

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MICROSEC CAPITAL LIMITED

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cashflows of the Company in accordance with the 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 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 design, implementation and maintenance of adequate internal financial controls, 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 there under.

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 the 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 the 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 31st March, 2016, and its profit and its cashflows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- I. 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, to the extent applicable.
- II. 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 purposes of our audit.
 - b. In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The Balance Sheet, the 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 the written representations received from the Directors as on 31st March, 2016 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f. With respect to the adequacy 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";
 - g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its Financial Position in its financial statements (Refer Note No. 23 to the financial statements).
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



S. K. AGRAWAL & CO.

Chartered Accountants

Firm Registration No. 306033E

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- iii. The Company was not required to transfer any amount in the Investor Education and Protection Fund..



Place: Kolkata

Dated: May 24, 2016

For, S. K. AGRAWAL & CO.

Chartered Accountants

Firm's Registration Number- 306033E

Mamta Jain
(Mamta Jain)

Partner

Membership No: 061299

Annexure -A to the Independent Auditors' Report

The Annexure referred to in our Independent Auditor's Report to the members of **MICROSEC CAPITAL LIMITED** ("the Company") on the financial statements for the year ended on 31st March 2016. We report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company is engaged in the business of providing stock broking and related services and is not required to maintain inventory. Consequently, the requirements of paragraph 3 (ii) of the Companies (Auditor's report) Order, 2016 ("the Order") are not applicable to the Company and hence not commented upon.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order is not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 185 and 186 of the Companies Act, 2013 in respect of investments and securities made.
- v. The Company has not accepted any deposits from the public.
- vi. To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Act, for the services rendered by the Company. Further, the Company is not in the business of sale of any goods.
- vii. According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees State Insurance, Income Tax, Service Tax, Cess and other statutory dues with the appropriate authorities during the year. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2016 for a period of more than six months from the date they became payable. During the year, the company did not have any dues towards sales tax, wealth tax, custom duty, excise duty and value added tax.
 - (b) According to the information and explanations given to us, there are no material dues of income tax and service tax which have not been deposited with the appropriate authorities on account of any dispute. During the year, the company did not have any dues towards sales tax, wealth tax, custom duty, excise duty and value added tax



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- viii. In our opinion and according to information and explanations given by the management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks in the form of overdraft, and does not have any borrowings from financial institution, government and debenture holders.
- ix. To the best of our knowledge and belief and according to the information and explanations given to us, term loans were not availed by the Company. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations given to us, the Company has paid/provided for managerial remunerations in accordance with the requisite approvals mandated by the provisions of Sec 197 read with Schedule V to the Act.
- 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 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 to us and based on our examination of the records, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 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 directors or persons connected with them. 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.

Place: Kolkata
Dated: May 24, 2016



For, S. K. AGRAWAL & CO.
Chartered Accountants
Firm's Registration Number- 306033E

Mamta Jain
(Mamta Jain)
Partner
Membership No: 061299

Annexure - B to the 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 **Microsec Capital Limited** to the extent records are available with us in Conjunction with our audit of the financial statements of the company as of and for the year ended **31st March, 2016**.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls. 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

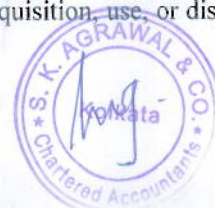
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.



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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 2016, based on the internal control over financial reporting criteria established by the Company.



Place : Kolkata
Date : 24th May, 2016

For, S. K. AGRAWAL & COMPANY
Chartered Accountants
Firm's registration number: 306033E

Mamta Jain

Mamta Jain
Partner
Membership No. 061299

Balance Sheet as at 31st March, 2016

	Notes	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	3	2,26,35,610	2,26,35,610
(b) Reserves and Surplus	4	42,17,26,285	41,12,60,690
2. Non Current Liabilities			
(a) Deferred Tax Liabilities (Net)	5	-	45,12,227
(b) Long Term Provisions	6	3,98,071	23,69,438
3. Current Liabilities			
(a) Short Term Borrowings	7	8,04,26,083	4,74,18,845
(b) Trade Payables	8		
Total outstanding dues of micro enterprises and small enterprises		5,16,631	4,64,069
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,63,61,433	5,57,46,955
(c) Other Current Liabilities	9	2,05,81,230	4,04,14,291
(d) Short Term Provisions	6	19,00,000	19,00,000
		58,45,45,343	58,67,22,125

II. ASSETS

1. Non Current Assets			
(a) Fixed Assets	10		
(i) Tangible Assets		1,83,82,506	2,24,70,351
(ii) Intangible Assets		9,68,604	16,61,012
(b) Non Current Investments	11	22,28,03,638	16,52,32,053
(c) Long Term Loans and Advances	12	2,57,75,459	2,50,96,805
(d) Other Non Current Assets	13	18,33,32,289	19,30,32,782
2. Current Assets			
(a) Trade Receivables	14	7,23,61,493	10,95,14,972
(b) Cash and Bank Balances	15	5,03,79,569	5,08,54,989
(c) Short Term Loans and Advances	12	95,76,647	1,47,23,649
(d) Other Current Assets	13	9,65,138	41,35,512
		58,45,45,343	58,67,22,125

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.K.Agrawal & Co.

Firm registration number: 306033E

Chartered Accountants

per Manta Jain
Partner
Membership No. 061299



For and on behalf of Board of Directors

B. L. Mittal
Director
DIN : 00365809

Ravi Kant Sharma
Director
DIN : 00364066

Place : Kolkata
Date : 24th May, 2016

Pankaj Harialka
Executive Director & Company Secretary
DIN : 01939275

Statement of Profit & Loss for the Year Ended 31st March, 2016

	Notes	2015-16	2014-15
		Rs.	Rs.
I. Revenue from Operations	16	12,74,39,862	17,65,57,178
II. Other Income	17	3,01,19,397	3,03,80,427
III. Total Revenue		15,75,59,259	20,69,37,605
IV. EXPENSES			
Employee Benefits Expense	18	6,81,60,902	9,01,76,117
Finance Costs	19	61,76,600	73,88,890
Depreciation and Amortization Expense	20	34,13,371	78,91,088
Other Expenses	21	7,79,13,320	9,65,06,663
Total Expenses		15,56,64,193	20,19,62,758
V. PROFIT BEFORE EXCEPTIONAL ITEM AND TAX		18,95,066	49,74,847
VI. Profit on Sale of Property [Refer Note 32]		40,58,302	1,72,87,584
VII. PROFIT BEFORE TAX		59,53,368	2,22,62,431
VIII. Tax Expense			
(1). Current Tax		-	21,13,177
(2). Deferred Tax		(45,12,227)	22,23,951
IX. PROFIT FOR THE YEAR		1,04,65,595	1,79,25,303
X. EARNINGS PER EQUITY SHARE:			
Basic and Diluted (Face Value Rs.10 Each) (in Rs.)	22	4.62	7.92

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.K.Agrawal & Co.

Firm registration number: 306033E

Chartered Accountants

per Mamta Jain

Partner

Membership No. 061299

Place : Kolkata

Date : 24th May, 2016

For and on behalf of Board of Directors

B. L. Mittal

Director

DIN : 00365809

Ravi Kant Sharma

Director

DIN : 00364066

Pankaj Haribhaskar
Executive Director & Company Secretary
DIN : 01939275



Cash Flow Statement for the year ended 31st March, 2016

Particulars	2015-16 Rs.	2014-15 Rs.
A. Cash Flow from Operating Activities		
Profit before tax	59,53,368	2,22,62,431
Adjustments for :-		
Depreciation and Amortization expense	34,13,371	78,91,088
Interest Expense	39,75,607	43,19,860
Interest on Fixed Deposits, Bonds & others	(2,54,27,256)	(2,75,25,814)
Share of Profit From Microsec Invictus Advisors LLP	(87,69,500)	(42,43,792)
Profit on Sale of Investment	(8,20,009)	-
Irrecoverable debts/advances written off	3,16,770	1,21,81,090
Unspent liabilities no longer required written back	(2,16,243)	(9,73,100)
Provision for Gratuity	5,08,929	24,86,725
Provision for Doubtful Debt	-	(74,56,874)
Bad Debt Recovery	(14,58,724)	-
(Profit)/Loss on sale/discard of fixed assets (net)	(42,35,022)	(1,60,07,942)
Operating Loss before working capital changes	(2,67,58,709)	(70,66,328)
Adjustment for:		
Decrease in Trade Receivables	3,82,95,433	2,45,03,887
(Increase)/Decrease in Long Term Loans & Advances	(6,78,654)	12,82,771
Decrease in Short Term Loans & Advances	29,46,382	44,68,187
Decrease in Trade Payables	(1,91,16,717)	(9,03,17,975)
Decrease in Short Term Provisions	(24,80,296)	-
Decrease in Other Current Liabilities	(1,98,33,061)	(90,78,311)
Cash used in operations	(2,76,25,622)	(7,62,07,769)
Direct taxes paid (Net)	28,00,418	(29,95,241)
Net Cash flow used in Operating Activities	(2,48,25,204)	(7,92,03,010)
B. Cash Flow from Investing Activities		
Sale of Fixed Assets	58,10,516	2,33,84,000
Purchase of Fixed Assets	(2,08,612)	(30,33,707)
Investment in Limited Liability Partnership	(1,55,00,000)	(15,00,000)
Redemption of Investment in Limited Liability Partnership	-	1,85,00,000
Investment in Non current Investment	(4,99,99,585)	-
Investment in Compulsory Convertible Debenture	(4,50,00,000)	-
Investment in Fixed Deposits	(2,57,00,000)	(30,79,00,000)
Encashment of Fixed Deposits	3,64,00,000	27,40,00,000
Profit on Sale of Investment	8,20,009	-
Proceeds from sale of NABARD Bonds	9,00,39,050	1,30,31,823
Interest on Fixed Deposits, Bonds & others	77,56,775	2,06,40,909
Net Cash from Investing Activities	44,18,153	3,71,23,025
C. Cash Flow from Financing Activities		
Proceeds from Short Term Borrowings	8,04,26,083	4,74,18,845
Repayment of Short Term Borrowings	(4,74,18,845)	(18,34,048)
Interest Paid	(39,75,607)	(43,19,860)
Net Cash from/(used in) Financing Activities	2,90,31,631	4,12,64,937
Net Decrease in Cash and Cash Equivalents (A+B+C)	86,24,580	(8,15,048)
Cash and Cash Equivalents at the beginning of the year *	1,34,54,989	1,42,70,037
Cash and Cash equivalents at the end of the year *	2,20,79,569	1,34,54,989

* Represents Cash and Bank Balances as Indicated in Note No. 15 and excludes Rs. 2,83,00,000 (2014-15: Rs. 3,74,00,000) being bank balances with restricted use or with maturity of more than three months.

As per our report of even date
For S.K.Agrawal & Co.
Firm registration number: 306033E
Chartered Accountants

For and on behalf of the Board of Directors

per Mamta Jain
Partner
Membership No. 061299



B.L.Mittal
Director
DIN : 00365809

Ravi Kant Sharma
Director
DIN : 00364066

Pankaj Harilalke
Executive Director & Company Secretary
DIN : 01939275

Place : Kolkata
Date : 24th May, 2016

Notes to Financial Statements as at and for the year ended 31st March, 2016

1 Basis of preparation of Financial Statements

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements in all material aspect with the accounting standard notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the companies (Accounts) Rules, 2014. The financial statements have been prepared under the historical cost convention on an accrual basis. The Accounting policies adopted in preparation of financial statements are consistent with those of 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 judgements, 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

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.

Broking Activities

Revenue from 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.

Commission from Primary Market Activities

Commission and Incentive income on primary market activities is recognized on receipt of confirmation from the concerned party after completion of the public issue.

Investment Banking Activities

Fees from Investment Banking activities which include Mergers & Acquisitions, Investment and other advisory services are recognised 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.

Interest

Interest from fixed deposits and bonds is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

Penal Charges

Penal charges for delayed receipt of dues from the clients are credited on accrual basis, as per managements' judgment as to the certainty in realization thereof.

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 directly 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 & 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 recognised in the Statement of Profit & Loss when the assets 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.



Notes to Financial Statements as at and for the year ended 31st March, 2016

v) Depreciation and Amortization on tangible and intangible assets

a. Depreciation on fixed assets is calculated on a WDV basis using the rates arrived at based on the useful lives estimated by the management which is as per the rates specified in Schedule II of the Companies Act, 2013.

b. Depreciation on Fixed Assets added/disposed off during the year is provided on prorata basis with reference to the date of addition/disposal.

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

vi) Impairment of Tangible & Intangible Assets

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

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

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

vii) Investments

Investments that are readily realisable and intended to be held for not more than a year from the date on which such investment 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.

viii) Fixed Assets Acquired under lease

Operating

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.

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 recognised only if there is virtual certainty supported by convincing evidence that they can be realised 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.

Notes to Financial Statements as at and for the year ended 31st March, 2016

x) 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 recognised in full in the period in which they occur in the statement of profit and loss. The Company has got an approved gratuity fund which has taken an insurance policy with Life Insurance Corporation of India (LIC) to cover the gratuity liabilities.

c. Short term compensated absences are provided for based on estimates.

xi) 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 period attributable to equity shareholders and the weighted average numbers of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

xii) 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 relevant 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.

xiii) 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.

xiv) Provisions

A Provisions is recognized when the company has a present obligation as a result of past event, it is probable that there will be 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 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.



Notes to Financial Statements as at and for year ended 31st March, 2016

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
3. SHARE CAPITAL		
Authorised Shares		
30,00,000 (2014-15: 30,00,000) Equity Shares of Rs. 10 each	3,00,00,000	3,00,00,000
Issued, Subscribed and Fully Paid-up Shares		
22,63,561 (2014-15: 22,63,561) equity shares of Rs. 10 each,	2,26,35,610	2,26,35,610

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

Equity Shares

	As at 31.03.2016	As at 31.03.2015
	Nos.	Nos.
Outstanding at the beginning and at the end of the year	22,63,561	22,63,561

(b) Terms / Rights attached to the equity shares

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

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 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

	As at 31.03.2016	As at 31.03.2015
Name of the shareholder	No. of shares	No. of shares
Microsec Financial Services Limited, Holding Company and its nominees	22,63,561	22,63,561

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.

4. RESERVES AND SURPLUS

Securities Premium Account	(A) 23,30,53,400	23,30,53,400
Surplus in the Statement of Profit and Loss		
Balance as per the last financial statements	17,82,07,290	16,21,29,033
Add: Profit for the year	1,04,65,595	1,79,25,303
Less : Transitional Provision for depreciation under Companies Act, 2013 (Net of Deferred tax of Rs. 9,12,334)	-	(18,47,046)
	(B) 18,86,72,885	17,82,07,290
	(A+B) 42,17,26,285	41,12,60,690



Notes to Financial Statements as at and for year ended 31st March, 2016

	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
5. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability		
Fixed Asset : Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting (adjusted through statement of Profit & Loss).	-	29,65,181
Timing difference of accrued interest on bonds	-	38,70,984
A	-	68,36,165
Deferred Tax Asset		
Fixed Asset : Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting (adjusted through General Reserve).	-	9,12,334
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purpose on payment basis.	-	14,11,604
B	-	23,23,938
Net Deferred Tax Liability (Refer Note 33)	(A-B)	-
	-	45,12,227

	Non Current	Current	
As at 31.03.2016 Rs.	As at 31.03.2015 Rs.	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
6. PROVISIONS			
Provision for Employee Benefits			
Gratuity [Refer Note 25]	3,98,071	23,69,438	19,00,000
	3,98,071	23,69,438	19,00,000

7. SHORT TERM BORROWINGS

(Secured)

From Scheduled Banks

- Working Capital Facilities

8,04,26,083 4,74,18,845

8,04,26,083 4,74,18,845

Nature of Securities	Loan (Rs.)	Repayment Term	Rate of Interest
Fixed Deposits amounting Rs. 8,50,00,000 (2014-15: Rs. 14,75,00,000) pledged with the bank [Refer Note 24]	5,44,41,642	On demand	Fixed Deposit + 1%, presently 9.60% per annum to 10% per annum
Mortgage of Property	2,59,84,441	On demand	12.75% per annum
Total	8,04,26,083		

8. TRADE PAYABLES

Due to Micro and Small Enterprises (Refer Note 31)

5,16,631 4,64,069

Due to Clients

3,00,19,852 5,01,25,170

Due to Stock Exchanges

2,42,984 4,40,699

Due to others

60,98,597 51,81,086

3,68,78,064 5,62,11,024

9. OTHER CURRENT LIABILITIES

Security Deposits

47,84,423 60,78,383

Margin from Clients

90,64,484 3,04,27,389

Other liabilities

- Statutory Dues

15,96,123 21,78,354

- Other Payables

51,36,200 17,30,165

2,05,81,230 4,04,14,291



Notes to Financial Statement as at and for the year ended 31st March, 2016

10. FIXED ASSETS :

(i) Tangible Assets							(Amount in Rs.)	
Particulars	Office Premises	Computers	Furniture and Fixtures	Office Equipments	Vehicles	Total		
Gross Block								
At April 1, 2014	3,29,15,083	2,46,97,205	1,58,57,220	1,45,29,595	53,98,127	9,33,97,230		
Additions	-	6,90,344	50,000	3,03,564	-	10,43,908		
Disposals	91,32,479	14,13,572	51,78,476	44,41,684	6,71,813	2,08,38,024		
At March 31, 2015	2,37,82,604	2,39,73,977	1,07,28,744	1,03,91,475	47,26,314	7,36,03,114		
Additions	-	1,53,080	55,532	-	-	2,08,612		
Disposals	6,52,000	5,51,133	16,95,046	26,39,857	19,36,396	74,74,432		
At March 31, 2016	2,31,30,604	2,35,75,924	90,89,230	77,51,618	27,89,918	6,63,37,294		
Depreciation								
At April 1, 2014	1,00,73,029	2,17,94,812	1,15,51,218	82,09,746	32,97,418	5,49,26,223		
Impact of Transitional Provision for depreciation under the Companies Act, 2013	-	6,70,716	65,155	20,21,631	1,878	27,59,380		
Charge For the Year	10,28,464	9,90,888	13,35,117	28,73,531	6,81,127	69,09,127		
Disposals	34,27,320.00	13,64,846	41,61,836	40,02,326	5,05,639	1,34,61,967		
At March 31, 2015	76,74,173	2,20,94,570	87,89,654	91,02,582	34,74,784	5,11,32,763		
Charge For the Period	7,81,563	5,77,825	5,61,651	5,15,931	2,83,993	27,20,963		
Disposals	2,59,459	5,25,346	13,70,969	24,41,560	13,01,604	58,98,938		
At March 31, 2016	81,96,277	2,21,44,049	79,80,336	71,76,953	24,57,173	4,79,54,768		
Net Block								
At March 31, 2015	1,61,08,431	18,82,407	19,39,090	12,68,893	12,51,530	2,24,70,351		
At March 31, 2016	1,49,34,327	14,31,875	11,08,894	5,74,665	3,32,745	1,83,62,506		

(ii) Intangible Assets

Particulars	Business Rights	Computer Softwares	Total
Gross Block			
At April 1, 2014	40,15,579	1,12,10,643	1,52,26,222
Purchase	-	19,89,799	19,89,799
Disposals	-	-	-
At March 31, 2015	40,15,579	1,32,00,442	1,72,16,021
Purchase	-	-	-
Disposals	-	-	-
At March 31, 2016	40,15,579	1,32,00,442	1,72,16,021
Amortization			
At April 1, 2014	40,15,579	1,05,57,469	1,45,73,048
Charge For the Year	-	9,81,961	9,81,961
Disposals	-	-	-
At March 31, 2015	40,15,579	1,15,39,430	1,55,55,009
Charge For the Period	-	6,92,408	6,92,408
Disposals	-	-	-
At March 31, 2016	40,15,579	1,22,31,838	1,62,47,417
Net Block			
At March 31, 2015	-	16,61,012	16,61,012
At March 31, 2016	-	9,68,604	9,68,604



Notes to Financial Statements as at and for year ended 31st March, 2016

	No./Units	Face Value per Share/Unit Rs.	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
11. NON CURRENT INVESTMENTS				
Trade Investment (valued at cost)				
Unquoted Equity Shares (Fully Paid)				
In Wholly owned Subsidiary Companies				
Microsec Insurance Brokers Limited	5,16,060 (5,16,060)	10	1,04,62,000	1,04,62,000
Microsec Commerce Limited	16,02,950 (16,02,950)	10	4,14,24,500	4,14,24,500
In Fellow Subsidiary Companies				
Microsec Technologies Limited	50,761 (-)	10	4,99,99,585	-
In Limited Liability Partnership				
Microsec Invictus Advisors LLP - Capital Account [Refer Note 31]			4,72,33,303	2,29,63,803
In Zero Coupon Compulsary Convertible Unsecured Debentures				
Myjoy Pharmaceuticals Private Limited	45,00,000 (-)	10	4,50,00,000	-
Quoted Bonds (Fully Paid)				
National Bank for Agriculture & Rural Development Bonds*	3,101 (9,771)	20,000	2,86,84,250	9,03,81,750
			22,28,03,638	16,52,32,053
Aggregate amount of Non Current Investments				
Quoted			2,86,84,250	9,03,81,750
Unquoted			19,41,19,388	7,48,50,303
			22,28,03,638	16,52,32,053
Market value of Quoted Investment				
			4,28,96,133	12,25,04,010
* Includes Rs. 2,08,21,750 (2014-15: Rs. 9,03,81,750) pledged with the following Scheduled banks as security against bank guarantees and working capital facility.				
			As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
HDFC Bank Limited			57,62,750	4,64,62,750
Indus Ind Bank Limited			33,76,250	2,66,86,250
Axis Bank Limited			1,16,82,750	1,72,32,750
			2,08,21,750	9,03,81,750

12. LOANS AND ADVANCES
(Unsecured, considered Good)

	Non Current		Current	
	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
Deposits with Government Authorities	-	-	4,62,500	14,12,368
Deposit with Stock Exchange and others	2,53,04,301	2,44,27,831	-	-
Advances recoverable in cash or kind	-	-	5,34,742	5,81,645
Prepaid Expenses	4,71,158	6,68,974	13,33,329	32,82,940
Advance Income tax and Tax Deducted at Source [Net of Provision Rs. 2,05,84,224 (2014- 15: Rs. 3,25,71,364)]	-	-	72,46,076	94,46,696
	2,57,75,459	2,50,96,805	95,76,647	1,47,23,649



Notes to Financial Statements as at and for year ended 31st March, 2016

13. OTHER ASSETS
(Unsecured, considered good)

	Non Current		Current	
	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
Non Current Bank Balances [Refer Note 15]	14,75,00,000	14,91,00,000	-	-
Accrued Interest on Fixed Deposits	2,14,92,269	88,09,075	9,65,138	41,35,512
Accrued Interest on Bonds	1,43,40,020	3,51,23,707	-	-
	18,33,32,289	19,30,32,782	9,65,138	41,35,512

14. TRADE RECEIVABLES

(Considered good, unless otherwise stated)

Outstanding for a period exceeding six months from the date they became due for payment

- Secured	18,63,593	3,80,024
- Unsecured	64,43,745	38,73,217
	83,07,338	42,53,241

Other Receivables

- Secured	6,12,16,638	10,02,82,230
- Unsecured	28,37,518	49,79,501
	6,40,54,156	10,52,61,731
	7,23,61,493	10,95,14,972

15. CASH AND BANK BALANCES

	Non Current		Current	
	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.	As at 31.03.2016 Rs.	As at 31.03.2015 Rs.
Cash and Cash Equivalents				
Cash on hand	-	-	62,979	55,385
Balances with Scheduled Banks				
- on Current Account	-	-	2,20,16,590	1,33,99,604
	-	-	2,20,79,569	1,34,54,989
Other Bank Balances [Refer Note 24]				
- Fixed Deposits with original maturity for more than 12 months	14,75,00,000	14,91,00,000	16,00,000	2,35,00,000
- Fixed Deposits with original maturity for more than 3 months but not more than 12 Months	-	-	2,67,00,000	1,39,00,000
Amount disclosed under non current assets [Refer Note 13]	(14,75,00,000)	(14,91,00,000)	-	-
	-	-	2,63,00,000	3,74,00,000
	-	-	5,03,79,569	5,08,54,989



Notes to Financial Statements as at and for year ended 31st March, 2016

	2015-16	2014-15
	Rs.	Rs.
16. REVENUE FROM OPERATIONS		
(a) Sale of Services		
- Brokerage and Related Income	10,29,33,725	15,24,91,357
- Professional Fees - Consultancy & Investment Banking	15,49,000	49,00,100
(b) Other Operating Revenues		
- Penal Charges collected from clients	1,51,87,501	1,68,03,442
- Interest on Fixed Deposits lying with Stock/Currency Exchanges & Clearing Member	77,69,636	23,62,279
	12,74,39,862	17,65,57,178
17. OTHER INCOME		
(a) Interest Income		
- On Fixed Deposits other than lying with Stock/Currency Exchanges & Clearing Member	94,99,959	1,51,81,996
- On Long Term Bonds	75,57,863	99,81,539
- On Income Tax Refund	5,99,798	-
(b) Share of Profit from Microsec Invictus Advisors LLP	87,69,500	42,43,792
(c) Other Non Operating Income		
- Profit on Sale/discard of Fixed Assets (Net)	1,76,720	-
- Profit on Sale of Investment	8,20,009	-
- Liabilities no longer required written back	2,16,243	9,73,100
- Bad Debt Recovered	24,64,815	-
- Miscellaneous Income	14,490	-
	3,01,19,397	3,03,80,427
18. EMPLOYEE BENEFITS EXPENSE		
Salary, Bonus etc.	6,46,31,903	8,40,73,970
Contribution to Employees' State Insurance	3,80,470	5,50,416
Contribution to Employees' Provident Fund	13,88,035	13,29,925
Gratuity [Refer Note 25]	5,08,929	24,86,725
Staff Welfare expenses	12,51,565	17,35,081
	6,81,60,902	9,01,76,117
19. FINANCE COSTS		
(a) Interest Expense		
-Working Capital Facilities	34,55,981	24,13,744
-Margin from Clients	5,19,626	19,06,116
	39,75,607	43,19,860
(b) Other Borrowing Costs		
-Bank Guarantee Charges	22,00,993	30,69,030
	61,76,600	73,88,890
20. DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of tangible assets	27,20,963	69,09,127
Amortization of intangible assets	6,92,408	9,81,961
	34,13,371	78,91,088



Notes to Financial Statements as at and for year ended 31st March, 2016

	2015-16	2014-15
	Rs.	Rs.
21. OTHER EXPENSES		
Advertisement and Publicity	16,06,866	32,28,802
Auditor's Remuneration		
- As Audit Fees	1,30,325	3,00,000
- For other Services	-	2,00,000
- Reimbursement of expenses etc.	-	21,340
Communication expenses	34,64,497	45,30,511
Commission to Authorised Persons	1,95,71,083	2,55,98,194
Depository Transaction charges	12,78,625	15,24,538
Electricity	38,03,478	40,62,222
Insurance	1,04,275	96,076
Irrecoverable debts/advances written off	3,16,770	47,24,216
Legal and Professional fees	2,63,42,932	2,10,96,251
Loss on Sale/discard of Fixed Assets (Net)	-	12,79,642
Membership Fees and Subscription	10,99,947	8,05,168
Postage and Courier expenses	3,86,690	6,28,887
Printing and Stationery	5,27,768	38,22,445
Repairs and Maintenance - Others	24,98,469	26,36,426
Rent [Refer Note 28]	14,36,076	21,41,655
Rates and Taxes	5,98,299	5,14,930
SEBI Turnover Fees	2,97,013	4,14,408
Service Charges		
- Market Research and Analysis services	23,257	6,27,851
- Facility Services etc.	50,49,504	53,61,375
Software Maintenance charges	34,38,215	45,74,213
Stock Exchange charges	39,02,111	56,12,963
Travelling and Conveyance	16,83,510	19,12,039
Miscellaneous Expenses	3,53,610	7,92,511
	7,79,13,320	9,65,06,663
22. EARNINGS/(LOSS) PER SHARE (EPS)		
Basis for Calculation for Basic & Diluted		
Earnings/(Loss) Per Share is as under:		
Profit/(Loss) after tax	1,04,65,595	1,79,25,303
Weighted average number of Equity Shares (Nos.)	22,63,561	22,63,561
Nominal value of Equity Shares (Rs.)	10	10
Basic and Diluted Earnings per Share (Rs.)	4.62	7.92



Notes to Financial Statement as at and for the year ended 31st March, 2016

23 Contingent Liabilities not provided for in respect of :

Particulars	(Amount in Rs.)	
	As at 31.03.2016	As at 31.03.2015
a) Claims against the company not acknowledged as debt	20,05,441	20,05,441
b) Bank Guarantees outstanding in favour of stock exchanges	9,50,00,000	35,00,00,000
c) Bank Guarantees outstanding in favour of Pension Fund Regulatory and Development Authority	5,00,000	5,00,000

24 Fixed Deposits with banks aggregating to Rs. 17,58,00,000 (2014-15: Rs. 18,65,00,000) are pledged as follows :

Pledged with	(Amount in Rs.)	
	As at 31.03.2016	As at 31.03.2015
National Stock Exchange of India Ltd.	8,00,000	8,00,000
National Securities Clearing Corporation Ltd.	32,00,000	1,64,00,000
IL&FS Securities Services Limited (Clearing Member)	7,00,00,000	-
HDFC Bank Ltd. (As security against Credit facilities / Bank Guarantees)	6,25,00,000	7,25,00,000
Indusind Bank Ltd. (As security against Credit facilities / Bank Guarantees)	1,25,00,000	2,00,00,000
Axis Bank Ltd. (As security against Credit facilities / Bank Guarantees)	2,25,00,000	7,50,00,000
MCX Stock Exchange Ltd.	8,00,000	8,00,000
Indian Clearing Corporation Limited	10,00,000	10,00,000
Bombay Stock Exchange	25,00,000	-
Total	17,58,00,000	18,65,00,000

25 Employee Benefits

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 year of service. The gratuity scheme is entrusted 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		Year Ended March 31, 2016	Year Ended March 31, 2015
		(Rs.)	(Rs.)
(i)	Net Employee Expense /(benefit)		
	Current service cost	8,85,647	15,31,499
	Interest cost on benefit obligation	5,48,202	4,54,221
	Expected return on plan assets	3,44,979	3,47,068
	Net Actuarial (gain) /loss recognised for the year	(8,04,171)	8,48,073
	Total employer expense recognised in Statement of Profit and Loss	2,84,699	24,86,725
(ii)	Actual return on plan assets	3,66,892	3,51,637
(iii)	Benefit Asset/(Liability)		
	Defined benefit obligation	58,04,404	83,28,017
	Fair value of Plan Assets	35,06,333	40,58,579
	Benefit Asset/(Liability)	(22,98,071)	(42,69,438)
(iv)	Movement in benefit liability		
	Opening defined benefit obligation	83,28,017	58,65,861
	Acquisition Adjustment	2,24,230	-
	Interest cost	5,48,202	4,54,221
	Current service cost	8,85,647	15,31,499
	Benefits paid	33,99,434	3,76,206
	Actuarial (gains)/losses on obligation	(7,82,258)	8,52,642
	Closing benefit obligation	58,04,404	83,28,017



Notes to Financial Statement as at and for the year ended 31st March, 2016

Particulars		Year Ended March 31, 2016	Year Ended March 31, 2015			
		(Rs.)	(Rs.)			
(v)	Movement in fair value of plan assets					
	Opening fair value of plan assets	40,58,579	40,83,148			
	Expected Return on plan assets	3,44,979	3,47,068			
	Contribution by employer	24,80,296	-			
	Benefits paid	33,99,434	3,76,206			
	Actuarial gains/(losses) on plan assets	21,913	4,569			
	Closing fair value of plan assets	35,06,333	40,58,579			
(vi)	Major categories of plan assets as a percentage of the fair value of total plan assets					
	Investments with insurer	100%	100%			
(vii)	The principal actuarial assumptions are as follows					
	Discount rate	8%	8%			
	Salary increase	6%	6%			
	Withdrawal rates	1%	1%			
(viii)	Amount incurred as expense for defined contribution plans					
	Contribution to Employees State Insurance	Rs. 3,80,470	Rs. 5,50,416			
	Contribution to Employees Provident Fund	Rs. 13,88,035	Rs. 13,29,925			
(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. 19,00,000 (2014-15: Rs. 19,00,000) to Gratuity Fund in 2016-17.					
(xii)	Particulars	2015-16 (Rs.)	2014-15 (Rs.)	2013-14 (Rs.)	2012-13 (Rs.)	2011-12 (Rs.)
	Amounts for the current Period and previous period are as follows :					
	Gratuity					
	Defined Benefit Obligation	58,04,404	83,28,017	58,65,861	40,31,267	49,08,704
	Plan Assets	35,06,333	40,58,579	40,83,148	39,45,398	36,46,137
	Surplus / (Deficit)	(22,98,071)	(42,69,438)	(17,82,713)	(85,869)	(12,62,567)
	Experience adjustments on plan liabilities	(7,82,258)	(5,36,648)	(32,48,231)	(7,75,646)	(9,44,472)
	Experience adjustments on plan assets	21,913	14,777	41,949	36,694	33,911



Notes to Financial Statement as at and for the year ended 31st March, 2016

26 Related Party Disclosures

a) Name of the related parties and description of relationship

Related Parties where control exist

i) Holding Company

Microsec Financial Services Limited

ii) Subsidiary Companies

Microsec Commerce Limited

Microsec Insurance Brokers Limited

iii) Fellow Subsidiary Companies/LLP

Microsec Technologies Limited
Microsec Resources Private Limited
PRP Technologies Limited
Bharatiya Sanskriti Village Private Limited
Myjoy Hospitality Private Limited
Myjoy Technologies Private Limited
Myjoy Pharmaceuticals Private Limited
Myjoy Tasty Food Private Limited
Microsec Health Buddy Limited
Sasta Sundar Shop Private Limited
Microsec Invictus Advisors LLP
Bhavya Advisory Services LLP
Ruchika Advisory Services LLP
Alokik Advisory Services LLP
Dreamscape Advisors LLP
Kailashwar Advisory Services LLP
Stuti Advisory Services LLP

Name of other Related Parties with whom transactions have taken place during the year

iv) Key Management Personnel

Mr. Banwari Lal Mittal - Director
Mr. Ravi Kant Sharma - Managing Director (Upto 30.06.2015)
Mr. Ravi Kant Sharma - Director (w.e.f 01.07.2015)
Mr. Pankaj Harlalka - Executive Director and Company Secretary

v) Relatives of Key Management Personnel

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

vi) Enterprises on which Key Management Personnel and / or their relative exercise significant influence

Luv-Kush Projects Limited
Micro Resouces Private Limited
B L Mittal (HUF)
Topview Enclaves LLP
Longrange Management Services Pvt. Ltd
Topview Farming LLP
Umaputra Consultants LLP
Shri Krishna Creative Ideas LLP
Manokamna Advisory Services LLP
Chaturveda Advisory Services LLP
Gauri Advisory Private Limited
Virochan Consultants LLP
Sarvopari Consultants LLP



(Amount in Rs.)

b) Aggregate Related party disclosures as at 31st March 2016

Sl No.	Particulars	Holding Company	Subsidiaries & Fellow Subsidiaries Companies	Key Management Personnel	Relatives of Key Management Personnel	Enterprises in which Key Management Personnel Exercise Significant Influence	Total
1	Brokerage & Related Income						
	Microsec Invictus Advisors LLP	-	53,772 (2,02,144)	-	-	-	53,772 (2,02,144)
	Topview Endlaves LLP	-	-	-	-	1,05,009 (1,71,933)	1,05,009 (1,71,933)
	Umaputra Consultants LLP	-	-	-	-	1,37,237 (7,582)	1,37,237 (7,582)
	Chaturveda Advisory Services LLP	-	-	-	-	1,49,610 (857)	1,49,610 (857)
	Others	2,879 (2,865)	33,327 (59,870)	6,324 (4,287)	81,136 (51,101)	59,088 (21,469)	1,82,754 (1,39,592)
	Total	2,879 (2,865)	87,100 (2,62,014)	6,324 (4,287)	81,136 (51,101)	4,50,943 (2,01,841)	6,28,383 (5,22,108)
2	Share of Profit from LLP						
	Microsec Invictus Advisors LLP	-	87,69,500 (42,43,792)	-	-	-	87,69,500 (42,43,792)
3	Managerial Remuneration						
	Ravi Kant Sharma	-	-	17,78,560 (35,06,390)	-	-	17,78,560 (35,06,390)
	Pankaj Harlalka	-	-	28,67,910 (26,62,028)	-	-	28,67,910 (26,62,028)
	Total	-	-	46,46,470 (61,68,418)	-	-	46,46,470 (61,68,418)



(Amount in Rs.)

b) Aggregate Related party disclosures as at 31st March'2016

Sl No.	Particulars	Holding Company	Subsidiaries & Fellow Subsidiaries Companies	Key Management Personnel	Relatives of Key Management Personnel	Enterprises in which Key Management Personnel Exercise Significant Influence	Total
4	Professional Fees Paid						
	Microsec Financial Services Limited	2,00,00,000 (2,00,00,000)	- (-)	- (-)	- (-)	- (-)	2,00,00,000 (2,00,00,000)
	Sasta Sundar Shop Private Limited	- (-)	1,00,000 (-)	- (-)	- (-)	- (-)	1,00,000 (-)
	Bharatiya Sanskriti Village Private Limited	- (-)	2,00,000 (-)	- (-)	- (-)	- (-)	2,00,000 (-)
	Total	2,00,00,000 (2,00,00,000)	3,00,000 (-)	- (-)	- (-)	- (-)	2,03,00,000 (2,00,00,000)
5	Corporate Guarantee Taken						
	Microsec Financial Services Limited	(9,50,00,000) (35,00,00,000)	- (-)	- (-)	- (-)	- (-)	(9,50,00,000) (35,00,00,000)
6	Investment in Limited Liability Partnership						
	Microsec Invictus Advisors LLP	- (-)	1,55,00,000 (15,00,000)	- (-)	- (-)	- (-)	1,55,00,000 (15,00,000)
7	Redemption of Investment in Limited Liability Partnership						
	Microsec Invictus Advisors LLP	- (-)	- (1,85,00,000)	- (-)	- (-)	- (-)	- (1,85,00,000)
8	Investment in Equity Shares of Microsec Technologies Limited						
	Microsec Technologies Limited	- (-)	4,99,99,585 (-)	- (-)	- (-)	- (-)	4,99,99,585 (-)
9	Investment in Zero Coupon Convertible Unsecured Debentures of Myjoy Pharmaceuticals Private Limited						
	Myjoy Pharmaceuticals Private Limited	- (-)	4,50,00,000 (-)	- (-)	- (-)	- (-)	4,50,00,000 (-)



MICROSEC CAPITAL LIMITED
Corporate Identification No. (CIN) - U51909WB1995PLC072876
Shivam Chambers, 1st Floor, 53, Syed Amir Ali Avenue
KOLKATA - 700 019



Notes to Financial Statement as at and for the year ended 31st March, 2016

27. Segment Reporting:

The Company's segment information as at and for the year ended March 31, 2016 are as below:

(Amount in Rs.)

Particulars	Consultancy & Investment Division	Investment Banking & related Services	Equity & Currency Broking including Depository Services	Total
Segment Revenue	2,77,32,331	4,64,000	12,83,55,677	15,65,52,008
	(3,25,81,427)	(17,26,000)	(17,16,57,078)	(20,59,64,505)
Segment Expenses	34,78,103	90,30,160	11,95,19,627	13,20,27,890
Segment Result	2,42,54,227	(85,66,160)	88,36,050	2,45,24,117
	(2,91,60,992)	(-81,48,317)	(1,00,37,268)	(3,10,49,943)
Less: Unallocated expenses net of unallocated income				1,85,70,749
				(87,87,512)
Profit/Loss Before Tax				59,53,368
				(2,22,62,431)
Less : Provision for				
- Current Tax				-
				(21,13,177)
- Deferred Tax				-45,12,227
				(22,23,951)
Profit/Loss for the year				1,04,65,595
				(1,79,25,303)
Segment Assets	33,72,96,650	1,52,74,453	19,82,36,666	55,08,07,769
	(38,25,31,384)	(1,76,49,897)	(17,94,30,164)	(57,96,11,445)
Unallocated Corporate Assets				3,37,37,574
				(71,10,680)
Total Assets				58,45,45,343
				(58,67,22,125)
Segment Liabilities	10,56,810	9,36,246	5,76,99,308	5,96,92,364
	(8,36,595)	(6,97,298)	(9,88,49,061)	(10,03,82,954)
Unallocated Corporate Liabilities				8,04,91,084
				(5,24,42,871)
Total Liabilities				14,01,83,448
				(15,28,25,825)
Capital Expenditure		55,532	1,53,080	2,08,612
	-	(7,78,250)	(22,55,457)	(30,33,707)
Depreciation /Amortisation	2,76,252	13,29,853	18,07,266	34,13,371
	(2,38,864)	(20,96,180)	(55,56,044)	(78,91,088)
Non Cash Expenditure	-	80,445	2,36,325	3,16,770
	-	(72,079)	(46,52,137)	(47,24,216)

NOTES:

i) Business Segment: - The business segment has been identified on the basis of the services of the company. Accordingly, the Company has identified "Consultancy & Investment", "Investment Banking & related services" and "Equity & Currency Broking including Depository Services" as the business segments.

ii) Geographical Segment: - The Company operates in only one geographical segment i.e. 'within India' and hence no separate information for geographical segment has been given.

Notes to Financial Statement as at and for the year ended 31st March, 2016

- 28 **Lease:**
Operating Lease:
Certain office premises are obtained on operating lease. The lease term is for 1 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 payment are as follows

Particulars	2015-16 Rs.	2014-15 Rs.
Lease payments made for the year	14,36,076	21,41,655
Contingent rent recognised in the Statement of Profit and Loss	Nil	Nil

- 29 Details of Remuneration to Managing Director & Executive Director

Particulars	Salary, Bonus etc. (Rs.)		Contribution to Provident Fund (Rs.)		Gratuity (Rs.)		Total (Rs.)	
	2015-16 Rs.	2014-15 Rs.	2015-16 Rs.	2014-15 Rs.	2015-16 Rs.	2014-15 Rs.	2015-16 Rs.	2014-15 Rs.
- Managing Director	7,24,242	32,89,118	54,318	2,17,272	10,00,000	*	17,78,560	35,06,390
- Executive Director	28,67,910	26,62,028	-	-	-	*	28,67,910	26,62,028
Total	35,92,152	59,51,146	54,318	2,17,272	10,00,000	-	46,46,470	61,68,418

* In the previous year as the liability for gratuity is provided on an actuarial basis for the company as a whole, the amount pertaining to the directors is not included above.

- 30 Minimum Alternative Tax (MAT) Credit Entitlement of Rs. 28,04,418 (2014-15: Rs. 28,04,418) for the year 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.
- 31 The Company has made investment in Microsec Invictus Advisors LLP w.e.f 17th June, 2013.
As per the LLP agreement, profit for the period is allocated to the partners as below on the basis of weighted average capital contribution by the partners during the period in the event where actual capital contribution is not as per the profit sharing ratio of 34:33:33

Name of the Partner	Weighted average capital (Rs.)	Share of Profit/Loss	Share of Profit/Loss (Rs.)
PRP Technologies Limited	90,17,650	15.13%	24,27,474
Microsec Commerce Limited	1,80,18,743	30.23%	48,50,491
Microsec Capital Limited	3,25,77,191	54.65%	87,69,500

- 32 The Company has sold one of its office premises situated at Jaipur at a total consideration of Rs. 46,54,500 on 10th March, 2016.

33 **Deferred Tax Asset / (Liability) (Net)**

Particulars	As at 31st March, 2016
Deferred Tax Liability (A)	
Fixed Assets: Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting.	27,66,431
Timing difference of accrued interest on bonds	15,80,270
Deferred Tax Assets (B)	
Provision for Gratuity	7,59,742
Business Loss and Unabsorbed Depreciation	2,21,84,549
Net Deferred Tax Asset / (Liability) (B - A)	1,85,97,590
Opening Deferred Tax Asset / (Liability)	(45,12,227)
Less : Deferred Tax Asset not recognized	2,31,09,817
Net Deferred Tax Asset / (Liability) recognized	(45,12,227)

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, 2016 i.e. Rs. 43,46,701.

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

Particulars	As at 31st March, 2016	As at 31st March, 2015
i) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year Principal amount due to micro and small enterprises Interest due on above	5,16,631 Nil	4,64,069 Nil
ii) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year Principal Interest	Nil Nil	Nil Nil
iii) The amount of interest due and payable for the period of delay in making payment (which been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	Nil	Nil
iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil

Notes to Financial Statement as at and for the year ended 31st March, 2016

- 35 The Board of Directors of the Company have approved the demerger of the Consultancy and Investment Undertaking of the Company into PRP Technologies Limited (Resulting Company) w.e.f. the appointed date April 01, 2016 subject to the approvals to be obtained from members, creditors and Hon'ble Calcutta High Court besides other regulatory authorities.
- 36 Previous Year's figures have been regrouped / reclassified, where necessary, to confirm to this year's classification.

As per our report of even date

For **S. K. Agrawal & Co.**

Firm registration number: 306033E
Chartered Accountants

Mamta Jain

per Mamta Jain
Partner
Membership No. 061299



Place : Kolkata
Date : 24th May, 2016

For and on behalf of the Board of Directors

B. L. Mittal *RK Sharma*

B. L. Mittal
Director
DIN : 00365809

Ravi Kant Sharma
Director
DIN : 00364066

Pankaj Haldia

Pankaj Haldia
Executive Director & Company Secretary
DIN : 01939275