



Independent Auditor's Report

To the Members of Innogrow Technologies Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Innogrow Technologies Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, 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

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its loss, and its cash flows for the year ended on that date.





Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (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 aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) on the basis of written representations received from the directors as on 31 March 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and
 - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact its financial position.
 - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) The Company has provided requisite disclosure in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 32 of the financial statements.

For P Saraf & Co.

Chartered Accountants

Firm Registration Number: 323888E

Prakash Saraf

Prakash Saraf

Proprietor

Membership Number: 059347



Kolkata

24 May 2017



Annexure - A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of Fixed Assets.
- (b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management the title deeds of immovable properties are held in the name of the company except for 5 immovable properties having a gross block of Rs. 20,920,012 and net block of Rs. 20,498,516 for which the title deeds are pending for registration as at March 31, 2017.
- (ii) The business carried out by the Company during the year did not require it to maintain inventory and accordingly the requirements of paragraph 3 (ii) of the Companies (Auditor's report) Order, 2016 ("the Order") are not applicable to the Company and hence not commented upon.
- (iii) 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 189 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3 (iii) (a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of investments made have been complied with by the Company. In our opinion and according to the information and explanations given to us, there are no loans, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under section 148 (1) of the Companies Act, 2013, for the products of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other undisputed statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.



- (b) According to the information and explanation given to us, the dues outstanding of income tax, service tax, on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount (Rs)	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	798,300	Financial Year 2009-10	ITAT, Kolkata
Finance Act, 1994	Service Tax	543,274	From 2005-2008	CESTAT, Kolkata

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

- (viii) Apart from unsecured loans from debenture holders which are fully convertible, the Company does not have any loans or borrowings from any financial institutions, banks, government during the year. The Company has not defaulted in the repayment of any dues.
- (ix) The Company did not raise any money by the way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud /material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, no managerial remuneration has been paid during the year under review. Accordingly, the provision of sections 197 read with Schedule V of the Act is not applicable to the company.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the private placement of fully convertible debentures during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the directors or persons connection with him. Accordingly, paragraph 3(xv) of the Order is not applicable.



(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For P Saraf & Co.
Chartered Accountants
Firm Registration Number: 323888E

Prakash Saraf

Prakash Saraf
Proprietor
Membership Number: 059347



Kolkata
24 May 2017



Annexure – B to the Independent Auditors' Report

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

We have audited the internal financial controls over financial reporting of Innogrow Technologies Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

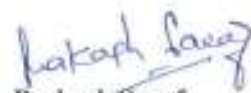
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For P Saraf & Co.
Chartered Accountants
Firm Registration Number: 323888E



Prakash Saraf
Proprietor
Membership Number: 059347



Kolkata
24 May 2017

INNOGROW TECHNOLOGIES LIMITED
(Formerly Microsec Technologies Limited)
Corporate Identity No. (CIN) - U72200WB2002PLC094642
Innovation Tower, Premises No. 16-315, Plot No. DH 6/32
Action Area - 1D, New Town, Rajarhat, Kolkata - 700 156

BALANCE SHEET AS AT 31ST MARCH, 2017

	Notes	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	3	33,10,180	33,10,180
(b) Reserves and Surplus	4	18,77,19,068	20,63,66,215
2. Non Current Liabilities			
Long Term Borrowings	5	11,99,99,076	-
3. Current Liabilities			
(a) Short Term Borrowings	5	-	1,88,00,000
(b) Trade Payables	6		
Total outstanding dues of micro enterprises and small enterprises		-	2,46,347
Total outstanding dues of creditors other than micro enterprises and small enterprises		19,10,696	43,72,380
(c) Other Current Liabilities	7	6,96,937	58,15,584
(d) Short Term Provisions	8	-	3,83,242
		31,36,35,957	23,92,93,948
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
(i) Property, Plant and Equipment	9	15,63,13,236	13,80,00,418
(ii) Intangible Assets		40,94,475	62,47,342
(iii) Capital Work In Progress		-	8,62,674
(b) Non Current Investments	10	12,11,51,538	1,000
(c) Long Term Loans and Advances	11	1,07,27,226	1,42,51,229
(d) Other Non Current Assets	12	37,961	-
2. Current Assets			
(a) Trade Receivables	13	-	26,23,453
(b) Cash and Bank Balances	14	25,92,142	38,34,568
(c) Short Term Loans and Advances	11	1,86,03,479	2,12,05,706
(d) Other Current Assets	15	1,15,900	5,22,67,558
		31,36,35,957	23,92,93,948

Summary of Significant Accounting Policies

The accompanying notes are an integral part of the financial statements

As per our report of even date

For and on behalf of the Board of Directors

For P Saraf & Co.

Firm Registration No. : 323888E

Chartered Accountants

Prakash Saraf

Prakash Saraf
Proprietor
Membership No. : 059347



B.L. Mittal

B.L. Mittal
Director
DIN : 00365809

Ravi Kant Sharma

Ravi Kant Sharma
Director
DIN : 00364066

Place : Kolkata
Date : 24th May, 2017

INNOGROW TECHNOLOGIES LIMITED
(Formerly Microsec Technologies Limited)
 Corporate Identity No. (CIN) - U72200WB2002PLC094642
 Innovation Tower, Premises No. 16-315, Plot No. DH 6/32
 Action Area - 1D, New Town, Rajarhat, Kolkata - 700 156

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Notes	2016-17	2015-16
		Rs.	Rs.
I. Revenue from operations	16	1,90,23,866	58,88,614
II. Other Income	17	19,18,292	10,98,375
III. Total Revenue		2,09,42,158	69,86,989
IV. EXPENSES			
Employees Benefit Expense	18	59,07,146	5,05,53,240
Finance Costs	19	10,68,306	13,84,654
Depreciation and Amortisation Expense	20	1,67,16,680	2,20,52,564
Other Expenses	21	1,51,37,513	4,90,25,454
Share of Loss from Limited Liability Partnership		7,61,660	-
		3,95,89,305	12,30,15,912
V. LOSS BEFORE TAX (IV - III)		1,86,47,147	11,60,28,923
VI. Tax Expenses :			
(a) Current Tax		-	-
(b) Excess Provision for taxation of earlier year		-	2,55,714
(c) Deferred Tax		-	-
		-	2,55,714
VII. LOSS FOR THE YEAR (V + VI)		1,86,47,147	11,62,84,637
VIII. Loss per equity share :			
Basic and Diluted [Nominal Value per share Rs. 10 (2015-16: Rs. 10)]	22	56.33	382.55
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 P Saraf & Co.
 Firm Registration No. : 323888E
 Chartered Accountants

For and on behalf of the Board of Directors

Prakash Saraf
 Proprietor
 Membership No. : 059347



B.L. Mittal
 Director
 DIN : 00365809

Ravi Kant Sharma
 Director
 DIN : 00364066

Place : Kolkata
 Date : 24th May, 2017

INNOGROW TECHNOLOGIES LIMITED
(FORMERLY MICROSEC TECHNOLOGIES LIMITED)

Corporate Identity No. (CIN) - U72200WB2002PLC094642
Innovation Tower, Premises No. 16-315, Plot No. DH 6/32
Action Area - 1D, New Town, Bajarhat, Kolkata - 700 156

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Amount in Rs.)

	2016-17	2015-16
A. Cash Flow from Operating Activities		
Loss before tax	(1,86,47,147)	(11,60,28,923)
Adjustments for:		
Interest on Fixed Deposits and Others	(3,62,556)	(9,09,389)
Profit on sale of Current Investments	(1,09,553)	(1,20,817)
Liabilities no longer required written back	(1,51,459)	-
Bad debt written off (net)	17,67,086	12,62,872
Loss on sale/discard of fixed assets (net)	53,669	24,25,501
Government Grant [Refer Note 33]	-	(50,363)
Interest Expenses	10,66,306	13,84,654
Share of Loss from Limited Liability Partnership	7,61,660	-
Depreciation and amortization expense	1,67,16,680	2,20,52,564
Operating loss before working capital changes	10,94,686	(8,99,83,901)
Increase in trade payables	(25,56,572)	22,21,307
Increase / (Decrease) in current liabilities	(48,73,975)	26,37,562
Increase in short term provisions	(3,83,242)	1,35,320
Decrease / (Increase) in trade receivables	8,56,367	(15,52,870)
Decrease / (Increase) in long-term loans and advances	26,24,003	(1,21,38,758)
Decrease / (Increase) in short-term loans and advances	9,85,376	57,81,000
Decrease / (Increase) in other current assets	5,13,00,000	-
Cash used in operations	4,90,46,643	(9,29,00,340)
Direct tax paid (Net of refunds)	21,14,642	(83,293)
Net cash flow used in operating activities	5,11,61,285	(9,29,83,633)
B. Cash Flow from Investing Activities		
Purchase of fixed assets (including capital work in progress and capital advances)	(3,14,89,356)	(50,44,837)
Sale Proceeds from Fixed Asset	3,21,730	1,69,92,962
Investment in Limited Liability Partnership	(12,20,11,834)	-
Redemption from Investment in Limited Liability Partnership	1,00,000	-
Purchase of Current Investments	(2,02,50,000)	(1,10,00,000)
Proceeds from sale of Current Investments	2,03,59,554	2,11,20,816
Proceeds from Government Grant [Refer Note 33]	-	10,23,195
Investment in Fixed Deposits (having original maturity of more than 12 months)	11,00,000	-
Interest on Fixed Deposits and others	6,78,461	1,22,369
Net cash flow from / (used in) investing activities	(15,11,91,445)	2,32,14,505
C. Cash Flows from Financing Activities		
Interest Paid	(13,11,342)	(11,39,618)
Proceeds from issue of Equity Shares	-	5,07,610
Proceeds from securities premium on issue of Equity Shares	-	4,94,91,975
Proceeds from Long Term Borrowings	11,99,99,076	-
Proceeds from Short Term Borrowings	8,62,48,674	6,98,00,000
Repayment of Short Term Borrowings	(10,50,48,674)	(5,10,00,000)
Net cash flow from financing activities	9,98,87,734	6,76,59,967
D. Net (decrease) in cash and cash equivalents (A+B+C)	(1,42,426)	(21,09,161)
E. Cash and Cash equivalents at the beginning of the year	6,34,568	27,43,729
F. Cash and Cash equivalents at the end of the year *	4,92,142	6,34,568
Components of cash and cash equivalents as indicated in Note 14 comprises of:		
Cash on hand	2,500	68,265
Balances with scheduled banks on Current Account	4,89,642	5,66,303
Total	4,92,142	6,34,568

* Excluding Rs. 21,00,000 (2015-16: Rs. 32,00,000) being deposits with restricted use and with maturity of more than three months.

As per our report of even date
For P Saraf & Co.
Firm Registration No. : 323888E
Chartered Accountants

For and on behalf of the Board of Directors

Prakash Saraf
Proprietor
Membership No. : 059347



B.L.Mittal
Director
DIN : 00365809

Ravi Kant Sharma
Director
DIN : 00364066

Place : Kolkata
Date : 24th May, 2017

1. Basis of preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material aspects with the accounting standards notified under Section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for change in accounting policy explained below.

2. 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 is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from Consumer Engagement Activity is recognized when the related activities that generates revenue for the Company has been completed.

b. Fees from Professional Services are recognized as and when the services are rendered to the customers and when there is reasonable certainty of its ultimate realisation/collection.

c. Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

d. Dividend income is recognised when the shareholder's right to receive the payment is established by the balance sheet.

iii) Tangible Property, Plant and Equipment

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

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

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) Impairment of Fixed 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 whenever 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.

vi) Borrowing Cost

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

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

vii) Depreciation on Property, Plant and Equipment and Amortization on intangible assets

a. Leasehold land is amortised on a straight line basis over the period of lease, i.e. 90 years.

b. Depreciation on Property, Plant and Equipment is calculated on a WDV basis using the rates arrived at based on the useful lives estimated by the management which is as per the rates specified in Schedule II to the Companies Act, 2013.

c. Depreciation on Property, Plant and Equipment added/disposed off during the year is provided on prorata basis with reference to the date of addition/disposal.

d. Computer softwares are amortized on straight line basis over a period of five years from the date the assets become available for use.

viii) Investments

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

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) Taxation

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

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

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



Notes to Financial Statements as at and for the year ended 31st March, 2017

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.

x) Fixed Assets Acquired under lease

Operating Lease

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

xi) Retirement and other employees benefits

a. Retirement benefit in the form of provident fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to a reduction in future payment or a cash refund.

b. Gratuity liability being a defined benefit obligation is provided for on the basis of actuarial valuation on projected unit credit method at the end of each financial year. Actuarial gains / losses are recognized in full in the period in which they occur in the Statement of Profit and Loss. The Company has got an approved gratuity fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

c. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

xii) Earning Per Share

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

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

xiii) Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprise cash at bank and cash in hand and short term investments with an original maturity of three months or less.

xiv) Provisions

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

xv) 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 recognised 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 recognised because it cannot be measured reliably. The company does not recognise a contingent liability but discloses its existence in the financial statements.

xvi) Government grants and subsidies

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

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

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



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NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017

3. SHARE CAPITAL

Authorised

3,50,000 (2015-16: 3,00,000) Equity Shares of Rs. 10 each (2015-16: Rs. 10 each)

As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
35,00,000	30,00,000
35,00,000	30,00,000

Issued, Subscribed and Fully Paid up Shares:

Equity

3,31,018 (2015-16: 2,80,257) Equity shares of Rs. 10/- each (2015-16: Rs. 10 each)

33,10,180	33,10,180
33,10,180	33,10,180

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

Equity Shares

	As at 31.03.2017		As at 31.03.2016	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	3,31,018	33,10,180	2,80,257	28,02,570
Issued during the year	-	-	50,761	5,07,610
Outstanding at the end of the year	3,31,018	33,10,180	3,31,018	33,10,180

(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.

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) Share held by Holding Company

Out of the share issued by the company, shares held by its holding company are as below :

	31.03.2017 (Rs.)	31.03.2016 (Rs.)
2,80,257 (2015-16: 2,80,257) Equity Shares of Rs. 10 each, fully paid up		
Sastasunder Ventures Limited (Formerly Microsec Financial Services Limited)	28,02,570	28,02,570

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

Name of the Shareholders	As at 31.03.2017		As at 31.03.2016	
	No of shares	% of holding	No of shares	% of holding
Equity shares of Rs. 10 each fully paid up				
Sastasunder Ventures Limited (Formerly Microsec Financial Services Limited) (including shares held by its nominees)	2,80,257	84.67	2,80,257	84.67
PRP Technologies Limited*	50,761	15.33	-	-
Microsec Capital Limited	-	-	50,761	15.33

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 beneficial ownership of shares.

* Pursuant to Scheme of Arrangement (the 'scheme') under section 391(2) and 394 of the Companies Act, 1956 between PRP Technologies Limited (Resulting Company) and Microsec Capital Limited (Demerged Company) and Microsec Commerce Limited (Demerged Company), the Honourable High Court, Calcutta has approved the scheme of demerger of Microsec Capital Limited with Microsec Commerce Limited on 21.11.2016 and the certified copy of the order was received on 04.01.2017 and necessary form to effect the demerger was filed with the Registrar of Company, West Bengal on 06.01.2017, has been transferred by way of demerger to PRP Technologies Limited (Resulting Company) on a going concern basis with effect from appointment date i.e., April 1, 2016.



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	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
4. RESERVES AND SURPLUS		
Capital Redemption Reserve (Balance as per the last financial statements)	2,00,000	2,00,000
Securities Premium Account	39,78,65,263	34,83,73,288
Balance as per the last financial statements	-	4,94,91,975
Add : Premium on issue of equity shares	39,78,65,263	39,78,65,263
Deficit in the Statement of Profit and Loss	(19,16,99,048)	(7,54,14,411)
Balance as per the last financial statements	(1,86,47,147)	(11,62,84,637)
Loss for the year	(21,03,46,193)	(19,16,99,048)
	<u>18,77,19,068</u>	<u>20,63,66,215</u>
5. BORROWINGS		
	Non Current	Current
	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
From a Related Party [Refer Note 29] Microsec Resources Private Limited (Unsecured)*	-	1,88,00,000
Debentures 1,89,572 (Nil) Compulsorily Convertible Debentures of Rs. 633 each (unsecured)	11,99,99,076	-
	<u>11,99,99,076</u>	<u>1,88,00,000</u>
1,89,572 Zero Coupon Compulsorily Convertible Unsecured Debentures are convertible within a maximum period of 60 months from the date of allotment. However, the same may be converted fully or in such tranches at the option of the subscriber. The conversion of debenture into equity share shall be made at the book value of the shares or such other value as may be derived by the mutual consent of the subscriber and the company at the time of conversion.		
*The above unsecured loan is repayable on demand and carries interest @12% p.a. simple interest		
6. TRADE PAYABLES		
Due to Micro and Small Enterprises [Refer Note 31]	19,10,696	2,46,347
Due to Others	19,10,696	43,72,380
	<u>19,10,696</u>	<u>46,18,727</u>
7. OTHER CURRENT LIABILITIES		
Other liabilities	-	1,09,294
- Capital Purchases	1,52,447	2,70,552
- Advance from customers	-	2,45,036
- Interest Accrued but not due on borrowings	2,73,852	7,73,187
- Statutory Dues Payable	2,70,638	44,17,515
- Other Payables	6,96,937	58,15,584
	<u>6,96,937</u>	<u>58,15,584</u>
8. SHORT TERM PROVISIONS		
Gratuity [Refer Note 25]	-	3,83,242
	<u>-</u>	<u>3,83,242</u>



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NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2017

9. FIXED ASSETS

(i) Property, Plant and Equipment										(Amount in Rs.)	
Particulars	Freehold Land	Leasehold Land	Building / Office Premises	Computers	Furniture and Fixtures	Electrical Equipments	Office Equipments	Vehicles	Total		
Gross Block											
At April 1, 2015	40,22,289	7,10,81,284	12,18,77,794	2,05,06,765	2,30,33,080	1,44,98,878	1,07,38,591	20,87,220	26,78,45,901		
Additions	-	-	-	9,34,583	17,43,969	-	1,68,637	-	28,47,189		
Disposals	-	7,10,81,284	3,77,476	-	13,20,481	-	45,040	-	7,28,24,281		
Government Grant [Refer Note 33]	-	-	10,23,195	-	-	-	-	-	10,23,195		
At March 31, 2016	40,22,289	-	12,04,77,123	2,14,41,348	2,34,56,568	1,44,98,878	1,08,62,188	20,87,220	19,68,45,614		
Additions	-	-	2,17,68,787	5,97,232	66,42,171	6,93,442	35,50,399	-	3,32,52,030		
Disposals	-	-	-	9,13,850	-	-	-	8,23,229	17,37,079		
At March 31, 2017	40,22,289	-	14,22,45,910	2,11,24,730	3,00,98,739	1,51,92,320	1,44,12,587	12,63,991	22,83,60,565		
Depreciation											
At April 1, 2015	-	6,25,249	96,12,853	1,09,31,349	1,07,94,393	23,91,896	54,97,341	8,00,648	4,06,53,729		
Charge For the Year	-	1,26,291	58,28,173	45,73,456	35,04,504	31,33,943	23,95,061	4,08,744	1,99,70,172		
Disposals	-	7,51,540	-	-	9,47,348	-	29,454	-	17,28,342		
Government Grant [Refer Note 33]	-	-	50,363	-	-	-	-	-	50,363		
At March 31, 2016	-	-	1,53,90,663	1,55,04,805	1,33,51,549	55,25,839	78,62,948	12,09,392	5,88,45,196		
Charge For the Year	-	-	55,26,181	25,59,941	26,01,004	23,23,201	13,19,118	2,34,368	1,45,63,813		
Disposals	-	-	-	6,74,245	-	-	-	6,87,435	13,61,680		
At March 31, 2017	-	-	2,09,16,844	1,73,90,501	1,59,52,553	78,49,040	91,82,066	7,56,325	7,20,47,329		
Net Block											
At March 31, 2016	40,22,289	-	10,50,86,460	59,36,543	1,01,05,019	89,73,039	29,99,240	8,77,828	13,80,00,418		
At March 31, 2017	40,22,289	-	12,13,29,066	37,34,229	1,41,46,186	73,43,280	52,30,521	5,07,666	15,63,13,236		

(ii) Intangible Assets

Particulars	Computer Software	Total
Gross Block		
At April 1, 2015	91,44,933	91,44,933
Purchase	18,23,800	18,23,800
At March 31, 2016	1,09,68,733	1,09,68,733
Purchase	-	-
At March 31, 2017	1,09,68,733	1,09,68,733
Amortization		
At April 1, 2015	26,38,999	26,38,999
Charge For the Year	20,82,392	20,82,392
At March 31, 2016	47,21,391	47,21,391
Charge For the Year	21,52,867	21,52,867
At March 31, 2017	68,74,258	68,74,258
Net Block		
At March 31, 2016	62,47,342	62,47,342
At March 31, 2017	40,94,475	40,94,475



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			As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
10. NON-CURRENT INVESTMENTS				
In Fellow Subsidiary Company				
Trade Investments (At cost unless stated otherwise)	No.	Face Value per share Rs.		
Unquoted- Equity Shares (fully paid up)				
Brandbuddy Engage Analytics Private Limited (Formerly Microsec Tech Solutions Private Limited)	100	10	1,000	1,000
In Limited Liability Partnership				
Microsec Invictus Advisors LLP			9,03,86,006	-
Bhavva Advisory Services LLP			56,80,794	-
Alokik Advisory Services LLP			1,34,85,942	-
Dreamscape Advisors LLP			76,79,840	-
Stuti Advisory Services LLP			38,71,535	-
Kailashwar Advisory Services LLP			36,421	-
Ruchika Advisory Services LLP			10,000	-
			12,11,51,538	1,000
Aggregate Value of Unquoted Investments			12,11,51,538	1,000

The details of Investment in Limited Liability Partnership are as follows :

(a) Investment in Microsec Invictus Advisors LLP

Name of the Partner and Share in Profits (%)

Microsec Capital Limited (Weighted Average Basis upto 26th March, 2017)
 Microsec Commerce Limited (Weighted Average Basis upto 26th March, 2017)
 PRP Technologies Limited (Weighted Average Basis upto 26th March, 2017)
 Innogrow Technologies Limited (Weighted Average Basis w.e.f. 10th Feb, 2017 upto 26th March, 2017)
 Innogrow Technologies Limited (99% w.e.f 27th March, 2017)
 Bharatiya Sanskriti Village Private Limited (1% w.e.f 27th March, 2017)

Total Capital of the firm (Rs.) 30,00,00,000

(b) Investment in Bhavva Advisory Services LLP

Name of the Partner and Share in Profits (%)

Dhanabhi Consultancy Private Limited (1%) (Weighted Average Basis upto 26th March, 2017)
 Finestar Consultancy Private Limited (1%) (Weighted Average Basis upto 26th March, 2017)
 Innogrow Technologies Limited (98% w.e.f 27th March, 2017)

Total Capital of the firm (Rs.) 1,00,00,00,000

(c) Investment in Alokik Advisory Services LLP

Name of the Partner and Share in Profits (%)

Innogrow Technologies Limited (99% w.e.f 10th February, 2017)
 Bharatiya Sanskriti Village Private Limited (1% w.e.f 10th February, 2017)

Total Capital of the firm (Rs.) 5,00,00,000

(d) Investment in Dreamscape Advisors LLP

Name of the Partner and Share in Profits (%)

Innogrow Technologies Limited (99% w.e.f 29th March, 2017)
 Bharatiya Sanskriti Village Private Limited (1% w.e.f 29th March, 2017)

Total Capital of the firm (Rs.) 5,00,00,000

(e) Investment in Stuti Advisory Services LLP

Name of the Partner and Share in Profits (%)

Innogrow Technologies Limited (99% w.e.f 27th March, 2017)
 Bharatiya Sanskriti Village Private Limited (1% w.e.f 27th March, 2017)

Total Capital of the firm (Rs.) 2,00,00,000

(f) Investment in Kailashwar Advisory Services LLP

Name of the Partner and Share in Profits (%)

Innogrow Technologies Limited (99% w.e.f 27th March, 2017)
 Bharatiya Sanskriti Village Private Limited (1% w.e.f 27th March, 2017)

Total Capital of the firm (Rs.) 10,00,00,000

(g) Investment in Ruchika Advisory Services LLP

Name of the Partner and Share in Profits (%)

Innogrow Technologies Limited (1% w.e.f 27th March, 2017)
 Bharatiya Sanskriti Village Private Limited (99%)

Total Capital of the firm (Rs.) 15,00,00,000



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11. LOANS AND ADVANCES
 (Unsecured, Considered Good)

	Non Current		Current	
	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
Capital Advances [Refer Note 28(a)]	-	9,00,000	-	-
Security Deposits	8,39,965	16,77,608	-	-
Balance with Government Authorities	98,87,261	1,16,73,621	30,029	10,00,000
Gratuity [Refer Note 25]	-	-	8,55,601	-
Advances recoverable in cash or kind or value to be received or pending adjustments	-	-	18,21,017	19,67,787
Prepaid Expenses	-	-	8,98,715	16,22,951
Advance Income Tax and Tax Deducted at Source	-	-	1,49,98,117	1,66,14,968
[Net of Provision of Rs. 1,91,64,126 (2015-16: Rs. 1,91,64,126)]				
	<u>1,07,27,226</u>	<u>1,42,51,229</u>	<u>1,86,03,479</u>	<u>2,12,05,706</u>

12. OTHER NON CURRENT ASSETS
 (Unsecured, Considered Good)

Accrued Interest on Fixed Deposits			37,961	-
			<u>37,961</u>	<u>-</u>

13. TRADE RECEIVABLES
 (Unsecured, Considered good)

Outstanding for a period exceeding six months from the date they are due for payment			-	9,32,410
Other Receivables			-	16,91,043
			<u>-</u>	<u>26,23,453</u>



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	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
14. CASH AND BANK BALANCES		
(i) Cash and Cash Equivalents		
Cash on hand	2,500	68,265
Balances with Scheduled Banks on Current Accounts	4,89,642	5,66,303
(ii) Other Bank Balances		
Fixed Deposits with original maturity for more than 12 months *	21,00,000	32,00,000
	<u>25,92,142</u>	<u>38,34,568</u>

* Fixed Deposit aggregating Rs. 21,00,000 (2015-16 : Rs. 32,00,000) pledged with HDFC Bank Limited as security against Corporate Credit Card and bank guarantee

	As at 31.03.2017 Rs.	As at 31.03.2016 Rs.
15. OTHER CURRENT ASSETS (Unsecured, Considered Good)		
Accrued Interest on fixed deposits	-	3,53,866
Interest on Income Tax Refund Receivable	1,15,900	6,13,692
Receivable on surrender of Leasehold Land*	-	5,13,00,000
	<u>1,15,900</u>	<u>5,22,67,558</u>

* Represents the amount receivable against voluntary surrender of Leasehold Land at Bangalore amounting to Rs. 5,40,31,852 net of 5% deductible as per the terms of allotment letter of Karnataka Industrial Areas Development Board (KIADB) amounting to Rs. 27,00,000 and other charges Rs. 31,852.



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	2016-17	2015-16
	Rs.	Rs.
16. REVENUE FROM OPERATIONS		
Consumer Engagement Activity	2,19,517	58,88,614
Professional Fees	1,88,04,349	-
	<u>1,90,23,866</u>	<u>58,88,614</u>
17. OTHER INCOME		
Profit on sale of Current Investments	1,09,553	1,20,817
Interest Income	2,34,287	2,95,697
On Fixed Deposits	1,28,269	6,13,692
On Income Tax Refund	-	50,363
Government Grant	12,38,843	-
Provision for Gratuity no longer required written back [Refer Note 25]	15,000	-
Bad Debt Recovery	1,51,459	-
Liabilities no longer required written back	40,881	17,806
Miscellaneous Income	<u>19,18,292</u>	<u>10,98,375</u>
18. EMPLOYEE BENEFITS EXPENSE		
Salary, Bonus	56,43,088	4,85,08,471
Contribution to Provident Fund	97,234	5,94,000
Contribution to Employees' State Insurance	25,412	1,72,524
Gratuity Expense [Refer Note 25]	-	4,95,248
Staff Welfare Expenses	1,41,412	7,82,997
	<u>59,07,146</u>	<u>5,05,53,240</u>
19. FINANCE COSTS		
Interest Expense	10,66,306	13,84,654
	<u>10,66,306</u>	<u>13,84,654</u>
20. DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of Property, Plant and Equipment	1,45,63,813	1,99,70,172
Amortization of Intangible Assets	21,52,867	20,82,392
	<u>1,67,16,680</u>	<u>2,20,52,564</u>
21. OTHER EXPENSES		
Consumer engagement expenses	6,49,310	1,28,64,723
Server hosting, bandwidth and other data service charges	4,31,822	61,35,219
Electricity Expenses	40,15,354	41,41,225
Rent [Refer Note 26]	3,87,595	9,94,004
Repairs and Maintenance - Others	20,93,849	34,74,966
Service Charges	7,65,147	26,33,147
Advertisement and Business Promotion	13,22,101	63,61,798
Communication Expenses	7,88,137	25,99,084
Insurance Premium	55,909	29,362
Legal and Professional fees	19,32,717	16,43,620
Postage and Courier	947	61,420
Printing and Stationery	12,897	1,41,571
Travelling and Conveyance	2,37,315	22,62,597
Security Service Charges	4,44,751	10,99,940
Loss on sale/discard of Fixed Assets (net)	53,669	24,25,501
Rates and Taxes	1,35,932	1,24,182
Bad debts and advances written off (net)	17,67,086	12,62,872
Auditors' Remuneration	25,000	5,02,500
- As Audit Fees	-	8,800
- Reimbursement of expenses	17,975	2,58,923
Miscellaneous Expenses	<u>1,51,37,513</u>	<u>4,90,25,454</u>
22. LOSS PER SHARE		
Basis for calculation of Basic and Diluted Earnings Per Share is as under:		
Loss after Tax (Rs.)	1,86,47,147	11,62,84,637
Weighted Average Number of Equity Shares (Nos.)	3,31,018	3,03,973
Nominal Value of each Equity Share (Rs.)	10	10
Loss per equity share :	56.33	382.55



23 Contingent Liabilities not provided for in respect of:

- (a) Service tax demand under appeal - Rs. 5,43,274 (2015-16: Rs. 5,43,274). The management believes that the Company has a good case for success in this matter and therefore no provision there against is considered necessary.
- (b) Income Tax Demand under appeal - Rs. 98,98,300 (2015-16: Rs. 98,98,300). The Management Believe that the company has a good case for success in this matter and therefore no provision there against considered necessary.
- (c) Bank Guarantee outstanding in favour of West Bengal State Electricity Distribution Company Limited - Rs. 20,99,036 (2015-16: 20,99,036).

24 Segment Reporting

The Company is engaged in the business of Digital marketing and consumer engagement and accordingly has only one reportable business segment as per Accounting Standard 17 - "Segment Reporting" notified by the Companies Accounting Standard Rules, 2006. The Company continues to have only one reportable geographical segment in India.

25 Employee Benefits

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 year 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 & Loss and the funded status and amounts recognized in the balance sheet for the plan.

Particulars	2016-17 (Rs.)	2015-16 (Rs.)			
(i) Net Employee Expense / (benefit)					
Current service cost	41,130	6,07,842			
Interest cost on benefit obligation	1,05,705	82,574			
Expected return on plan assets	80,618	70,370			
Net Actuarial (gain) / loss recognised in the year	(13,05,059)	(1,24,798)			
Total employer expense recognised in Statement of Profit and Loss	(12,38,842)	4,95,248			
(ii) Actual Return on Plan Assets	79,774	26,105			
(iii) Benefit Asset / (Liability)					
Defined benefit obligation	2,01,587	14,58,160			
Fair value of Plan Assets	10,57,188	10,74,918			
Benefit Asset / (Liability)	8,55,601	(3,83,242)			
(iv) Movement in benefit liability					
Opening defined benefit obligation	14,58,160	11,27,552			
Interest cost	1,05,705	82,574			
Current service cost	41,130	6,07,842			
Benefits paid	97,504	1,90,745			
Actuarial (gains) / losses on obligation	(13,05,904)	(1,69,063)			
Closing benefit obligation	2,01,587	14,58,160			
(v) Movement in fair value of plan assets					
Opening fair value of plan assets	10,74,918	8,79,630			
Expected Return on plan assets	80,618	70,370			
Contributions by employer	-	3,59,928			
Benefits paid	97,504	1,90,745			
Actuarial gains on plan assets	(844)	(44,265)			
Closing fair value of plan assets	10,57,188	10,74,918			
(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	7.50%	8.00%			
Salary increase	6.00%	6.00%			
Withdrawal rates	1.00%	1.00%			
(viii) Amount incurred as expense for defined contribution plans					
Contribution to Provident fund	97,234	3,94,000			
Contribution to Employees' State Insurance	25,412	1,72,924			
(ix) The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.					
(x) The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.					
(xi) Amounts for the current year and previous years are as follows :	Year Ended March 31, 2017 (Rs.)	Year Ended March 31, 2016 (Rs.)	Year Ended March 31, 2015 (Rs.)	Year Ended March 31, 2014 (Rs.)	Year Ended March 31, 2013 (Rs.)
Defined Benefit Obligation	2,01,587	14,58,160	11,27,552	5,99,372	4,85,861
Plan Assets	10,57,188	10,74,918	8,79,630	5,59,200	5,23,841
Surplus / (Deficit)	8,55,601	(3,83,242)	(2,47,922)	(30,172)	37,980
Experience adjustments on plan liabilities	(13,23,982)	(1,69,063)	(1,80,970)	(1,41,952)	(1,33,867)
Experience adjustments on plan assets	4,991	(35,488)	13,661	5,170	5,058
(xii) The Company expects to contribute Rs. Nil (2015-16: Rs. 1,00,000) to Gratuity Fund in 2016-17.					



26 Leases

- a) Certain office premises are obtained on operating lease. The lease term is upto 12 months and renewable for further period either mutually or at the option of the Company. These leases are cancellable. The details of Lease Payments are as follows:

Particulars	2016-17	2015-16
Lease payments made for the year	3,87,995	2,94,004
Contingent rent recognised in Profit and Loss Account	Nil	Nil

- 27 Minimum Alternate Tax (MAT) credit entitlement of Rs. 1,80,78,228 (2015-16: Rs. 1,80,78,228) related to earlier financial years 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 (x) herein.

28 Capital and other Commitments

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - Rs. Nil (2015-16: Rs. 34,35,978).

- 29 Related party in terms of Accounting Standard 18 and as per the Companies Act, 2013 are given below:

Name of related parties and description of relationship

i) Related parties where control exists

a) Holding Company

Sastasundar Ventures Limited (Formerly Microsec Financial Services Limited)

ii) Other related parties with whom transactions have taken place during the year

a) Fellow subsidiary companies / entity

Microsec Capital Limited

Microsec Resources Private Limited

Sastasundar Healthbuddy Limited (Formerly Microsec Healthbuddy Limited)

Brandbuddy Engage Analytics Private Limited (Formerly Microsec Tech Solutions Private Limited)

PRP Technologies Limited

b) Partner

Microsec Invictus Advisors LLP (w.e.f. 10th Feb, 2017)

Bhavya Advisory Services LLP (w.e.f. 27th March, 2017)

Alokik Advisory Services LLP (w.e.f. 27th March, 2017)

Dreamscape Advisors LLP (w.e.f. 29th March, 2017)

Kalashwar Advisory Services LLP (w.e.f. 27th March, 2017)

Rachika Advisory Services LLP (w.e.f. 27th March, 2017)

Scott Advisory Services LLP (w.e.f. 27th March, 2017)

c) Key Management Personnel

Mr. Rajat Khator, Chief Financial Officer (Upto 31st December, 2015)

Mr. Pratap Singh, Company Secretary (Upto 20th January, 2016)



Particulars	Holding Company	Below Subsidiary Companies / Partners												Key Management Personnel	
		Sagittarius Ventures Private Limited (Formerly Financial Services Limited)	Minoror Resources Private Limited	EPF Technologies Limited	Major Hospitality Private Limited	Northwoods Headboards Limited (Formerly Northwoods Headboards Limited)	Microcap Capital Limited	Manasa Services Private Limited	Shreeya Advisory Services Limited	Arka Advisory Services Limited	Shreeya Advisory Services Limited	Sublime Advisory Services Limited	Mr. Rishi Sharma	Mr. Pravin Singh	
Income tax	1,80,00,000	7,00,00,000	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation	-	(5,00,00,000)	-	-	-	-	-	-	-	-	-	-	-	-	
Amortization of Goodwill	1,80,75,000	8,00,00,000	-	-	-	-	-	-	-	-	-	-	-	-	
Professional Fees Received	-	(5,10,00,000)	-	-	-	-	-	-	-	-	-	-	-	-	
Service Charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Interest Expense	50,000	6,90,000	-	-	-	(900)	-	-	-	-	-	-	-	-	
Minororization	-	(11,00,000)	-	-	-	-	-	-	-	-	-	-	-	-	
Investment in Limited Liability Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Subsidiary from Investment in Limited Liability Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Share of Profit/(Loss) from Limited Liability Partnership	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer of Property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfer of Company's Convertible Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds from Issue of Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Proceeds from Securities Issuance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Issue of Share Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Balance Sheet	-	-	-	-	-	-	-	-	-	-	-	-	-	-	



30 Deferred Tax Asset / (Liability) (Net)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Deferred Tax Liability (A)		
Fixed Assets: Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting.	41,36,598	36,05,686
Provision for Gratuity	-	-
Deferred Tax Assets (B)		
Provision for Gratuity	-	1,18,422
Business Loss and Unabsorbed Depreciation	10,23,97,048	9,61,84,167
Net Deferred Tax Asset / (Liability) (B - A)	9,82,60,450	9,26,16,903
Less : Deferred Tax Asset not recognized	9,82,60,450	9,26,16,903
Net Deferred Tax asset / (Liability) recognized	Nil	Nil

In the absence of virtual certainty, the Company has recognized Deferred Tax Asset in the current year only to the extent of Deferred Tax Liability as at 31st March, 2017 i.e. Rs. 41,36,598 (2015-16: Rs. 36,05,686)

31 Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006

Particulars	As at 31st March, 2017	As at 31st March, 2016
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	2,46,347
Principal amount due to micro and small enterprises	Nil	Nil
Interest due on above		
ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		
Principal	Nil	Nil
Interest	Nil	Nil
iii) The amount of interest due and payable for the period of delay in making payment (which been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	Nil	Nil
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil

32 During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification no. G.S.R 100(E) dated 31st March, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016, the denomination was SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	-	819	819
(+) Permitted receipts	-	30,000	30,000
(-) Permitted Payments	-	(26,057)	(26,057)
(-) Amount deposited in banks	-	-	-
Closing cash in hand as on December 30, 2016	-	4,762	4,762

* For the purpose of this clause, the term "Specified Bank Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs no. S.O. 340(E), dated the 8th November, 2016.

33 Previous year's figures including those in brackets have been regrouped and / or reclassified to confirm to this year's classification.

As per our Report of even date

For P Saraf & Co.
Firm Registration No. : 323888E
Chartered Accountants

For and on behalf of Board of Directors


Prakash Saraf
Proprietor
Membership No. : 059347


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


Ravi Kant Sharma
Managing Director
DIN : 00364066

Place : Kolkata
Date : 24th May, 2017