private Limited

The Statement pursuant to Section 212 of the Companies Act, 1956, containing details of the Company's subsidiaries forms part of the Annual Report.

The Ministry of Corporate Affairs, Government of India, has granted a general exemption to companies, by general circular no. 2/2011 dated 8th February, 2011 under section 212(8) of the Companies Act, 1956 from attaching individual accounts of subsidiaries with their annual accounts, subject to fulfillment of certain conditions. Accordingly the Board of Directors of the Company has by resolution given consent for not attaching the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies in the Annual Report of the Company for the financial year ended 31st March, 2014.

In terms of the Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, the balance sheet, statement of profit and loss and other documents of the aforesaid subsidiaries are not attached to the Balance Sheet as on 31st March, 2014 of your Company.

The Annual Reports-2014 of the aforesaid subsidiaries will be made available to the shareholders of the Company upon receipt of written requests from them. The Annual Reports-2014 of the aforesaid subsidiary companies will also be kept for inspection by the shareholders of the Company at the Registered Office of your Company and of the subsidiaries concerned between 10.30 a.m. and 1.30 p.m. on any working day.

In compliance with the requirements of the aforesaid Circular, a Statement showing relevant details for the year ended 31st March, 2014 of the subsidiaries of the Company have been included in the Consolidated Financial Statements of the Company which forms part of this Annual Report.

DIRECTORS

In accordance with the provisions of the Companies Act, 2013 and as per the Articles of Association of the Company Mr. Ravi Kant Sharma, Director, will retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

As per provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder read with Schedule IV to the Companies Act, 2013, Mr. Parimal Kumar Chattaraj (DIN: 00893963), Mr. Deba Prasad Roy (DIN: 00049269) and Mr. Raj Narain Bhardwaj (DIN: 01571764), all existing Independent directors of the Company, have been appointed as Independent Directors of the Company and shall hold office from the date of this Annual General Meeting till 31st March, 2019. They shall not, henceforth, be liable to determination by retirement of directors by rotation.

Brief resume of the Directors seeking appointment, reappointment as stipulated under Clause 49 of the Listing Agreement, are provided in the Report on Corporate Governance forming part of the Annual Report.

Based on the confirmations received, none of the Directors of the Company are disqualified for appointment under the Companies Act.

COMMITTEES OF DIRECTORS

The Board of Directors have aligned the existing Committees of the Board with the provisions of Companies Act, 2013 (Act). Accordingly, the Company has renamed its existing Remuneration & Compensation Committee as "Nomination and Remuneration Committee" and have delegated to it powers as required under section 178 of the Act. The existing Shareholder's / Investor's Grievance and Share Transfer Committee has been renamed as "Stakeholders Relationship and Shareholders Grievance Committee".

The scope of Audit Committee has also been widened so as to bring it in accordance with the requirement of the Section 177 of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;

- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the Profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

The Report on Corporate Governance as stipulated under Clause 49 of the Listing Agreement forms part of the Annual Report.

Certificate from the Statutory Auditors M/s S. R. Batliboi & Co. LLP, Chartered Accountants regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges is annexed to the report.

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

The Company has established a vigil mechanism as required under Section 177 of the Companies Act, 2013 and has framed the "Whistle Blower Policy" for implementation thereof.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report for the year under review, as stipulated under clause 49 of the Listing Agreement with Stock Exchanges in India, is presented in a separate section forming part of the Annual Report.

CEO AND CFO CERTIFICATION

In accordance with the provisions of the Listing Agreement pertaining to corporate governance norms, Mr. Ravi Kant Sharma, MD & CEO and Mr. Giridhar Dhelia, CFO have certified inter-alia, about review of financial statements and establishing & maintaining internal control to the financial reporting for the year ended 31st March, 2014. The said certificate forms an integral part of annual report.

AUDITORS

The Statutory Auditors of the Company, S. R. Batliboi & Co. LLP, Chartered Accountants will retire at the ensuing AGM. As recommended by the Audit Committee, the Board has proposed the re-appointment of S. R. Batliboi & Co. LLP, Chartered Accountants as statutory auditors for financial year 2014-15 on such remuneration as decided by the Board of Directors.

The Company has received a certificate from the proposed Auditors to the effect that their appointment, if made, would be in accordance with all the conditions prescribed under the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

With regard to the matter of emphasis in the Auditor's Report the Note 33 of the standalone accounts and Note 40 of the consolidated accounts of the Company are self-explanatory and therefore does not call for any further comments.

FIXED DEPOSITS

During the year, your Company did not accept/renew any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules there under and as such, no amount of principal or interest is outstanding as on the date of balance sheet.

STOCK EXCHANGE

The equity shares of your Company continue to be listed and traded on the BSE Limited and National Stock Exchange of India Limited.

The Annual Listing Fees for the year 2014-15 are paid to both the stock exchanges where the shares of the Company are listed.

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

The information relating to conservation of energy, technology absorption and foreign exchange earnings and outgo as per Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is appended as Annexure - "A" and forms part of this Report.

PARTICULARS OF EMPLOYEES

The Company has not employed any individual whose remuneration falls within the purview of the limits prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

HUMAN RESOURCE MANAGEMENT

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.

ACKNOWLEDGMENT

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

Place: Kolkata
Date: 19th May, 2014

B.L. Mittal
Chairman & Managing Director

ANNEXURE - A

DISCLOSURE OF THE PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO AS REQUIRED UNDER COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

A) CONSERVATION OF ENERGY :

As the Company does not fall under any of the industries listed out in the Schedule appended to the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, particulars required to be disclosed with respect to conversation of energy are not applicable to the Company.

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.

B) TECHNOLOGY ABSORPTION :

From B: Disclosure of particulars with respect to absorption

Research & Development (R & D) -		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.	
Specific areas in which R & D carried out by the company			
Benefits derived as a result of the above R&D			
Future plan of action			
Sr. No.	Expenditure on R & D	2013-14 (Rs.)	2012-13 (Rs.)
1.	Capital Expenditure	NIL	NIL
2.	Recurring Expenditure	NIL	NIL
	Total	NIL	NIL
	Total R & D expenditure as a percentage of total turnover	N.A.	N.A.
Technology, absorption, adaptation and innovation			
Efforts, in brief, made towards technology absorption, adaptation and innovation		There is no change in technology used by the company	
Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc			
In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished: (a) Technology imported. (b) Year of import. (c) Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action		Not Applicable	

C) FOREIGN EXCHANGE EARNING AND OUTGO :

	FY 2013-14 (Rs.)	FY 2012-13 (Rs.)
Foreign Exchange earnings	NIL	NIL
Foreign Exchange outgo	NIL	NIL

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES

(Amount in Rs.)

						The net aggregate amount of profit/ (loss) so far it concerns the members of Holding Company			
						Not dealt with in the Holding Company Accounts		Dealt with in the Holding Company Accounts	
Sl. No.	Name of the Subsidiary Company	Immediate Holding Company	Financial year ending of the Subsidiary Company	Date from which they became Subsidiary Company	Extent of Holding	For the Financial Year / Period ended 31st March, 2014 of the Subsidiary Companies since they became holding Company's subsidiaries	For the previous Financial Year/ period of the subsidiary Companies since they became holding Company's subsidiaries	For the Financial Year / period ended 31st March, 2014 of the Subsidiary Companies since they became holding Company's subsidiaries	For the previous Financial Year/ period of the subsidiary Companies since they became holding Company's subsidiaries
1.	Microsec Capital Limited	Microsec Financial Services Limited	31st March, 2014	24th November, 2005	100%	(2,63,71,779)	20,35,708	-	-
2.	Microsec Resources Private Limited	Microsec Financial Services Limited	31st March, 2014	1st February, 2006	100%	15,66,986	27,290	-	-
3.	Microsec Technologies Limited	Microsec Financial Services Limited	31st March, 2014	30th March, 2006	100%	(8,49,57,511)	(53,40,210)	-	-
4.	Microsec Commerce Limited	Microsec Capital Limited	31st March, 2014	5th October, 2005	100%	51,96,960	(2,18,54,889)	-	-
5.	Microsec Insurance Brokers Limited	Microsec Capital Limited	31st March, 2014	7th March, 2003	100%	(9,13,985)	(4,21,114)	-	-
6.	PRP Technologies Ltd	Microsec Financial Services Limited	31st March, 2014	18th June, 2013 *	100%	7,07,42,523	(84,796)	-	-
7.	Microsec Health Buddy Limited	Microsec Financial Services Limited	31st March, 2014	25th March, 2013	100%	(3,25,41,118)	(12,89,154)	-	-
8.	Bharatiya Sanskriti Village Private Limited	Microsec Financial Services Limited	31st March, 2014	30th March, 2013	100%	(41,39,314)	(20,53,101)	-	-
9.	Myjoy Tasty Food Private Limited	Microsec Financial Services Limited	31st March, 2014	30th March, 2013	100%	4,81,893	(6,821)	-	-
10.	Myjoy Hospitality Private Limited	Myjoy Tasty Food Private Limited	31st March, 2014	30th March, 2013	100%	(1,47,303)	(23,257)	-	-
11.	Myjoy Technologies Private Limited	Microsec Health Buddy Limited	31st March, 2014	30th June, 2011	100%	(8,43,176)	(22,482)	-	-
12.	Myjoy Pharmaceuticals Private Limited	Microsec Health Buddy Limited	31st March, 2014	28th November, 2011	100%	(27,629)	(8,427)	-	-
13.	Sasta Sundar Shop Private Limited	Microsec Health Buddy Limited	31st March, 2014	20th September, 2011	100%	(19,96,364)	(1,03,962)	-	-
14.	Joybuddy Fun Products Private Limited	PRP and MIA LLP **	31st March, 2014	7th March, 2014	100%	(33,533)	-	-	-

* Previously Fellow Subsidiary from 9th February, 2009 to 17th June, 2013.

** 50% held by PRP Technologies Limited (PRP) and balance 50% held by Microsec Invictus Advisors LLP (MIA LLP).

Management Discussion and Analysis Report

MACRO ECONOMIC OUTLOOK

Global Overview

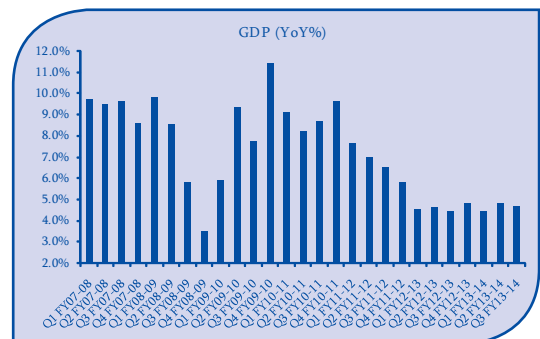
Global economy witnessed another year of subdued growth in 2013. According to International Monetary Fund (IMF), world economy grew by mere 3% rate in 2013 after registering 3.2% in 2012. However, from the second half of 2013, global economic scenario has started to improve and is expected to strengthen further in 2014–15. The impulse has come mainly from advanced economies, although their recoveries remain uneven. With supportive monetary conditions annual growth is expected to improve further in the U.S. and to be close to trend in the core euro area economies. However, activities are likely to remain weak in the stressed euro area economies. On the other hand, growth in emerging market economies in Asia and Latin America has cooled down, after a surge in output beyond potential following the recovery from the Great Recession. However, from the second half of 2013, growth picked up slightly, mainly on account of a rise in Export. Activity in the Middle East, North Africa, Afghanistan and Pakistan (MENAP) region has been held back by ongoing difficult political transitions and more recently, Crimean crisis has come with another round of downside risks to growth trajectory.

The changing growth dynamics have brought new uncertainties in global economy. Although, Exports from emerging markets to advanced economies accelerated and the growth differential between advanced economies and emerging markets has been narrowing but the Inflation differential has been widening. Thus the resultant risk-return dynamics is likely to favour advanced economies, thereby increasing the vulnerability of the emerging economies.

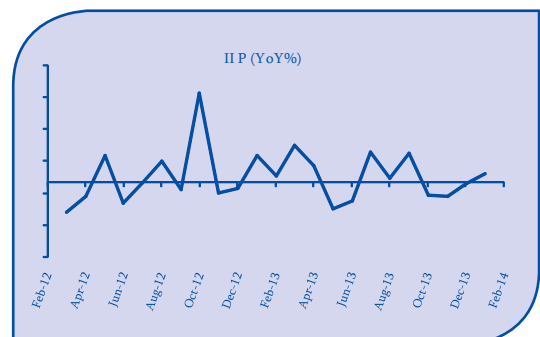
Domestic Overview

With the narrowing of the Twin Deficits – both Current Account and Fiscal and replenishment of Foreign Exchange Reserves, adjustment of the exchange rate the risks of near-term macro instability have diminished. However, macro-economic adjustment is far from complete, with persistence of higher Inflation amidst growth slowdown. Much more efforts in terms of removing structural impediments, building business confidence and creating fiscal space to support investments will be needed to secure growth.

Growth stays low : India's GDP growth moderated to 5.0% YoY during FY2012-13 from 6.2% YoY in FY2011-12 and troughed around a decade low of 4.4% YoY for three quarters from Q3 of FY2012-13 to Q1 of FY 2013-14. Since then there are signs of growth bottoming out become visible, with marginal improvement has been recorded in GDP growth number. During Q2 and Q3 of FY2013-14, India's GDP growth stood at 4.8% and 4.7% YoY, respectively. However, this improvement has been feeble and clear signs of recovery are yet to emerge. On account of an above normal monsoon, Agricultural growth remained steady. However, no revival was seen in the Industrial sector due to contraction in Mining and Manufacturing as well as dismal performance of the Construction sector. In contrast to the pick-up in GDP growth at factor cost, GDP growth at market prices moderated in Q3 of FY2013-14 to 4.6% YoY on account of 1.1% YoY contraction in Gross Fixed Capital Formation (GFCF) (Fixed Investment). Both Private and Government Final Consumption Expenditure also continued to decelerate. However, contribution of net Exports to overall growth remained the highest amongst all the components.

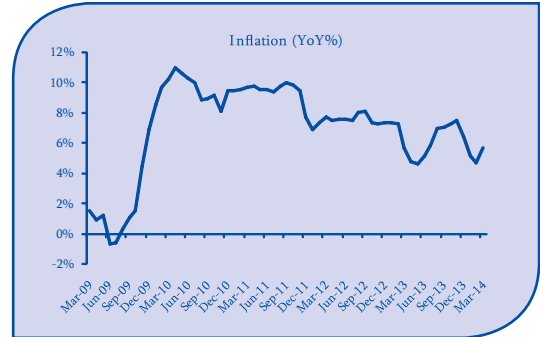


Industrial growth stagnating : India's Industrial Production registered -0.1% YoY growth during April-February FY2013-14 compared with 0.9% YoY growth in the corresponding period of the previous year. This stagnation in growth over two years reflects subdued investment and consumption demand. This has resulted in contraction in production of Capital Goods and Consumer Durables in the current year. During February 2014, production of Consumer Durable sector declined for the 15th consecutive month. However, on the flip side, some silver lining emerges with Core sectors such as Mining and Electricity which registered strong growth in February.

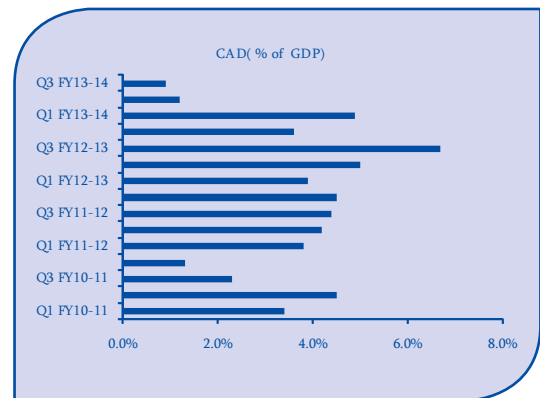


Management Discussion and Analysis Report

Inflation –upside risks remain: India's Wholesale Price Index (WPI) based Inflation recorded a significant fall to 4.68% YoY in February 2014 from 7.52% YoY in November 2013. Consumer Price Index (CPI) based Inflation also declined to 8.1% YoY in February 2014 (a 25-month low) from 11.2% YoY in November 2013. The deceleration in Inflation can mainly be attributed to softening of food prices, mainly vegetables. However, during the month of March 2014, snapping a three-month easing trend, India's WPI Inflation came in at a three month high of 5.70% YoY. Inflation accelerated mainly on reversal of falling food prices. Jump in Fuel and Manufactured Inflation also has been pretty sharp. CPI Inflation too inched up to 8.31% YoY in March. Going forward, Food Inflation trend will depend on the onset and spatial and temporal distribution of the south-west monsoon. Whereas, going by the India Meteorological Department (IMD) projections, monsoon is likely to be below normal this year. IMD, in its first official forecast for the June-September, said monsoon this year would be 95% of the long period average (LPA), with a model error of $\pm 5\%$. Along with that the timing and magnitude of revisions in administered prices, particularly electricity and coal, will also affect the trajectory of Inflation in FY2014-15.



External Sector – better outlook for FY2014-15: India's Current Account Deficit (CAD) is not a worry anymore as it has dropped significantly. CAD narrowed sharply to USD4.2 billion (0.9% of GDP) in Q3 of FY2013-14 from USD31.9 billion (6.5% of GDP) in Q3 of FY2012-13 which is also lower than USD5.2 billion (1.2% of GDP) in Q2 of FY2013-14. The lower CAD was primarily on account of a decline in the Trade Deficit as Merchandise Exports picked up and Imports moderated, particularly Gold Imports. During Q3 of FY2013-14, Merchandise Exports increased by 7.5% YoY to USD79.8 billion on the back of significant growth especially in the Exports of engineering goods, readymade garments, iron ore, marine products and chemicals. On the other hand, Merchandise Imports stood at USD112.9 billion, registered a decline of 14.8% YoY in Q3 of FY2013-14. Decline in Imports in Q3 was primarily led by a steep decline in Gold Imports, which amounted to USD3.1 billion as compared to USD 17.8 billion in Q3 of FY2012-13 and USD3.9 billion in Q2 of FY2013-14. As a result, CAD is likely to remain under the Government's target of 2% of GDP. With a manageable CAD and strengthening Foreign Exchange Reserve, India is now on a much better situation than last year.



OUTLOOK

The outlook of the Indian economy will largely depend on the outcome of the General Elections. A stable government is likely to boost business environment, whereas a fractured or an unstable government may blur the business outlook, hampering the growth prospects of Indian Economy.

INDUSTRY OVERVIEW

1. FINANCIAL SERVICES

Equity Market Overview:

Indian stock markets started the year in a cheer note with significant gains in the month of April and mid-May 2013 and remain volatile for major part of the year. Indian Rupee saw one of the steepest declines against the USD and other major currencies. INR touched the lowest level of ~68 to a USD. Gold prices plunged to a low of \$1180/ounce at LME towards end of June 14.

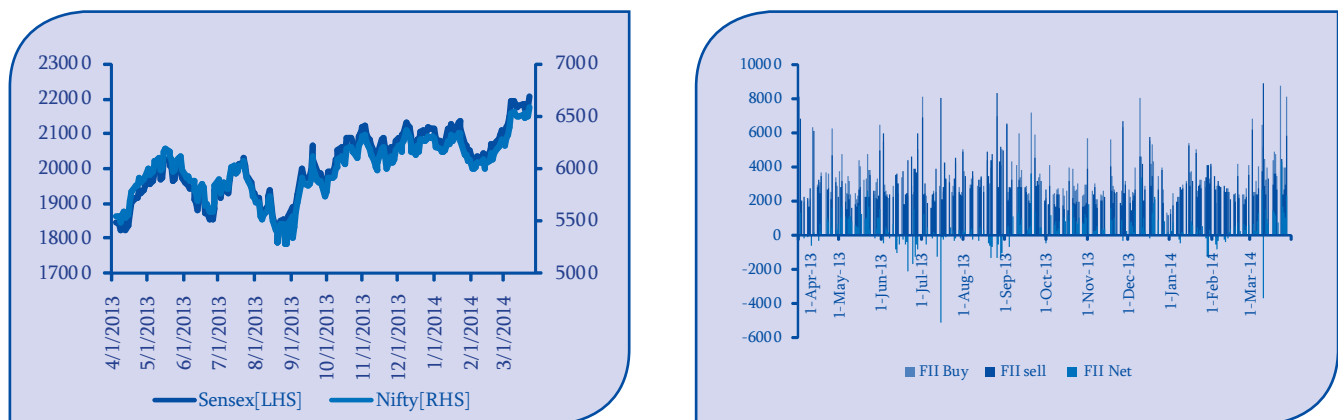
A quick act from the Government of India to cap import of gold led to a marginal relief for the INR. However, the incumbent Governor of the RBI, Dr. Raghuram Govind Rajan played the Piped Piper as he announced a number of measures which led

Management Discussion and Analysis Report

to reversal in trends of the INR, foreign exchange reserves and the current account deficit which eventually bolstered market sentiments as well. Nifty closed the FY14 with the highest gains among Emerging Markets led by improvement in economic conditions and boost in sentiments on a stable government post the general Elections which began April 7, 2014.

During the course of the financial year it was feared that foreign institutional investors may pull out of India as liquidity dry up on QE3 tapering. However, after initial sell offs on the news of tapering, they bought significant in Indian markets whereas the DII's continued to book profit. The FII's primarily bet on India as Indian stocks was priced cheaper in USD terms on decline in the value of INR. Also hopes of a strong and stable incumbent government led them to buy Indian equities. Nevertheless, among the emerging market countries, India was better placed on signs of economic recovery as Russia was embroiled with issues related to Ukraine, Brazil was not a place to be on declining commodity prices and China showed no convincing signs of recovery.

The total buying in FIIs during the year FY14 was INR7,62,675.50crores as compared to INR7,05,284.80crores in FY13 registering a gain of 8.87% with a net buy of INR1,57,448.10crores whilst DIIs been on the selling end for most of the trading sessions during the year. By the end of the year they sold around INR258974.61crores with a net sale of INR57,107.87crores. The Sensex and Nifty gave a return of ~18.4% &~17.3% respectively.



The average daily turnover of Cash Segment during the year on BSE was Rs. 2,078 crs (P.Y. Rs. 2,195 crs) and of NSE was Rs. 11,189 crs (P.Y. Rs. 10,833 crs). The average daily turnover of Derivative Segment during the year on BSE was Rs. 36,730 crs (P.Y. Rs. 28,769 crs) and of NSE was Rs. 1,52,237 crs (P.Y. Rs. 1,26,639 crs).

Initial Public Offer (IPO)/ Follow on Public Offer (FPO)/ Offer for Sale (OFS)

The Indian IPO market lacked momentum in FY2013-14 also, with just three companies hitting the capital market, collectively managing to garner INR8,516 crore. This marks an increase of 32 per cent from the total funds raised through IPOs during the previous fiscal, 2012-13, when eleven companies had together moped-up INR6,446 crore.

On the other side, the OFS which replaced the cumbersome FPO in FY 2011-12, witnessed unsatisfactory performance with thirty two companies garnering merely INR5,827 crore as compared to total of twenty one companies garnering INR25,470 crore in FY2012-13. All these companies rolled up INR5,827 crore in FY2013-14 with the motive of mainly meeting the minimum 25 percent public shareholding norm mandated by SEBI.

2. DIGITAL ADVERTISING

The Indian Advertising Industry is expected to grow at 7% in 2014 with total spend of Rs. 41,000 crs with fastest growing segment as Digital Advertising which is growing at 30% growth rate and expected to have advertisers spending of more than Rs. 3,000 crs. With more than 220 million Internet users, 155 million mobile internet users in India, the digital advertising has become a critical medium for brand to connect with consumers. A study revealed that the people using internet are spending more times on internet rather than television. With every sixth Indian digitally connected and more than 52% of population below age of 25 years, the digital advertising is expected to grow at a rapid pace and will emerge as an effective medium to reach out to masses.

Management Discussion and Analysis Report

3. E-TAILING

The growing internet penetration has led to a spectacular growth in digital commerce in India. E-tailing is growing at a rate of 55% to 61% and expected to have a turnover of US\$ 70 billion by 2020. The healthcare and personal care segment has emerged among few segments which have seen good growth in recent months and expected to have more than 10% market share in E-tailing.

OPPORTUNITIES AND THREATS

Opportunities :

- Healthy and sustainable economic growth rate with sound macro-economic fundamentals;
- Low penetration of financial services and products in India;
- With young demography, internet and smart phone penetration, Digital will be the major growth driver;
- Favourable demographics like huge middle class, larger younger population with disposable income and investible surplus, change in attitude from wealth protection to wealth creation and risk taking abilities of the youth, etc.;

Threats :

- Increased competition from local and global players operating in India;
- Continuous downward pressure on the fees, commissions and brokerages caused by an overbanked market and willingness of most players to deliver at very low fees;
- Technology Advancement;
- Regulatory changes impacting the landscape of business;
- Unfavourable economic condition.

MICROSEC - FINANCIAL & BUSINESS OVERVIEW

The year was very eventful with the Company transforming itself from financial services Company to Microsec Enterprise with focus on Digital. The Company has successfully initiated two different businesses focussed on Digitalisation.

- Foreseegame.com :
An innovative Digital Media of Consumer Engagement
- Sastasundar.com :
An innovative Digital Pharmacy and Healthcare Store

The Company sees huge growth opportunity in all business verticals. We believe that digital connectivity can be solution to the problem of indian citizens and accordingly the Company shall focus on all businesses with digital applications.

Financial Services

The financial services business of the Company consists of Investment Banking, Brokerage – Equity, Commodity & Currency, Depository Services, Loan against shares, Research, Financial Planning – Club Kautilya and Financial Products : Insurance (Life / Non-life), Mutual Funds, Fixed Deposits, Bonds, NPS and Loans.

We execute transactions with transparency imbibing knowledge keeping our commitment by building partnerships with our clients and that synchronises our work with our core values. Our approach is 'object' oriented and therefore, we work with core purpose of providing solutions.

We believe that our risk management practices should not be limited to our group only; it should extend to manage / cover risk of our clients. We issued early warning of agro-commodities transactions in National Spot Exchange Limited (NSE) and have zero transaction in agro-commodities in NSE. As a result none of our clients have a single penny due after the fiasco of NSE.

Management Discussion and Analysis Report

Brokerage

Our Brokerage services include equity, commodities & currency derivatives broking for institutional and individual clients supported by a strong research platform.

During the year, the BSE Sensex has gone up by 18.85% on YoY basis. The BSE and NSE combined Cash volumes were 33413.37 billion in 2013-14 against INR 32570.86 billion last year, registering an increase of 2.59 percent. Out of the total volume registered in the exchanges, 93.44% contributed by F&O segment in FY13-14 against 92.24% registered in FY 12-13. With expectation of stable government at central and expected improvement in economy, we foresee good growth in brokerage business over medium to long term. Our view on future growth prospects in medium to long term is very positive and hence we have formulated desired action plan to take benefit of medium to long term growth and simultaneously to shield ourselves in short term if the current trend continues in the near term. The initiatives taken by the regulator SEBI to make the capital markets more accountable and investor friendly will definitely boost the volumes of the domestic stock exchanges in the days to come.

As on 31st March 2014, we have more than 30,000 registered clients for our Equity Brokerage Services and are operating through 162 outlets.

In Institutional business, we were successful in getting empanelment with 17 institutions as at 31st March, 2014. The Research team & sales team coordinate with the trading department of institutional clients on regular basis. Our edge in Research will assist in procuring sizeable business from institutional clients as well as empanelment from other institutions.

Financing

The financing segment of the Company mainly consists of Loan against Shares (LAS) activities. We offer loan against shares to our clients, secured by liquid and marketable securities at appropriate margin levels. The LAS business helps the clients to leverage their equity market positions to take increased exposure. The LAS business along the line of leverage requirement of brokerage clients offers attractive business opportunity in our segment. However, the yield in LAS business depends mostly on state of capital market. Due to dull capital market scenario the yield has come down due to low transactions by LAS clients in Cash Market Segment.

Investment Banking

Our Investment Banking Division works very closely in conjunction with Management of some of our SME clients and provides regular Corporate Advisory services to them along with equity debt raising transaction based services. The approach facilitates in procuring transaction based services like Equity/Debt Raising.

The segment is highly correlated with the Capital Market and the subdued sentiments in last year specifically towards primary issues had an impact on the earnings of your Company. The year 2013-2014 was eventful in terms of building relationships wherein we have carried out about 28 transactions with whom we expect to do repeat business in the year 2014 – 2015.

Research

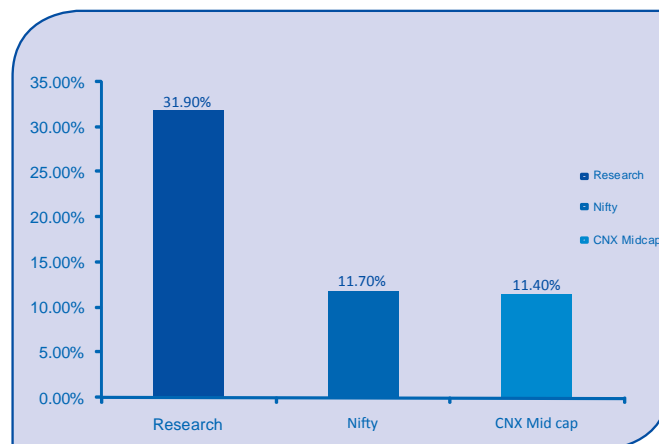
Your Company embraces knowledge and investment recommendations, advisory services, portfolio management are backed by thorough research across the gamut of financial services. Investment Research and Advisory play an important role to build a lasting relationship with clients and associates and help augment the performance of the Company. Besides using the traditional tools to value companies, the forte of research lies in its abilities to think out of the box and give investment leads which are ahead of the times.

The research team members are sought after by leading print and electronic/web media for their views/inputs on various sectors/companies/market strategies. Our Research is also sought after by leading Institutional/HNI/Retail investors on a regular basis. Our Research is available on Bloomberg and Reuters and leading financial web pages.

Your Company ensures that the research is done with accountability and hence we benchmark our research performance against the performance of Key Equity Indices. Microsec research has given an aggregate average return of 31.90 percent across 245 companies since mid 2008 on an equal weighted basis, against Nifty performance of 11.70 percent and CNXMIDCAP

Management Discussion and Analysis Report

performance 11.40 percent as and when benchmarked with Microsec Research Stock Recommendation (closing date of last performance 31/03/2014 - Details uploaded on website www.microsec.in) and regularly shares the performance on its website.



Performance of Microsec Research Recommended Stocks as on 31st March, 2014

FORESEEGAME.COM

Foreseegame.com has become no. 1 consumer engagement platform in India with Alex ranking of 610 at India level. As on 31st March 2014, the no of registered users at www.foreseegame.com was 3,00,912 which is growing at a very rapid pace. It is a value innovation in marketing media which offers complete engagement cycle to brands. It is value addition to Digital Media – beyond impressions and clicks and provide 360° engagement through games of prediction, engagement around TVC, feedback & Co-creation and Social Responsibility.

Foreseegame.com has more than 15 million page views per month and the average time spend per user at foreseegame.com is 32 minutes which is far ahead from any other website. And the most interesting feature is that the user spends maximum time with brands while on foreseegame.com.

It provides brands engagement with their target audience through age-wise, gender-wise and location wise games and capable of bringing customers to stores/websites of the brands.

The digital Advertising market size in India is around Rs.3,000 crs and which is expected to increase at a 30% growth rate. The Company is foreseeing tremendous growth opportunity in this business.

SASTASUNDAR.COM

During the year, we have successfully launched sastasundar.com - an innovative Digital Pharmacy and Healthcare Store and within a very short span of time, we have received tremendous positive response from the customers. At present, the services of sastasundar.com is available in Kolkata and nearby suburb area and it is processing on an average 400 plus orders on daily basis. The initial response is very encouraging and reaffirming our belief on the growth prospect of this business.

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, Financing and Investments are in place and 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 Committees viz. Audit Committee and Risk Management Committee oversee risk management policies and procedures. It reviews the credit and operational risks, reviews policies in relation to investment strategy and other risks like interest rate risk, compliance risk and liquidity risk.

Management Discussion and Analysis Report

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. Microsec has an adequate Internal Audit and Control system across all businesses. Our internal control systems are adequate 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. Microsec believes 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 their reports are reviewed by the Audit Committee of the Board. Policy and process corrections are undertaken based on inputs from the internal auditors.

HUMAN RESOURCES

Human resource is one of the most important key to the success of any company. Your Company's business critically depends on quality of manpower. Your Company's multi-business context poses 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 Company's businesses are managed by a team of competent and passionate leaders, capable of enhancing your Company's standing in the competitive market. The Company's employees have a defining role in significantly accelerating its 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 at Microsec, 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 is 545 as on 31st March, 2014.

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. CORPORATE GOVERNANCE 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 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.

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 Board members have collective experience in diverse fields like finance, banking, legal, technology, etc.

The Company's Board comprises of five members. The Company has an Executive Chairman, and therefore, at least 50% of the total number of Directors should comprise of Independent Directors. The number of Independent Directors is more than 50% of the total number of Directors. 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 strategies 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, Managing Director & CEO is also the Managing Director of the Microsec Capital Limited (MCA), a wholly owned Subsidiary of the Company and draws remuneration from MCA.

Number of Board Meetings

The Board of Directors met four times during the year ended 31st March, 2014 on 24th May, 2013, 14th August, 2013, 11th November, 2013 and 12th February, 2014. All meetings were well attended. The maximum interval between any two meetings was well within the maximum allowed gap of four months.

Directors' Attendance Record and Directorship Held

As mandated by Clause 49 of the Listing Agreement, 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, as also the number of Directorships and Committee positions held by them are as follows :

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**
B. L. Mittal DIN: 00365809	Chairman & Managing Director	4	4	Yes	6	1	–
R. K. Sharma DIN: 00364066	Managing Director & CEO	4	4	Yes	6	1	–
P. K. Chattaraj DIN: 00893963	Independent	4	4	Yes	6	1	1
R. N. Bhardwaj DIN: 01571764	Independent	4	4	Yes	10	10	2
D. P. Roy DIN: 00049269	Independent	4	4	Yes	4	3	–

Corporate Governance Report

- * Excludes directorship in Private Limited Companies, Foreign Companies and Government Companies.
- ** Only memberships/chairmanships of the Audit Committees and Shareholder's/Investors' Grievance and Share Transfer 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 275 of the Companies Act, 1956 read with Clause 49 of the Listing Agreement 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.

The Company sends a detailed agenda folder to each Director with sufficient time before every Board and Committee meetings. 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, pursuant to the Clause 49, 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.

Code of Conduct

The Board has laid down the Code of Conduct for its members and for designated Senior Management Personnel of the Company. The Code has been posted on the Company's website www.microsec.in. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

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.

The Board has also constituted a Risk Management Committee which ensure that the management controls risks through means of a properly defined framework.

3. COMMITTEES CONSTITUTED BY THE BOARD

The Committees constituted by the Board 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, some of them are Audit Committee, Remuneration and Compensation Committee, Nomination Committee, Shareholders'/Investors' Grievance and Share Transfer Committee, Risk Management Committee and Asset Liability Management 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.

(A) AUDIT COMMITTEE

The Audit Committee comprises of four Directors out of which three are Independent Directors and one is Executive Director. 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

Corporate Governance Report

iv) Mr. Ravi Kant Sharma, Managing Director & CEO

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 any information it requires from any employee;
- obtain legal or other independent 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 and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- (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 (2AA) of section 217 of the Companies Act, 1956
 - 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 steps in this matter.
- (f) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- (g) 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.
- (h) Discussion with internal auditors any significant findings and follow up there on.
- (i) 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.
- (j) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-

Corporate Governance Report

audit discussion to ascertain any area of concern.

- (k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (l) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- (m) 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.
- (n) Carrying out any other function as mentioned in the terms of reference of 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, 2014 the Audit Committee met four times on 24th May, 2013, 14th August, 2013, 11th November, 2013 and 12th February, 2014. 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 Directors	Category	Position held	No. of Meetings	
			Held	Attended
Parimal Kumar Chattaraj	Independent Director	Chairman	4	4
Raj Narain Bhardwaj	Independent Director	Member	4	4
Deba Prasad Roy	Independent Director	Member	4	4
Ravi Kant Sharma	Executive Director	Member	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 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) REMUNERATION AND COMPENSATION COMMITTEE

The Remuneration and Compensation Committee comprises of three Directors. 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 Remuneration and Compensation Committee deals with the entire gamut of remuneration package for the Executive Director(s) and revises their remuneration suitably within the limits prescribed under the Companies Act, 1956, decides on commission payable to the Directors within the prescribed limits and as approved by the shareholders of the Company and formulates and administers Employees Stock Option Scheme.

No meeting was held during the financial year 2013-14.

Remuneration Policy

Remuneration of employees consists of fixed and variable components and performance related incentives.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution and retain their talent.

Remuneration paid to Directors

The Company pays to the Independent Directors a sitting fee of Rs. 12,500 for every Meeting of the Board and Rs. 7,500 for every meeting of the Audit Committee and Rs. 5,000 for every meeting of the other Committees of the Board. No sitting fee is paid to Mr. Banwari Lal Mittal and Mr. Ravi Kant Sharma, the Non-Independent Directors of the Company.

Corporate Governance Report

During 2013-14, the Company did not advance any loans to any of its Directors.

Details of the sitting fees paid to Independent Directors during the year ended 31st March, 2014 are as follows :

Name of Directors	Category	Sitting Fees (Rs.)*
Parimal Kumar Chattaraj	Independent Director	1,00,000
Raj Narain Bhardwaj	Independent Director	1,00,000
Deba Prasad Roy	Independent Director	80,000

*excluding service tax

No commission was paid to the Directors during the year ended 31st March, 2014.

Remuneration to the Chairman & Managing Director

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

Name of Director	Salary and Allowances per annum (Rs.)	Performance linked incentives (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
Banwari Lal Mittal	35,39,160	—	—	35,39,160

No remuneration is paid to Mr. Ravi Kant Sharma, Managing Director & CEO during the financial year 31st March, 2014.

Mr. Ravi Kant Sharma is also designated as the Managing Director of Microsec Capital Limited (MCap), a wholly owned Subsidiary of the Company and draws remuneration from MCap.

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, 2014.

Name of 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

(C) SHAREHOLDER'S / INVESTORS' GRIEVANCE AND SHARE TRANSFER COMMITTEE

The Shareholders/Investors' Grievance and Share Transfer Committee constituted by the Board comprises of three 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 24th May, 2013, 14th August, 2013, 11th November, 2013 and 12th February, 2014. The Composition of the Shareholders/Investors Grievance Committee 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	4
Banwari Lal Mittal	Chairman & Managing Director	Member	4	4
Parimal Kumar Chattaraj	Independent Director	Member	4	4

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

Corporate Governance Report

Investors' complaint(s) which cannot be settled at the level of Company Secretary & Compliance Officer is/are referred to the Shareholder / Investor Grievance Committee of the Board for final settlement. The Company confirms that no shareholder's complaint was lying pending as on 31st March, 2014.

In compliance of the SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011, the Company has obtained a user id and password for processing the investor complaints in a centralized web based SEBI Complaints Redress System - 'SCORES'. This enables the investors to view online the action taken by the Company on the complaints and its current status by logging on to the SEBI's website i.e. www.sebi.gov.in. The Company affirms that no shareholder's complaint was lying pending as on 31st March, 2014 under the 'SCORES'.

The Company confirms that there were no share transfers lying pending and affirms that all the requests for share transfers/transmissions, issue of new certificates, etc., received up to 31st March, 2014 have since been processed. All the requests for dematerialisation and rematerialisation of shares as on that date have been confirmed / rejected through the NSDL / CDSL system.

Details of queries and grievances received and attended to by the Company during the year 2013-14 are given herein below :

Sl. No.	Nature of Complaint	Pending as on 31.03.2013	Received during the year	Redressed during the year	Pending as on 31.03.2014
1.	Letters from Investors - Non allotment of shares and refund of application money	—	—	—	—
2.	Letter from Investor in respect of Correction in Refund order	—	—	—	—
3.	Letter from SEBI - Non allotment of shares and refund of application money	—	—	—	—
4.	Letter from BSE - Refund of application money	—	—	—	—

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

(D) RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of five members - Mr. Banwari Lal Mittal, Mr. Ravi Kant Sharma, Mr. Giridhar Dhelia, Mr. Bajrang Lal Agarwal and Mr. Vinit Pagaria.

The Committee was constituted in accordance with the Corporate Governance guidelines promulgated by the Reserve Bank of India and the terms of reference of the Risk Management Committee, inter-alia, include :

- to devise policies and guidelines for identification, measurement, monitoring and control for all major risk categories.
- to ensure that resources allocated for risk management are adequate given the size nature and volume of the business.
- to ensure that the managers and staff, who implement, monitor and control, risk, possess sufficient knowledge and expertise.
- to review and approve market risk limits.
- to ensure robustness of financial models, and the effectiveness of all systems used to calculate market risk.
- to ensure robust Management information system relating to risk reporting.

Corporate Governance Report

(E) NOMINATION COMMITTEE

The Nomination Committee comprises of two members - Mr. Banwari Lal Mittal and Mr. Ravi Kant Sharma.

The Committee was constituted in accordance with the Corporate Governance guidelines promulgated by the Reserve Bank of India and is primarily responsible to assist the Board of Directors in fulfilling its responsibilities by recommending to the Board the composition and structure of the Board, criteria for Board membership, evaluation of the corporate policies relating to the recruitment of Board.

(F) ASSET LIABILITY MANAGEMENT COMMITTEE

The Asset Liability Management Committee comprises of three members namely Mr. Ravi Kant Sharma, Mr. Banwari Lal Mittal and Mr. Giridhar Dhelia.

The Committee was constituted in accordance with the Corporate Governance guidelines promulgated by the Reserve Bank of India. The Committee is primarily responsible to review and monitor the structure /composition of the company's assets and liabilities, short term borrowings, assessment of opportunity costs, maintenance of liquidity, funding and capital planning, evaluation of market risks, liquidity risk, interest rate risk, investment risk and business risk, forecasting and analysing future business environment and preparation of contingency plans.

4. SUBSIDIARY COMPANIES

Clause 49 defines a "Material Non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. Under this definition, the Company has 14 (Fourteen) wholly owned subsidiaries. The Company has three material non-listed subsidiary i.e. Microsec Capital Limited (MCap), Microsec Resources Private Limited (MRPL) and PRP Technologies Limited (PRP) within the meaning of the Explanation 1 of Clause 49(III) of the Listing Agreement with the Stock Exchanges. Mr. Parimal Kumar Chattaraj is also a Director on the Board of MCap, MRPL and PRP.

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.

5. SHAREHOLDERS

Reappointment of Directors

Pursuant to the Articles of Association of the Company, at every Annual General Meeting of the Company, 1/3rd of the rotational directors retire by rotation.

Accordingly Mr. Ravi Kant Sharma retires by rotation and being eligible, has offered himself for reappointment at the forthcoming Annual General Meeting.

The details of Mr. Ravi Kant Sharma seeking re-appointment at the forthcoming Annual General Meeting are as under :

Name of Director	Mr. Ravi Kant Sharma
Date of Birth	10-11-1974
Date of Appointment on the Board	30-05-2005
Expertise in specific functional Area	Ravi Kant Sharma is the co-founder of the Microsec Group and is associated with it since 1999. He has an experience of more than 16 years in wealth management and capital market operations.
Qualification	B.Com, FCA
Directorship in other Limited Companies	1. Microsec Capital Limited 2. Microsec Insurance Brokers Limited 3. Microsec Technologies Limited 4. Microsec Commerce Limited 5. PRP Technologies Limited

Corporate Governance Report

Membership / Chairmanship of *Committees of the Board of Directors of the Company	Audit Committee - Member
Chairman/Member of the *Committee of the Board of Directors of other companies in which he is a Director	–
Shareholding of Director in the Company	9,23,893
Inter-se relations with any director of the Company	None

* Includes only Audit Committee and Shareholders'/Investors' Grievance and Share Transfer Committee.

It is proposed to re-appoint Mr. Ravi Kant Sharma as Director who retires from office by rotation at the forthcoming Annual General Meeting of the Company.

GENERAL BODY MEETING

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

Year	AGM date and time	Venue	No. of special resolutions passed
2012-13	14th August, 2013 at 10.30 a.m.	"Gyan Manch", 11 Pretoria Street, Kolkata - 700 071	Nil
2011-12	3rd August, 2012 at 10.30 a.m.	"Rotary Sadan" (Sripati Singhanian Hall) 94/2 Chowringhee Road, Kolkata - 700 020	Nil
2010-11	4th August, 2011 at 11.00 a.m.	"Gyan Manch", 11 Pretoria Street, Kolkata - 700 071	One

- No Extra-Ordinary General Meeting of the shareholders was held during the year.
- None of the business proposed to be transacted at the ensuing Annual General Meeting require passing a resolution through postal ballot.

6. DISCLOSURES

- i) Your Company places the statement of related party transactions 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 related party transaction as per the Accounting Standard (AS-18) are set out in Note no. 31 of the Notes to the Accounts. However, these transactions are not likely to have any conflict with the Company's interest.
- ii) 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) The Company has complied with the mandatory requirements of the Clause 49 of the Listing Agreement. 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 Report.
- iv) 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.
- v) 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

Code for Prevention of Insider - Trading Practices

In compliance with the SEBI Regulations on prevention of insider trading, the Company has framed a comprehensive Code of Conduct for prevention of Insider Trading for its designated employees. The Code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with shares of the Company, and cautioning them of the consequences of violations.

7. MEANS OF COMMUNICATION WITH SHAREHOLDERS

- i) **Publication of Results** : 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.
- ii) **News, Release etc** : The Company has its own website 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.
- iii) **Investors' Relation** : The Company's website contains a separate dedicated section "Investor Relation" where Shareholders' information is available. The Company has an exclusive email ID for shareholders/investors and they may write to the Company at investors@microsec.in.
- iv) Management Discussion and Analysis Report forms part of this Annual Report.

8. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting

Date : 13th August, 2014
 Time : 10.30 a.m.
 Venue : "Rotary Sadan", 94/2 Chowringhee Road, Kolkata - 700020

ii. Financial calendar: (tentative)

Financial Year 1st April, 2014 to 31st March, 2015
 25th Annual General Meeting : 13th August, 2014

Particulars	Quarter/ Half year/ Year ending	Tentative schedule
Unaudited Financial Result (1st Quarter)	Quarter ended 30.06.2014	On or before 14th August, 2014
Unaudited Financial Result (2nd Quarter)	Quarter ended 30.09.2014	On or before 15th November, 2014
Unaudited Financial Result (3rd Quarter)	Quarter ended 31.12.2014	On or before 15th February, 2015
Audited Financial Result (Annual)	Year ended 31.03.2015	On or before 30th May, 2015

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

With a view to strengthening the financial position of the Company, your Directors have not recommended any dividend for the financial year 2013-14.

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.

Corporate Governance Report

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 2014-15 has been paid in full to BSE and NSE.

vii. Stock Code & ISIN No.

BSE : 533259

NSE : MICROSEC

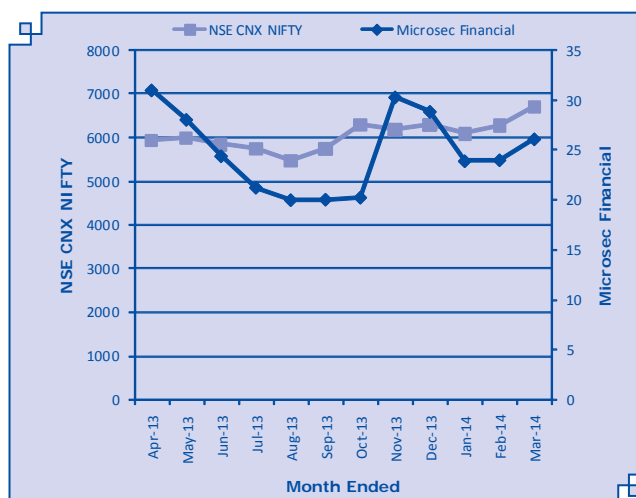
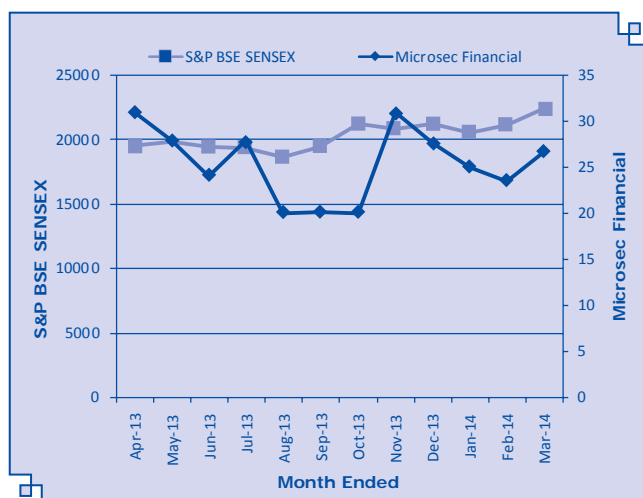
The International Securities Identification Number (ISIN) allotted to our shares under the depository system is INE019J01013.

viii. Market Price Data

High, Low during each month in the last financial year at BSE and NSE :

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2013	34.65	29.70	34.90	30.00
May, 2013	32.45	25.60	32.70	26.00
June, 2013	29.40	22.40	28.90	21.95
July, 2013	30.00	23.00	27.00	20.25
August, 2013	24.00	18.85	25.00	20.00
September, 2013	21.00	20.00	21.70	20.00
October, 2013	20.25	16.20	20.50	17.05
November, 2013	36.75	18.10	34.55	20.05
December, 2013	33.15	26.40	32.55	27.10
January, 2014	30.65	24.00	29.80	23.10
February, 2014	28.20	21.60	28.50	22.50
March, 2014	28.95	23.00	28.70	23.10

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



Corporate Governance Report

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

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 severally authorised to approve transfer of equity shares and the same is ratified in the next meeting of the Shareholders/Investors Grievance and Share Transfer Committee. The Shareholders/Investors Grievance and Share Transfer Committee meets as and when required to consider the other transfer, transmission of shares, etc. and attend to shareholder grievances.

xii. Distribution of shareholding and shareholding pattern as on 31st March, 2014

a) Distribution of Shareholding :

No. of equity shares held (range)	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 - 500	19539	94.69	17,99,106	5.66
501 - 1000	525	2.54	4,24,539	1.34
1001 - 2000	249	1.21	3,63,240	1.14
2001 - 3000	103	0.50	2,64,060	0.83
3001 - 4000	37	0.19	1,34,824	0.42
4001 - 5000	40	0.19	1,88,439	0.59
5001 - 10000	58	0.28	4,24,279	1.33
10001 and more	83	0.40	2,82,12,013	88.69
TOTAL	20634	100	3,18,10,500	100.00

b) Shareholding Pattern :

Sl. No.	Description	Number of shares	Percentage of Capital
I	Promoter and Promoter Group	2,19,86,919	69.12
II	Financial Institutions/ Banks	16,515	0.05
III	Foreign Institutional Investors/ Foreign Companies/ Foreign Venture Capital	1,44,205	0.45
IV	Bodies Corporate	18,88,121	5.94
V	NRIs / OCBs/ NRNs	42,571	0.13
VI	Trust	17,83,795	5.61
VII	Resident Individuals	59,23,709	18.62
VIII	Clearing Member	24,665	0.08
	TOTAL	3,18,10,500	100.00

Corporate Governance Report

xiii Dematerialisation of shares and liquidity

As on 31st March, 2014, 94.40% 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 31st March, 2014, the Company did not have any outstanding GDRs/ADRs/Warrants or any Convertible instruments.

xv. Plant Locations

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

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 :

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 3051 2020/2282 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

9. NON-MANDATORY REQUIREMENTS

(A) Non-Executive Chairman

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) Remuneration Committee

The Company has a properly constituted Remuneration Committee in place. For details as to the constitution of the Remuneration Committee and the functional responsibility vested in it, please refer to point no. 3(B) in the earlier part of this report.

(C) 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 the other important information on its public domain website.

At present the Company has not adopted the non mandatory requirements as to any of the other matters recommended under Annexure 1D to the Clause 49 of the Listing Agreements with the Stock Exchanges.

The Company can also be visited at its website <http://www.microsec.in>

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, 2014, as stipulated in Clause 49 of 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 above mentioned Listing Agreement.

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

per **Bhaswar Sarkar**

Partner

Membership No. : 55596

Place : Kolkata

Date: 19th May, 2014

Corporate Governance Report

Compliance with Code of Conduct for Directors and Senior Management

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, 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 2013-14.

For **Microsec Financial Services Limited**

Kolkata, May 19, 2014

Ravi Kant Sharma
Managing Director & CEO

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

We, Ravi Kant Sharma, Managing Director & CEO and Giridhar Dhelia, 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, 2014 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 during the year, if any;
 - (ii) Significant changes in accounting policies during the year, if any, have been disclosed in the notes to the financial statements; and
 - (iii) There were no instances of significant fraud of which we became aware and the involvement therein, 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**

Kolkata, May 19, 2014

Ravi Kant Sharma
Managing Director & CEO

Giridhar Dhelia
Chief Financial Officer

Independent Auditor's Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Microsec Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and 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 FINANCIAL STATEMENTS

Management is responsible for the preparation of these 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 notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

EMPHASIS OF MATTER

Without qualifying our audit opinion, we draw attention to note no.33 of the financial statements regarding the Company's credits/investments during the year having exceeded the limits prescribed by the credit concentration norms as provided in paragraph 18 of the Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended). However, during the year, the Company has complied with the regulations applicable to Non Deposit Accepting Core Investment Company (ND-CIC), has filed an application with the Reserve Bank of India (RBI) for conversion to a ND-CIC and provided such additional documents/information as sought by the RBI, as fully explained in the said note.

Independent Auditor's Report

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, 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 Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs;
 - (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

Chartered Accountants

ICAI Firm Registration Number: 301003E

per **Bhaswar Sarkar**

Partner

Membership Number: 55596

Place of Signature: Kolkata

Date: 19th May, 2014

Annexure to the Auditor's Report

ANNEXURE TO THE AUDITORS' REPORT (REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF MICROSEC FINANCIAL SERVICES LIMITED AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2014)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) The Company is engaged in the business of providing financial services and is not required to maintain inventory. Consequently, the requirements of clauses 4 (ii) (a) to (c) of the Companies (Auditor's Report) Order, 2003 [as amended] 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 or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) 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, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. The Company has neither purchased inventory nor sold goods during the year. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(v)(b) of the Order are not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public within the purview of section 58A and 58AA of the Act and the Rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the services rendered by the Company. Further, the Company is not in the business of sale of any goods.
- (ix) (a) The Company has been generally regular in depositing undisputed statutory dues including provident fund, investor's education and protection fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues with appropriate authorities. During the year, the Company did not have any dues towards wealth tax, customs duty, sales tax and excise duty.
- (b) During the year, the Company did not have any dues towards wealth tax, customs duty, sales tax and excise duty. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, cess, service tax and other material statutory dues were outstanding, as on Balance Sheet date, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues outstanding of income-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	4,69,520	Assessment Year 2010-11	Commissioner of Income Tax (Appeals)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company did not have any outstanding dues in respect of a financial institution, bank or debentureholder during the year. Accordingly, the provisions of clause 4(xi) of the Order are not applicable to the Company and hence not commented upon.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 [as amended] are not applicable to the Company and hence not commented upon.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by a subsidiary company from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- (xvi) The Company did not have any term loan outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issue.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

Place of Signature: Kolkata
Date: 19th May, 2014

For **S. R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E
per **Bhaswar Sarkar**
Partner
Membership Number: 55596

BALANCE SHEET as at 31st March, 2014

(Amount in Rs.)

	Notes	As at 31.03.2014	As at 31.03.2013
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	3	31,81,05,000	31,81,05,000
(b) Reserves and Surplus	4	1,93,31,66,775	1,92,72,73,196
2. Non Current Liabilities			
(a) Other Long Term Liabilities	5	–	11,94,53,510
3. Current Liabilities			
(a) Short-term Borrowings	6	–	5,00,000
(b) Trade Payables	7	7,90,413	37,18,212
(c) Other Current Liabilities	8	4,75,124	5,29,816
(d) Short Term Provisions	9	1,68,19,446	2,25,47,299
		2,26,93,56,758	2,39,21,27,033
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
Tangible Assets	10	4,40,34,127	4,65,28,335
(b) Non Current Investments	11	2,15,59,47,355	2,21,47,17,257
(c) Deferred Tax Assets	12	–	30,83,051
(d) Long Term Loans and Advances	13	1,30,37,358	1,58,45,876
2. Current Assets			
(a) Current Investments	14	–	8,00,00,000
(b) Trade Receivables	15	–	4,24,721
(c) Cash and Bank Balances	16	5,17,77,597	1,63,02,301
(d) Short Term Loans and Advances	17	38,68,546	1,50,94,684
(e) Other Current Assets	18	6,91,775	1,30,808
		2,26,93,56,758	2,39,21,27,033
Summary of significant accounting policies	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

Chartered Accountants

Bhaswar Sarkar

Partner

Membership No. 55596

Place : Kolkata

Date : 19th May, 2014

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Giridhar Dhelia

Chief Financial Officer

Ravi Kant Sharma

Managing Director

Biplab Kumar Mani

Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2014

(Amount in Rs.)

	Notes	2013-14	2012-13
I. Revenue from Operations	19	2,32,34,943	17,76,71,936
II. Other Income	20	43,47,092	13,13,572
III. Total Revenue		2,75,82,035	17,89,85,508
IV. Expenses			
Employee Benefits Expense	21	1,28,93,273	1,79,16,579
Finance Costs	22	13,728	5,19,438
Depreciation and Amortisation expense	23	35,65,322	38,71,473
Other Expenses	24	86,64,943	2,75,08,915
		2,51,37,266	4,98,16,405
V. Profit Before Tax		24,44,769	12,91,69,103
VI. Tax Expenses:			
(a) Current Tax		2,64,722	2,97,51,149
(b) Excess provision for taxation no longer required written back		(67,96,583)	–
(c) Deferred Tax Charge		30,83,051	17,94,776
		(34,48,810)	3,15,45,925
VII. Profit for the year		58,93,579	9,76,23,178
VIII. Earnings Per Equity Share			
Basic and Diluted (Nominal Value per Share Rs. 10)	25	0.19	3.07
Summary of significant accounting policies	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

Chartered Accountants

Bhaswar Sarkar

Partner

Membership No. 55596

Place : Kolkata

Date : 19th May, 2014

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Giridhar Dhelia

Chief Financial Officer

Ravi Kant Sharma

Managing Director

Biplab Kumar Mani

Company Secretary

Cash Flow Statement for the year ended 31st March, 2014

(Amount in Rs.)

Particulars	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	24,44,769	12,91,69,103
Adjustments for :		
Interest on Fixed Deposits and others	(34,47,092)	(6,13,572)
Provision for standard assets written back	(9,00,000)	(7,00,000)
Irrecoverable debts written off	–	6,25,881
Loss on pre-matured recovery of debts	–	1,36,68,055
Interest Paid	13,728	4,72,732
Depreciation and amortization expense	35,65,322	38,71,473
Operating Profit before Working Capital Changes	16,76,727	14,64,93,672
Increase / (Decrease) in trade payables	(29,27,799)	20,78,873
Increase / (Decrease) in other current liabilities	(53,437)	2,67,396
Increase / (Decrease) in short term provisions	(2,90,479)	2,90,479
Increase / (Decrease) in other long term liabilities	(11,94,53,510)	11,94,53,510
(Increase) / Decrease in trade receivables	4,24,721	(4,24,721)
Decrease in long-term loans and advances	–	2,07,441
(Increase) / Decrease in other current assets	(50,323)	76,893
Decrease in short-term loans and advances	1,12,26,138	1,63,74,12,991
(Increase) / Decrease in non-current investments	5,87,69,902	(1,77,50,77,872)
(Increase) / Decrease in current investments	8,00,00,000	(8,00,00,000)
Cash generated from operations	2,93,21,940	5,07,78,662
Direct tax paid (Net)	63,39,903	(3,18,16,592)
Net Cash Flow from / (used in) Operating Activities	3,56,61,843	1,89,62,070
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets (including capital advances)	(20,36,384)	(13,99,086)
Investment in Fixed Deposits (having original maturity of more than three months)	(13,60,00,000)	(85,01,620)
Encashment of Fixed Deposits (having original maturity of more than three months)	9,85,01,620	78,82,589
Interest on Fixed Deposits and Others	23,64,820	6,81,257
Net Cash Flow (used in) Investing Activities	(3,71,69,944)	(13,36,860)

Cash Flow Statement for the year ended 31st March, 2014

(Amount in Rs.)

	2013-14	2012-13
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend paid	(652)	(3,17,32,778)
Interest paid	(14,331)	(4,72,129)
Tax on dividend paid	—	(51,60,458)
Proceeds from short term borrowings	—	6,60,00,000
Repayment of short term borrowings	(5,00,000)	(6,55,00,000)
Net cash flow from / (used in) financing activities	(5,14,983)	(3,68,65,365)
D. Net increase / (decrease) in cash and cash equivalents (A+B+C)	(20,23,084)	(1,92,40,155)
E. Cash and cash equivalents at the beginning of the year	77,63,865	2,70,04,020
F. Cash and cash equivalents at the end of the year	57,40,781	77,63,865
Components of Cash and Cash Equivalents as indicated in Note 16 comprises of :		
Cash on hand	11,261	13,839
Balances with Scheduled Banks *	57,29,520	77,50,026
Total	57,40,781	77,63,865

* Excludes balance of Rs. 36,816 (2012-13: Rs. 36,816) with a bank for which refund instruments have been issued to the investors but are yet to be encashed and Rs. 4,60,00,000 (2012-13 : Rs. 85,01,620) 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

Chartered Accountants

Bhaswar Sarkar

Partner

Membership No. 55596

Place : Kolkata

Date : 19th May, 2014

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Ravi Kant Sharma

Managing Director

Giridhar Dhelia

Chief Financial Officer

Biplab Kumar Mani

Company Secretary

Notes to the Financial Statements as at and for the year ended 31st March, 2014

1. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material aspects with the Accounting Standards and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated 04th April, 2014 issued by the Ministry of Corporate Affairs and the directives as prescribed by the Reserve Bank of India to Non Deposit Accepting Core Investment Companies (CIC). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Company, are consistent with those used in the previous year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. 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.

ii. 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.

iii. 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.

iv. 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.

v. Depreciation and Amortization on Tangible and Intangible Assets

- a. Depreciation on fixed assets is provided using written down value method as per the useful life of the assets estimated by the management which is as per the rates specified in schedule XIV to the Companies Act, 1956.
- 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.

Notes to the Financial Statements as at and for the year ended 31st March, 2014

vi. Impairment of tangible and 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.

vii. Borrowing Costs

Borrowing costs relating to acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

viii. Investments

Investments that are readily realisable and intended to be held for not more than a year 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.

ix. Provisions

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources 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 best estimate required to settle the obligation, at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

x. 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.

xi. 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

Notes to the Financial Statements as at and for the year ended 31st March, 2014

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.

xii. 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.

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.

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.

Notes to the Financial Statements as at and for the year ended 31st March, 2014

- 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.
- c. Short Term compensated absences are provided for based on estimates.
- d. Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

xv. Earnings 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, 2014

(Amount in Rs.)

	As at 31.03.2014	As at 31.03.2013
3 SHARE CAPITAL		
Authorised		
3,50,00,000 (2012-13 : 3,50,00,000) Equity Shares of Rs. 10 each	35,00,00,000	35,00,00,000
Issued, Subscribed and Paid-up		
3,18,10,500 (2012-13 : 3,18,10,500) Equity Shares of Rs. 10 each fully paid	31,81,05,000	31,81,05,000

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

Equity Shares	As at 31.03.2014		As at 31.03.2013	
	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 shareholders are entitled to dividends which the Board of Directors may propose, after distribution of preferential amounts, if any, subject to the approval of the shareholders at the Annual General Meetings.

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 31.03.2014		As at 31.03.2013	
	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
Top View Enclaves LLP	66,21,451	20.82	52,84,760	16.61
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 31.03.2014	As at 31.03.2013
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium, capital redemption reserve and surplus in the statement of profit and loss	—	57,00,000
Equity shares bought back by the Company	10,00,000	10,00,000

Notes to the Financial Statements as at and for the year ended 31st March, 2014

(Amount in Rs.)

	As at 31.03.2014	As at 31.03.2013
4 RESERVES AND SURPLUS		
Capital Redemption Reserve (As per last account)	1,00,00,000	1,00,00,000
Securities Premium Account (As per last Account)	1,38,98,71,136	1,38,98,71,136
Reserve under Section 45-IC of the Reserve Bank of India Act, 1934		
As per last Account	13,97,00,000	12,01,00,000
Add : Amount transferred from the Statement of Profit and Loss during the year	11,78,800	1,96,00,000
	14,08,78,800	13,97,00,000
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		
As per Last Account	38,77,02,060	30,96,78,882
Add : Profit for the year	58,93,579	9,76,23,178
	39,35,95,639	40,73,02,060
Less : Appropriations		
Transferred to Reserve under Section 45-IC of the RBI Act, 1934	11,78,800	1,96,00,000
	39,24,16,839	38,77,02,060
	1,93,31,66,775	1,92,72,73,196
5 OTHER LONG TERM LIABILITIES		
Payable to Related Party (Refer Note 31)	–	11,94,53,510
	–	11,94,53,510
6 SHORT-TERM BORROWINGS		
From a body corporate (unsecured)	–	5,00,000
	–	5,00,000
The above loan was repayable on demand and carried interest @ 11% per annum.		
7 TRADE PAYABLES		
Due to Micro and Small Enterprises *	–	–
Due to Others	7,90,413	37,18,212
	7,90,413	37,18,212

* 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.

Notes to the Financial Statements as at and for the year ended 31st March, 2014

(Amount in Rs.)

	As at 31.03.2014	As at 31.03.2013
8 OTHER CURRENT LIABILITIES		
Unclaimed Dividend *	1,64,537	1,65,189
Unpaid Share Application Money **	36,816	36,816
Interest accrued but not due	–	603
Other Payables		
Statutory Dues	2,73,771	3,27,208
	4,75,124	5,29,816

* 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.

9 SHORT TERM PROVISIONS		
For taxation [Net of Advances Rs. 8,01,54,506 (2012-13: Rs. 12,92,03,545)]	1,42,19,446	1,87,56,820
For Standard Assets (Refer Note 34)	26,00,000	35,00,000
For Gratuity (Refer Note 28)	–	2,90,479
	1,68,19,446	2,25,47,299

Notes to the Financial Statements as at and for the year ended 31st March, 2014

(Amount in Rs.)

10 FIXED ASSETS

A. Tangible Assets

Particulars	Office Premises	Residential Flat	Computers	Furniture and Fixtures	Office Equipments	Vehicles	Total
Gross Block							
At April 1, 2012	4,63,99,370	55,52,350	57,63,434	1,23,61,620	74,28,892	5,17,439	7,80,23,105
Additions	—	—	29,600	—	—	8,95,204	9,24,804
Disposals	—	—	—	—	—	—	—
At March 31, 2013	4,63,99,370	55,52,350	57,93,034	1,23,61,620	74,28,892	14,12,643	7,89,47,909
Additions	—	—	1,66,472	1,09,955	3,08,287	4,86,400	10,71,114
Disposals	—	—	—	—	—	—	—
At March 31, 2014	4,63,99,370	55,52,350	59,59,506	1,24,71,575	77,37,179	18,99,043	8,00,19,023
Depreciation							
At April 1, 2012	1,12,80,613	2,43,411	50,70,955	79,94,419	38,00,067	1,60,894	2,85,50,359
Charge For the Year	17,55,938	2,65,447	2,84,485	7,90,463	5,04,770	2,68,112	38,69,215
Disposals	—	—	—	—	—	—	—
At March 31, 2013	1,30,36,551	5,08,858	53,55,440	87,84,882	43,04,837	4,29,006	3,24,19,574
Charge For the Year	16,68,141	2,52,175	2,03,202	6,51,916	4,74,502	3,15,386	35,65,322
Disposals	—	—	—	—	—	—	—
At March 31, 2014	1,47,04,692	7,61,033	55,58,642	94,36,798	47,79,339	7,44,392	3,59,84,896
Net Block							
At March 31, 2013	3,33,62,819	50,43,492	4,37,594	35,76,738	31,24,055	9,83,637	4,65,28,335
At March 31, 2014	3,16,94,678	47,91,317	4,00,864	30,34,777	29,57,840	11,54,651	4,40,34,127

B. Intangible Assets

Particulars	Copyrights - Right on Web Application Portal - Personal Resource Planning	Software	Total
Gross Block			
At April 1, 2012	5,00,01,000	34,37,630	5,34,38,630
Purchase	—	—	—
At March 31, 2013	5,00,01,000	34,37,630	5,34,38,630
Purchase	—	—	—
At March 31, 2014	5,00,01,000	34,37,630	5,34,38,630
Amortization			
At April 1, 2012	5,00,01,000	34,35,372	5,34,36,372
Charge For the Year	—	2,258	2,258
At March 31, 2013	5,00,01,000	34,37,630	5,34,38,630
Charge For the Year	—	—	—
At March 31, 2014	5,00,01,000	34,37,630	5,34,38,630
Net Block			
At March 31, 2013	—	—	—
At March 31, 2014	—	—	—

Notes to the Financial Statements as at and for the year ended 31st March, 2014

	No. of Shares/Units	Face value Per Share/Unit (Rs.)	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
11 NON CURRENT INVESTMENTS				
Trade Investments (Valued at Cost)				
Unquoted Equity Shares (fully paid up)				
In Subsidiary Companies				
Microsec Capital Limited	22,63,561 (22,63,561)	10	27,36,53,867	27,36,53,867
Microsec Resources Private Limited	3,20,000 (3,20,000)	10	1,31,00,000	1,31,00,000
Microsec Health Buddy Limited	25,50,000 (25,50,000)	10	51,12,75,000	51,12,75,000
Bharatiya Sanskriti Village Private Limited	1,15,000 (1,15,000)	10	8,02,00,000	8,02,00,000
Myjoy Tasty Food Private Limited	50,000 (50,000)	10	5,01,250	5,01,250
PRP Technologies Limited	1,00,000 (-)	10	2,41,60,250	-
Microsec Technologies Limited	2,21,037 (50,000)	10	27,13,23,388	5,00,000
Total (a)			1,17,42,13,755	87,92,30,117
Unquoted Preference Shares (fully paid up)				
In Subsidiary Companies				
5% Redeemable Optionally Convertible Non Cumulative Preference Shares				
Microsec Technologies Limited	- (52,940)	10	-	8,99,98,000
5% Redeemable Optionally Convertible Non Cumulative Preference Shares				
PRP Technologies Limited	- (25,272)	10	-	2,37,55,680
Total (b)			-	11,37,53,680

Notes to the Financial Statements as at and for the year ended 31st March, 2014

	No. of Shares/Units	Face value Per Share/Unit (Rs.)	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
11 NON CURRENT INVESTMENTS (Contd)				
Unquoted Compulsorily Convertible Unsecured Debentures (fully paid up)				
In Subsidiary Companies				
Microsec Health Buddy Limited	36,50,400 (36,50,400)	10	30,66,33,600	30,66,33,600
PRP Technologies Limited	5,00,000 (7,55,319)	940	47,00,00,000	70,99,99,860
Bharatiya Sanskriti Village Private Limited	20,32,500 (20,32,500)	80	16,26,00,000	16,26,00,000
Myjoy Tasty Food Private Limited	42,50,000 (42,50,000)	10	4,25,00,000	4,25,00,000
Total (c)			98,17,33,600	1,22,17,33,460
Total Investments (a+b+c)			2,15,59,47,355	2,21,47,17,257
Aggregate Value of Investments				
Unquoted			2,15,59,47,355	2,21,47,17,257

(Amount in Rs.)

	As at 31.03.2014	As at 31.03.2013
12 DEFERRED TAX ASSETS		
Deferred Tax Asset		
Difference between WDV of Fixed Assets as per books of accounts and for tax purposes	—	18,53,041
Expenditure allowable against taxable income in future years	—	94,260
Provision for Standard Assets	—	11,35,750
	—	30,83,051

Net Deferred Tax Asset of Rs. 13,55,981 (Rs. Nil) has not been recognized in view of accounting policy specified in Note 2(xi) herein.

13 LONG TERM LOANS AND ADVANCES		
(Unsecured considered good)		
Capital Advances (Refer Note 30)	92,72,770	83,07,500
Advance Tax [Net of Provisions Rs. 2,64,722 (2012-13: Rs. Nil)]	35,73,831	73,47,619
Security Deposits	1,90,757	1,90,757
	1,30,37,358	1,58,45,876

Notes to the Financial Statements as at and for the year ended 31st March, 2014

	No. of Units	Face value Per Unit (Rs.)	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
14 CURRENT INVESTMENTS				
(Valued at lower of cost and fair value)				
Unquoted Mutual Funds (fully paid up)				
Reliance Liquid Fund - Treasury Plan - Growth Plan - Growth Option	– (17,517.348)	1,000	–	5,00,00,000
Sundaram Ultra Short-Term Fund Regular Growth	– 18,77,769.71	10	–	3,00,00,000
			–	8,00,00,000
Aggregate Value of Investments				
Unquoted			–	8,00,00,000
Aggregate Net Asset Value of Mutual Fund Units			–	8,00,51,507

(Amount in Rs.)

	As at 31.03.2014	As at 31.03.2013
15 TRADE RECEIVABLES		
(Unsecured, Considered good)		
Debts outstanding for a period exceeding six months from the date they are due for payment	–	–
Other Receivables	–	4,24,721
	–	4,24,721

16 CASH AND BANK BALANCES		
(i) Cash and Cash Equivalents		
Cash on Hand	11,261	13,839
Balances with Scheduled Banks		
On Current Accounts	55,64,983	75,84,837
Unclaimed Dividend Account	1,64,537	1,65,189
	57,40,781	77,63,865
(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	4,60,00,000	85,01,620
	5,17,77,597	1,63,02,301

* 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, 2014

(Amount in Rs.)

	As at 31.03.2014	As at 31.03.2013
17 SHORT TERM LOANS AND ADVANCES		
(Unsecured considered good, unless otherwise stated)		
Advances recoverable in cash or in kind	1,500	53,300
Prepaid Expenses	1,68,188	16,72,165
Deposit with Stock Exchange	–	73,75,000
Deposits with Government Authorities	36,98,858	59,94,219
	38,68,546	1,50,94,684
18 OTHER CURRENT ASSETS		
Accrued Interest on Fixed Deposits	6,41,452	1,30,808
Gratuity (Refer Note 28)	50,323	–
	6,91,775	1,30,808

Notes to the Financial Statements as at and for the year ended 31st March, 2014

(Amount in Rs.)

	2013-14	2012-13
19 REVENUE FROM OPERATIONS		
(a) Interest		
On Loans (Gross) [TDS Rs. Nil (2012-13: Rs. 1,11,65,637)]	–	12,77,79,336
(b) Other Financial Services		
Profit on Sale of Non-Trade Investments (Net)		
- Long Term	–	2,61,87,629
- Current	26,49,905	2,17,48,784
Dividend from Long Term Non-Trade Investments	1,55,515	13,74,847
Income from Royalty [TDS Rs. Nil (2012-13 : Rs. 16,853)]	9,523	1,49,992
Miscellaneous	–	11,348
Professional Services [TDS Rs. 22,94,391 (2012-13 : Rs. 47,191)]	2,04,20,000	4,20,000
	2,32,34,943	17,76,71,936
20 OTHER INCOME		
(a) Interest Income		
On Fixed Deposits [TDS Rs. 2,87,546 (2012-13: Rs. 61,311)]	28,75,464	6,12,607
On Income Tax Refund	5,71,628	–
Others [TDS Rs. Nil (Rs. Nil)]	–	965
(b) Other Non Operating Income		
Provision for standard assets written back	9,00,000	7,00,000
	43,47,092	13,13,572
21 EMPLOYEE BENEFITS EXPENSE		
Salary, Bonus etc.	1,24,97,689	1,67,61,804
Contribution to Provident and other funds	2,73,584	3,19,665
Contribution to Employees' State Insurance	25,146	34,982
Gratuity Expense	3,177	4,97,920
Employees' Welfare Expenses	93,677	3,02,208
	1,28,93,273	1,79,16,579
22 FINANCE COSTS		
Interest Expense	13,728	4,72,732
Other Borrowing Costs		
Bank Guarantee Charges	–	46,706
	13,728	5,19,438

Notes to the Financial Statements as at and for the year ended 31st March, 2014

(Amount in Rs.)

	2013-14	2012-13
23 DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of Tangible Assets	35,65,322	38,69,215
Amortisation of Intangible Assets	–	2,258
	35,65,322	38,71,473
24 OTHER EXPENSES		
Advertisement and Publicity	2,68,945	13,96,670
Brand Promotion Expenses	15,39,875	4,36,765
Communication Expenses	2,88,155	2,28,868
Repairs and Maintenance - Others	3,14,552	3,14,649
Rates and Taxes	2,80,352	3,86,036
Filing Fees	1,500	1,510
Directors Sitting Fee	2,97,304	2,63,652
Insurance Premium	2,18,676	1,48,196
Printing and Stationery	11,27,530	15,69,476
Postage and Telegram	2,19,601	4,84,716
Bank and Demat Charges	2,03,177	2,26,689
Business Promotion Expenses	1,63,241	2,93,840
Travelling and Conveyance	9,14,238	14,21,681
Legal and Professional Fees	10,93,921	28,52,394
Listing Fee	1,83,161	1,83,161
Auditors' Remuneration		
As Auditors		
Audit Fees	2,00,000	6,50,000
Limited Reviews	2,25,000	4,50,000
In other capacity for certificates and other services	2,25,000	3,00,000
Reimbursement of Expenses (including service tax)	61,778	1,12,507
Irrecoverable Debts written off	–	6,25,881
Loss on pre-matured Recovery of Debts	–	1,36,68,055
Security Service Charges	3,57,082	6,99,769
Miscellaneous Expenses	4,81,855	7,94,400
	86,64,943	2,75,08,915

Notes to the Financial Statements as at and for the year ended 31st March, 2014

	2013-14	2012-13
25 EARNINGS PER SHARE		
Basis for calculation of Basic and Diluted Earnings Per Share is as under:		
Profit after tax (Rs.)	58,93,579	9,76,23,178
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.)	0.19	3.07

26 CONTINGENT LIABILITIES	
(a) The Company has provided Corporate Guarantee of Rs. 18,63,75,000 (2012-13: Rs. 13,60,00,000) and has created equitable mortgage of Rs. 6,92,70,000 (2012-13: Rs. 6,92,70,000) over its property at Kolkata as security for the said guarantee for credit facility extended by a scheduled bank to Microsec Capital Limited (a wholly owned subsidiary company). Against the above, the credit facility availed and the bank guarantees issued by the bank as on 31st March, 2014 are Rs. Nil (2012-13: Rs. Nil) and Rs. 18,63,75,000 (2012-13: Rs. 13,60,00,000) respectively.	
(b) Bank Guarantee outstanding in favour of Indian Clearing Corporation Limited, on behalf of Bombay Stock Exchange - Rs. Nil (2012-13: Rs. 73,75,000).	
(c) Income tax demand under appeal – Rs. 4,69,520 (2012-13: Rs. 62,70,480). The management believes that the Company has a good case for success in this matter and therefore no provision thereagainst is considered necessary.	
(d) Service tax demand – Rs. 65,91,073 (2012-13: Rs. 8,49,661). The management believes that the Company has a good case for success in this matter and therefore no provision thereagainst is considered necessary.	

	(Amount in Rs.)	
	2013-14	2012-13
27 DIRECTOR'S REMUNERATION		
Salary, Bonus, etc.	33,21,887	33,21,887
Contribution to Provident Fund	2,17,273	2,17,273
	35,39,160	35,39,160

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.

- 28.** 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.

Notes to the Financial Statements as at and for the year ended 31st March, 2014

(Amount in Rs.)

	2013-14	2012-13
(i) Net employee expense /(benefit)		
Current service cost	1,88,167	2,24,067
Interest cost on benefit obligation	56,204	44,485
Expected return on plan assets	67,903	65,597
Obligation transferred to current employer	4,42,018	–
Net actuarial (gain) / loss recognised in the year	2,68,727	2,94,965
Total employer expense recognised in Statement of Profit and Loss	3,177	4,97,920
(ii) Actual return on Plan Assets	67,903	68,980
(iii) Benefit Asset/(Liability)		
Defined benefit obligation	11,37,588	10,66,508
Fair value of Plan Assets	11,87,911	7,76,029
Benefit Asset / (Liability)	50,323	(2,90,479)
(iv) Movement in benefit liability		
Opening defined benefit obligation	10,66,508	6,12,519
Interest cost	56,204	44,485
Current service cost	1,88,167	2,24,067
Benefits paid	–	(1,12,911)
Obligation transferred to current employer	4,42,018	–
Actuarial (gains) / losses on obligation	2,68,727	2,98,348
Closing benefit obligation	11,37,588	10,66,508
(v) Movement in fair value of plan assets		
Opening fair value of plan assets	7,76,029	8,19,960
Expected return on plan assets	67,903	65,597
Contributions by employer	3,43,979	–
Benefits paid	–	1,12,911
Actuarial (gains) / losses on plan assets	–	(3,383)
Closing fair value of plan assets	11,87,911	7,76,029
(vi) Major categories of plan assets as a percentage of the fair value of total plan assets		
Investments in insurance managed fund	100%	100%
(vii) The principal actuarial assumptions are as follows		
Discount rate	9.00%	8.00%
Expected rate of return on plan assets	8.75%	8.00%
Salary increase	6.00%	5.00%
Withdrawal rates	1.00%	1.00%
(viii) Amount incurred as expense for defined contribution plans		
Contribution to Provident / Pension fund	2,73,584	3,19,665
(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.		

Notes to the Financial Statements as at and for the year ended 31st March, 2014

(xi) The Company expects to contribute Rs. 3,00,000 (2012-13: Rs. 3,00,000) to Gratuity Fund during April, 2014 to March, 2015.

(xii) Amounts for the current year and previous years are as follows : (Amount in Rs.)

	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
Defined Benefit Obligation	11,37,588	10,66,508	6,12,519	4,14,234	2,89,577
Plan Assets	11,87,911	7,76,029	8,19,960	7,46,448	2,79,771
Surplus / (Deficit)	50,323	(2,90,479)	2,07,441	3,32,214	(9,806)
Experience adjustments on Plan Liabilities	3,18,232	29,409	16,890	(35,007)	13,544
Experience adjustments on Plan Assets	5,179	8,135	8,596	7,053	3,285

29. Minimum Alternate Tax (MAT) credit entitlement of 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(xi) herein.

30. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 12,72,222 (2012-13: Rs. 20,92,581).

31. In terms of Accounting Standard 18, notified by the Companies Accounting Standard Rules, 2006, the related party disclosures 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 *

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 *

Notes to the Financial Statements as at and for the year ended 31st March, 2014

Kailashwar Advisory Services LLP *

Stuti Advisory Services LLP *

Bhavya Advisory Services LLP **

* w.e.f. 25th March, 2013

** w.e.f. 1st January, 2013

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

a) Associate Company

Microsec Health Buddy Limited (upto 24th March, 2013)

b) Key Management Personnel

Mr. Banwari Lal Mittal (Chairman and Managing Director)

Mr. Ravi Kant Sharma (Managing Director)

Mr. Giridhar Dhelia (Chief Financial Officer)

Notes to the Financial Statements as at and for the year ended 31st March, 2014

	Subsidiary Companies / Entities (Enterprise over which control exists)										(Amount in Rs.)
	Microsec Resources Private Limited	Microsec Technologies Limited	PRP Technologies Limited	Microsec Commerce Limited	Microsec Capital Limited	Microsec Invictus Advisors LLP	Microsec Health Buddy Limited	Bharatiya Sanskriti Village Private Limited	Myjoy Tasty Food Private Limited	Associate Company	
Loans Given	-	-	-	-	-	-	-	-	-	Mr. Banwari Lal Mittal	-
Repayment of Loans Given	(38,50,000)	(4,57,00,000)	(2,34,50,000)	-	-	-	-	-	-	Microsec Health Buddy Limited	(-)
Refund of advance taken	(1,08,06,138)	(4,70,89,142)	(66,23,871)	-	-	-	-	-	-	Mr. Girdhar Dhelia	(-)
Director's Remuneration	-	-	-	-	-	-	11,94,53,510	-	-	Mr. Banwari Lal Mittal	-
Remuneration	-	-	-	-	-	-	-	-	-	Microsec Health Buddy Limited	(-)
Management Consultancy Fees	-	-	-	-	2,00,00,000	-	-	-	-	Mr. Banwari Lal Mittal	35,39,160
Interest Income	(4,61,089)	(13,89,142)	(4,98,795)	-	-	-	-	-	-	Microsec Health Buddy Limited	(35,39,160)
Dividend Income	-	83,515	-	-	-	-	-	-	-	Mr. Banwari Lal Mittal	14,06,468
Income from Royalty	-	-	9,523	-	-	-	-	-	-	Microsec Health Buddy Limited	(10,67,819)
Service Charges	-	-	(1,49,992)	-	-	-	-	-	-	Mr. Banwari Lal Mittal	-
Investments during the year	-	12,99,98,638	(73,37,55,540)	-	1,695	-	-	-	-	Microsec Health Buddy Limited	-
Redemption of Compulsorily Convertible Debentures	-	-	23,99,99,860	-	(2,45,302)	-	-	(16,26,00,000)	(4,25,00,000)	Mr. Banwari Lal Mittal	-
Redemption of Optionally Convertible Preference Shares	-	-	2,37,55,680	-	-	-	-	-	-	Microsec Health Buddy Limited	-
Conversion of Preference Shares into Equity Shares	-	12,80,93,000	-	-	-	-	-	-	-	Mr. Banwari Lal Mittal	-
Purchase of Investments of Microsec Health Buddy Limited	-	(14,44,00,000)	(11,50,00,000)	(3,00,00,000)	-	-	-	-	-	Microsec Health Buddy Limited	-
Purchase of Investments of Bharatiya Sanskriti Village Private Limited	-	-	-	-	-	-	(8,00,00,000)	-	-	Mr. Banwari Lal Mittal	-
Purchase of Investments of Myjoy Tasty Food Private Limited	-	-	-	-	-	-	(5,00,000)	-	-	Microsec Health Buddy Limited	-
Purchase of Investments of PRP Technologies Limited	-	2,41,00,000	-	-	-	-	-	-	-	Mr. Banwari Lal Mittal	-
Purchase of Investments of Microsec Technologies Limited	-	-	-	-	5,07,00,000	-	-	-	-	Microsec Health Buddy Limited	-
Balance Payable	-	-	-	-	-	-	(11,94,53,510)	-	-	Mr. Banwari Lal Mittal	-
Corporate Guarantee Given	-	-	-	-	18,63,75,000	-	-	-	-	Microsec Health Buddy Limited	-
Corporate Guarantee Withdrawn	-	(10,19,00,000)	-	-	(17,81,50,000)	-	-	-	-	Mr. Banwari Lal Mittal	-

Notes to the Financial Statements as at and for the year ended 31st March, 2014

32. Segment Reporting

The Company has re-assessed its business segment with regard to business carried out during the year. Accordingly the Company has only one reportable business segment i.e. "Financial Services" as against "Financing and Investment" and "Investment Banking and related services" as reported in the previous year. The Company continues to have only one reportable geographical segment in India.

33. The shareholders of the Company had approved the conversion of the Company into a Core Investment Company (CIC) vide the postal ballot on 19th March, 2013. Accordingly, the Company had filed an application with the Reserve Bank of India (RBI) on 7th June 2013 for exemption from the concentration of credit / investment norms (credit concentration norms) as provided in paragraph 18 of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended) to enable the Company to convert into a CIC. The RBI, vide its letter dated 20th August, 2013 had directed the Company to comply with the CIC norms and submit an application for registration as CIC by 31st December, 2013. The Company has complied with the requirements applicable to CIC and as a matter of abundant precaution has filed such application for registration on 31st December, 2013 though the Company is not required to obtain such registration under applicable RBI guidelines. The RBI has, vide intimation dated 28th January, 2014, sought certain documents / information to be able to scrutinize the aforesaid application which has been provided by the Company.

A Company having an asset size of more than Rs. 100 crores and not accessing public funds is exempt from the registration as CIC with the RBI under Section 45IA of the RBI Act, 1934 in terms of the notification No. DNBS.PD.221/CGM(US) 2011 dated 5th January, 2011. In view of the above, the management believes that the Company has complied with the extant requirements of operating as a CIC, however approval from the RBI in this regard is awaited. Pending such approval, the Company continues to hold its NBFC registration even though it neither carried out any activity other than that of CIC during the year nor intends to do so in future.

34. The creation of provision for standard assets though not required for a Core Investment Company in terms of the RBI guidelines, however as a matter of abundant precaution the Company has not written back the amount of Rs 26,00,000 lying as on 31st March, 2014, pending necessary registration / clarification from the RBI as stated in note 33 above.
35. Additional information as per guidelines issued by the Reserve Bank of India in respect of Non – Banking Financial Companies (Non Deposit Accepting or Holding) systemically important (NBFC-ND-SI) are given in Annexure – I attached herewith.
36. Previous year's figures including those in brackets have been regrouped and / or rearranged wherever necessary.

As per our report of even date

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

Firm Registration No : 301003E

Chartered Accountants

Bhaswar Sarkar

Partner

Membership No. 55596

Place : Kolkata

Date : 19th May, 2014

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Giridhar Dhelia

Chief Financial Officer

Ravi Kant Sharma

Managing Director

Biplab Kumar Mani

Company Secretary

Notes to the Financial Statements as at and for the year ended 31st March, 2014

Annexure I of Note 35 to the Financial Statement of a Non Banking Financial Company

(a) Capital to Risk Assets Ratio (CRAR)

Items	As at 31st March, 2014	As at 31st March, 2013
(i) CRAR (%)	249.32	119.64
(ii) CRAR - Tier I Capital (%)	247.31	118.00
(iii) CRAR - Tier II Capital (%)	2.01	1.64

(b) Exposure to real estate sector, both direct and indirect.

(Amount in Rs.)

Category	As at 31st March, 2014	As at 31st March, 2013
(a) Direct exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lacs may be shown separately)	—	—
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	—	—
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
(a) Residential	—	—
(b) Commercial Real Estate	—	—
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	—	—

(c) The Company does not have any exposure in gold as on March 31, 2014.

(d) Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(Figure in Rs.)

	1 day to 30/31 days (one month)	Over 1 month and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	—	—	—	—	—	—	—	—	—
Market Borrowings	(5,00,000)	—	—	—	—	—	—	—	(5,00,000)
Assets									
Advances	—	—	—	—	—	—	—	—	—
Investments	(8,00,00,000)	—	—	—	—	—	—	2,15,59,47,355 (2,21,47,17,257)	2,15,59,47,355 (2,29,47,17,257)

STATEMENT UNDER SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES IN TERMS OF THE CIRCULAR NO. 2/2011 DATED FEBRUARY 8, 2011 ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS, GOVERNMENT OF INDIA
(Amount in Rs.)

Sl. No.	Particulars	BHARATIYA SANSKRITI VILLAGE PRIVATE LIMITED		MYJOY TASTY FOOD PRIVATE LIMITED		MYJOY HOSPITALITY PRIVATE LIMITED		MYJOY TECHNOLOGIES PRIVATE LIMITED		MYJOY PHARMACEUTICALS PRIVATE LIMITED		SASTA SUNDAR SHOP PRIVATE LIMITED		JOYBUDDY FUN PRODUCTS PRIVATE LIMITED *	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
a.	Capital														
	-Authorised	5,000,000	5,000,000	1,000,000	1,000,000	1,000,000	1,000,000	3,000,000	3,000,000	1,000,000	1,000,000	1,100,000	1,100,000	100,000	-
	-Issued & Subscribed / Partner's Fund	1,150,000	1,150,000	500,000	500,000	500,000	500,000	2,600,000	2,600,000	100,000	100,000	1,100,000	1,100,000	100,000	-
b.	Reserves	1,838,942	5,978,256	483,829	1,936	-2,542,027	-2,394,724	11,431,800	12,274,977	-94,338	-66,709	3,664,558	5,660,922	-33,533	-
c.	Total Assets	165,601,269	169,935,180	43,501,159	43,031,065	39,870,716	40,442,240	22,500,773	18,070,739	300,070	329,460	5,415,150	11,163,260	100,000	-
d.	Total Liabilities	162,612,327	162,806,924	42,517,330	42,529,129	41,912,743	42,336,964	8,468,973	3,195,762	294,408	296,169	650,592	4,402,338	33,533	-
e.	Details of Investments (Except Investment in Subsidiary)														
	In Quoted Bonds (Non-Current)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	In Quoted Bonds (Current)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	In Unquoted Bonds (Non-Current)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	In Units of Mutual Fund (Current)	-	-	-	440,000	-	-	-	-	-	-	-	-	-	-
	In Quoted Equity Shares (Non-Current)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	In Quoted Equity Shares (Current)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	In Unquoted Equity Shares (Non-Current)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
f.	Turnover	-	-	-	90,000	-	23,228	-	500,000	-	-	-	4,962	-	-
g.	Profit before Taxation	-4,139,314	-2,852,363	488,624	67,511	-147,303	-1,622,169	-843,716	-2,031,236	-27,629	-19,666	-1,996,364	-3,170,087	-33,533	-
h.	Provision for Taxation	-	-	6,731	13,040	-	-	-	-	-	-	-	-	-	-
i.	Profit after Taxation	-4,139,314	-2,852,363	481,893	54,471	-147,303	-1,622,169	-843,716	-2,031,236	-27,629	-19,666	-1,996,364	-3,170,087	-33,533	-
j.	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* The Company was incorporated on March 07, 2014

**CONSOLIDATED
FINANCIAL
STATEMENTS**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of **Microsec Financial Services Limited**

We have audited the accompanying consolidated financial statements of Microsec Financial Services Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 judgement, 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

Without qualifying our audit opinion, we draw attention to note no. 40 of the financial statements regarding the Company's credits/investments during the year having exceeded the limits prescribed by the credit concentration norms as provided in paragraph 18 of the Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended). However, during the year, the Company has complied with the regulations applicable to Non Deposit Accepting Core Investment Company (ND-CIC), and has filed an application with the Reserve Bank of India (RBI) for

conversion to a ND-CIC and provided such additional documents/information as sought by the RBI, as fully explained in the said note.

Other Matter

We did not audit total assets of Rs.77,51,73,416 as at March 31, 2014, total revenues of Rs.6,28,95,492 and net cash inflows amounting to Rs.1,08,70,902 for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

Place of Signature: Kolkata
Date: 19th May, 2014

For **S. R. Batliboi & CO. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E
per **Bhaswar Sarkar**
Partner
Membership Number: 55596

CONSOLIDATED BALANCE SHEET as at 31st March, 2014

(Amount in Rs.)

	Notes	As at 31.03.2014	As at 31.03.2013
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	3	31,81,05,000	31,81,05,000
(b) Reserves and Surplus	4	2,38,17,59,569	2,44,65,04,262
2. Minority Interest		24,79,895	11,40,022
3. Non Current Liabilities			
(a) Long Term Provisions	5	6,11,674	79,273
(b) Deferred Tax Liabilities (Net)	6	3,10,90,811	2,83,93,937
4. Current Liabilities			
(a) Short-term Borrowings	7	18,34,048	2,91,34,378
(b) Trade Payables	8	17,43,77,475	8,38,02,960
(c) Other Current Liabilities	9	15,89,56,183	21,88,32,349
(d) Short Term Provisions	5	1,90,75,767	2,52,90,526
		3,08,82,90,422	3,15,12,82,707
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	58,88,29,869	36,30,54,256
(ii) Intangible Assets	10	57,98,10,607	57,88,61,321
(iii) Assets held for disposal		—	22,25,600
(iv) Capital Work in Progress		—	8,26,59,444
(v) Intangible assets under development		—	4,48,036
(b) Non Current Investments	11	17,99,43,734	21,44,63,295
(c) Deferred Tax Assets (net)	12	2,51,026	35,19,770
(d) Long Term Loans and Advances	13	26,95,28,205	23,02,61,782
(e) Other Non Current Assets	14	9,03,68,964	10,05,87,782
2. Current Assets			
(a) Current Investments	15	23,17,52,982	42,75,79,821
(b) Inventories	16	7,15,82,671	72,00,000
(c) Trade Receivables	17	14,03,96,485	7,70,69,830
(d) Cash and Bank Balances	18	42,74,16,012	27,88,56,835
(e) Short Term Loans and Advances	13	49,12,05,170	77,57,32,761
(f) Other Current Assets	14	1,72,04,697	87,62,174
		3,08,82,90,422	3,15,12,82,707

Summary of significant accounting policies

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

Chartered Accountants

Bhaswar Sarkar

Partner

Membership No. 55596

Place : Kolkata

Date : 19th May, 2014

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Ravi Kant Sharma

Managing Director

Giridhar Dhelia

Chief Financial Officer

Biplab Kumar Mani

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2014
(Amount in Rs.)

	Notes	2013-14	2012-13
I. Revenue from Operations	19	26,74,06,364	45,05,81,426
II. Other Income	20	3,86,55,480	2,56,63,500
III. Total Revenue (I + II)		30,60,61,844	47,62,44,926
IV. Expenses			
Purchase of traded goods	21	2,02,37,609	—
(Increase)/Decrease in Inventory	22	(1,41,83,026)	—
Employee Benefits Expense	23	17,16,33,261	15,71,61,387
Finance Costs	24	65,15,193	1,13,68,259
Depreciation and Amortisation expense	25	1,87,66,406	1,70,25,022
Other Expenses	26	17,00,85,607	16,32,06,805
Provision for Standard Assets		—	9,58,866
		37,30,55,050	34,97,20,339
V. Profit/(Loss) Before Tax (III - IV)		(6,69,93,206)	12,65,24,587
VI. Tax Expenses :			
(a) Current Tax - Current Year		8,93,104	3,24,36,110
- Earlier Year (Excess provision for taxation no longer required written back)		(1,04,47,106)	72,254
(b) Deferred Tax Charge / (Credit)		59,65,616	62,09,962
		(35,88,386)	3,87,18,326
VII. Profit/(Loss) for the year before Minority Interest		(6,34,04,820)	8,78,06,261
Less : Minority Interest		13,39,873	1,40,022
VIII. Profit/(Loss) for the year		(6,47,44,693)	8,76,66,239
Less : Proportionate share of loss in associate		—	57,06,306
IX. Profit/(Loss) after taxes, minority interest and share of loss of associate company		(6,47,44,693)	8,19,59,933
X. Earnings/(Loss) Per Equity Share:			
Basic and Diluted (Nominal Value per Share Rs. 10)	27	(2.04)	2.58
Summary of significant accounting policies	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

Chartered Accountants

Bhaswar Sarkar

Partner

Membership No. 55596

Place : Kolkata

Date : 19th May, 2014

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Ravi Kant Sharma

Managing Director

Giridhar Dhelia

Chief Financial Officer

Biplab Kumar Mani

Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2014

	(Amount in Rs.)	
	2013-14	2012-13
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before tax	(6,69,93,206)	12,65,24,587
Adjustments for :		
Loss on sale/discard of Fixed Assets	81,264	16,42,999
Provision for Standard Assets	–	9,58,866
Excess provision for standard assets written back	(13,52,463)	(7,00,000)
Gratuity Provision no longer required written back	(2,06,174)	(12,62,582)
Gratuity Expense	24,50,334	–
Depreciation and amortization expense	1,87,66,406	1,70,25,022
Interest Expenses	65,15,193	91,19,036
Provision for doubtful debts	74,56,874	–
Provision for diminution in the value of investments	–	2,65,40,232
Interest on Fixed deposits and Others	(2,63,82,500)	(3,62,75,983)
Irrecoverable debts/advances written off	2,67,572	37,27,251
Loss on pre-matured recovery of debts	–	1,36,68,055
Unspent liabilities no longer required written back	(59,594)	(2,34,768)
Operating profit before working capital changes	(5,94,56,294)	16,07,32,715
Movement in Working Capital :		
Increase / (Decrease) in trade payables	9,06,34,109	(2,96,41,310)
Increase / (Decrease) in short-term provisions	–	3,64,455
Increase / (Decrease) in long-term provisions	–	1,240
Increase / (Decrease) in other current liabilities	(6,02,50,211)	(16,84,95,390)
(Increase) / Decrease in Non-Current Investments	3,45,19,561	(32,36,12,554)
(Increase) / Decrease in Current Investments	19,58,26,839	(41,35,12,269)
(Increase) in Inventories	(6,43,82,671)	(72,00,000)
(Increase) / Decrease in long-term Loans & Advances	40,72,743	4,66,29,019
(Increase) / Decrease in short-term Loans and Advances	30,40,54,773	1,10,69,05,657
(Increase) / Decrease in trade receivables	(7,07,83,529)	4,89,97,000
Cash generated from operations	37,42,35,320	42,11,68,563
Income tax paid (net)	(1,72,09,263)	(3,99,26,063)
Net cash generated from operating activities	35,70,26,057	38,12,42,500
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of fixed assets	27,54,677	8,77,116
Purchase of fixed assets (including intangible assets, Capital Work in Progress and capital advances)	(20,49,52,127)	(7,45,06,907)
Encashment of Fixed Deposits (having original maturity of more than three months)	69,95,81,698	6,46,42,589
Investment in Fixed Deposits (having original maturity of more than three months)	(93,38,08,989)	(8,85,01,620)
Interest on Fixed Deposits and others	1,48,47,348	1,70,94,564
Net cash (used in) from investing activities	(42,15,77,393)	(8,03,94,258)

Consolidated Cash Flow Statement for the year ended 31st March, 2014

	(Amount in Rs.)	
	2013-14	2012-13
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term Borrowings	—	(3,00,00,000)
Proceeds from short-term Borrowings	(2,73,00,330)	10,21,34,378
Repayment of short-term Borrowings	—	(21,38,51,401)
Dividend Paid	(652)	(3,17,32,778)
Tax on Dividend Paid	—	(51,60,458)
Interest Paid	(65,15,796)	(91,18,433)
Net cash (used in) from financing activities	(3,38,16,778)	(18,77,28,692)
D. Net change in cash and cash equivalents (A+B+C)	(9,83,68,114)	11,31,19,550
E. Cash and Cash equivalents - Opening Balance	17,39,83,443	5,58,92,507
F. Cash and Cash equivalents - Opening Balance (Acquired on acquisition of Subsidiaries and LLP)	—	49,71,386
G. Cash and Cash equivalents - Closing Balance	7,56,15,329	17,39,83,443
Cash and Cash Equivalents as indicated in Note 18 comprises of :		
Cash in hand	4,33,720	4,46,822
Balances with Scheduled Banks *	7,51,81,609	17,35,36,621
Total	7,56,15,329	17,39,83,443

* Excludes balance of Rs. 36,816 (2012-13 Rs. 36,816) with a bank for which refund instruments have been issued to the investors but are yet to be encashed and Rs. 35,17,63,867 (2012-13: Rs. 10,48,36,576) 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

Chartered Accountants

Bhaswar Sarkar

Partner

Membership No. 55596

Place : Kolkata

Date : 19th May, 2014

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Ravi Kant Sharma

Managing Director

Giridhar Dhelia

Chief Financial Officer

Biplab Kumar Mani

Company Secretary

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

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” 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 of its investment 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 Subsidiary Companies considered in these consolidated financial statements are as under :

Name	Country of Incorporation	% of Voting Power/Ownership interest	
		As at 31.03.2014	As at 31.03.2013
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 Advisors 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	—

* Joybuddy Fun Products Private Limited has been incorporated in the current year on 7th March, 2014

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,

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

Microsec Health Buddy Limited, Bharatiya Sanskriti Village Private Limited, Myjoy Hospitality Private Limited, Myjoy Tasty Food Private Limited and Myjoy Pharmaceuticals Private Limited. These LLPs have become subsidiaries with effect from 25th March, 2013 except for Bhavya Advisory Services LLP of which the effective date is 1st January, 2013.

Further, Microsec Health Buddy Limited became a subsidiary of the Company w.e.f. 25th March, 2013.

- e) Investment in associate had been accounted for using the equity method in accordance with Accounting Standards (AS) – 23 “Accounting for Investments in Associates in Consolidated Financial Statements” as notified by the Companies Accounting Standard Rules, 2006 (as amended).
- f) The Company accounts for its share of the change in net assets of the associates, post acquisition, after eliminating unrealized profit / losses resulting from the transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss to the extent such change was attributable to the associate’s Statement of Profit and Loss.
- g) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate was identified in the financial statements as goodwill / capital reserve, as the case may be.

2. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material aspects with the Accounting Standards and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated 4th April, 2014 issued by the Ministry of Corporate Affairs and the directives as prescribed by the Reserve Bank of India to Non Deposit Accepting Core Investment Companies (CIC). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Company, are consistent with those used in the previous year.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) 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.

ii) 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, 2014

- 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 on transfer of significant risks and rewards of ownership of the goods to the buyer, usually on delivery of the goods.
- 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.

iii) 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.

iv) 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.

v) Depreciation and Amortization of tangible and intangible assets

- a) Depreciation on fixed assets is provided using written down value method as per the useful life of the assets estimated by the management which is as per the rates specified in schedule XIV to the Companies Act, 1956.
- 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) Goodwill on consolidation is not amortized but tested for impairment.
- d) Copyrights are amortized on straight-line basis over a period of three years from the date the assets become available for use.
- e) 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.
- f) Web Application Portal are amortized on straight-line basis over a period of ten years from the date the assets become available for use.

vi) Impairment of tangible and 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

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

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.

vii) Borrowing Costs

Borrowing costs relating to acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

viii) Investments

Investments that are readily realisable and intended to be held for not more than a year 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.

ix) 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.

x) Provisions

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources 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 best estimate required to settle the obligation, at the balance sheet date. These are reviewed at each balance sheet 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 and its subsidiaries 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.

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

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.

xiii) 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.

xiv) 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.

xv) Retirement and other employees benefits

- a) Retirement benefit in the form of provident fund is a defined contribution scheme. The Company and its subsidiaries 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

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

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.
- c) Short term compensated absences are provided for based on estimates.
- d) Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

xvi) Inventories

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

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.

xvii) Earnings 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.

xviii) Derivative Instruments

As per the announcement made by the Institute of Chartered Accountants of India, accounting for derivative contracts, other than those covered under Accounting Standard – 11, The effect of changes in Foreign Exchange Rates, are marked to market on a portfolio basis and the net loss is charged to the Statement of Profit and Loss. Net gain, if any, after considering the offsetting effect of loss on the underlying hedged item, is ignored.

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 short-term investments with an original maturity of three months or less.

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014 (Amount in Rs.)

	As at 31.03.2014	As at 31.03.2013
3 SHARE CAPITAL		
Authorised		
3,50,00,000 (2012-13 : 3,50,00,000) Equity Shares of Rs. 10 each	35,00,00,000	35,00,00,000
	35,00,00,000	35,00,00,000
Issued, Subscribed and Paid-up		
3,18,10,500 (2012-13 : 3,18,10,500) Equity Shares of Rs. 10 each fully paid	31,81,05,000	31,81,05,000
	31,81,05,000	31,81,05,000

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

Equity Shares	As at 31.03.2014		As at 31.03.2013	
	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 shareholders are entitled to dividends which the Board of Directors may propose, after distribution of preferential amounts, if any, subject to the approval of the shareholders at the Annual General Meetings.

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 31.03.2014		As at 31.03.2013	
	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
Top View Enclaves LLP	66,21,451	20.82	52,84,760	16.61
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 31.03.2014	As at 31.03.2013
Equity shares allotted as fully paid bonus shares by capitalisation of securities premium, capital redemption reserve and surplus in the statement of profit and loss	—	57,00,000
Equity shares bought back by the Company	10,00,000	10,00,000

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014 (Amount in Rs.)

	As at 31.03.2014	As at 31.03.2013
4 RESERVES AND SURPLUS		
Capital Reserve (arisen on Consolidation)	36,43,980	36,43,980
Capital Redemption Reserve (as per last account)	1,02,00,000	1,02,00,000
Securities Premium Account (As per last account)	1,38,98,44,136	1,38,98,44,136
Debenture Redemption Reserve		
As per last Account	1,35,63,456	1,35,41,666
Add : Transferred from the Statement of Profit and Loss	12,50,000	21,790
	1,48,13,456	1,35,63,456
Reserve under Section 45-IC of the Reserve Bank of India Act, 1934		
As per last Account	14,59,35,500	12,63,30,000
Add : Amount transferred from the Statement of Profit and Loss	14,92,200	1,96,05,500
	14,74,27,700	14,59,35,500
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		
As per Last Account	88,33,17,190	82,09,84,547
Add: Profit / (Loss) for the year	(6,47,44,693)	8,19,59,933
	81,85,72,497	90,29,44,480
Less : Appropriations		
Transferred to Reserve under Section 45-IC of the RBI Act, 1934	14,92,200	1,96,05,500
Transferred to Debenture Redemption Reserve	12,50,000	21,790
	81,58,30,297	88,33,17,190
	2,38,17,59,569	2,44,65,04,262

	Long Term		Short Term	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
5 PROVISIONS				
Provision for Employee Benefits				
Provision for Gratuity (Refer Note 30)	6,11,674	79,273	13,81,096	46,351
Other Provisions				
For Taxation [Net of Advances Rs. 8,01,67,374 (2012-13 : Rs. 15,55,56,058)]	—	—	1,42,58,671	2,04,55,712
For Standard Assets	—	—	34,36,000	47,88,463
	6,11,674	79,273	1,90,75,767	2,52,90,526

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

(Amount in Rs.)

	As at 31.03.2014	As at 31.03.2013
6 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability		
Difference between WDV of fixed assets as per books of accounts and for tax purposes	7,12,648	13,56,224
Timing difference of accrued interest on bonds	30,89,542	20,57,262
Discount on Deep Discount Debentures	2,78,67,111	2,50,24,576
Gross Deferred Tax Liability (A)	3,16,69,301	2,84,38,062
Deferred Tax Asset		
Expenses Allowable against taxable income in future years	5,78,490	44,125
Gross Deferred Tax Asset (B)	5,78,490	44,125
Net Deferred Tax Liabilities (A-B)	3,10,90,811	2,83,93,937

7 SHORT-TERM BORROWINGS		
Working Capital Facility (secured) *	18,34,048	2,86,34,378
From a body corporate (unsecured)	—	5,00,000
	18,34,048	2,91,34,378

* Nature of Securities	Repayment term	Rate of Interest
Fixed Deposit amounting Rs. 7,25,00,000 (2012-13: Rs. 5,28,00,000) pledged with the bank	On demand	Fixed Deposit + 1%, presently 10.14% per annum

8 TRADE PAYABLES		
Due to Micro and Small Enterprises *	—	—
Amount Payable to Clients	14,81,18,956	6,92,22,229
Amount Payable to Stock / Commodity Exchanges	15,23,231	16,68,368
Due to Others	2,47,35,288	1,29,12,363
	17,43,77,475	8,38,02,960

* 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 the financial statements.

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

(Amount in Rs.)

	As at 31.03.2014	As at 31.03.2013
9 OTHER CURRENT LIABILITIES		
Margin from Clients	12,78,64,927	20,09,92,157
Security Deposits	1,13,62,779	78,85,528
Unclaimed Dividend *	1,64,537	1,65,189
Interest accrued but not due on short term borrowings	—	603
Unpaid Share Application Money **	36,816	36,816
Temporary Book overdraft from Scheduled Banks	—	5,02,830
Other Payables		
For Fixed Assets	1,06,52,176	60,37,556
Advance against sale of fixed assets	—	3,75,300
Statutory Dues	88,72,948	28,36,370
Others	2,000	—
	15,89,56,183	21,88,32,349

* 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, 2014 (Amount in Rs.)

10 FIXED ASSETS

Particulars	Freehold Land	Leasehold Land	Residential Flat	Building/ Office Premises	Computer and Allied Equipments	Furniture and Fixtures	Electrical Equipments	Office Equipments	Vehicles	Total
A. Tangible Assets										
Gross Block										
At April 1, 2012	40,22,289	1,70,49,432	55,52,350	8,73,85,395	4,08,12,172	4,01,92,504	5,408	2,45,36,961	72,05,154	22,67,61,665
Additions	—	—	—	—	16,11,550	76,244	—	3,72,894	21,95,204	42,55,892
Additions on acquisition of subsidiaries during the year	1,97,16,950	21,18,52,391	—	95,17,635	6,19,375	7,11,532	—	6,44,828	14,82,684	24,45,45,395
Disposals	—	—	—	—	16,79,281	21,17,401	—	4,74,438	17,66,360	60,37,480
At March 31, 2013	2,37,39,239	22,89,01,823	55,52,350	9,69,03,030	4,13,63,816	3,88,62,879	5,408	2,50,80,245	91,16,682	46,95,25,472
Additions	—	—	—	17,09,93,857	1,82,93,510	2,31,27,162	57,33,871	2,23,03,801	24,05,472	24,28,57,673
Disposals	—	—	—	—	3,99,472	2,12,625	—	1,63,965	5,91,000	13,67,062
At March 31, 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
Depreciation										
At April 1, 2012	—	56,935	2,43,411	2,24,53,714	3,06,73,119	2,36,06,314	759	1,11,06,113	27,84,552	9,09,24,917
Charge For the Year	—	2,30,477	2,65,447	32,55,555	42,08,045	30,67,469	647	21,24,547	14,64,970	1,46,17,157
Additions on acquisition of subsidiaries during the year	—	28,66,771	—	5,99,512	2,74,733	2,60,141	—	1,25,484	4,15,697	45,42,338
Disposals	—	—	—	—	14,77,242	10,91,569	—	1,78,495	8,65,890	36,13,196
At March 31, 2013	—	31,54,183	5,08,858	2,63,08,781	3,36,78,655	2,58,42,355	1,406	1,31,77,649	37,99,329	10,64,71,216
Charge For the Year	—	23,24,139	2,52,175	35,98,233	42,30,936	24,57,731	2,742	19,57,528	16,48,235	1,64,71,719
Disposals	—	—	—	—	3,53,151	84,093	—	57,556	2,61,921	7,56,721
At March 31, 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
Net Block										
At March 31, 2013	2,37,39,239	22,57,47,640	50,43,492	7,05,94,249	76,85,161	1,30,20,524	4,002	1,19,02,596	53,17,353	36,30,54,256
At March 31, 2014	2,37,39,239	22,34,23,501	47,91,317	23,79,89,873	2,17,01,414	3,35,61,423	57,35,131	3,21,42,460	57,45,511	58,88,29,869

B. Intangible Assets

Particulars	Goodwill on Consolidation	Computer Software	Web Application Portal	Copyrights - Right on Web Application Portal - Personal Resource Planning	Business and Membership Rights	Total
Gross Block						
At April 1, 2012	4,63,30,413	2,25,61,541	43,26,574	5,00,01,000	45,15,579	12,77,35,107
Additions	52,73,34,350	33,22,130	—	—	—	53,06,56,480
Additions on acquisition of subsidiaries during the year	—	78,675	—	—	—	78,675
Disposals	—	8,736	—	—	—	8,736
At March 31, 2013	57,36,64,763	2,59,53,610	43,26,574	5,00,01,000	45,15,579	65,84,61,526
Additions	—	21,91,800	8,65,173	—	—	30,56,973
Additions on acquisition of subsidiaries during the year	1,87,000	—	—	—	—	1,87,000
Disposals	—	69,30,000	—	—	—	69,30,000
At March 31, 2014	57,38,51,763	2,12,15,410	51,91,747	5,00,01,000	45,15,579	65,47,75,499
Amortization						
At April 1, 2012	—	1,85,98,709	40,47,527	5,00,01,000	45,15,579	7,71,62,815
Charge For the Year	—	23,84,822	23,043	—	—	24,07,865
Additions on acquisition of subsidiaries during the year	—	33,039	—	—	—	33,039
Disposals	—	3,514	—	—	—	3,514
At March 31, 2013	—	2,10,13,056	40,70,570	5,00,01,000	45,15,579	7,96,00,205
Charge For the Year	—	22,44,054	50,633	—	—	22,94,687
Disposals	—	69,30,000	—	—	—	69,30,000
At March 31, 2014	—	1,63,27,110	41,21,203	5,00,01,000	45,15,579	7,49,64,892
Net Block						
At March 31, 2013	57,36,64,763	49,40,554	2,56,004	—	—	57,88,61,321
At March 31, 2014	57,38,51,763	48,88,300	10,70,544	—	—	57,98,10,607

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

	Face value Per Share/Unit (Rs.)	No. of Shares/Units	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
11 NON CURRENT INVESTMENTS				
Non Trade (valued at cost unless stated otherwise)				
Quoted Equity Shares (fully paid up)				
Coal India Limited	10	15,200	45,29,348	45,29,348
		(15,200)		
Emami Limited	1	30,000	1,17,62,147	3,52,86,442
		(60,000)		
MOIL Limited	10	24,261	54,49,382	30,70,702
		(13,892)		
Hindusthan Unilever Limited	1	–	–	1,64,03,906
		(35,250)		
WABCO - TVS (India) Limited	5	3,121	41,66,704	41,66,704
		(3,121)		
NMDC Limited	1	1,45,812	1,80,92,291	60,31,058
		(39,812)		
Bharat Heavy Electricals Limited	2	20,000	35,88,166	35,88,166
		(20,000)		
Blue Star Limited	2	23,000	36,99,923	36,99,923
		(23,000)		
Cera Sanitaryware Limited	5	–	–	44,85,207
		(10,000)		
Engineers India Limited	5	20,000	31,21,101	31,21,101
		(20,000)		
Glaxosmithkline Consumer Healthcare Limited	10	–	–	67,19,452
		(1,600)		
Himadri Chemicals and Industries Limited	1	80,742	11,33,976	–
		(–)		
IL&FS Transportation Networks Limited	10	26,000	46,31,039	46,31,039
		(26,000)		
Larsen and Toubro Limited	2	4,500	42,08,076	42,08,076
		(3,000)		
Thermax Limited	2	9,000	51,49,093	51,49,093
		(9,000)		
Power Grid Corporation of India Limited	10	11,549	10,39,410	–
		(–)		
Tata Motors Limited (DVR)	2	60,000	93,71,328	93,71,328
		(60,000)		
(A)			7,99,41,984	11,44,61,545

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

	Face value Per Share/Unit (Rs.)	No. of Shares/Units	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
11 NON CURRENT INVESTMENTS (Contd)				
Quoted Bonds (fully paid Up)				
National Bank for Agriculture and Rural Development *	20,000	10,811	10,00,01,750**	10,00,01,750
		(10,811)		
(B)			10,00,01,750	10,00,01,750
(A+B)			17,99,43,734	21,44,63,295
Aggregate Value of Investments				
Quoted			17,99,43,734	21,44,63,295
Unquoted			–	–
Market value of Quoted Investments			19,37,65,262	22,61,90,362

* Includes bonds valuing Rs. 6,48,51,750 (2012-13: Rs. 5,81,91,750) pledged with the following Scheduled banks as security against bank guarantees and working capital facility

	(Amount in Rs.)	
	As at 31.03.2014	As at 31.03.2013
HDFC Bank Limited	3,14,59,250	3,14,59,250
Indusind Bank Limited	1,66,96,250	1,66,96,250
Axis Bank Limited	1,66,96,250	1,00,36,250
	6,48,51,750	5,81,91,750

** since all of such bonds are held by the Company, the market value of investment are not available.

	As at 31.03.2014	As at 31.03.2013
12 DEFERRED TAX ASSETS (NET)		
Deferred Tax Liability		
Difference between WDV of Fixed Assets as per books of accounts and for tax purposes	11,919	15,310
Gross Deferred Tax Liability (A)	11,919	15,310
Deferred Tax Asset		
Expenses Allowable against taxable income in future years	4,621	94,260
Difference between WDV of fixed assets as per books of accounts and for tax purposes	–	19,06,935
Provision for standard assets	2,58,324	15,33,885
Gross Deferred Tax Asset (B)	2,62,945	35,35,080
Net Deferred Tax Assets (B-A)	2,51,026	35,19,770

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014 (Amount in Rs.)

		Non Current		Current	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
13	LOANS AND ADVANCES				
	A. Loans (Bearing Interest)				
	(Considered Good, unless otherwise stated)				
	- Secured	–	–	31,27,47,261	64,78,35,178
	- Unsecured	6,88,897	17,31,278	2,08,12,722	65,03,865
	(A)	6,88,897	17,31,278	33,35,59,983	65,43,39,043
	B. Advances				
	(Unsecured Considered good, unless otherwise stated)				
	Capital Advances (Refer Note 33)	20,82,06,111	16,65,08,330	–	–
	Advance against Investment Property (Refer Note 33)	1,15,39,680	1,12,79,500	–	–
	Advance Recoverable in cash or kind	–	–	93,78,631	4,00,59,929
	Prepaid Expenses	2,56,610	1,94,326	67,65,191	44,32,097
	Deposits with Government Authorities and others	31,35,081	37,81,677	1,17,47,192	1,06,67,273
	Deposits with Exchanges	3,67,85,600	3,92,31,650	9,28,18,652	4,90,93,652
	Advance Income tax and Tax Deducted at Source [net of Provision Rs. 8,22,45,030 (2012-13 : Rs. 6,90,05,009)]	89,16,226	75,35,021	3,69,35,521	1,71,40,767
	(B)	26,88,39,308	22,85,30,504	15,76,45,187	12,13,93,718
	(A + B)	26,95,28,205	23,02,61,782	49,12,05,170	77,57,32,761

		Non Current		Current	
		31.03.2014	31.03.2013	31.03.2014	31.03.2013
14	OTHER ASSETS				
	Non Current Bank Balances (Refer Note 18)	5,67,00,000	6,94,00,000	–	–
	Accrued Interest on Fixed Deposits	51,14,973	1,21,74,272	1,72,04,697	87,62,174
	Accrued Interest on Bonds	2,85,53,991	1,90,13,510	–	–
		9,03,68,964	10,05,87,782	1,72,04,697	87,62,174

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

	No. of Shares/Units	Face value Per Share/Unit (Rs.)	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
15 CURRENT INVESTMENTS				
(Valued at lower of cost and fair value, unless stated otherwise)				
A. Quoted Equity Shares (fully paid up)				
Adhunik Metaliks Limited	–	10	–	75,92,000
(At cost less provision for diminution of Rs. Nil (2012-13: Rs. 2,25,26,254)	(2,60,000)			
Himadri Chemicals and Industries Limited	–	1	–	6,90,287
(At cost less provision for diminution of Rs. Nil (2012-13: Rs. 20,91,323)	(53,304)			
Emami Infrastructure Limited	–	2	–	36
(At cost less provision for diminution of Rs. Nil (2012-13: Rs. 193)	(2)			
State Bank of Travancore	–	10		10,33,461
(At cost less provision for diminution of Rs. Nil (2012-13: Rs. 3,94,496)	(1,980)			
Moil Limited	–	10		23,11,768
(At cost less provision for diminution of Rs. Nil (2012-13: Rs. 15,27,966)	(10,369)			
Total (A)			–	1,16,27,552
B. Unquoted Mutual Funds (Fully Paid)				
Reliance Liquid Fund - Treasury Plan - Growth Plan - Growth Option	47,295.22 (18,408.46)	1,000	14,76,92,568	5,25,12,269
Sundaram Ultra Short - Term Fund Regular Growth	– (50,07,385.89)	10	–	8,00,00,000
Principal Debt Opportunities Fund - Conservative Plan Growth	– (55,358.94)	1,000	–	10,30,00,000
HDFC Liquid Fund - Growth	– (21,60,713.90)	10	–	5,00,00,000
SBI Premier Liquid Fund - Regular Plan - Growth	8,199.55 (43,435.87)	1,000	1,65,00,000	8,00,00,000
Birla Sunlife Cash Manager Fund Growth	– (1,756.32)	100	–	4,40,000
ICICI Prudential Liquid - Regular Plan - Growth	3,56,305.26 (2,88,197.56)	100	6,75,60,414	5,00,00,000
Total (B)			23,17,52,982	41,59,52,269
Total (A + B)			23,17,52,982	42,75,79,821

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

(Amount in Rs.)

	As at 31.03.2014	As at 31.03.2013
Aggregate Value of Investments		
Quoted	–	1,16,27,552
Unquoted	23,17,52,982	41,59,52,269
Market value of Quoted Investments	–	1,16,27,552
Aggregate Net Asset Value of Mutual Fund Units	23,19,06,227	41,61,74,557
Aggregate Provision for Diminution in value of investments	–	2,65,40,232

	No. of Shares/Units	As at 31.03.2014 (Rs.)	As at 31.03.2013 (Rs.)
16 INVENTORIES			
(Valued at lower of cost and net realisable value)			
Unquoted Mutual Funds (fully paid)			
Reliance Liquid Fund - Treasury Plan - Growth Plan - Growth Option	961.86 (2,534)	30,00,000	72,00,000
HDFC Liquid Fund - Growth	3,95,926.71 (–)	1,00,00,000	–
ICICI Prudential Liquid - Regular Plan - Growth	52,785.96 (–)	1,00,00,000	–
SBI Premier Liquid Fund - Regular Plan - Growth	3,230.13 (–)	65,00,000	–
		2,95,00,000	72,00,000
Quoted Equity Shares (fully paid)			
Emami Limited	60,000.00 (–)	2,78,99,645	–
		2,78,99,645	–
Traded Goods			
Medicines		1,14,68,825	–
FMCG Goods		25,67,630	–
Others		1,46,571	–
		1,41,83,026	–
		7,15,82,671	72,00,000

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

(Amount in Rs.)

	As at 31.03.2014	As at 31.03.2013
17 TRADE RECEIVABLES		
(Considered good unless otherwise stated)		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured	44,65,855	95,54,734
Unsecured	61,77,525	60,49,445
Doubtful	74,56,874	–
	1,81,00,254	1,56,04,179
Provision for doubtful receivables	(74,56,874)	–
	1,06,43,380	1,56,04,179
Other receivables		
Secured	11,77,57,170	5,58,28,869
Unsecured	1,19,95,935	56,36,782
	12,97,53,105	6,14,65,651
	14,03,96,485	7,70,69,830

	Non Current		Current	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013
18 CASH AND BANK BALANCES				
(i) Cash and Cash Equivalents				
Cash on Hand	–	–	4,33,720	4,46,822
Balances with Scheduled Banks		–		
On Current Accounts	–	–	7,50,17,072	17,33,71,432
Unclaimed Dividend Account	–	–	1,64,537	1,65,189
	–	–	7,56,15,329	17,39,83,443
(ii) Other Bank Balances				
IPO Refund Account *	–	–	36,816	36,816
Fixed Deposits with original maturity for more than 12 months	5,67,00,000	6,94,00,000	5,57,63,867	4,90,21,089
Deposits with original maturity for more than 3 months but not more than 12 months (Refer Note 29)	–	–	29,60,00,000	5,58,15,487
Amount disclosed under "other non current assets" (Refer Note 14)	(5,67,00,000)	(6,94,00,000)	–	–
	–	–	42,74,16,012	27,88,56,835

*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, 2014 (Amount in Rs.)

	2013-14	2012-13
19 REVENUE FROM OPERATIONS		
(i) Interest Income		
On Loans	5,09,29,105	13,96,98,078
On Fixed Deposits pledged with Stock / Commodity Exchange	1,76,96,783	1,35,54,122
(A)	6,86,25,888	15,32,52,200
(ii) Other Financial Services		
- Stock/Commodity Broking		
Brokerage and Related Income	12,48,98,343	17,50,29,683
Penal Charges Collected from clients	75,07,846	83,45,686
(B)	13,24,06,189	18,33,75,369
- Investments		
Profit on Sale of Non-Trade Investments (Net)		
- Long Term	1,19,87,467	2,61,87,629
- Current	1,29,34,533	2,78,81,669
- Trading in Mutual Fund	1,60,34,130	—
Dividend from Long Term Non-Trade Investments	37,93,733	13,74,847
(C)	4,47,49,863	5,54,44,145
- Wealth Management, Financial Planning and Distribution		
Insurance Brokerage and Related Income	24,12,083	39,73,805
Service Charges	9,52,298	1,49,99,186
(D)	33,64,381	1,89,72,991
- Others		
Investment Banking Revenue	1,00,80,857	1,70,03,714
Professional Fees	4,20,000	2,25,21,659
Miscellaneous	22,500	11,348
(E)	1,05,23,357	3,95,36,721
(iii) Consumer Engagement Activity	10,73,589	—
(F)	10,73,589	—
(iv) Sale of Traded Goods		
Medicines	47,53,644	—
FMCG Products	16,79,453	—
Others	2,30,000	—
	66,63,097	—
Total (A + B + C + D + E + F + G)	26,74,06,364	45,05,81,426

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014 (Amount in Rs.)

	2013-14	2012-13
20 OTHER INCOME		
Interest Income on		
Fixed Deposits	1,62,30,572	1,37,69,831
Long-Term Bonds (Non Trade)	95,40,481	88,32,455
Income Tax Refund	6,11,447	1,10,929
Others	–	8,646
Other Non Operating Income		
Liabilities no longer required written back	59,594	2,34,768
Dividend from Long Term Non-Trade Investments	33,660	1,25,315
Profit on sale of Non Trade Investments - Current	90,56,943	3,26,199
Gratuity provision no longer required written back (Refer Note 30)	2,06,174	12,62,582
Excess provision for standard assets no longer written back	13,52,463	7,00,000
Profit on sale of Fixed Assets	1,87,877	2,27,897
Miscellaneous Income	13,76,269	64,878
	3,86,55,480	2,56,63,500
21 PURCHASES OF TRADED GOODS		
Medicines	1,58,34,015	–
FMCG Products	40,27,135	–
Others	3,76,459	–
	2,02,37,609	–
22 (INCREASE) / DECREASE IN INVENTORY		
Opening Stock	–	–
Less : Closing Stock	1,41,83,026	–
	(1,41,83,026)	–
23 EMPLOYEE BENEFITS EXPENSE		
Salary, Bonus etc.	16,41,00,506	15,13,55,112
Contribution to Provident and other funds	10,44,166	10,19,999
Contribution to Employees' State Insurance	11,31,111	11,88,195
Gratuity expense (Refer Note 30)	24,50,334	6,49,041
Employees' Welfare Expenses	29,07,144	29,49,040
	17,16,33,261	15,71,61,387

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014 (Amount in Rs.)

	2013-14	2012-13
24 FINANCE COSTS		
Interest Expense		
On Loans	13,728	4,72,732
On Working Capital Facilities	16,54,552	22,91,057
Margin from Clients	34,64,701	63,55,247
Other Borrowing Costs		
Bank Guarantee Charges	13,82,212	22,49,223
	65,15,193	1,13,68,259
25 DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of Tangible Assets	1,64,71,719	1,46,17,157
Amortisation of Intangible Assets	22,94,687	24,07,865
	1,87,66,406	1,70,25,022

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

(Amount in Rs.)

	2013-14	2012-13
26 OTHER EXPENSES		
Membership Fees and Subscription	7,27,561	21,04,987
Software Maintenance charges	44,35,352	44,95,398
Stock / Commodity Exchange charges	40,76,883	60,69,893
SEBI Turnover Fees	1,55,520	2,83,398
Depository Transaction charges	10,99,717	11,78,806
Advertisement and Publicity	2,35,52,462	29,77,094
Brand Promotion Expenses	15,39,875	–
Consumer Engagement Expenses	2,13,67,295	–
Communication Expenses	89,97,064	77,72,248
Electricity Expenses	66,08,388	65,07,022
Repairs and Maintenance - Others	62,64,854	46,28,321
Server Maintenance Charges	52,24,227	–
Rent	92,19,031	1,03,77,451
Rates and Taxes [including Rs. 9,84,363 (2012-13: Rs. Nil) for earlier year]	33,56,933	12,21,122
Filing Fees	42,213	55,156
Directors Sitting Fee	2,97,304	2,63,652
Insurance Premium	4,41,299	3,87,982
Printing and Stationery	41,22,258	33,94,275
Bank and Demat charges	2,36,483	2,29,495
Business Promotion Expenses	46,00,794	2,93,840
Travelling and Conveyance	76,09,105	54,40,842
Postage and Courier Expenses	9,25,708	10,55,640
Legal and Professional Fees	95,60,195	1,08,07,873
Listing Fees	1,83,161	1,83,161
Irrecoverable debts/advances written off	2,67,572	37,27,251
Provision for doubtful debts	74,56,874	–
Loss on pre-matured recovery of debts	–	1,36,68,055
Diminution in the value of long term investments	–	2,65,40,232
Loss on sale of Non Current Investments	–	5,06,884
Loss on sale of Current Investments	1,33,758	–
Loss on Fixed Assets sold/discarded (Net)	2,69,141	18,70,896
License and Statutory Fees	25,000	33,395
Service Charges		
- Market research and Analysis services	1,86,923	4,95,301
- Facility Services, etc. (Refer Note 35)	97,36,939	1,36,97,126
Commission to Authorised Person and Others	2,13,34,614	2,70,66,237
Auditor's Remuneration		
As Auditors		
Audit Fees	14,02,137	13,78,006
Tax Audit Fee	5,618	4,000
Limited Reviews	2,25,000	4,50,000
In other capacities for certificates and other services	4,92,979	6,05,500
Reimbursement of expenses (including service tax)	71,128	1,29,007
Security Service Charges	18,83,161	–
Miscellaneous expenses	19,51,081	33,07,259
	17,00,85,607	16,32,06,805

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

	2013-14	2012-13
27 EARNINGS / (LOSS) PER SHARE		
Basis for calculation of Basic and Diluted Earnings Per Share is as under :		
Net Profit / (Loss) after tax (Rs.)	(6,47,44,693)	8,19,59,933
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.)	(2.04)	2.58

28. Contingent Liabilities :

- (a) The Company has provided Corporate Guarantee of Rs. 18,63,75,000 (2012-13: Rs. 13,60,00,000) and has created equitable mortgage of Rs. 6,92,70,000 (2012-13: Rs. 6,92,70,000) over its property at Kolkata as security for the said guarantee for credit facility extended by a scheduled bank to its wholly owned subsidiaries. Against the above, the credit facility availed and the bank guarantees issued by the banks as on March 31, 2014 are Rs. Nil (2012-13: Rs. Nil) and Rs. 18,63,75,000 (2012-13: Rs. 13,60,00,000) respectively.
- (b) Bank Guarantee outstanding in favour of Indian Clearing Corporation Limited on behalf of Bombay Stock Exchange – Rs. Nil (2012-13: Rs. 73,75,000).
- (c) Claims of Rs. 20,05,441 (2012-13: Rs. 20,05,441) against the 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. 1,74,44,240 (2012-13: Rs. 2,24,89,080). 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. 85,19,045 (2012-13: Rs. 27,77,633). 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 in favour of Sales Tax Department Rs. 63,867 (2012-13: Rs. 63,867).
- (g) Bank Guarantees outstanding in favour of Pension Fund Regulatory and Development Authority Rs. 5,00,000 (2012-13: Rs. 5,00,000)
- (h) Urban Assessment Tax payable Rs. Nil (2012-13: Rs. 7,76,610) representing 50% of the total liability pending receipt of exemption certificate from District Industrial Centre, Udaipur.

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

29. Fixed Deposits with Banks aggregating to Rs. 16,52,63,867 (2012-13: Rs. 17,10,09,956) are pledged as follows :

(Amount in Rs.)

	As at 31.03.2014	As at 31.03.2013
PLEGDED WITH		
National Stock Exchange of India Limited	8,00,000	8,00,000
National Securities Clearing Corporation Limited	3,10,00,000	5,50,00,000
HDFC Bank Limited (As security against credit facilities/Bank Guarantees)	8,25,00,000	6,51,75,000
United Bank of India (As security against bank Guarantee/Lien as per IRDA Regulation 22)	11,00,000	14,21,089
Axis Bank Limited (As security against Overdraft Facilities)	2,25,00,000	2,25,00,000
Indus Ind Bank Limited (As security against credit facilities/bank Guarantee)	2,50,00,000	2,50,00,000
MCX Stock Exchange Limited	8,00,000	8,00,000
National Commodity Derivative Exchange	15,00,000	—
National Spot Exchange Limited	—	2,50,000
Axis Bank Limited (As security against Bank guarantee)	63,867	63,867
Total	16,52,63,867	17,10,09,956

30. 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.

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.

	2013-14 (Rs.)	2012-13 (Rs.)
(i) Net Employee Expense /(benefit)		
Current service cost	21,45,563	16,44,414
Interest cost on benefit obligation	5,37,577	5,26,350
Expected return on plan assets	5,42,057	4,83,267
Net Actuarial (gain) /loss recognised in the year	1,03,077	(23,01,038)
Total employer (income)/expense recognised in Statement of Profit and Loss.	22,44,160	(6,13,541)
(ii) Actual return on plan assets	5,23,353	5,46,636
(iii) Benefit Asset/(Liability)		
Defined benefit obligation	89,15,063	64,67,586
Fair value of Plan Assets	69,22,293	63,41,962
Benefit Asset/(Liability)	(19,92,770)	(1,25,624)

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

(Amount in Rs.)

	2013-14	2012-13
(iv) Movement in benefit liability		
Opening defined benefit obligation	64,67,586	67,14,186
Interest cost	5,37,577	5,26,350
Current service cost	21,45,563	16,44,414
Benefits paid	2,39,320	2,57,748
Actuarial (gains)/losses on obligation	3,657	(21,59,616)
Closing benefit obligation	89,15,063	64,67,586
(v) Movement in fair value of plan assets		
Opening fair value of plan assets	63,41,962	60,53,074
Expected Return on plan assets	5,42,057	4,83,267
Contributions by employer	3,77,014	-
Benefits paid	3,28,054	2,57,748
Actuarial (gains)/losses on plan assets	(10,686)	63,369
Closing fair value of plan assets	69,22,293	63,41,962
(vi) Major categories of plan assets as a percentage of the fair value of total plan assets		
Investments in insurance managed fund	100%	100%
(vii) The principal actuarial assumptions are as follows		
Discount Rate	9.00%	8.00%
Expected rate of return on plan assets	8.75%	8.00%
Salary increase	6.00%	5.00%
Withdrawal rates	1.00%	1.00%
(viii) Amount incurred as expense for defined contribution plans		
Contribution to Provident / Pension fund	10,44,166	10,19,999
Contribution to Employees State Insurance	11,31,111	11,88,195

(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 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. 22,50,000 (2012-13: Rs. 8,00,000) to Gratuity fund during April 2014 to March 2015.

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

(xii) Amounts for the current year and previous years are as follows :

(Amount in Rs.)

	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
Gratuity					
Defined Benefit Obligation	89,15,063	64,67,586	67,14,186	54,90,221	34,82,795
Plan Assets	69,22,293	63,41,962	60,53,074	47,99,622	28,70,471
Surplus / (Deficit)	(19,92,770)	(1,25,624)	(661,112)	(6,90,599)	(6,12,324)
Experience adjustments on plan liabilities	(46,16,366)	(10,11,990)	(11,51,110)	(2,87,681)	(5,64,132)
Experience adjustments on plan assets	96,675	52,818	52,016	42,537	35,027

31. Expenditure in Foreign Currency (on accrual basis)

	2013-14 (Rs.)	2012-13 (Rs.)
Travelling Expense	1,94,844	Nil
Miscellaneous Expenses	77,508	Nil
Total	2,72,352	Nil

32. Earnings in Foreign Currency (on accrual basis)

	2013-14 (Rs.)	2012-13 (Rs.)
Investment Banking Revenue	Nil	4,50,000

33. Capital and other Commitments

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) – Rs. 2,88,42,003 (2012-13: Rs. 7,72,77,480).
 - b) At 31st March 2014, the Company has commitments of Rs. 22,01,300 (2012-13: Rs. Nil) relating to consumer engagement activity started during the year but not completed as on 31st March 2014.
- 34.** Minimum Alternate Tax (MAT) credit entitlement of Rs. 3,44,34,077 (2012-13: Rs. 3,42,32,340) 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 (xii) herein.
- 35.** Facility Service charges of Rs. 97,36,939 (2012-13: Rs. 1,36,97,126) as indicated in Note 26 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.
- 36.** In terms of Accounting Standard 18, notified by the Companies Accounting Standard Rules, 2006, the related party disclosure is given below :
- a) **Name of related parties and description of relationship**
Key Management Personnel
 Mr. Banwari Lal Mittal (Chairman and Managing Director)
 Mr. Ravi Kant Sharma (Managing Director)
 Mr. Ajai Kumar Agrawal (Managing Director in PRP Technologies Limited) (upto 16th January, 2013)
 Mr. Ajay Jaiswal (Director in PRP Technologies Limited)

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

Mr. Shamik Bhose (Executive Director in Microsec Commerce Limited) (upto 5th August, 2013)
 Mr. Shamik Bhose (Director in Microsec Commerce Limited) (w.e.f. 6th August, 2013)
 Mr. Pankaj Harlalka (Executive Director in Microsec Capital Limited and Company Secretary)
 Mr. Giridhar Dhelia (Chief Financial Officer)
 Mr. Debashish Ghoshal (Managing Partner in Microsec Invictus Advisors LLP) upto 30th May, 2012
 Mr. Sushil Choubey (Whole Time Director in Microsec Health Buddy Limited) (w.e.f. 10th June, 2013)
 Mr. Ramesh Sharma (Whole Time Director in Microsec Health Buddy Limited) (w.e.f. 27th December, 2012)
 Mr. Rajendra Kumar Chotia (Managing Director in Microsec Health Buddy Limited) (w.e.f. 12th March, 2013)
 Mr. Mahesh Kumar Singhi (Managing Director in Microsec Health Buddy Limited) (w.e.f. 27th December, 2012)

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)

Associate Company

Microsec Health Buddy Limited (upto 24th March, 2013)

Enterprises in which Key Management Personnel Exercise Significant Influence

Luv-Kush Projects Limited
 Longrange Management Services Private Limited
 Micro Resources Private Limited
 B.L.Mittal (HUF) (Mr. Banwari Lal Mittal being the Karta)
 Top View Enclaves LLP

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

b) Related party transactions

(Amount in Rs.)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Enterprise in which Key Management Personnel Exercise Significant Influence	Associate Company	Total
Director's Remuneration					
Mr. B. L. Mittal	35,39,160 (35,39,160)				35,39,160 (35,39,160)
Mr. Ravi Kant Sharma	31,71,432 (31,94,787)				31,71,432 (31,94,787)
Mr. Pankaj Harlalka	26,45,957 (22,46,803)				26,45,957 (22,46,803)
Mr. Ajai Kumar Agrawal	— (3,00,958)				— (3,00,958)
Mr. Shamik Bhose	6,13,070 (23,54,950)				6,13,070 (23,54,950)
Mr. Sushil Choubey	4,85,000 (—)				4,85,000 (—)
Mr. Ramesh Sharma	10,37,450 (—)				10,37,450 (—)
Mr. Rajendra Kumar Chotia	14,69,386 (—)				14,69,386 (—)
Mr. Mahesh Kumar Singhi	10,08,525 (—)				10,08,525 (—)
Remuneration					
Mr. Giridhar Dhelia	14,06,468 (10,67,819)				14,06,468 (10,67,819)
Mrs. Rashmi Harlalka		— (21,700)			— (21,700)
Brokerage and Related Income					
Luv Kush Projects Limited			29,474 (1,75,116)		29,474 (1,75,116)
Topview Enclaves LLP			1,49,848 (1,62,263)		1,49,848 (1,62,263)
Others	18,166 (28,807)	17,365 (17,043)	26,831 (2,102)		62,362 (47,952)

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

(Amount in Rs.)

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Enterprise in which Key Management Personnel Exercise Significant Influence	Associate Company	Total
Amount received from partner on current account					
Mr. Debashish Ghoshal	- (25,00,000)				- (25,00,000)
Irrecoverable balance written off					
Mr. Debashish Ghoshal	- (32,23,698)				- (32,23,698)
Loans Given					
Microsec Health Buddy Limited				- (18,00,000)	- (18,00,000)
Repayment of Loans Given					
Microsec Health Buddy Limited				- (18,00,000)	- (18,00,000)
Advances received					
Others		3,510 (-)			3,510 (-)
Refund of advances received					
Others		3,510 (-)			3,510 (-)
Interest Income					
Microsec Health Buddy Limited				- (29,040)	- (29,040)

37. 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. 2,78,67,111 (2012-13: Rs. 2,50,24,576) on such interest income has also been considered in these consolidated financial statements.

38. Segment Reporting

The Company has re-assessed its business segments during the current financial year. Accordingly, (a) Financing and Investment, (b) Investment Banking and related services, (c) Brokerage (Equity, Commodities and Currency including

Notes to the Financial Statement as at and for the year ended 31st March, 2014

Depository Services) and related services, and (d) Wealth Management, Insurance Broking, Financial Planning, Distribution and related services out of the primary business segment reported in the previous year are regrouped under one single segment i.e. Financial Services. Apart from the same, the Company has also reported two other segments namely Digital Media of Consumer Engagement (www.foreseegame.com), and Digital Pharmacy & Healthcare Store (www.sastasundar.com) earlier reported under segment "Others" in the previous year.

Accordingly, the group has identified "Financial Services", "Digital Media of Consumer Engagement (www.foreseegame.com)" and "Digital Pharmacy & Health Care Store (www.sastasundar.com) as business segments as follows which is in line with the requirements of Accounting Standard (AS) 17 "Segment Reporting" prescribed by the Companies (Accounting Standard) Rules, 2006 :

- 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) - includes activities under foreseegame.com.
- Health Care Products (www.sastasundar.com) - includes activities for food processing, preservation and marketing of healthcare products through e-commerce portal 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, 2014 are as below :

(Amount in Rs.)

Particulars	Financial Services	Digital Media of Consumer Engagement (www.Foreseegame.com)	Digital Pharmacy & Healthcare Store (www.sastasundar.com)	Total
Segment Revenue	25,96,69,678 (45,05,81,426)	10,73,589 (-)	66,63,097 (-)	26,74,06,364 (45,05,81,426)
Segment Results	5,77,88,561 (13,76,55,913)	-8,80,66,083 (-)	-3,32,55,381 (-4,35,207)	-6,35,32,903 (13,72,20,706)
Add: Unallocated Income net of unallocated expenses				-34,60,303 (-1,06,96,119)
Profit / (Loss) Before Tax				-6,69,93,206 (12,65,24,587)
Current Tax				8,93,104 (3,24,36,110)
Deferred Tax				59,65,616 (62,09,962)
Excess Provision of Income Tax for earlier years, written back				-1,04,47,106 (72,254)
Profit / (Loss) after Tax				-6,34,04,820 (8,78,06,261)
Segment Assets	1,68,85,15,891 (1,92,81,98,023)	31,29,65,743 (24,64,79,982)	76,48,17,816 (67,01,19,600)	2,76,62,99,450 (2,84,47,97,605)
Unallocated Corporate Assets				32,19,90,971 (30,64,85,102)

Notes to the Consolidated Financial Statement as at and for the year ended 31st March, 2014

(Amount in Rs.)

Particulars	Financial Services	Digital Media of Consumer Engagement (www.Foreseegame.com)	Digital Pharmacy & Healthcare Store (www.sastasundar.com)	Total
Total Assets				3,08,82,90,422 (3,15,12,82,707)
Segment Liabilities	31,41,93,565 (33,61,56,860)	1,05,85,881 (63,71,671)	1,57,78,331 (24,91,126)	34,05,57,777 (34,50,19,657)
Unallocated Corporate Liabilities				4,53,88,181 (4,05,13,766)
Total Liabilities				38,59,45,958 (38,55,33,423)
Capital Expenditure	93,20,800 (85,08,089)	10,63,33,957 (6,50,71,008)	8,92,97,370 (9,27,810)	20,49,52,127 (7,45,06,907)
Depreciation/ Amortization	1,29,52,060 (1,50,24,162)	34,41,247 (19,70,766)	23,73,099 (30,094)	1,87,66,406 (1,70,25,022)
Non Cash expenses	77,06,647 (4,24,44,594)	5,850 (14,90,944)	11,949 (—)	77,24,446 (4,39,35,538)

39. Operating Lease:

Certain office premises are obtained on operating lease. The lease term is for 11 months to 9 years and renewal 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 :

Particulars	2013-14 (Rs.)	2012-13 (Rs.)
Lease payments made for the year	89,65,758	1,03,77,451
Contingent rent recognised in the Statement of Profit and Loss	Nil	Nil

- 40.** The shareholders of the Company had approved the conversion of the Company into a Core Investment Company (CIC) vide the postal ballot on 19th March 2013. Accordingly, the Company had filed an application with the Reserve Bank of India (RBI) on 7th June 2013 for exemption from the concentration of credit / investment norms (credit concentration norms) as provided in paragraph 18 of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended) to enable the Company to convert into a CIC. The RBI, vide its letter dated 20th August 2013 had directed the Company to comply with the CIC norms and submit an application for registration as CIC by 31st December 2013. The Company has complied with the requirements applicable to CIC and as a matter of abundant precaution has filed such application for registration on 31st December 2013 though the Company is not required to obtain such registration under applicable RBI guidelines. The RBI has, vide intimation dated 28th January, 2014, sought certain documents / information to be able to scrutinize the aforesaid application which has been provided by the Company.

A company having an asset size of more than Rs. 100 crores and not accessing public funds is exempt from the registration as CIC with the RBI under section 45IA of the RBI Act, 1934 in terms of the notification No. DNBS.PD.221/CGM(US) 2011 dated 5th January 2011. In view of the above, the management believes that the Company has complied with the extant requirements of operating as a CIC, however approval from the RBI in this regard is awaited. Pending such approval, the Company continues to hold its NBFC registration even though it neither carried out any activity other than that of CIC during the year nor intends to do so in future.

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

41. The creation of provision for standard assets though not required for a Core Investment Company in terms of the RBI guidelines, however as a matter of abundant precaution the Company has not written back the amount of Rs. 26,00,000 lying as on 31st March, 2014 pending necessary registration / clarification from the RBI as stated in note 40 above.
42. Additional information as per guidelines issued by the Reserve Bank of India in respect of Non – Banking Financial (Non Deposit Accepting or Holding) systemically important (NBFC-ND-SI), are given in Annexure - I attached herewith.
43. Previous year's figures including those in brackets have been regrouped and / or rearranged wherever necessary.

As per our report of even date

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

Firm Registration No : 301003E

Chartered Accountants

Bhaswar Sarkar

Partner

Membership No. 55596

Place : Kolkata

Date : 19th May, 2014

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Ravi Kant Sharma

Managing Director

Giridhar Dhelia

Chief Financial Officer

Biplab Kumar Mani

Company Secretary

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

Annexure I of Note 42 to the financial statement of Microsec Financial Services Limited, a Non Banking Financial Company

(a) Capital to Risk Assets Ratio (CRAR)

Items	As at 31st March, 2014	As at 31st March, 2013
(i) CRAR (%)	249.32	119.64
(ii) CRAR – Tier I Capital (%)	247.31	118.00
(iii) CRAR - Tier II Capital (%)	2.01	1.64

(b) Exposure to real estate sector, both direct and indirect

(Amount in Rs.)

Category	As at 31st March, 2014	As at 31st March, 2013
(a) Direct exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lacs may be shown separately)	—	—
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	—	—
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a. Residential,	—	—
b. Commercial Real Estate.	—	—
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	—	—

(c) The Company does not have any exposure in gold as on March 31, 2014.

Notes to the Consolidated Financial Statements as at and for the year ended 31st March, 2014

(d) Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(Amount in Rs.)

	1 day to 30/31 days (one month)	Over one month and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	-	-	-	-	-	-	-	-	-
Market Borrowings	(5,00,000)	-	-	-	-	-	-	-	(5,00,000)
Assets									
Advances	-	-	-	-	-	-	-	-	-
Investments	(8,00,00,000)	-	-	-	-	-	-	2,15,59,47,355 (2,21,47,17,257)	2,15,59,47,355 (2,29,47,17,257)

Schedule to the Balance Sheet of a Non-Banking Financial Company as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(Figures in Rs.)

Particulars	Amount Outstanding As at 31st March, 2014	Amount Overdue As at 31st March, 2014
Liabilities Side :		
1. Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a) Debentures : Secured	—	—
: Unsecured	—	—
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	—	—
(c) Term Loans	—	—
(d) Inter-corporate loans and borrowing	—	—
(e) Commercial Paper	—	—
(f) Cash Credit from Banks	—	—
Assets Side :		Amount outstanding As at 31st March, 2014
2. Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
(a) Secured		—
(b) Unsecured		1,75,97,679
3. Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease		—
(b) Operating lease		—
(ii) Stock on hire including hire charges under sundry debtors :		
(a) Assets on hire		—
(b) Repossessed Assets		—
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed		—
(b) Loans other than (a) above		—

Assets Side :	Amount outstanding As at 31st March, 2014
4. Break-up of Investments :	
Current Investments :	
1. Quoted :	
(i) Shares : (a) Equity	—
(b) Preference	—
(ii) Debentures and Bonds	—
(iii) Units of mutual funds	—
(iv) Government Securities	—
(v) Others (please specify)	—
2. Unquoted :	
(i) Shares : (a) Equity	—
(b) Preference	—
(ii) Debentures and Bonds	—
(iii) Units of mutual funds	—
(iv) Government Securities	—
(v) Others (please specify)	—
Long Term investments :	
1. Quoted :	
(i) Shares : (a) Equity	—
(b) Preference	—
(ii) Debentures and Bonds	—
(iii) Units of mutual funds	—
(iv) Government Securities	—
(v) Others (please specify)	—
2. Unquoted :	
(i) Shares : (a) Equity	1,17,42,13,755
(b) Preference	—
(ii) Debentures and Bonds	98,17,33,600
(iii) Units of mutual funds	—
(iv) Government Securities	—
(v) Others (please specify)	—
SUB-TOTAL	2,15,59,47,355
GRAND TOTAL (2 + 3 + 4)	2,17,35,45,034

5. Borrower group-wise classification of assets financed as in (2) and (3) above :

Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties			
(a) Subsidiaries	–	–	–
(b) Companies in the same group	–	–	–
(c) Other related parties	–	–	–
2. Other than related parties	–	1,75,97,679	1,75,97,679
Total	–	1,75,97,679	1,75,97,679

6. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) :

Category	Market Value / Break up or fair value or NAV as at 31st March, 2014	Book Value (Net of Provisions) as at 31st March, 2014
Liabilities Side :		
1. Related Parties		
(a) Subsidiaries	2,08,78,51,145	2,15,59,47,355
(b) Companies in the same group	–	–
(c) Other related parties	–	–
2. Other than related parties	–	–
Total	2,08,78,51,145	2,15,59,47,355

7. Other information

Particulars	Total as at 31st March, 2014
(i) Gross Non-Performing Assets	
(a) Related parties	–
(b) Other than related parties	–
(ii) Net Non-Performing Assets	
(a) Related parties	–
(b) Other than related parties	–
(iii) Assets acquired in satisfaction of debt	

Notes

MICROSEC FINANCIAL SERVICES LIMITED

CIN: L65993WB1989PLC047002

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

Ph: (033) 3051 2100, Fax: (033) 3051 2020

Email: info@microsec.in • Website: www.microsec.in

Dear Members,

As you are aware that the Ministry of Corporate Affairs (MCA) vide their Circular Nos. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 has taken a "Green Initiative" by allowing paperless compliances by Companies to serve the requisite documents to its Members through electronic mode in compliance with Section 53 of the Companies Act, 1956.

Accordingly, we are updating the database of our members holding shares in physical mode by incorporating their designated e-mail address in our records. You are requested to kindly register your e-mail address by filling up and signing at proper place in the E-mail Address Update Form given below and forward the same to our Registrar and Share Transfer Agent M/s Link Intime India Private Limited, 59C, Chowringhee Road, 3rd Floor, Kolkata - 700 020 or e-mail the scanned copy at e-mail ID : info@microsec.in. The e-mail address shall be updated after verification of your signature.

Please note that in respect of those members who are holding shares in electronic form and have not yet registered their e-mail address or who wish to change their existing e-mail address are requested to submit their e-mail address with their Depository Participants.

----- (Cut from here) -----

E-MAIL ADDRESS UPDATE FORM

Link Intime India Private Limited

Unit : Microsec Financial Services Limited

Shivam Chambers, 1st Floor, 53 Syed Amir Ali Avenue

Kolkata - 700 019

In view of the circulars no. 17/2011 dated 21st April, 2011 and 18/2011 dated 29th April, 2011 issued by The Ministry of Corporate Affairs, I/We _____ son/daughter/wife of Sri _____ holding _____ Equity Shares of Microsec Financial Services Limited under my/our Registered Folio No(s). _____ do hereby accord my/our consent to receive all future communication/documents from the Company at my/our e-mail address given below :

E-mail address : _____

Signature of the Shareholder(s)

Notes

MICROSEC FINANCIAL SERVICES LIMITED

CIN: L65993WB1989PLC047002

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Ph: (033) 3051 2100, Fax: (033) 3051 2020

Email: info@microsec.in • Website: www.microsec.in

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I hereby record my presence at the Annual General Meeting of the above named Company held at Rotary Sadan, 94/2, Chowringee Road, Kolkata - 700 020 on Wednesday, 13th August, 2014 at 10.30 a.m.

Name of the Member/Proxy

Folio No.

Sequence No.

DP ID No.

Client ID No.

Signature of the Member/Proxy

(To be signed at the time of handing over this slip)

Members/Proxies, who come to attend the meeting are requested to bring their copies of the Annual Report with them.**MICROSEC FINANCIAL SERVICES LIMITED**

CIN: L65993WB1989PLC047002

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

Ph: (033) 3051 2100, Fax: (033) 3051 2020

Email: info@microsec.in • Website: www.microsec.in

Form No. MGT- 11**PROXY FORM****[Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]**

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client ID: DP ID:

I/We, being the member (s) of shares of the above named Company, hereby appoint

1. Name: Address

E-mail Id: Signature, or failing him/her;

2. Name: Address

E-mail Id: Signature, or failing him/her;

3. Name: Address

E-mail Id: Signature

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the 25th Annual General Meeting of the Company, to be held on Wednesday, 13th August, 2014 at 10.30 a.m. at the "Rotary Sadan", 94/2, Chowringhee Road, Kolkata – 700 020 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolutions	Optional	
	For	Against
1. Consider and adopt Audited Financial Statements, Reports of the Board of Directors and Auditors		

Resolutions	Optional	
	For	Against
Ordinary Business		
2. Re-appointment of Mr. Ravi Kant Sharma who retires by rotation		
3. Appointment of Auditors and fixing their remuneration		
Special Business		
4. Appointment of Mr. Parimal Kumar Chattaraj as an Independent Director		
5. Appointment of Mr. Deba Prasad Roy as an Independent Director		
6. Appointment of Mr. Raj Narain Bhardwaj as an Independent Director		
7. Transaction with Related Party u/s 188 of the Companies Act, 2013		

Signed this..... day of 2014

Signature of Shareholder(s).....

Signature of Proxy holder(s).....

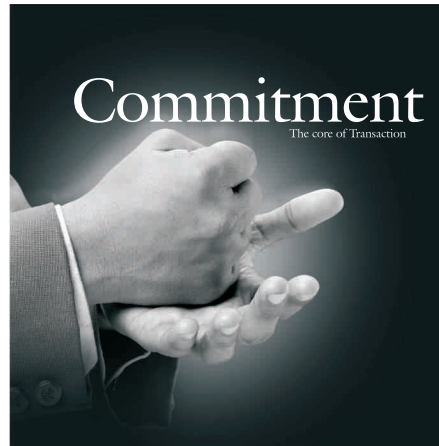
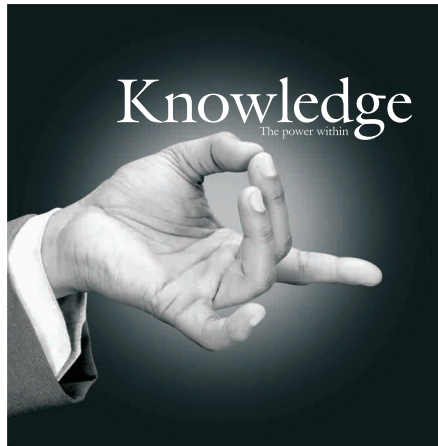
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Stamp

Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Core Values

◀ To facilitate financial transactions with commitment and transparency
by adding value to achieve financial goals ▶



MICROSEC enterprises
MAKING LIFE SIMPLE AND HAPPY



foreseegame.com
Foresight ka kamaal Jeeto prize dhamaal



Kolkata

Azimganj House, 2nd Floor
7 Camac Street
Kolkata - 700 017
Ph: 91 033 2282 9330
Fax: 91 033 2282 9335

Shivam Chambers, 1st Floor
53, Syed Amir Ali Avenue
Kolkata - 700 019
Ph: 91 033 3051 2000
Fax: 91 033 3051 2020

Microsec Tower, Microsec Technologies Limited
Premises no 16-315, Plot no DH 6/32
Action Area -1D, Newtown, Rajarhat
Kolkata - 700 156
Ph: 91 033 6651 2100
Fax: 91 033 6651 2110

Mumbai

42A, Mittal Tower, 4th Floor
210 Nariman Point, Mumbai - 400 021
Ph: 91 022 2285 5544
Fax: 91 022 2285 5548

E-mail: info@microsec.in | Website: www.microsec.in

साफ सुथरा मेरा मन |
देश मेरा सुन्दर हो ||
प्यार फैले सड़कों पर |
कचरा डिब्बे के अन्दर हो ||



An Initiative of Microsec Foundation

BOOK POST

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Microsec Financial Services Ltd.
Shivam Chambers, 1st Floor, 53, Syed Amir Ali Avenue, Kolkata –700 019
CIN - L65993WB1989PLC047002


MICROSEC enterprises
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