

www.microsec.in



www.ck.microsec.in



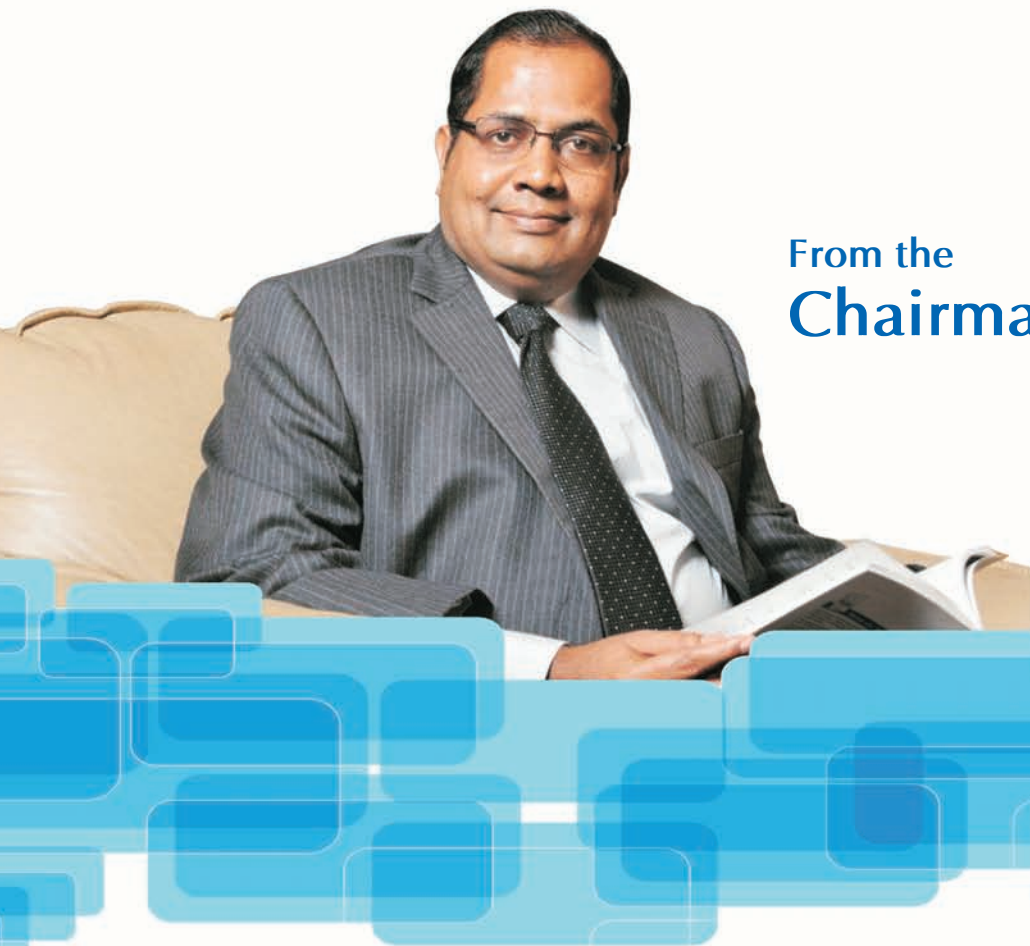
www.foreseegame.com

foreseegame.com
Foresight ka kamaal Jeeto prize dhamaal

www.sastasundar.com




MICROSEC enterprises
MAKING LIFE SIMPLE AND HAPPY



From the Chairman's Desk

Dear Shareholders

It gives me great pleasure to write to you at the end of another eventful year for your Company.

I am happy to inform you that your Company has been awarded the "Plaque" by The Institute of Chartered Accountants of India at 'ICAI Awards for Excellence in Financial Reporting' for the year 2011-12 under the Category Financial Services Sector (Other than Banking and Insurance).

These are exciting times for Microsec Enterprises. Our future beacons with lots of hope as we take concrete steps towards newer horizons with our core objective of "making life simple and happy".

In this era of digital solutions, your Company shall focus on businesses based on digital applications:

1. Your company shall have an integrated digital platform for all its financial services and shall expand by using its network of business partners and capitalising on its research and club Kautilya knowledge center.
2. Our newest business vertical, foreseegame.com is a value innovation in digital brand promotion and marketing media. This unique new age platform provides a two way engagement and partnership through direct interactions between brands and consumers. This revolutionary platform

has the potential to redefine the branding and marketing efforts in the country.

We have already partnered with some of the leading brands and provided more than 4 million consumer engagements to the brands associated with us.

3. Our soon to be launched health portal, sastasundar.com, shall be a game changer in the healthcare space by providing high quality healthcare at low cost. With the required infrastructure, channel partners and associations with medical practitioners in place, we shall use the knowledge and the best in class technology to reduce cost and to add convenience in making available medicine, healthcare products and other useful products with good quality.

Dear shareholders, I would like to take this opportunity to thank my colleagues on the Board for their valuable guidance and advice, the Management and employees for their leadership, dedication and passion for growth. I would like to specially thank our customers, business associates, bankers and shareholders for their continuous support.

With best wishes,

B. L. Mittal

Chairman and Managing Director

Corporate Information

BOARD OF DIRECTORS

Banwari Lal Mittal

Chairman and Managing Director

Ravi Kant Sharma

Managing Director & CEO

Parimal Kumar Chattaraj

Raj Narain Bhardwaj

Deba Prasad Roy

CHIEF FINANCIAL OFFICER

Giridhar Dhelia

COMPANY SECRETARY

Biplab Kumar Mani

REGISTERED OFFICE

Shivam Chambers, 1st Floor

53, Syed Amir Ali Avenue

Kolkata - 700 019

Phone : +91 33 3051 2100

Fax : +91 33 3051 2020

E-mail : info@microsec.in

Website : www.microsec.in

CORPORATE OFFICE

Azimganj House, 2nd Floor

7, Camac Street

Kolkata - 700 017

Phone : +91 33 2282 9330

Fax : +91 33 2282 9335

BANKERS

HDFC Bank Limited

Axis Bank Limited

Indusind Bank Limited

AUDITORS

S. R. Batliboi & Co. LLP,

Chartered Accountants

22, Camac Street, Block 'C'

3rd Floor, Kolkata - 700 016

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited

59C, Chowringhee Road, 3rd Floor

Kolkata - 700 020

Phone : +91 33 2289 0539/40

Fax : +91 33 2289 0539

E-mail : kolkata@linkintime.co.in

Website : www.linkintime.co.in

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Notice

NOTICE is hereby given that the 24th Annual General Meeting of the members of Microsec Financial Services Limited will be held on Wednesday, the 14th day of August, 2013 at 10.30 a.m. at "Gyan Manch", 11 Pretoria Street, Kolkata - 700 071 to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Raj Narain Bhardwaj, who retires from office by rotation, and being eligible, offers himself for re-appointment.
3. To consider and, if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution :
"RESOLVED that pursuant to the provisions of Sections 224, 225 and other applicable provisions, if any, of the Companies Act, 1956 and subject to other applicable provisions, if any, S. R. Batliboi & Co. LLP, Chartered Accountants (Registration No. 301003E), formerly known as S. R. Batliboi & Co, Chartered Accountants be appointed as statutory auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company, on a remuneration (including terms of payment) to be fixed by the Board of Directors of the Company."

Registered Office :

Shivam Chambers, 1st Floor
53 Syed Amir Ali Avenue
Kolkata - 700 019
Date : 24th May, 2013

By Order of the Board
Microsec Financial Services Limited

Biplab Kumar Mani
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND VOTE ON A POLL, IF ANY, INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE, NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ANNEXED TO THIS NOTICE.**
2. Brief resume of the Director proposed to be re-appointed in terms of Clause 49 of the Listing Agreement entered into with the Stock Exchanges are annexed herewith.
3. Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, the 6th August, 2013 to Wednesday, the 14th August, 2013 (both days inclusive).
4. Members holding shares in physical form are requested to intimate change in their registered address mentioning full address in block letters with Pin Code of the Post Office, Bank particulars and Permanent Account Number (PAN) to the Company's Registrar and Share Transfer Agent and in case of members holding their shares in electronic form, this information should be given to their Depository Participants immediately.
5. Pursuant to Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to download the nomination form (Form 2B) from the Company's Website under the section "Investors Relation" and send their requests in Form No. 2B in duplicate to the R&T Agent.
6. Members are requested to send their queries, if any, on the accounts or operations of the Company, to reach the Company Secretary at the Company's Registered Office, at least 7 (seven) working days prior to the meeting, so that the information can be compiled in advance.
7. Members are requested to mention their Folio Number/Client I.D./DP I.D. Number (in case of shares held in dematerialized form) in all their correspondence with the Company/Depository Participant in order to facilitate response to their queries promptly.

Notice

8. Members/Proxies are requested to kindly take note of the following:
 - (i) copies of Annual Report will not be distributed at the venue of the meeting;
 - (ii) attendance Slip, as sent herewith, is required to be produced at the venue duly filled-in and signed, for attending the meeting;
 - (iii) entry to the hall will be strictly on the basis of produce of duly completed and signed Attendance Slips; and
 - (iv) in all correspondence with the Company and/or the R&T Agent, Folio No./DP & Client ID no. must be quoted.
9. Members who are holding shares in identical order of names in more than one folio are requested to write to the Company enclosing their share certificate to enable the Company to consolidate their holdings in one folio.
10. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
11. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
12. Link Intime India Private Limited ("Link") is the Registrar & Share Transfer Agent of the Company. All investor related communication may be addressed to "Link" at the following address:

Link Intime India Private Limited
59C, Chowringhee Road, 3rd Floor,
Kolkata - 700020
Phone : +91 33 2289 0539/40
Fax : +91 33 2289 0539
13. Non-resident Indian Members are requested to inform "Link", immediately of:
 - (a) Change in their residential status on return to India for permanent settlement.
 - (b) Particulars of their Bank account maintained in India with complete name, branch, account type, account number and address of the Bank with pincode no., if not furnished earlier.
14. Members are requested to visit the website of the Company 'www.microsec.in' for viewing the quarterly & annual financial results and for more information on the Company.
15. For any investor-related queries, communication may be sent by e-mail to 'investors@microsec.in'.
16. The Ministry of Corporate Affairs (MCA) has taken "Green Initiative" by allowing paperless compliances by the companies and has issued circulars stating that notice/annual reports to the shareholders can be sent by e-mails. To support this green initiative of the Government in full measure, the Company will be sending its Annual Report as well as other correspondence by e-mail, to those shareholders whose email ids are registered with the Company/their respective Depository Participants. The Notice of Annual General Meeting and the copies of audited financial statements, directors' report, auditors' report, etc. will also be displayed on the website www.microsec.in of the Company. Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Share Transfer Agent of the Company at the address mentioned in Note No. 12 above quoting their folio number(s). In case any Member to whom an electronic copy of Annual Report has been sent, desires to receive a physical copy, he may request the Company to send the same.

Registered Office :

Shivam Chambers, 1st Floor
53 Syed Amir Ali Avenue
Kolkata - 700 019
Date : 24th May, 2013

By Order of the Board
Microsec Financial Services Limited

Biplab Kumar Mani
Company Secretary

Notice

Pursuant to Clause 49 of the listing agreement with the stock exchanges, following information is furnished about the Directors proposed to be appointed/re-appointed

Name of Director	Mr. Raj Narain Bhardwaj
Date of Birth	08-05-1945
Date of Appointment on the Board	05-09-2009
Expertise in specific functional Area	Management Consultant
Qualification	Post graduate degree in economics from the Delhi School of Economics and a Diploma in Industrial Relations and Personnel Management from Punjabi University, Patiala.
Directorship in other limited Companies	Jaiprakash Associates Limited Dhunseri Petrochem & Tea Limited Jaypee Infratech Limited Jaiprakash Power Ventures Limited Amtek Auto Limited Rupa & Company Limited SREI Alternative Investment Managers Limited Milestone Capital Advisors Limited Reliance Infratel Limited SBI Life Insurance Company Limited
Membership/Chairmanship of *Committees of the Board of Directors of the Company	Member : Audit Committee Chairman : Shareholders'/Investors' Grievance and Share Transfer Committee
Chairman/Member of the *Committee of the Board of Directors of other companies in which he/she is a Director	Chairman of the Audit Committee of : Jaiprakash Associates Limited Member of the Audit Committee of : Milestone Capital Advisors Limited Reliance Infratel Limited Jaiprakash Power Ventures Limited SBI Life Insurance Company Limited Member of Shareholders'/Investors' Grievance and Share Transfer Committee of : Reliance Infratel Limited SBI Life Insurance Company Limited
Shareholding of Director in the Company	Nil
Inter-se relations with any director of the Company	None

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

Directors' Report

To the Members,

Your Directors have pleasure in presenting the 24th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

A summary of Consolidated Financial Results of the Company and its subsidiaries for the year ended 31st March, 2013 is given below :

(Rs. in Lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Total Revenue	4,762.45	5,797.26
Profit before Interest, Depreciation & Tax	1,549.18	2,886.50
Less : Depreciation	170.25	603.25
Less : Interest	113.68	51.97
Profit before Taxation	1,265.25	2,231.28
Less : Provision for Taxation		
- Current Tax	325.09	774.68
- Deferred Tax	62.10	(49.28)
- Excess Provision of Income Tax for earlier years, written back	—	(18.51)
Profit for the year before Minority Interest	878.06	1,524.39
Less : Minority Interest	1.40	—
Less : Proportionate share of Loss in associate	57.06	120.63
Profit for the Year	819.60	1,403.76
Balance brought forward from previous year	8,209.85	7,420.30
Balance Available for appropriation	9,029.45	8,824.06
Less : Appropriations		
Transfer to Reserve under section 45-IC of the RBI Act, 1934	196.06	232.00
Transfer to Debenture Redemption Reserve	0.22	12.50
Proposed Dividend	—	318.11
Dividend Tax thereon	—	51.60
Balance of Profit carried forward	8,833.17	8,209.85

Directors' Report

A summary of the Standalone Financial Results for the year ended 31st March, 2013 is given below :

(Rs. in Lacs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Total Revenue	1,789.86	2,289.45
Profit before Interest, Depreciation & Tax	1,335.60	2,023.57
Less : Depreciation	38.72	441.36
Less : Interest	5.19	0.32
Profit before Taxation	1,291.69	1,581.89
Less : Provision for Taxation		
- Current Tax	297.51	612.07
- Deferred Tax	17.95	(109.48)
- Excess Tax Provision relating to earlier years no longer required written back	—	(11.94)
Profit for the year	976.23	1,091.24
Balance brought forward from previous year	3,096.79	2,594.26
Balance Available for appropriation	4,073.02	3,685.50
Less : Appropriations		
Transfer to Reserve under section 45-IC of the RBI Act, 1934	196.00	219.00
Proposed dividend	—	318.11
Dividend Tax thereon	—	51.60
Balance of Profit carried forward	3,877.02	3,096.79

REVIEW OF OPERATIONS

The slowdown in Indian economy has adversely impacted performance of many companies including yours. The recessionary signs were clearly visible across many sectors at the beginning of the year and accordingly your directors strategically tighten the grip on capital and liquidity and implemented various measures to ensure the same. These measures have also impacted the performance of the Company during the year. On consolidated basis, the total income of the Company for the financial year ended March 31, 2013 decreased by 17.85% to Rs. 4762.45 Lacs and the profit after tax was Rs. 819.60 Lacs, decrease of 41.61% over previous year.

DIVIDEND

Keeping in view the growth plans of the Company, your directors think it prudent to preserve the cash for growth plans and do not recommend any dividend for the financial year 2012-13.

SUBSIDIARY AND CONSOLIDATED RESULTS OF OPERATIONS

As at March 31, 2013 the Company's subsidiaries and step-down subsidiaries are as follows :

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

Directors' Report

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

In terms of the Circular No. 2/2011 dated February 8, 2011 issued by the Ministry of Corporate Affairs, Government of India, the balance sheet, statement of profit and loss and other documents of the aforesaid subsidiaries are not attached to the Balance Sheet as on March 31, 2013 of your Company. The Annual Report 2012-13 of the aforesaid subsidiaries will be made available to the shareholders of the Company upon receipt of written requests from them. The Annual Report 2012-13 of the aforesaid subsidiary companies will also be kept for inspection by the shareholders of the Company at the Registered Office of your Company and of the subsidiaries concerned between 10.30 a.m. and 1.30 p.m. on any working day.

In compliance with the requirements of the aforesaid Circular, a Statement showing relevant details for the year ended March 31, 2013 of the subsidiaries of the Company have been included in the Consolidated Financial Statements of the Company which forms part of this Annual Report.

RESTRUCTURING OF MICROSEC GROUP

Your Company has successfully implemented the restructuring proposal as approved by the shareholders. Your company has acquired 100% stake of Microsec Health Buddy Limited (formerly Myjoy Fun & Food Pvt. Ltd.) ("MHBL") and also integrated the business of foreseegame.com with Microsec Technologies Limited, a 100% ultimate subsidiary of the Company.

Please refer to Management Discussion and Analysis for details.

AWARDS AND RECOGNITION

Your Company has been awarded the "Plaque" by The Institute of Chartered Accountants of India at 'ICAI Awards for Excellence in Financial Reporting' for the year 2011-12 under the Category Financial Services Sector (Other than Banking and Insurance).

DIRECTORS

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956, Mr. Raj Narain Bhardwaj, retires by rotation at the ensuing Annual General Meeting of the Company and being eligible offer himself for reappointment.

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

Based on the confirmations received, none of the Director are disqualified for appointment under Section 274(1)(g) of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (iv) the annual accounts have been prepared on a going concern basis.

Directors' Report

AUDIT COMMITTEE

The Audit Committee presently comprises of :

Mr. Parimal Kumar Chattaraj - Chairman

Mr. Raj Narain Bhardwaj,

Mr. Deba Prasad Roy and

Mr. Ravi Kant Sharma

SHAREHOLDERS/INVESTORS' GRIEVANCE AND SHARE TRANSFER COMMITTEE

The Shareholders/Investors' Grievance and Share Transfer Committee of the Board of Directors presently comprises of:

Mr. Raj Narain Bhardwaj - Chairman

Mr. Parimal Kumar Chattaraj and

Mr. Banwari Lal Mittal

REMUNERATION AND COMPENSATION COMMITTEE

The Remuneration and Compensation Committee of the Board of Directors presently comprises of:

Mr. Parimal Kumar Chattaraj - Chairman

Mr. Raj Narain Bhardwaj and

Mr. Deba Prasad Roy.

CORPORATE GOVERNANCE

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CEO AND CFO CERTIFICATION

In accordance with the provisions of the Listing Agreement pertaining to corporate governance norms, Mr. Ravi Kant Sharma, MD & CEO and Mr. Giridhar Dhelia, CFO have certified inter-alia, about review of financial statements and establishing & maintaining internal control to the financial reporting for the year ended 31st March, 2013. The said certificate forms an integral part of annual report.

AUDITORS

The Members are informed that the name of the statutory auditors S. R. Batliboi & Co., Chartered Accountants (Regn. No. 301003E) has been changed to S. R. Batliboi & Co. LLP, Chartered Accountants (Regn. No. 301003E) with effect from April 1, 2013 consequent to their conversion into a Limited Liability Partnership.

The auditors, S. R. Batliboi & Co. LLP, Chartered Accountants will retire at the ensuing AGM. As recommended by the Audit Committee, the Board has proposed the re-appointment of S. R. Batliboi & Co. LLP, Chartered Accountants as statutory auditors for fiscal 2014.

The Company has received letter from the auditor to the effect that their re-appointment, if made, would be within the prescribed

Directors' Report

limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the said Act.

AUDITORS' REPORT

In relation to the matter dealt with by the Auditors under para "Basis for qualified opinion" in their Report dated May 24, 2013 we would like to submit that as required by RBI guidelines for Core Investment Company every CIC-ND-SI should have 90% investment within the group, and in terms of current prudential norms for NBFCs-ND-SI, they are permitted only 40% of both lending and investment within any group therefore accordingly, no NBFC as it stands, would be able to become a CIC without breaching the NOF, CRAR or Concentration Norms. The Company also holds more than 90% of its Net Assets in the form of investment in group Companies in order to become a Core Investment Company and accordingly in this matter the Company has already applied to the Reserve Bank of India (RBI) seeking exemption from complying with the capital adequacy/exposure norms as required.

DEPOSITS AND LOANS/ADVANCES

During 2012-13, your Company did not accept/renew any deposits within the meaning of Section 58A of the Companies Act, 1956 and the rules thereunder and as such, no amount of principal or interest was outstanding as on the balance sheet date.

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

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

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES FRAMED THEREUNDER

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

HUMAN RESOURCE MANAGEMENT

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place : Kolkata
Date : 24th May, 2013

B. L. Mittal
Chairman & Managing Director

Directors' Report

ANNEXURE - A

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

A) CONSERVATION OF ENERGY :

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

The Company is engaged in providing financial services and as such its operations do not account for substantial energy consumption. However, the Company is taking all possible measures to conserve energy by using efficient computer systems and procuring energy efficient equipment. As an ongoing process, your Company evaluates new technologies and techniques to make its infrastructure more energy efficient.

B) TECHNOLOGY ABSORPTION :

From B : Disclosure of particulars with respect to absorption

Research & Development (R & D) -			
Specific areas in which R & D carried out by the company		The Company is engaged in financial services and so there were no activities in the nature of research and development involved in the business. Being in financial services, we provide financial and equity research to the customers which is not in the nature of research and development.	
Benefits derived as a result of the above R&D			
Future plan of action			
Sl. No.	Expenditure on R & D	2012-13 (Rs.)	2011-12 (Rs.)
1.	Capital Expenditure	NIL	NIL
2.	Recurring Expenditure	NIL	NIL
	Total	NIL	NIL
	Total R & D expenditure as a percentage of total turnover	N.A.	N.A.
Technology absorption, adaptation and innovation			
Efforts, in brief, made towards technology absorption, adaptation and innovation		There is no change in technology used by the company	
Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction, product development, import substitution, etc			
In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished : (a) Technology imported. (b) Year of import. (c) Has technology been fully absorbed? (d) If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action		Not Applicable	

C) FOREIGN EXCHANGE EARNING AND OUTGO :

	2012-13 (Rs.)	2011-12 (Rs.)
Foreign Exchange earnings	NIL	NIL
Foreign Exchange outgo (Travelling Expenses)	NIL	1,46,023

Directors' Report

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

(Amount in Rs.)

						The net aggregate amount of profit/(loss) so far it concerns the members of Holding Company			
						Not dealt with in the Holding Company Accounts		Dealt with in the Holding Company Accounts	
Sl. No.	Name of the Subsidiary Company	Immediate Holding Company	Financial year ending of the Subsidiary Company	Date from which they became Subsidiary Company	Extent of Holding	For the Financial Year/Period ended 31st March, 2013 of the subsidiary companies since they became holding company's subsidiaries	For the previous Financial Year/Period of the subsidiary Companies since they became holding company's subsidiaries	For the Financial Year/Period ended 31st March, 2013 of the subsidiary companies since they became holding company's subsidiaries	For the previous Financial Year/Period of the subsidiary Companies since they became holding company's subsidiaries
1.	Microsec Capital Limited	Microsec Financial Services Limited	31st March, 2013	24th Nov., 2005	100%	20,35,708	(25,20,318)	–	–
2.	Microsec Resources Private Limited	Microsec Financial Services Limited	31st March, 2013	1st Feb., 2006	100%	27,290	57,11,830	–	–
3	Microsec Technologies Limited	Microsec Financial Services Limited	31st March, 2013	30th March, 2006	100%*	(53,40,210)	2,48,02,493	–	–
4	Microsec Commerze Limited	Microsec Capital Limited	31st March, 2013	5th Oct., 2005	100%	(2,18,54,889)	9,86,648	–	–
5	Microsec Insurance Brokers Limited	Microsec Capital Limited	31st March, 2013	7th March, 2003	100%	(4,21,114)	(16,13,733)	–	–
6	PRP Technologies Limited	Microsec Technologies Limited	31st March, 2013	9th Feb., 2009	100%	76,723	95,24,827	–	–
7	Microsec Health Buddy Limited	Microsec Financial Services Limited	31st March, 2013	25th March, 2013	100%	(12,89,154)	–	–	–
8	Bharatiya Sanskriti Village Private Limited	Microsec Financial Services Limited	31st March, 2013	30th March, 2013	100%	(20,53,101)	–	–	–
9	Myjoy Tasty Food Private Limited	Microsec Financial Services Limited	31st March, 2013	30th March, 2013	100%	(6,821)	–	–	–
10	Myjoy Hospitality Private Limited	Myjoy Tasty Food Private Limited	31st March, 2013	30th March, 2013	100%	(23,257)	–	–	–
11	Myjoy Technologies Private Limited	Microsec Health Buddy Limited	31st March, 2013	30th June, 2011	100%	(22,481)	–	–	–
12	Myjoy Pharmaceuticals Private Limited	Microsec Health Buddy Limited	31st March, 2013	28th Nov., 2011	100%	(8,427)	–	–	–
13	Sasta Sundar Shop Private Limited	Microsec Health Buddy Limited	31st March, 2013	20th Sept., 2011	100%	(1,03,962)	–	–	–

* 80% held by Microsec Financial Services Limited and balance 20% held by wholly owned subsidiary (Microsec Capital Ltd) of Microsec Financial Services Limited.

Management Discussion and Analysis Report

MACRO ECONOMIC OUTLOOK

Global Overview

Global economic prospects have improved but the road to recovery in the advanced economies still remains bumpy. In advanced economies, there appears to be a growing divergence between the United States and the Euro area, whereas, recovery in emerging market and developing economies (EMDEs) become delayed.

During 2012, growth remained modest in the U.S.. Along with the fiscal cliff threat, weak external environment, temporary shocks, including the severe drought and disruptions in the northeast following Superstorm Sandy also hurt sentiments. However, the recovery is beginning to show some bright spots. Credit growth has picked up and bank lending conditions have been easing slowly from tight levels. Construction activity rebounded in 2012, albeit from low levels; house prices began to rise; and job creation picked up in the second half of the year, bringing the Unemployment Rate at a four-year low. The Unemployment Rate fell to 7.5 percent in April 2013, its lowest rate since December 2008.

However, passage of the American Taxpayer Relief Act resolved the immediate threat of a fiscal cliff but offered no durable solution to looming fiscal issues, including the need to raise the debt ceiling and the deep automatic budget cuts under sequester. The budget sequester, which went into effect March 1, 2013 is projected to subtract about 0.3 percentage point from GDP growth in 2013 if maintained until the end of this fiscal year (September 30, 2013) as assumed by the IMF. If the sequester continues into the next fiscal year, it could shave another 0.2 percentage point from GDP growth in 2013.

Since the second half of 2012, uncertainties in the euro area has moderated by some extent. Policy actions at both the national and European levels - including Outright Monetary Transactions (OMTs), the completion of the European Stability Mechanism, the deal on Greek debt relief and the recent interest rate cut give some confidence. However, economic activity remains subdued as liquidity have not yet translated into the root level.

Near-term growth outlook for Euro zone remain subdued as improvements in private sector borrowing conditions are hampered by financial market fragmentation and ongoing balance sheet repair. This reflects declines in growth projections by IMF across all euro area countries, with notable revisions in some core members like - France, Germany and Netherlands. As per International Monetary Fund (IMF), Growth in emerging market and developing economies is forecasted to reach 5.3 percent in 2013 and 5.7 percent in 2014. Growth in the United States is forecasted to be at 1.9 percent in 2013 and 3.0 percent in 2014. In contrast, growth in the Euro area is forecasted to be at -0.3 percent in 2013 and 1.1 percent in 2014.

During 2012, growth remained subdued in Asia. However, now the growth is set to pick up gradually on account of recovering external demand and continued solid domestic demand. Exports have picked up across the region, reflecting firmer demand in China and the advanced economies (notably the United States). As a whole, Asian economies will benefit from growing Chinese demand and the policy-led pickup in Japan.

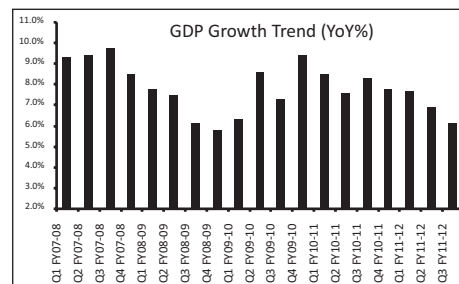
Domestic Overview

Along with the global slowdown and uncertainty, Indian economy remained sluggish. The loss of economic momentum which started in late 2011, extended with growth remaining below targets. On the external front, Current Account Deficit (CAD) remains above the comfort level. However, towards the fag end of 2012, Indian Government finally liberalized FDI policy with as many as seven sectors being further opened up during the period. The Government liberalized FDI policy in sectors including multi-brand retail, single-brand retail, commodity exchanges, power exchanges, broadcasting, non-banking financial institutions (NBFCs) and asset reconstruction companies (ARCs). The Government, which was severely criticized for policy paralysis, opted for big-bang reforms and allowed 51% FDI in multi-brand retail and 49% investment by foreign airlines in the aviation sector. The slew of reforms included raising FDI cap in broadcasting from 49% to 74% and allowing foreign investment in power exchanges. Besides, it has also increased FDI cap to 74% in the service providers like DTH in broadcasting sector.

Management Discussion and Analysis Report

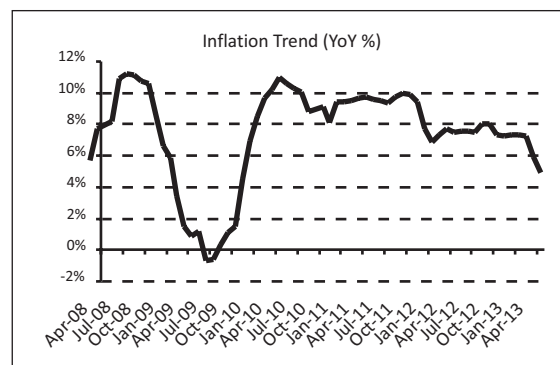
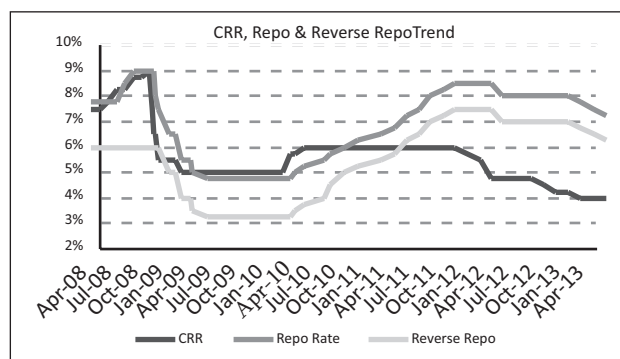
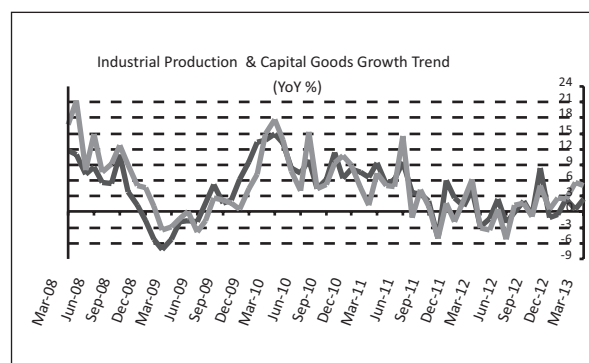
GDP growth at a decade low :

India's GDP growth for Q3 (October-December) of FY2012-13 came in at a decade low of 4.5% YoY against 5.3% YoY last quarter. GDP growth was 6.0% YoY during the same quarter of last year. The decline in GDP was blamed on slowdown in the Services sector. The only silver lining was the modest recovery of Investment and Manufacturing sector. Fixed Investment grew by 6.0% YoY - highest rate in last six quarters. In addition, 2.5% YoY growth in Manufacturing sector is also the highest in last five quarters. Growth in the first nine months (April-December) of this fiscal year stood at 5.0% YoY, down from 6.6% YoY in the year-ago period.



Recovery in Industrial Production also not convincing :

India's Industrial Production grew by 2.5% YoY during March 2013 vis-a-vis a revised 0.5% YoY growth registered in February 2013. However, this recovery was not broad based and was largely due to strong growth in the Manufacturing sector. Among use based sectors, volatile Capital Goods supported the IIP number, even as Consumer Durables and Intermediate Goods continued to post weak numbers. In value terms, the Index of Industrial Production (IIP) increased to 192.3 in March against 176.0 in February 2013, registering a sequential growth of 9.3%. However, on a seasonally adjusted basis, IIP actually contracted, which indicates that the pickup was largely due to a positive base effect. The cumulative IIP growth for FY2012-13 (April-March) stood at a meager 1.0% YoY against 2.9 percent YoY in the previous year.



Inflation showing some positive signs :

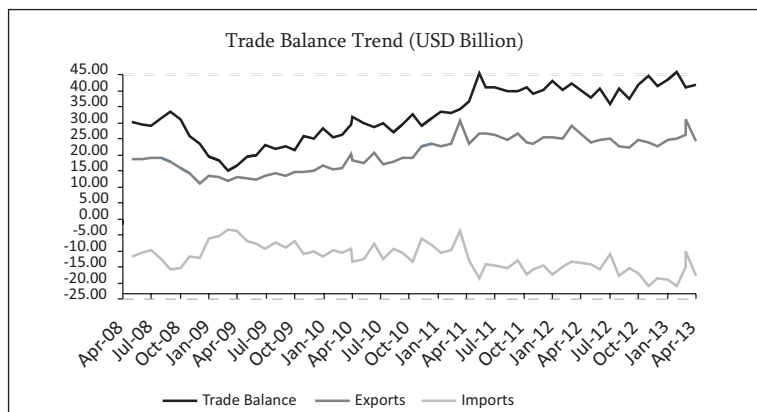
India's Inflation slowed for the third straight month in April 2013 to 4.89% YoY, near to a 3.5 year low, against 5.96% YoY in the previous month. Though the lower base effect supported the headline print, slowdown in price level was also witnessed across all broad categories. Reflecting the decline in commodity prices, Core Inflation dropped for the eighth straight month to 2.7% YoY. During the month, the Wholesale Price Index (WPI) increased to 171.5 from 170.6 in March 2013, registering a sequential rise of 0.53% as the prices of vegetables and fruits increased sharply. The WPI price momentum is in line with the CPI for April 2013. CPI Inflation stood at 9.39% YoY in April against 10.39% YoY in March, which marked a 0.5% MoM rise in the index.

Weakness in growth and moderation in WPI as well as CPI Inflation raise expectation of rate cut by Reserve Bank of India (RBI) at its June 17, 2013 policy meeting. However, sharp widening in Trade Deficit and the risks from the Current Account front provide some discomfort against steep rate cuts. As a whole, we expect RBI will go for another 50 bps rate cut for the entire 2013, as growth is unlikely to pick up significantly in FY2013-14.

Management Discussion and Analysis Report

Worries in External front continues :

Surge in gold Imports in the wake of a steep fall in prices worsened India's Trade Deficit to USD17.79 billion in April 2013 from USD10.32 billion in March 2013. Gold Imports rose substantially by 138% YoY to USD7.5 billion in April 2013 - the highest in the past two years - mainly on the back of a steep fall in gold prices. This massive gold Imports actually negated the benefit of falling commodity prices, especially Brent crude oil. Overall, Imports grew by a sharp 10.9% YoY to USD41.95 billion in April 2013 - highest growth in a year. Excluding gold, Imports grew a mere 0.7%YoY. Apart from this, the Trade Deficit worsened due to sluggish growth in Exports. Exports rose 1.6% from a year earlier to USD24.16 billion.



During FY2012-13, cumulatively, India's Exports declined 1.76% YoY to USD300.57 billion against USD305.96 billion during FY 2011-12. The Government had fixed an Export target of USD360 billion for FY2012-13 which had been missed by a wide margin. During the period, India's Imports increased marginally by 0.44% YoY to USD491.49 billion against USD489.32 billion during FY 2011-12. The declining Exports have also pushed up the Trade Deficit during the fiscal to USD190.92 billion from USD183.36 billion in the previous financial year.

India's Current Account Deficit (CAD) also witnessed a sharp deterioration as it rose to USD32.6 billion, i.e. 6.7% of GDP in Q3 (October-December) of FY2012-13 against 5.4% of GDP in Q2 and 4.4% of GDP in Q3 of FY2011-12. Cumulative CAD for FY 2012-13 (April-December) stood at 5.4% of GDP.

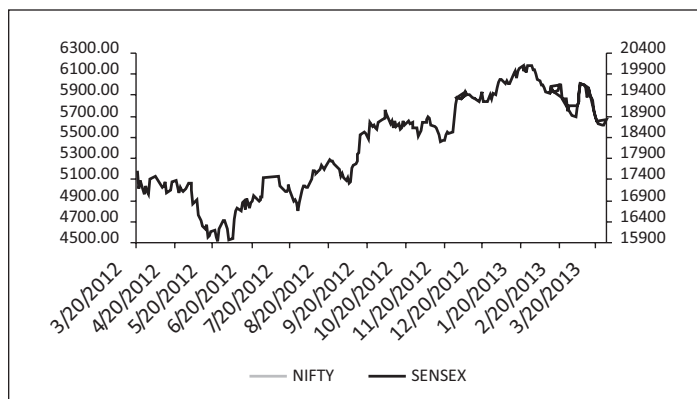
OUTLOOK :

Despite a slightly better outlook in FY2013-14 (partly due to low base and lagged impact of rate cut by RBI), India's economic activities are unlikely to see a significant rebound. It must be emphasised that, apart from global headwinds, the main reason for the apparent decline in the trend rate of growth relative to the pre-crisis period is the emergence of significant supply bottlenecks on a variety of fronts - infrastructure, energy, minerals and labour. A strategy to increase the economy's potential by focussing on these constraints is an imperative. Although, the Government has taken some important policy reforms in late 2012, more actions are needed to improve economic sentiments otherwise, GDP growth may remain subdued for next 2-3 years at 6-7%.

INDUSTRY OVERVIEW :

Equity Market Overview

The year 2012-13 had been a roller coaster for the Indian equity markets where economics and politics being the drivers of the same. The year commenced with the inherent issues of policy logjam, bureaucratic issues, discouraging macroeconomic indicators, weakening INR, volatility in the global markets. Reacting to the sharp deterioration of economic indicators and led by waning sentiment, the government declared a slew of policies like deregulation in the diesel price, capping of subsidized gas cylinders, direct cash subsidy transfer to the beneficiaries etc, besides the much awaited FDI in Retail and Aviation. However, part of the reform process were almost high jacked by continued call from allies to roll back the moves taken and opposition pressure in the midst of Coalgate, defense, telecom scam.

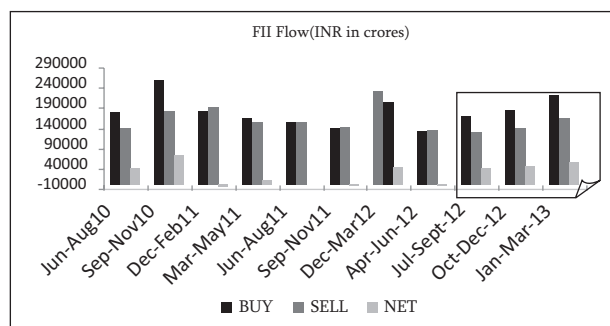
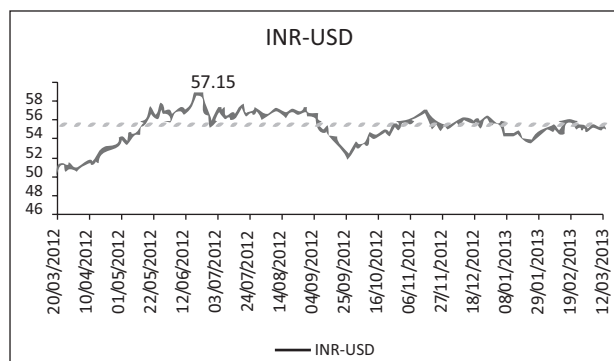


Management Discussion and Analysis Report

Turmoil in global financial markets and political unrest in some of the European countries also unnerved domestic markets. The low IIP data & GDP, high inflation & CAD led the broader market to weaken further. The corporate earnings estimates were also downgraded in FY2012-13. Sensex and Nifty closed the FY13 at 18835.77 and 5682.55, with gains of 8.30% and 7.50% respectively.

The INR was volatile and weakened further on global and domestic economic data. The sharp decline in INR prompted RBI to intervene by raising the existing limit for SEBI registered FIIs in G-secs by a further amount of \$5bn which took the overall limit to \$20bn. Moving forward the decision of ECB of unlimited bond buying subject to some conditionality coupled with the extension of QE3 by the U.S. and the outcome of the U.S. presidential election has made the INR volatile. The favorable outcome of reform measures announced by GOI, weak global commodity prices and improvement in economic indicators helped appreciate INR to an extent by the end of the financial year.

However, in the midst of all the negative news flows in the country,

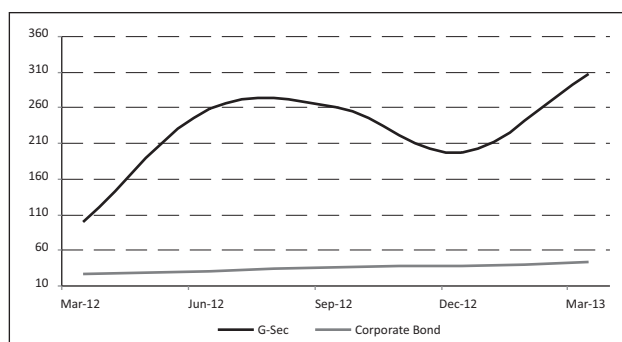


FII investors pumped heavily in equity investments as the reforms were expected to boost economic growth in future. Financial crisis in euro zone complimented with not so attractive other Asian markets acted as a boon in terms of capital infusion of FIIs in the country. The improvement in the weightage from 6.3% to 6.4% in the MSCI Index made India a more favorable destination for not only to stay invested but also to raise their investments. A stable INRUSD towards the end of the financial year further aided sentiments. The total buying in FIIs till the year 2012 stood at INR705284.80 crores as compared to INR 639309.58 crores in 2011 advanced by around ~10.32% whilst DIIs

been on the selling end for most of the trading sessions during the year. By the end of the year they sold around INR68929.90 crores. As a matter of fact it can be inferred that these FIIs drove the Indian markets' performance to quite an extent.

Debt/ Bond Market Overview :

The Indian debt market is one of the largest markets in Asia. However, it has not seen a similar rate of growth and maturity like the Nation's world-class equity market. The government bond market also known as G-Sec has been developed almost exclusively by the RBI. Because of need to finance the fiscal deficit and is comparable to many government bond markets in Emerging East Asia, the India's government bond market has grown steadily and largely. Government bond market is much larger than the corporate bond market size (~4% of the country's GDP). However, turnover of government bond (G-Sec) remains low. The reason for low turnover is dominated by constrained institutional investors, who are obliged to own government bonds. Banks have to keep 23% of their Net Demand and Time Liabilities (NDTL) in government bonds. The largest insurance company, the wholly-government-owned Life Insurance Corporation of India, must hold at least 50% of its investible funds in government bonds. Overall the constrained holders own ~80% of the stock of central government debt. Such owners generally do not trade their securities.



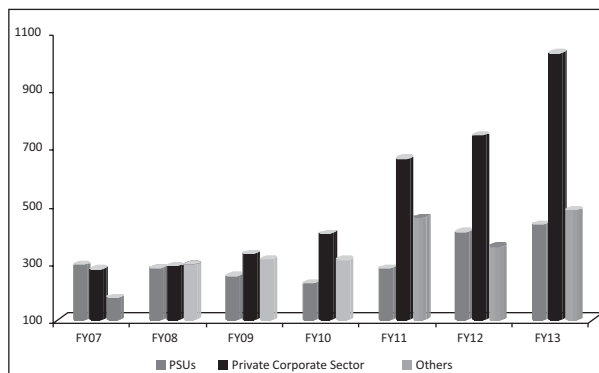
In India, the corporate bond market has a variegated but stunted existence. It is shallow and relatively illiquid when compared to the G-Sec Market. Poor liquidity across maturities scares away many investors from the corporate debt segment. In terms of the ratio of issued corporate debt to GDP, Indian corporate bond only account for 4% of country's GDP compared with 70% in the US and 49% in South Korea. Moreover, the market is still illiquid and suffers from not having standardized issue terms.

Recently, the government has taken number of steps to boost the bond market; the government has hiked the FII cap in debt

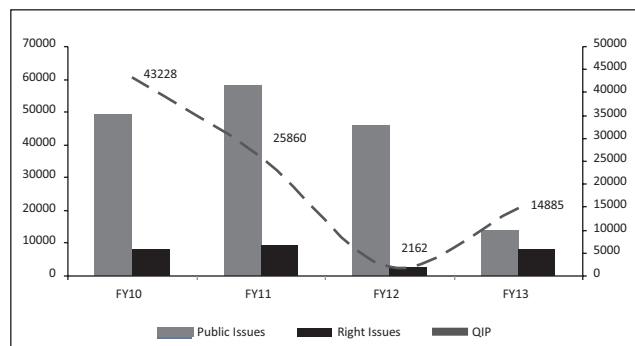
Management Discussion and Analysis Report

limits by USD 10 billion to USD 75 billion. The FIIs can invest up to USD 25 billion in government securities (G-secs) and also pump USD25 billion in corporate bonds market. Moreover, they can also invest additional, USD25 billion in long-term infrastructure bonds. Moreover, FIIs can buy corporate bonds without any separate limits on different type of corporate bonds.

Higher limit would give a major boost to infrastructure funding as large portion of fresh debt issuance would come from infrastructure companies and the money would directly go towards execution of projects. Moreover, removal of separate limits for FIIs on different type of corporate bonds may also improve the market sentiment.



QUALIFIED INSTITUTIONS' PLACEMENT (QIP)



Qualified Institutional Placement (QIP) issuances have been on the decline since 2010-11 due to difficult economic conditions. From a record INR43228 crores via 63 issues in 2009-10, the quantum of QIP fund-raising fell to just INR2162 crores in 2011-12. However, revival in the stock market in 2012-13 has given confidence to the jittery Indian companies to raise fund via public and right issues. But, QIP activities witnessed a modest revival and emerged as the favored route for fund-raising. In the first eleven month of 2012-13, Indian companies have mobilized ~INR15000 crores via QIP route. It was almost, seven times higher than the fund raised in 2011-12. The Banking and Telecommunications companies were

the most active during the 11-month period (April 2012-February 2013).

INITIAL PUBLIC OFFER (IPO)/ FOLLOW ON PUBLIC OFFER (FPO)/ OFFER FOR SALE (OFS):

The Indian IPO market lacked momentum in FY2012-13 with just eleven companies hitting the capital market, collectively managing to garner INR6,446 crore. This marks an increase of 10.98 per cent from the total funds raised through IPOs during the previous fiscal, 2011-12, when 33 companies had together mopped-up INR 5,808 crore. In 2010-11, a total of INR 33,183 crore worth capital was raised by 52 firms through their IPOs. Bharti Infratel, came out with the largest public issue of the year, when it hit the capital market to raise INR4,155 crore. This was also the biggest IPO since October 2010, when state-run Coal India had garnered INR15,475 crore. Most of the IPOs that hit the capital market in the current fiscal were smaller in size (less than INR1,000 crore) and some companies even withdrew their offers after poor response.

On the other side, the OFS which replaced the cumbersome FPO, went on full swing during the FY2012-13 with a total of twenty one companies garnering INR 25,470 crore. Out of these, OFS took place in seven PSUs which served the purpose of government's target to raise INR24000 crore to meet the alarming fiscal deficit. The seven PSUs together mopped up INR23,958 crore through the OFS with NTPC contributing the largest chunk of share i.e. INR11,356 crore, followed by NMDC (INR5829 crore). The volatile markets had not even spared these PSUs, leading to poor response from retailers and FIIs, hence, forcing LIC to bid majority of the shares. The remaining fourteen private companies rolled up INR1,513 crore with the motive of meeting the minimum 25 percent public shareholding norm mandated by SEBI. Among the major OFS taking place in private companies, DB Corp mopped up INR420 crore, Linde India Ltd garnered INR283 crore and Blue Dart raised INR241 crore. For the fiscal year ended 2013-14, larger OFS are lined up in PSUs like Coal India, BHEL, MMTC from which government has planned a target of raising INR35000-40,000 crore. Around 150 private companies are lined up for OFS in FY2013-14 to meet the shareholding norms mandated by SEBI.

OPPORTUNITIES AND THREATS

Opportunities :

- Healthy and sustainable economic growth rate with sound macro-economic fundamentals;

Management Discussion and Analysis Report

- Low penetration of financial services and products in India.
- Regulatory reforms would aid greater participation of all class of investors;
- Favourable demographics like huge middle class, larger younger population with disposable income and investible surplus, change in attitude from wealth protection to wealth creation and risk taking abilities of the youth, etc.;
- Corporate are looking at expanding in overseas/domestic markets through merger & acquisitions and Corporate advisory services;

Threats :

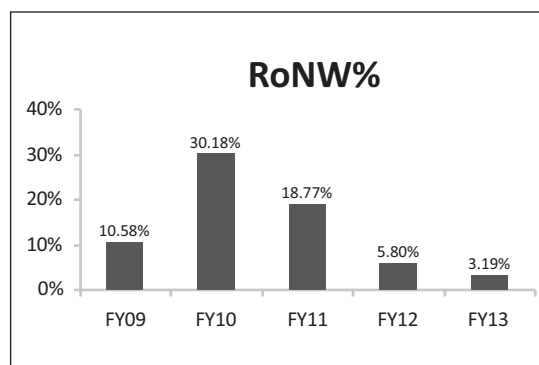
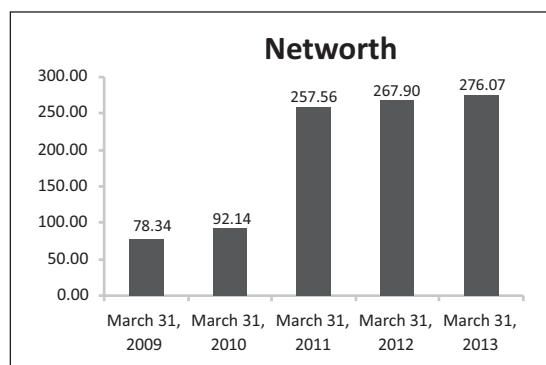
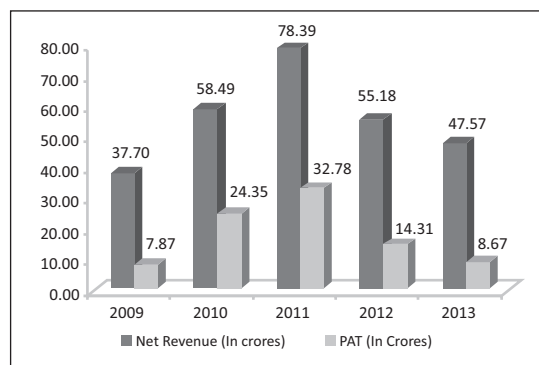
- Increased competition from local and global players operating in India;
- Continuous downward pressure on the fees, commissions and brokerages caused by an overbanked market and willingness of most players to deliver services at very low fees.
- Regulatory changes impacting the landscape of business;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

MICROSEC - FINANCIAL & BUSINESS OVERVIEW

Financial Overview

Performance

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles (GAAP) in India. Our management accepts responsibility for the integrity and objectivity of these financial statements, as well as for the various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, so that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present out state of affairs, profits and cash flows for the year. As a significant part of the business is being carried on through subsidiaries, we have used consolidated financial figures in our management discussion and analysis as we feel that the consolidated financial figures provide more accurate information on the performance of the company.



The net worth of your company on consolidated basis have grown up from Rs. 78.34 Cr as on 31.3.2009 to Rs. 276.07 Cr as on 31.3.2013.

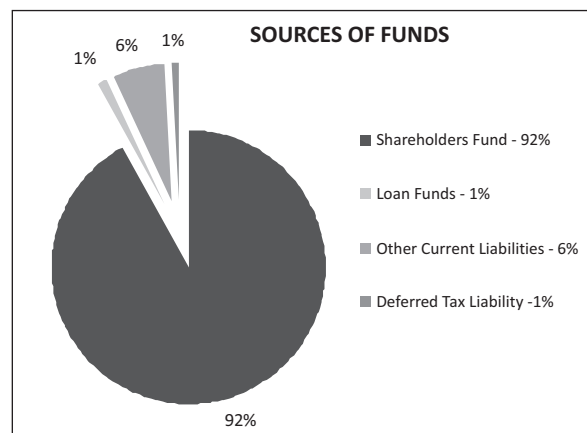
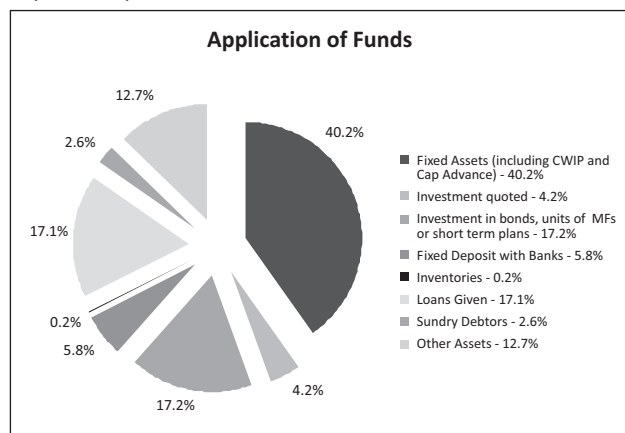
The adverse global & domestic economy situation impacted the performance of the company during FY 2013. The slowdown was clearly visible in most of the businesses which later on resulted into recessionary signs in few. Taking an early clue from it your company tightened the grip on its capital and liquidity which resulted into lower Return on Net worth of 3.19% during the year.

*Average Return on Net worth has been calculated by taking average of opening and closing net worth and impact in Equity share capital from date of new issue or buy back.

Management Discussion and Analysis Report

Capital Allocation

Enhancement of shareholders' value through efficient use of capital in all business segments via proper business mix and its proper management always remained top priority of your company. The economy is going through major slow down since last 2 years and recessionary signs are clearly visible in many businesses. In this kind of tough time, proper management of capital with focus on safety becomes the priority. Your company is a debt free company with appropriate plans in place for its business and expansion plans.



BUSINESS OVERVIEW

In line with core objective of your Company "making life simple and happy", the Company has identified certain business opportunities matching with its core objectives and accordingly the company has restructured its business model - (i) Financial Services, (ii) Digital Brand Promotion and Marketing Media (through www.foreseegame.com) and (iii) High quality healthcare at low cost (through www.sastasundar.com). The Company sees huge growth opportunity in all three business verticals and strategically the company shall focus on all verticals with digital applications.

FINANCIAL SERVICES

The financial services business of the Company is focused on developing fee based income business supported by fund based business for the clients needing funds through loan against shares. The business activities, processes, strategies are centered around knowledge (Microsec Research and Club Kautilya Knowledge Centre) with clients' benefits being the core purpose for this segment.

The financial services industry including its clients are facing number of issues mainly related to misselling of financial products like Insurance, Fixed Deposits of poor rating companies, guaranteed structured products etc, speculative or leverage trading in secondary market without ascertaining the requirement or emotional tolerance of the clients etc. In last 2-3 years, these malpractices have risen manifold that has negatively impacted the growth of the industry and also shaken the confidence of the clients on the entities present in financial services industry.

The Company's knowledge driven approach on all its services is being admired by its clients and will distinguish it from rest of the entities in market. Be it financial planning or investing in equity or debts, insurance, loans or any other financial products, the company approaches the requirement of its clients with proper research. The Company gives utmost importance to Objective of the clients and suggest solutions linked with objective.

The Company shall have an integrated digital platform for all its financial services and shall expand by using its network of business partners and capitalising on its research and Club Kautilya knowledge centre.

BROKERAGE

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

During the year, the BSE Sensex has gone up by ~9.00% on YoY basis. The BSE and NSE combined Cash volumes were

Management Discussion and Analysis Report

INR 32570.53 billion in 2012-13 against INR 34706.21 billion last year, registering a fall of 6.15 percent. However, since MCX-SX also started cash segment in 2012-13, so if we include turnover of 33 crores in CM segment of MCX-SX also then all exchange combined cash turnover were INR 32570.86 billion in 2012-13 against INR 34706.21 billion last year, registering a fall of 6.15 %. Out of the total volume registered in the exchanges, 92.24% contributed by F&O segment in FY12-13 against 90.24% registered in FY11-12. The continued trend of falling turnover in Equity segment signifies lack of participation from retail investors in Indian Equity Market. The movement of the market during most part of FY2013 was tepid due to the lower participation of Non-Institutional Clients in Cash Market Segment because of the lack of confidence among investors considering the policy logjam issues, political overhang with grim investment scenario etc. However during the latter half buying by FII's led to recovery in markets which was primarily driven by reform measures taken by the government. We expect the FY14 to be volatile year on global and local factors as US Federal Reserve move to taper stimulus due to improvement in US economy and also domestic issues. Moreover we expect a 75bps-100bps repo rate cut by RBI for the full year may lead to the incremental participation in the capital markets which of course a trigger for the brokerage industry. Our view on future growth prospects in medium to long term remains positive and hence we have formulated desired action plan to take benefit of the same and also shield ourselves in short term if the current volatile trend continues. The initiatives taken by the regulators to make the capital markets more accountable and investor friendly is likely to boost volumes of the domestic stock exchanges.

As on 31st March 2013, we have more than 33,000 registered clients for our Equity Brokerage Services and are operating through 191 outlets.

In Institutional business, we were successful in getting empanelment with 16 institutions as at 31st March, 2013. The Research team & sales team coordinate with the trading department of institutional clients on regular basis. Our edge in Research will assist in procuring sizeable business from institutional clients as well empanelment from other institutions.

FINANCING

The financing segment of the company mainly consists of Loan against Shares (LAS) activities. We offer loan against shares to our clients, secured by liquid and marketable securities at appropriate margin levels. The Financing business acts as a support function of brokerage business. The LAS business helps the clients to leverage their equity market positions to take increased exposure. The LAS business along the line of leverage requirement of brokerage clients offers attractive business opportunity in our segment. However, the yield in LAS business depends mostly on state of capital market. Due to dull capital market scenario the yield has come down due to low transactions by LAS clients in Cash Market Segment. The interest yield in Loans against good quality stocks have also come down. As your company is focused on financing against good quality stocks only, there has been pressure on the interest yield on this segment. Promoter's funding i.e. Financing Promoters' against their shares as collateral, constitutes a major part of LAS business in Industry but your company is not into Promoters' funding because of liquidity and concentration risk of stock.

INVESTMENT BANKING

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

The segment is highly correlated with the Capital Market and the subdued sentiments in last year specifically towards primary issues had an impact on the earnings of your company. The year 2012-2013 was eventful in terms of building relationships wherein we have carried out about 30 transactions with whom we expect to do repeat business in the year 2013 - 2014.

WEALTH MANAGEMENT, INSURANCE BROKING, FINANCIAL PLANNING & DISTRIBUTION

We foresee huge scope in this segment which will be mainly driven by the advisory functions. Club Kautliya, the knowledge based distribution model, launched by the company during FY 2012 is being appreciated by the clients. It focuses on solving problems of the people related to their finances, assists them in finalizing their objectives/goals and then guiding them with a roadmap to achieve their objective. The unique approach towards Financial Planning in the model applies Wisdom of Chanakya with modern tools & technologies.

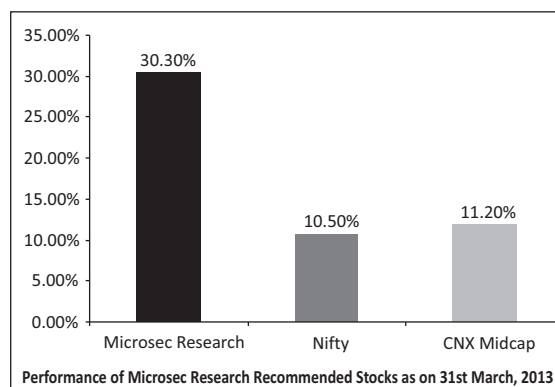
Management Discussion and Analysis Report

Your Company has also filed an application to SEBI for registration as Mutual Funds and is waiting for final approval from SEBI. Your Company will launch unique mutual fund schemes which will solve the problems of the investors related to selection of mutual fund scheme which is more appropriate for their objectives/goals.

RESEARCH

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

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



Your company ensures that the research is done with accountability and hence we benchmark our research performance against the performance of Benchmark indices. Microsec research has given an aggregate return of 30.30 percent across 199 companies since mid 2008 on an equal weighted basis, against Nifty performance of 10.5 percent and CNXMIDCAP performance of 11.2 percent (closing date 31/03/13- Details uploaded on website www.microsec.in) and regularly share the performance on its website.

FORESEEGAME.COM

Foreseegame.com is a value innovation in digital brand promotion and marketing media. This unique new age platform provides a two way engagement and partnership through direct interactions between brands and consumers. This revolutionary platform has the potential to redefine the branding and marketing efforts in the country.

Foreseegame.com is a FREE web and mobile-enabled platform, offering the opportunity to play games of prediction & win exciting prizes. The game is sponsored by the brand and the brand offers reward coupons in the form of either cash or discount ranging from 1% to 100%, which is directly sent as a message to the mobile phone and email id of the consumer.

It is a unique concept which provides opportunity for brands to connect with the consumers and engage them. There is no other platform which provides consumer engagement with brands.

We have already partnered with some of the leading brands and provided more than 4 million consumer engagements to the brands associated with us.

We foresee huge growth prospect in this vertical.

SASTASUNDAR.COM

Microsec Group through its subsidiary Microsec Health Buddy Limited (MHBL) is setting up a project on "Food Processing, preservation & marketing of Healthcare products including e-commerce portal www.sastasundar.com" at Baruipur, District - 24 Parganas (South) in West Bengal. The objective of the project is to provide nutritious food items, spices, pharmaceuticals & marketing of healthcare products through e-commerce portals at reasonable price. The buoyancy in e-commerce sector and the growing demand of the customers has motivated the group to expand its service rendering capabilities and capacities. Microsec is foraying into the business of providing nutritious food, spices, pharmaceutical, healthcare and other useful products at economical prices with good quality in convenient manner with an aim to cater the country population through its e-commerce portal. The company will set up a food processing cum preservation centre to carry out the operation. The company has developed a web portal with an aim to deliver the medicine, healthcare & other useful products to the people at their doorstep. The company also proposed to establish an onshop retail pharmacy in the country, with its first delivery model in Kolkata. In order

Management Discussion and Analysis Report

to ensure the highest level of efficiency, the proposed retail pharmacy will operate through total online system.

RISK MANAGEMENT

The objective of risk management is to balance the tradeoff between risk and return and ensure optimum risk adjusted return on capital. The Risk Management Policies related to Financing, Debtors and Investments are in place and properly documented and reviewed continuously. The processes have been laid down to oversee the implementation of the policies and continuous monitoring of the same.

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

In any industry, the processes and internal control systems play a critical role in the health of the Company. Microsec has an adequate Internal Audit and Control system across all businesses. Our internal control systems are adequate and provide, among other things, reasonable assurance of recording transactions of operations in all material respects and of providing protection against significant misuse or loss of company assets. Microsec believes in the conduct of its affairs in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour.

The internal processes have been designed to ensure adequate checks and balances at every stage. Internal audit is conducted to assess the adequacy of our internal controls procedures and processes, and their reports are reviewed by the Audit Committee of the Board. Policy and process corrections are undertaken based on inputs from the internal auditors.

HUMAN RESOURCES

Your Company's business critically depends on quality of manpower. Your Company's multi-business context poses unique challenges to the Human Resource function. The Company's businesses are managed by a team of competent and passionate leaders, capable of enhancing your Company's standing in the competitive market. The Company's employees have a defining role in significantly accelerating its growth and transformation, thereby enhancing its position as one of the largest corporate houses. The Company has a structured recruitment process, the focus is on recruiting people who have the right mindset for working at Microsec, supported by structured training programmes and internal growth opportunities. The total employee strength is 480 as on March 31, 2013.

CAUTIONARY STATEMENT

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

Corporate Governance Report

1. CORPORATE GOVERNANCE PHILOSOPHY

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

2. BOARD OF DIRECTORS

Composition of the Board

The Board of Directors in Microsec has been constituted in a manner which ensures appropriate mix of Executive/Non-Executive and independent directors to ensure proper governance and management. The Board members have collective experience in diverse fields like finance, banking, legal, technology etc.

The Company's Board comprises of five members. The Company has an Executive Chairman, and therefore, at least 50% of the total number of Directors should comprise of Independent Directors. The number of Independent Directors is more than 50% of the total number of Directors. The management of the Company is headed by the Mr. Banwari Lal Mittal, Chairman & Managing Director who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long-term objectives of enhancing stakeholder value are met. Mr. Ravi Kant Sharma, Managing Director & CEO is also the Managing Director of the Microsec Capital Limited (MCA), a wholly owned Subsidiary of the Company and draws remuneration from MCA.

Number of Board Meetings

The Board of Directors met four times during the year ended 31st March, 2013 on 23rd May, 2012, 3rd August, 2012, 2nd November, 2012 and 8th February, 2013. All meetings were well attended. The maximum interval between any two meetings was well within the maximum allowed gap of four months.

Directors' Attendance Record and Directorship Held

As mandated by Clause 49 of the Listing Agreement, none of the Directors are members of neither more than ten Board level Committees nor are they Chairman of more than five Committees in which they are Directors.

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

Name of Directors	Category	No. of Board Meetings		Attendance at the Previous AGM	No. of Directorships and Committee Memberships/Chairmanships (including the company)		
		Held	Attended		Directorships*	Committee Memberships**	Committee Chairmanships**
B. L. Mittal	Chairman & Managing Director	4	4	Yes	6	1	–
R. K. Sharma	Managing Director & CEO	4	4	Yes	6	1	–
P. K. Chattaraj	Independent	4	4	Yes	7	1	1
R. N. Bhardwaj	Independent	4	3	No	11	7	2
D. P. Roy	Independent	4	4	Yes	4	2	–

Corporate Governance Report

- * Excludes directorship in Private Limited Companies, Foreign Companies and Government Companies.
- ** Only memberships/chairmanships of the Audit Committees and Shareholders Grievance Committees in various public limited companies, considered.

Note : In the above statement the Directorship and Committee Membership of Directors have been computed with reference to section 275 of the Companies Act, 1956 read with Clause 49 of the Listing Agreement with Stock Exchanges. The number of Directorship, Committee Membership and Chairmanship includes that of the Company. No Director is related to any other Director on the Board.

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

The Board periodically reviews compliance reports of all laws applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. In addition to the above, pursuant to the Clause 49, the minutes of the Board meetings of your Company's subsidiaries and a statement of all significant transactions and arrangements entered into by the subsidiaries are also placed before the Board.

Code of Conduct

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

Risk Management

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

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

3. COMMITTEES OF THE BOARD

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

(A) AUDIT COMMITTEE

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

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

Corporate Governance Report

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

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

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

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

The role of the Committee includes the following:

- (a) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- (c) Reviewing, with the management, the financial statements before submission to the Board, focusing primarily on:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
- (d) Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- (e) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- (f) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- (g) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (h) Discussion with internal auditors any significant findings and follow up there on.
- (i) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- (j) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

Corporate Governance Report

- (k) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- (l) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- (m) Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- (n) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

During the financial year ended 31st March, 2013 the Audit Committee met four times on 23rd May, 2012, 3rd August, 2012, 2nd November, 2012 and 8th February, 2013.

The details of the Composition of the Committee, Number of meetings held and the attendance of the Directors thereat is given herein below :

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

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

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

(B) REMUNERATION /COMPENSATION COMMITTEE

The Remuneration/ Compensation Committee comprises of three Directors. The Committee comprises of :

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

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

No meeting was held during the financial year 2012-13.

Remuneration Policy

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

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

Remuneration paid to Directors

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

Corporate Governance Report

During 2012-13, the Company did not advance any loans to any of its Directors.

Details of the sitting fees paid to Independent Directors during the year ended 31st March, 2013 are as follows :

Name of the Directors	Category	Sitting Fees (Rs.)*
Parimal Kumar Chattaraj	Independent Director	1,00,000
Raj Narain Bhardwaj	Independent Director	75,000
Deba Prasad Roy	Independent Director	80,000

*excluding service tax

No commission was paid to the Directors during the year ended 31st March, 2013.

Remuneration to the Chairman & Managing Director

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

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

No remuneration is paid to Mr. Ravi Kant Sharma, Managing Director & CEO during the financial year 31st March, 2013.

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

Shares held by the Non-Executive Directors

The table below gives details of the Equity Shares of the Company held by the Non-Executive Directors as on 31st March, 2013.

Name of the Directors	Category	Number of Equity Shares held
Parimal Kumar Chattaraj	Independent Director	NIL
Raj Narain Bhardwaj	Independent Director	NIL
Deba Prasad Roy	Independent Director	NIL

(C) SHAREHOLDERS/ INVESTORS' GRIEVANCE AND SHARE TRANSFER COMMITTEE

The Shareholders/Investors' Grievance and Share Transfer Committee constituted by the Board comprises of three Directors. The Committee met at regular intervals and specifically looks into the aspect of redressal of Shareholders/Investors Grievance. During the year under review, the Committee met four times on 23rd May, 2012, 3rd August, 2012, 2nd November, 2012 and 8th February, 2013. The Composition of the Shareholders/ Investors Grievance Committee Meeting held and attended thereof are as below :

Name of Directors	Category	Position held	No. of meeting	
			Held	Attended
Raj Narain Bhardwaj	Independent Director	Chairman	4	3
Banwari Lal Mittal	Chairman & Managing Director	Member	4	4
Parimal Kumar Chattaraj	Independent Director	Member	4	4

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

Investors' complaint(s) which cannot be settled at the level of Company Secretary & Compliance Officer is/are referred to the Shareholder / Investor Grievance Committee of the Board for final settlement. The Company confirms that no shareholder's complaint was lying pending as on March 31, 2013.

Corporate Governance Report

In compliance of the SEBI Circular No. CIR/OIAE/2/2011 dated June 3, 2011, the Company has obtained a user id and password for processing the investor complaints in a centralized web based SEBI Complaints Redress System - 'SCORES'. This enables the investors to view online the action taken by the Company on the complaints and its current status by logging on to the SEBI's website i.e. www.sebi.gov.in. The Company affirms that no shareholder's complaint was lying pending as on March 31, 2013 under the 'SCORES'.

The Company confirms that there were no share transfer lying pending and affirms that all the requests for share transfers/transmissions, issue of new certificates, etc., received up to March 31, 2013 have since been processed. All the requests for dematerialisation and rematerialisation of shares as on that date have been confirmed / rejected through the NSDL / CDSL system.

Details of queries and grievances received and attended to by the Company during the year 2012-13 are given herein below :

Sl. No.	Nature of Complaint	Pending as on 31.03.2012	Received during the year	Redressed during the year	Pending as on 31.03.2013
1.	Letters from Investors - Non allotment of shares and refund of application money	–	1	1	–
2.	Letter from Investor in respect of Correction in Refund order	–	–	–	–
3.	Letter from SEBI - Non allotment of shares and refund of application money	–	–	–	–
4.	Letter from BSE - Refund of application money	–	–	–	–

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

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

Address : Azimganj House, 2nd Floor, 7 Camac Street, Kolkata - 700017

Contacts : Phone : +91 33 2282 9330, Fax : +91 33 2282 9335

E-mail : investors@microsec.in

(D) RISK MANAGEMENT COMMITTEE

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

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

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

(E) NOMINATION COMMITTEE

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

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

Corporate Governance Report

(F) ASSET LIABILITY MANAGEMENT COMMITTEE

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

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

4. SUBSIDIARY COMPANIES

Clause 49 defines a "Material Non-listed Indian subsidiary" as an unlisted subsidiary, incorporated in India, whose turnover or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding company and its subsidiaries in the immediately preceding accounting year. Under this definition, the Company has 13 (Thirteen) wholly owned subsidiaries. The Company has one 'Material Non-listed Indian subsidiary' i.e. Microsec Capital Ltd. (MCap). Mr Parimal Kumar Chattaraj, an Independent Director on the Board of the Company is also a Director on the Board of MCap.

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

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

5. SHAREHOLDERS

Reappointment of Directors

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

Accordingly, Mr. Raj Narain Bhardwaj retires by rotation and being eligible, has offered himself for reappointment at the forthcoming Annual General Meeting.

The details of Mr. Raj Narain Bhardwaj seeking re-appointment at the forthcoming Annual General Meeting are as under :

Name of Director	Mr. Raj Narain Bhardwaj
Date of Birth	08-05-1945
Date of Appointment on the Board	05-09-2009
Expertise in specific functional Area	Management Consultant
Qualification	Post graduate degree in economics from the Delhi School of Economics and a Diploma in Industrial Relations and Personnel Management from Punjabi University, Patiala.
Directorship in other limited Companies	Jaiprakash Associates Limited Dhunseri Petrochem & Tea Limited Jaypee Infratech Limited Jaiprakash Power Ventures Limited Amtek Auto Limited Rupa & Company Limited SREI Alternative Investment Managers Limited Milestone Capital Advisors Limited Reliance Infratel Limited SBI Life Insurance Company Limited

Corporate Governance Report

Membership/ Chairmanship of *Committees of the Board of Directors of the Company	Member : Audit Committee Chairman : Shareholders'/Investors' Grievance and Share Transfer Committee
Chairman/Member of the *Committee of the Board of Directors of other companies in which he/she is a Director	Chairman of the Audit Committee of : Jaiprakash Associates Limited
	Member of the Audit Committee of : Milestone Capital Advisors Limited Reliance Infratel Limited Jaiprakash Power Ventures Limited SBI Life Insurance Company Limited
	Member of Shareholders'/Investors' Grievance and Share Transfer Committee of : Reliance Infratel Limited SBI Life Insurance Company Limited
Shareholding of Director in the Company	Nil
Inter-se relations with any director of the Company	None

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

Mr. Bhardwaj is an independent Director of the Company. He holds a post graduate degree in economics from the Delhi School of Economics and a Diploma in Industrial Relations and Personnel Management from Punjabi University, Patiala. He has over 37 years of experience with the Life Insurance Corporation of India and has served in various positions including managing director and chairman of Life Insurance Corporation of India. He has also served as a member of the Securities Appellate Tribunal (SAT) for two years.

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

GENERAL BODY MEETING :

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

Year	AGM date and time	Venue	No. of special resolutions passed
2011-12	3rd August, 2012 at 10.30 a.m.	"Rotary Sadan", (Shripati Singhania Hall) 94/2 Chowringhee Road, Kolkata - 700 020	Nil
2010-11	4th August, 2011 at 11.00 a.m.	"Gyan Manch", 11 Pretoria Street, Kolkata - 700 071	One
2009-10	15th July, 2010 at 11.30 a.m.	Shivam Chambers, 1st Floor, 53 Syed Amir Ali Avenue, Kolkata - 700 019	One

(b) Postal Ballot

During the year, your Company conducted voting through Postal Ballot in accordance with Section 192A of the Companies Act, 1956 read with the Companies (Passing of the Resolution by Postal Ballot) Rules, 2011 including any statutory modification or re-enactment thereof for the time being in force. Mr. Manoj Kumar Banthia, Practising Company Secretary, acted as the Scrutinizer for conducting the postal ballot process. The results were announced on March 19, 2013 and the voting pattern of the same is as under :

Corporate Governance Report

Sr. No.	Particulars	Vote cast in favour	Vote cast against	Invalid vote	Result
1.	Restructure the business of the Company including approval under Section 61 of the Companies Act, 1956.	2,25,05,066	7,448	NIL	Approved with requisite majority
2.	Amendment to the Other Object Clause of the Memorandum of Association of the Company under Section 17 of the Companies Act, 1956	2,25,07,750	4,764	NIL	Approved with requisite majority
3.	Commencement of new business as mentioned in Other Objects Clause of the Memorandum of Association of the Company under Section 149(2A) of the Companies Act, 1956.	2,25,11,750	764	NIL	Approved with requisite majority

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

6. DISCLOSURES :

- The transactions of material nature with related parties and material individual transactions with related parties have been placed before the Audit Committee from time to time. Transactions with related parties as per requirements of Accounting Standard 18, Related Party Disclosure are disclosed elsewhere in this Annual report.

The Company has not entered into any other transaction of a material nature with the Promoters, Directors or the Management, their subsidiaries or relatives etc. that may have a potential conflict with the interests of the Company at large.

- The Company has complied with all the requirements of regulatory authorities. No penalties/strictures were imposed on the Company by stock exchanges or SEBI or any statutory authority on any matter related to capital market since the listing of the Company's equity shares.
- The Company has complied with the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances have been given in the relevant sections of this report. The status on compliance with the Non-mandatory requirements is given at the end of the Report.
- The Company has followed the Guidelines of Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.
- The Company carries a risk management process and the weaknesses found are communicated to the Audit Committee from time to time. Periodic reviews are made on extent of risk minimization measures adopted to minimize the potential risks.

Code for Prevention of Insider-Trading Practices

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

Corporate Governance Report

7. MEANS OF COMMUNICATION WITH SHAREHOLDERS:

- i) **Publication of Results** : The Company publishes quarterly, half-yearly and annual results in widely circulated national newspapers and local dailies such as "Business Standard" in English and one of the prominent business dailies in Bengali.
- ii) **News, Release etc** : The Company has its own website <http://www.microsec.in> and all vital information relating to the Company and its performance including financial results and corporate presentations, etc. are regularly posted on the website.
- iii) **Investors' Relation** : The Company's website contains a separate dedicated section "Investor Relation" where Shareholders' information is available. The Company has an exclusive email ID for shareholders/investors and they may write to the Company at investors@microsec.in.
- iv) Management Discussion and Analysis Report forms part of this Annual Report.

8. GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting :

Date : 14th August, 2013
 Time : 10.30 a.m.
 Venue : "Gyan Manch", 11 Pretoria Street, Kolkata - 700071

ii. Financial calendar : (tentative)

Financial Year April 1, 2013 to March 31, 2014
 24th Annual General Meeting - 14th August, 2013

Particulars	Quarter/Half year/ Year ending	Tentative schedule
Unaudited Financial Result (1st Quarter)	Quarter ended 30.06.2013	On or before 14th August, 2013
Unaudited Financial Result (2nd Quarter)	Quarter ended 30.09.2013	On or before 15th November, 2013
Unaudited Financial Result (3rd Quarter)	Quarter ended 31.12.2013	On or before 15th February, 2014
Audited Financial Result (Annual)	Year ended 31.03.2014	On or before 30th May, 2014

iii. Book closure date :

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

iv. Dividend Payment date :

Keeping in view the growth plans of the Company, your directors think it prudent to preserve the cash for growth plans and do not recommend any dividend for the financial year 2012-13.

v. Company Registration Details :

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

vi. Listing of equity shares on stock exchanges at :

The Company's Shares are listed on BSE Limited and National Stock Exchange of India Limited (NSE). The requisite listing fees for 2013-14 has been paid in full to BSE and NSE.

Corporate Governance Report

vii. Stock Code & ISIN No. :

BSE : 533259

NSE : MICROSEC

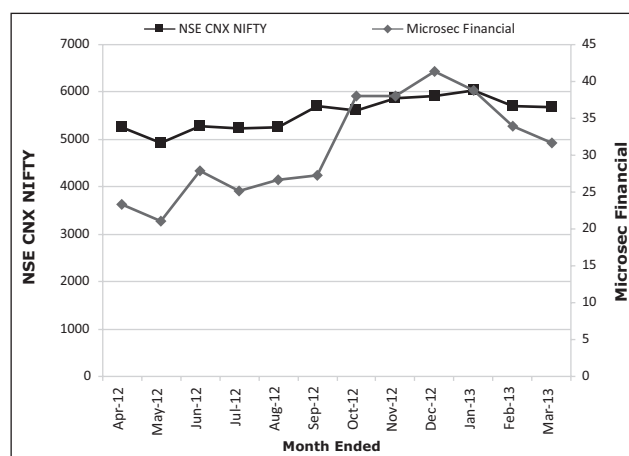
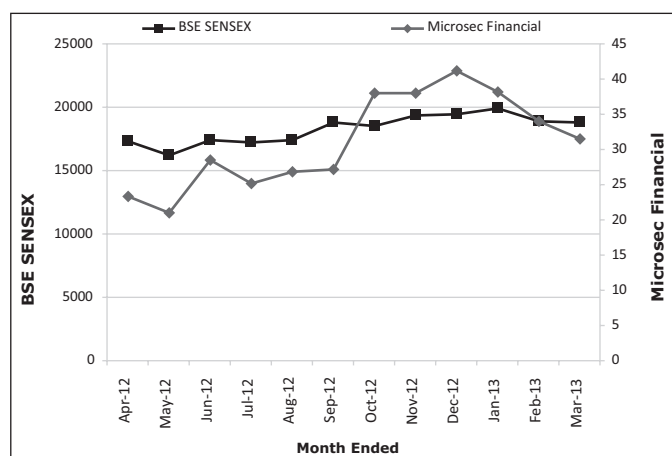
The International Securities Identification Number (ISIN) allotted to our shares under the depository system is INE019J01013.

viii. Market Price Data :

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

Month	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April, 2012	26.95	22.90	25.50	22.85
May, 2012	24.90	20.10	25.00	20.00
June, 2012	28.70	21.00	28.45	21.00
July, 2012	29.65	25.20	30.10	25.05
August, 2012	28.00	25.15	28.00	24.10
September, 2012	27.90	25.55	28.00	25.50
October, 2012	42.90	27.45	43.05	27.25
November, 2012	44.00	36.30	44.05	36.10
December, 2012	43.00	38.00	42.90	38.50
January, 2013	47.00	38.00	45.10	38.00
February, 2013	40.00	34.00	40.00	34.00
March, 2013	35.95	31.10	36.50	31.00

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



Corporate Governance Report

x. Registrar & Transfer Agent :

Link Intime India Private Limited

59C, Chowringhee Road, 3rd Floor, Kolkata - 700 020

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

E-mail : kolkata@linkintime.co.in

xi. Share Transfer System :

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

xii Distribution of shareholding and shareholding pattern as on 31st March, 2013 :

a) Distribution of Shareholding :

No. of equity shares held (range)	No. of shareholders	% of shareholders	No. of shares	% of shareholding
1 - 500	20977	94.78	19,27,410	6.06
501 - 1000	562	2.54	4,51,177	1.42
1001 - 2000	263	1.19	3,84,786	1.21
2001 - 3000	104	0.47	2,66,818	0.84
3001 - 4000	40	0.18	1,45,402	0.46
4001 - 5000	39	0.18	1,85,007	0.58
5001 - 10000	60	0.27	4,43,746	1.39
10001 and more	87	0.39	2,80,06,154	88.04
TOTAL	22132	100.00	3,18,10,500	100.00

b) Shareholding Pattern :

Sl. No.	Description	Number of shares	Percentage of Capital
I	Promoter and Promoter Group	2,06,03,135	64.77
II	Financial Institutions/Banks	16,515	0.05
III	Foreign Institutional Investors/Foreign Companies/ Foreign Venture Capital	16,04,205	5.04
IV	Bodies Corporate	18,82,148	5.92
V	NRIs/OCBs/NRNs	88,690	0.28
VI	Trust	17,83,795	5.61
VII	Resident Individuals	57,82,821	18.18
VIII	Clearing Member	49,191	0.15
	TOTAL	3,18,10,500	100.00

xiii Dematerialisation of shares and liquidity :

As on 31st March, 2013, 94.39% of the total equity share capital was held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited. The market lot is one share as the trading in equity

Corporate Governance Report

shares of the Company is permitted only in dematerialised form. Other than the capital, which is, locked in post-IPO for the specified periods, the stock is liquid.

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

As on March 31, 2013, the Company did not have any outstanding GDRs/ADRs/ Warrants or any Convertible instruments.

xv. Plant Locations :

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

xvi. Address for Correspondence :

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

i) The Company Secretary

Microsec Financial Services Limited
Azimganj House, 2nd Floor
7 Camac Street, Kolkata - 700 017
Tel : +91 33 2282 9330, Fax : +91 33 2282 9335
E-mail : investors@microsec.in

ii) Link Intime India Private Limited

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

9. NON-MANDATORY REQUIREMENTS

(A) Non-Executive Chairman

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

(B) Remuneration Committee

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

(C) Shareholders Rights

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

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

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

Corporate Governance Report

Auditors' Certification

To

The Members of Microsec Financial Services Limited

We have examined the compliance of conditions of corporate governance by Microsec Financial Services Limited, for the year ended on 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

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

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

For S. R. BATLIBOI & CO. LLP

Chartered Accountants

ICAI Firm Registration Number : 301003E

per R. K. Agrawal

Partner

Membership No. : 16667

Place : Kolkata

Date : 24th May, 2013

Compliance with Code of Conduct for Directors and Senior Management

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of financial year 2012-13.

For **Microsec Financial Services Ltd.**

Ravi Kant Sharma

Managing Director & CEO

Kolkata, May 24, 2013

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

We, Ravi Kant Sharma, Managing Director & CEO and Giridhar Dhelia, Chief Financial Officer of Microsec Financial Services Limited, to the best of our knowledge and belief, certify that:

- a) We have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2013 and that to the best of our knowledge and belief :
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee :
 - (i) Significant changes in internal control during the year;
 - (ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control.

For **Microsec Financial Services Ltd.**

Ravi Kant Sharma

Managing Director & CEO

Giridhar Dhelia

Chief Financial Officer

Kolkata, May 24, 2013

Financial Section

Independent Auditor's Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Microsec Financial Services Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

BASIS FOR QUALIFIED OPINION

Attention is drawn to Note No 27 regarding concentration of credit/investment norms as provided in paragraph 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended) having exceeded the limits provided therein, in order to become a Systemically Important Core Investment Company (CIC-ND-SI). The Company has already applied to the Reserve Bank of India seeking exemption from complying with the aforesaid norms to become a CIC-ND-SI and pending such exemption, we are unable to comment on the possible effects of the above on the financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effect of the matter stated in the Basis of Qualified Opinion paragraph*, the 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 :

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Independent Auditor's Report

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

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

Chartered Accountants

ICAI Firm Registration No. 301003E

Per **R. K. Agrawal**

Partner

Membership No. 16667

Place of Signature : Kolkata

Date : 24th May, 2013

Annexure to the Auditor's Report

ANNEXURE TO THE AUDITORS' REPORT (REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF MICROSEC FINANCIAL SERVICES LIMITED AS AT AND FOR THE YEAR ENDED 31ST MARCH, 2013)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed Assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) The Company does not have any inventory and hence clauses (ii) (a) to (c) of the Order, are not applicable.
- (iii) (a) The Company has granted loans to three companies covered in the register maintained under Section 301 of the Act. The maximum amount involved during the year was Rs. 7,31,21,861 and the year-end balance of loans granted to such parties was Rs. Nil.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) The loans granted were re-payable on demand. As informed, the Company has received repayment of entire loans during the year as and when to the extent demanded and thus, there has been no default on the part of the parties to whom money has been lent. The payment of interest has been regular.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of the Act.
- (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(e) to (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas. The Company has not made any purchase of inventory or sale of goods during the year and hence, this clause is not applicable with respect to the above areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act that need to be entered into the register maintained under the above section, have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the purview of section 58A and 58AA of the Act and the Rules framed there under.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) Since the Company is not engaged in any manufacturing, processing or mining activities, the clause relating to maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act is not applicable.
- (ix) (a) The Company has been regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, custom duty, sales tax, excise duty, cess and other material statutory dues with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, wealth tax, service tax, customs

Annexure to the Auditor's Report

duty, sales tax, excise duty, cess and other statutory material dues were outstanding, as on the Balance Sheet date, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues outstanding of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute are as follows:

Name of the statute	Nature of Dues	Amount (Rs.)	Period to which the amount relate	Forum where dispute is pending
The Income Tax Act, 1961	Disallowances of certain expenses	4,69,520	Assessment Year 2010-11	Commissioner of Income Tax (Appeals)

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company has not taken any loan from financial institution or bank nor are there any outstanding debentures during the year. Therefore, the provisions of clause 4(xi) of the Order, are not applicable.
- (xii) Based on our examination of the documents and records, we are of the opinion that the Company has maintained adequate records in respect of loans and advances granted on the basis of security by way of pledge of shares. As informed, no loans and advances have been granted by the Company on the basis of security by way of pledge of debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order, are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by its wholly owned subsidiaries from banks or financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Chartered Accountants

ICAI Firm Registration No. 301003E

Per **R. K. Agrawal**

Partner

Membership No. 16667

Place of Signature : Kolkata

Date : 24th May 2013

Balance Sheet as at 31st March, 2013

(Amount in Rs.)

	Notes	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	3	31,81,05,000	31,81,05,000
(b) Reserves and Surplus	4	1,92,72,73,196	1,82,96,50,018
2. Non Current Liabilities			
(a) Other Long Term Liabilities	5	11,94,53,510	—
(b) Long Term Provisions	6	83,35,883	15,23,645
3. Current Liabilities			
(a) Short Term Borrowings	7	5,00,000	—
(b) Trade Payables	8	37,18,212	16,39,339
(c) Other Current Liabilities	9	5,29,816	1,90,231
(d) Short Term Provisions	6	68,63,797	5,31,21,957
		2,38,47,79,414	2,20,42,30,190
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	4,65,28,335	4,94,72,746
(ii) Intangible Assets	10	—	2,258
(b) Non Current Investments	11	2,21,47,17,257	43,96,39,385
(c) Deferred Tax Assets	12	30,83,051	48,77,827
(d) Long Term Loans and Advances	13	84,98,257	82,31,416
2. Current Assets			
(a) Current Investments	14	8,00,00,000	—
(b) Trade Receivables	15	4,24,721	—
(c) Cash and Bank Balances	16	1,63,02,301	3,49,29,561
(d) Short Term Loans and Advances	17	1,50,94,684	1,66,68,01,611
(e) Other Current Assets	18	1,30,808	2,75,386
		2,38,47,79,414	2,20,42,30,190
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Firm Registration No. : 301003E

Chartered Accountants

R. K. Agrawal

Partner

Membership No. 16667

Place : Kolkata

Date : 24th May, 2013

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Ravi Kant Sharma

Managing Director

Giridhar Dhelia

Chief Financial Officer

Biplab Kumar Mani

Company Secretary

Statement of Profit and Loss for the year ended 31st March, 2013

(Amount in Rs.)

	Notes	2012-13	2011-12
I. Revenue from Operations	19	17,76,71,936	22,82,19,233
II. Other Income	20	13,13,572	7,26,221
III. Total Revenue		17,89,85,508	22,89,45,454
IV. Expenses			
Employee Benefits Expense	21	1,79,16,579	1,01,92,180
Finance Costs	22	5,19,438	32,408
Depreciation and Amortisation Expense	23	38,71,473	4,41,35,615
Other Expenses	24	2,75,08,915	1,38,53,651
Share of Loss of Limited Liability Partnership on retirement		—	20,42,591
Provision for Standard Assets		—	5,00,239
		4,98,16,405	7,07,56,684
V. Profit before Tax		12,91,69,103	15,81,88,770
VI. Tax Expenses :			
(a) Current Tax		2,97,51,149	6,12,07,312
(b) Excess Tax Provision relating to earlier years no longer required written back		—	(11,93,879)
(c) Deferred Tax Charge / (Credit)		17,94,776	(1,09,48,479)
		3,15,45,925	4,90,64,954
VII. Profit for the year		9,76,23,178	10,91,23,816
VIII. Earnings Per Equity Share :			
Basic and Diluted (Nominal Value per Share Rs. 10)	25	3.07	3.43
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Firm Registration No. : 301003E

Chartered Accountants

R. K. Agrawal

Partner

Membership No. 16667

Place : Kolkata

Date : 24th May, 2013

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Ravi Kant Sharma

Managing Director

Giridhar Dhelia

Chief Financial Officer

Biplab Kumar Mani

Company Secretary

Cash Flow Statement for the year ended 31st March, 2013

(Amount in Rs.)

Particulars	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	12,91,69,103	15,81,88,770
Adjustments for :		
Interest on Fixed Deposits and Others	(6,13,572)	(6,72,254)
Liabilities no longer required written back	–	(53,967)
Provision for standard assets written back	(7,00,000)	–
Irrecoverable Debts written off	6,25,881	–
Loss on pre-matured recovery of Debts	1,36,68,055	–
Loss on Sale of Fixed Assets	–	1,72,083
Interest Paid	4,72,732	–
Provision for Standard Assets	–	5,00,239
Depreciation and Amortization Expense	38,71,473	4,41,35,615
Operating Profit before Working Capital Changes	14,64,93,672	20,22,70,486
Increase / (Decrease) in Trade Payables	20,78,873	(3,77,521)
Increase / (Decrease) in Other Current Liabilities	2,67,396	(3,96,865)
Increase / (Decrease) in Short Term Provisions	2,90,479	–
Increase / (Decrease) in Other Long Term Liabilities	11,94,53,510	–
(Increase) / Decrease in Trade Receivables	(4,24,721)	69,90,131
(Increase) / Decrease in Long Term Loans and Advances	2,07,441	54,67,284
(Increase) / Decrease in Other Current Assets	76,893	(76,893)
(Increase) / Decrease in Short Term Loans and Advances	1,63,74,12,991	(17,33,74,420)
(Increase) in Non-Current Investments	(1,77,50,77,872)	(4,89,47,489)
(Increase) / Decrease in Current Investments	(8,00,00,000)	5,17,48,921
Cash generated from Operations	5,07,78,662	4,33,03,634
Direct Tax Paid	(3,18,16,592)	(5,05,85,922)
Net Cash Flow from / (used in) Operating Activities	1,89,62,070	(72,82,288)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets (including Capital Advances)	(13,99,086)	(1,39,09,688)
Proceeds from Sale of Fixed Assets	–	2,55,000
Investment in Fixed Deposits (having original maturity of more than three months)	(85,01,620)	(78,82,589)
Encashment of Fixed Deposits (having original maturity of more than three months)	78,82,589	73,75,000
Interest on Fixed Deposits and Others	6,81,257	6,84,615
Net Cash Flow from (used in) Investing Activities	(13,36,860)	(1,34,77,662)

Cash Flow Statement (Contd.)

(Amount in Rs.)

Particulars	2012-13	2011-12
C. CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(3,17,32,778)	(3,17,23,033)
Interest Paid	(4,72,129)	—
Tax on Dividend Paid	(51,60,458)	(51,60,617)
Proceeds from Short Term Borrowings	6,60,00,000	—
Repayment of Short Term Borrowings	(6,55,00,000)	—
Net Cash Flow from / (used in) Financing Activities	(3,68,65,365)	(3,68,83,650)
D. Net Increase in Cash and Cash Equivalents (A+B+C)	(1,92,40,155)	(5,76,43,600)
E. Cash and Cash Equivalents at the beginning of the year	2,70,04,020	8,46,47,620
F. Cash and Cash Equivalents at the end of the year	77,63,865	2,70,04,020
Components of Cash and Cash Equivalents as indicated in Note 16 comprises of :		
Cash on Hand	13,839	11,401
Balances with Scheduled Banks *	77,50,026	2,68,96,107
Cheques on Hand	—	96,512
Total	77,63,865	2,70,04,020

* Excludes balance of Rs. 36,816 (Rs. 42,952) with a bank for which refund instruments have been issued to the investors but are yet to be encashed and Rs. 85,01,620 (Rs. 78,82,589) of Fixed Deposits with restricted use or maturity for more than three months.

As per our report of even date

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

Firm Registration No. : 301003E

Chartered Accountants

R. K. Agrawal

Partner

Membership No. 16667

Place : Kolkata

Date : 24th May, 2013

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Ravi Kant Sharma

Managing Director

Giridhar Dhelia

Chief Financial Officer

Biplab Kumar Mani

Company Secretary

Notes to the financial statements *as at and for the year ended 31st March, 2013*

1. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material aspects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 and the directives as prescribed by the Reserve Bank of India for Non Banking Financial Companies. The financial statements have been prepared under the historical cost convention on an accrual basis. However, income is not recognized and also provision is made in respect of non-performing assets as per the prudential norms prescribed by the Reserve Bank of India. The accounting policies applied by the Company, are consistent with those used in the previous year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i. Use of Estimates

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

ii. Revenue Recognition

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

iii. Tangible Fixed Assets

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

iv. Intangible Assets

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

v. Depreciation and Amortization on tangible and intangible fixed assets

- a. Depreciation on fixed assets is provided using written down value method as per the useful life of the assets estimated by the management which is as per the rates specified in Schedule XIV to the Companies Act, 1956.
- b. Depreciation on Fixed Assets added / disposed off during the year is provided on prorata basis with reference to the date of addition/disposal.
- c. Copyrights are amortized on straight line basis over a period of three years from the date the assets become available for use.
- d. Computer Softwares are amortized on straight line basis over a period of three years from the date the assets become available for use.

vi. Impairment of tangible and intangible 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 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.

Notes to the financial statements *as at and for the year ended 31st March, 2013*

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

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

vii. Borrowing Costs

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

viii. Investments

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

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

ix. Provisions

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation, at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

x. Contingent Liabilities

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

xi. Taxation

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

The deferred tax for timing differences between the book and tax profit for the year is accounted for using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred Tax Asset is recognised 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. If the Company has carry forward unabsorbed depreciation and tax losses, deferred tax asset is recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax asset can be realised.

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 the financial statements *as at and for the year ended 31st March, 2013*

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

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

xii. Provisioning on Standard Assets

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

xiii. Segment Reporting

a) Identification of Segments :

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

b) Allocation of Common Costs :

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

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

xiv. Retirement and other employees benefits

- a. Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to a reduction in future payment or a cash refund.
- 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.
- c. Short Term compensated absences are provided for based on estimates.
- d. Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

xv. Earnings Per Share

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

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

xvi. Cash and Cash Equivalents

Cash and Cash Equivalents in the cash flow statement comprise of Cash at Bank and Cash/Cheque on Hand and Fixed Deposits with an original maturity of three months or less.

Notes to the financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	As at 31.03.2013	As at 31.03.2012
3. SHARE CAPITAL		
Authorised		
3,50,00,000 (3,50,00,000) Equity Shares of Rs. 10 each	35,00,00,000	35,00,00,000
	35,00,00,000	35,00,00,000
Issued, Subscribed and Paid-up		
3,18,10,500 (3,18,10,500) Equity Shares of Rs. 10 each fully paid	31,81,05,000	31,81,05,000
	31,81,05,000	31,81,05,000

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

Equity Shares	As at 31.03.2013		As at 31.03.2012	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	3,18,10,500	31,81,05,000	3,18,10,500	31,81,05,000
Issued during the year	—	—	—	—
Outstanding at the end of the year	3,18,10,500	31,81,05,000	3,18,10,500	31,81,05,000

(b) Terms / Rights attached to the equity shares

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

During the year ended 31st March, 2013, the amount of per share dividend recognised as distribution to equity share holders is Rs. Nil (Re. 1).

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

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

Name of the shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of shares	% of holding	No. of shares	% of holding
Equity shares of Rs. 10 each full paid up				
Banwari Lal Mittal	1,08,16,000	34.00	1,08,16,000	34.00
Top View Enclaves LLP	52,84,760	16.61	41,29,699	12.98
Luv Kush Projects Limited	12,45,675	3.92	20,45,675	6.43
Microsec Vision Employee Trust	17,83,400	5.61	17,83,400	5.61

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

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

Particulars	As at 31.03.2013	As at 31.03.2012
Equity Shares allotted as fully paid bonus shares by capitalisation of securities premium, capital redemption reserve and surplus in the statement of profit and loss	57,00,000	57,00,000
Equity Shares bought back by the Company	10,00,000	10,00,000

Notes to the financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	As at 31.03.2013	As at 31.03.2012
4. RESERVES AND SURPLUS		
Capital Redemption Reserve (As per last Account)	1,00,00,000	1,00,00,000
Securities Premium Account (As per last Account)	1,38,98,71,136	1,38,98,71,136
Reserve under Section 45-IC of the Reserve Bank of India Act, 1934		
As per last Account	12,01,00,000	9,82,00,000
Add : Amount transferred from the Statement of Profit and Loss during the year	1,96,00,000	2,19,00,000
	13,97,00,000	12,01,00,000
According to Section 45-IC of the Reserve Bank of India Act, 1934, every NBFC shall create a reserve fund and transfer therein a sum not less than 20% of its Net Profit every year as disclosed in the statement of profit and loss and before declaration of dividend.		
Surplus in the Statement of Profit and Loss		
As per Last Account	30,96,78,882	25,94,26,024
Add : Profit for the year	9,76,23,178	10,91,23,816
	40,73,02,060	36,85,49,840
Less : Appropriations		
Transferred to Reserve under Section 45-IC of the RBI Act, 1934	1,96,00,000	2,19,00,000
Proposed final Equity Dividend [Amount per share Rs. Nil (Re.1)]	—	3,18,10,500
Tax on Proposed Equity Dividend	—	51,60,458
	38,77,02,060	30,96,78,882
	1,92,72,73,196	1,82,96,50,018
5. OTHER LONG TERM LIABILITIES		
Payable to Related Party (Refer Note 34)	11,94,53,510	—
	11,94,53,510	—

	Long Term		Short Term	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
6. PROVISIONS				
For taxation [Net of Advances / Payments under appeal Rs. 13,65,51,164 (Rs. 10,47,34,572)]	83,35,883	15,23,645	30,73,318	1,19,50,999
For Standard Assets	—	—	35,00,000	42,00,000
For Gratuity (Refer Note 30)	—	—	2,90,479	—
Proposed Equity Dividend	—	—	—	3,18,10,500
Tax on proposed Equity Dividend	—	—	—	51,60,458
	83,35,883	15,23,645	68,63,797	5,31,21,957

Notes to the financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	As at 31.03.2013	As at 31.03.2012
7. SHORT TERM BORROWINGS		
From a body corporate (unsecured)	5,00,000	—
	5,00,000	—
The above loan is repayable on demand and carries interest @ 11% per annum.		

8. TRADE PAYABLES		
Due to Micro and Small Enterprises *	—	—
Due to Others	37,18,212	16,39,339
	37,18,212	16,39,339

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

9. OTHER CURRENT LIABILITIES		
Unclaimed Dividend *	1,65,189	87,467
Unpaid Share Application Money **	36,816	42,952
Interest accrued but not due	603	—
Other Payables		
Statutory Dues	3,27,208	59,812
	5,29,816	1,90,231

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

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

Notes to the financial statements *as at and for the year ended 31st March, 2013*

10. FIXED ASSETS

A. Tangible Assets

(Amount in Rs.)

Particulars	Office Premises	Residential Flat	Computers	Furniture and Fixtures	Office Equipments	Vehicles	Total
Gross Block							
At April 1, 2011	4,63,99,370	–	56,48,358	1,23,45,730	70,35,738	15,68,274	7,29,97,470
Additions	–	55,52,350	1,15,076	15,890	3,93,154	–	60,76,470
Disposals	–	–	–	–	–	10,50,835	10,50,835
At March 31, 2012	4,63,99,370	55,52,350	57,63,434	1,23,61,620	74,28,892	5,17,439	7,80,23,105
Additions	–	–	29,600	–	–	8,95,204	9,24,804
Disposals	–	–	–	–	–	–	–
At March 31, 2013	4,63,99,370	55,52,350	57,93,034	1,23,61,620	74,28,892	14,12,643	7,89,47,909
Depreciation							
At April 1, 2011	94,32,257	–	46,50,917	70,13,372	32,62,260	5,46,275	2,49,05,081
Charge For the Year	18,48,356	2,43,411	4,20,038	9,81,047	5,37,807	2,38,371	42,69,030
Disposals	–	–	–	–	–	6,23,752	6,23,752
At March 31, 2012	1,12,80,613	2,43,411	50,70,955	79,94,419	38,00,067	1,60,894	2,85,50,359
Charge For the Year	17,55,938	2,65,447	2,84,485	7,90,463	5,04,770	2,68,112	38,69,215
Disposals	–	–	–	–	–	–	–
At March 31, 2013	1,30,36,551	5,08,858	53,55,440	87,84,882	43,04,837	4,29,006	3,24,19,574
Net Block							
At March 31, 2012	3,51,18,757	53,08,939	6,92,479	43,67,201	36,28,825	3,56,545	4,94,72,746
At March 31, 2013	3,33,62,819	50,43,492	4,37,594	35,76,738	31,24,055	9,83,637	4,65,28,335

B. Intangible Assets

Particulars	Copyrights - Right on Web Application Portal - Personal Resource Planning	Software	Total
Gross Block			
At April 1, 2011	5,00,01,000	34,37,630	5,34,38,630
Purchase	–	–	–
At March 31, 2012	5,00,01,000	34,37,630	5,34,38,630
Purchase	–	–	–
At March 31, 2013	5,00,01,000	34,37,630	5,34,38,630
Amortization			
At April 1, 2011	1,01,37,188	34,32,599	1,35,69,787
Charge For the Year	3,98,63,812	2,773	3,98,66,585
At March 31, 2012	5,00,01,000	34,35,372	5,34,36,372
Charge For the Year	–	2,258	2,258
At March 31, 2013	5,00,01,000	34,37,630	5,34,38,630
Net Block			
At March 31, 2012	–	2,258	2,258
At March 31, 2013	–	–	–

Notes to the financial statements *as at and for the year ended 31st March, 2013*

	No. of Shares/units	Face value Per Share/unit (Rs.)	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
11. NON CURRENT INVESTMENTS				
Trade Investments (Valued at Cost unless stated otherwise)				
Unquoted Equity Shares (fully paid up)				
In Subsidiary Companies				
Microsec Capital Limited	22,63,561	10	27,36,53,867	27,36,53,867
Microsec Resources Private Limited	3,20,000	10	1,31,00,000	1,31,00,000
Microsec Health Buddy Limited (formerly Myjoy Fun and Food Private Limited)	25,50,000 (-)	10	51,12,75,000	-
Bharatiya Sanskriti Village Private Limited	1,15,000 (-)	10	8,02,00,000	-
Myjoy Tasty Food Private Limited	50,000 (-)	10	5,01,250	-
Microsec Technologies Limited	50,000	10	5,00,000	5,00,000
Total (a)			87,92,30,117	28,72,53,867
Unquoted Preference Shares (fully paid up)				
In Subsidiary Company				
5% Redeemable Optionally Convertible Non Cumulative Preference Shares				
Microsec Technologies Limited	52,940	10	8,99,98,000	8,99,98,000
5% Redeemable Optionally Convertible Non Cumulative Preference Shares				
PRP Technologies Limited	25,272 (-)	10	2,37,55,680	-
Total (b)			11,37,53,680	8,99,98,000
Unquoted Compulsorily Convertible Unsecured Debentures (fully paid up)				
In Subsidiary Companies				
Microsec Health Buddy Limited (formerly Myjoy Fun and Food Private Limited)	36,50,400 (-)	10	30,66,33,600	-
PRP Technologies Limited	7,55,319 (-)	940	70,99,99,860	-
Bharatiya Sanskriti Village Private Limited	20,32,500 (-)	80	16,26,00,000	-
Myjoy Tasty Food Private Limited	42,50,000 (-)	10	4,25,00,000	-
Total (c)			1,22,17,33,460	-

Notes to the financial statements *as at and for the year ended 31st March, 2013*

	No. of Shares/units	Face value Per Share/unit (Rs.)	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
11. NON CURRENT INVESTMENTS (Contd.)				
Non Trade Investments (Valued at Cost unless stated otherwise) Quoted Equity Shares (fully paid up)				
Coal India Limited	– (15,200)	10	–	60,69,532
Deevee Commercial Limited	– (1,88,500)	10	–	2,82,750
Emami Limited	– (60,000)	1	–	2,68,79,309
Hindusthan Unilever Limited	– (26,750)	10	–	1,06,28,950
Moil Limited	– (13,892)	10	–	67,67,276
WABCO - TVS (India) Limited	– (3,121)	5	–	28,23,701
Total (d)			–	5,34,51,518
Quoted Bonds (Fully Paid up)				
Housing and Urban Development Corporation Limited	– (5,000)	1,000	–	50,00,000
Indian Railway Finance Corporation Limited	– (1,088)	1,000	–	10,88,000
Power Finance Corporation Limited	– (2,848)	1,000	–	28,48,000
Total (e)			–	89,36,000
Total Investments (a+b+c+d+e)			2,21,47,17,257	43,96,39,385
Aggregate Value of Investments				
Quoted			–	6,23,87,518
Unquoted			2,21,47,17,257	37,72,51,867
Market Value of Quoted Investments			–	5,78,37,324

Note : Diminution of Rs. Nil (Rs. 69,32,214) based on the market value, in the value of certain long term quoted investments as on the balance sheet date, being temporary in nature, has not been provided.

Notes to the financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	As at 31.03.2013	As at 31.03.2012
12. DEFERRED TAX ASSETS		
Deferred Tax Asset		
Timing Difference in Depreciable Assets	18,53,041	35,14,927
Expenditure allowable against taxable income in future years	94,260	—
Provision for Standard Assets	11,35,750	13,62,900
	30,83,051	48,77,827

13. LONG TERM LOANS AND ADVANCES		
(Unsecured Considered good, unless otherwise stated)		
Capital Advances (Refer Note 33)	83,07,500	78,33,218
Gratuity (Refer Note 30)	—	2,07,441
Security Deposits	1,90,757	1,90,757
	84,98,257	82,31,416

Loans and Advances due by related parties

Companies under the Same Management	Amount Due		Maximum Amount Due at any time during the year	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Advances				
Subsidiaries				
Microsec Technologies Limited	—	—	—	1,00,00,000

	No. of Units	Face value Per Unit (Rs.)	31.03.2013 (Rs.)	31.03.2012 (Rs.)
14. CURRENT INVESTMENTS				
(At Lower of Cost and Market Value)				
Unquoted Mutual Funds (fully paid up)				
Reliance Liquid Fund - Treasury Plan - Growth Plan - Growth Option	17,517.348 (—)	1,000	5,00,00,000	—
Sundaram Ultra Short-Term Fund Regular Growth	18,77,769.710 (—)	10	3,00,00,000	—
			8,00,00,000	—
Aggregate Value of Investments				
Unquoted			8,00,00,000	—
Aggregate Net Asset Value of Mutual Fund Units			8,00,51,507	—

Notes to the financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	As at 31.03.2013	As at 31.03.2012
15. TRADE RECEIVABLES		
(Unsecured, Considered good)		
Debts outstanding for a period exceeding six months from the date they are due for payment	—	—
Other Receivables	4,24,721	—
	4,24,721	—
16. CASH AND BANK BALANCES		
(i) Cash and Cash Equivalents		
Cash on Hand	13,839	11,401
Balances with Scheduled Banks		
On Current Accounts	75,84,837	2,68,08,640
Unclaimed Dividend Account	1,65,189	87,467
	77,63,865	2,69,07,508
Cheques on Hand	—	96,512
(ii) Other Bank Balances		
IPO Refund Account *	36,816	42,952
Deposits with original maturity for more than 3 months but less than 12 months (Receipt pledged with HDFC Bank Limited as security against bank guarantee)	85,01,620	78,82,589
	1,63,02,301	3,49,29,561
* Represents balance with a bank for which refund instruments have been issued to the investors which are yet to be encashed by the investors.		
17. SHORT TERM LOANS AND ADVANCES		
(Considered Good, unless otherwise stated)		
A. Loans (Bearing Interest)		
Secured		
To related parties (Refer Note 34)	—	1,29,25,805
To other parties	—	1,34,55,06,865
	—	1,35,84,32,670
Unsecured		
To employees	—	62,982
To related parties (Refer Note 34)	—	29,48,41,306
(A)	—	1,65,33,36,958

Notes to the financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	As at 31.03.2013	As at 31.03.2012
17. SHORT TERM LOANS AND ADVANCES (Contd.)		
(Considered Good, unless otherwise stated)		
B. Advances		
(Unsecured considered good, unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments	17,25,465	3,42,078
Deposit with Stock Exchange	73,75,000	73,75,000
Deposits with Government Authorities	59,94,219	57,47,575
(B)	1,50,94,684	1,34,64,653
Total (A + B)	1,50,94,684	1,66,68,01,611

Loans and advances due by related parties

Companies under the Same Management	Amount Due		Maximum Amount Due at any time during the year	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Loans				
Subsidiaries				
Microsec Technologies Limited	—	—	4,06,81,881	1,42,05,266
PRP Technologies Limited	—	64,30,756	2,37,55,680	25,25,23,418
Microsec Commerze Limited	—	—	—	67,98,083
Microsec Resources Private Limited	—	64,95,049	86,84,300	24,75,59,250
Associate				
Microsec Health Buddy Limited (formerly Myjoy Fun and Food Private Limited)	—	29,48,41,306	29,48,41,306	29,61,57,614

	As at 31.03.2013	As at 31.03.2012
18. OTHER CURRENT ASSETS		
Accrued Interest on Fixed Deposits	1,30,808	1,98,493
Accrued interest on Bonds	—	76,893
	1,30,808	2,75,386

Notes to the financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	2012-13	2011-12
19. REVENUE FROM OPERATIONS		
(a) Interest		
On Loans (Gross) [TDS Rs. 1,11,65,637 (Rs. 1,98,91,908)]	12,77,79,336	21,60,65,237
On Tax-free PSU Bonds	—	76,893
(b) Other Financial Services		
Investment Banking Revenue [TDS Rs. 47,191 (Rs. 46,326)]	4,20,000	4,20,000
Profit on Sale of Non-Trade Investments (Net)		
- Long Term	2,61,87,629	2,43,282
- Current	2,17,48,784	77,25,149
Dividend from Long Term Non-Trade Investments	13,74,847	12,89,257
Income from Royalty [TDS Rs. 16,853 (Rs. 2,39,942)]	1,49,992	23,99,415
Miscellaneous	11,348	—
	17,76,71,936	22,82,19,233
20. OTHER INCOME		
(a) Interest Income		
On Fixed Deposits [TDS Rs. 61,311 (Rs. 55,025)]	6,12,607	5,50,253
Others [TDS Rs. Nil (Rs. 10,291)]	965	1,22,001
(b) Other Non Operating Income		
Provision for standard assets written back	7,00,000	—
Liabilities no longer required, written back	—	53,967
	13,13,572	7,26,221
21. EMPLOYEE BENEFITS EXPENSE		
Salary, Bonus etc.	1,67,61,804	98,11,819
Contribution to Provident and Other Funds	3,19,665	1,24,103
Contribution to Employees' State Insurance	34,982	18,156
Gratuity Expense	4,97,920	1,29,973
Employees' Welfare Expenses	3,02,208	1,08,129
	1,79,16,579	1,01,92,180
22. FINANCE COSTS		
Interest Expense	4,72,732	—
Other Borrowing Costs		
Bank Guarantee Charges	46,706	32,408
	5,19,438	32,408

Notes to the financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	2012-13	2011-12
23. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of Tangible Assets	38,69,215	42,69,030
Amortisation of Intangible Assets	2,258	3,98,66,585
	38,71,473	4,41,35,615
24. OTHER EXPENSES		
Advertisement and Publicity	18,33,435	34,72,655
Communication Expenses	2,28,868	1,13,920
Repairs and Maintenance - Others	3,14,649	5,05,934
Rates and Taxes	3,86,036	2,67,822
Filing Fees	1,510	2,560
Directors Sitting Fee	2,63,652	3,10,000
Insurance Premium	1,48,196	59,128
Printing and Stationery	15,69,476	15,08,061
Bank and Demat charges	2,26,689	2,36,838
Business Promotion Expenses	2,93,840	12,00,050
Travelling and Conveyance	14,21,681	10,00,335
Legal and Professional Fees	28,52,394	14,91,179
Listing Fee	1,83,161	1,81,384
Auditors' Remuneration		
As Auditors		
Audit Fees	6,50,000	6,50,000
Limited Reviews	4,50,000	4,50,000
In other capacity for certificates and other services	3,00,000	3,00,000
Reimbursement of Expenses (including service tax)	1,12,507	1,05,612
Loss on Sale of Fixed Assets	—	1,72,083
Irrecoverable Debts written off	6,25,881	—
Loss on pre-matured recovery of debts (Refer Note 28)	1,36,68,055	—
Miscellaneous expenses	19,78,885	18,26,090
	2,75,08,915	1,38,53,651
25. EARNINGS PER SHARE		
Basis for calculation of Basic and Diluted Earnings Per Share is as under :		
Profit after Tax (Rs.)	9,76,23,178	10,91,23,816
Weighted Average Number of Equity Shares (Nos)	3,18,10,500	3,18,10,500
Nominal value of each Equity Share (Rs.)	10.00	10.00
Basic and Diluted Earnings Per Share (Rs.)	3.07	3.43

Notes to the financial statements *as at and for the year ended 31st March, 2013*

26. Contingent Liabilities :

- (a) The Company has provided Corporate Guarantee of Rs. 13,60,00,000 (Rs. 20,00,00,000) and has created equitable mortgage of Rs. 6,92,70,000 (Rs. 4,16,50,000) over its property at Kolkata as security for the said guarantee for credit facility extended by a scheduled bank to Microsec Capital Limited (a wholly owned subsidiary company). Against the above, the credit facility availed and the bank guarantees issued by the banks as on 31st March, 2013 are Rs. Nil (Rs. Nil) and Rs. 13,60,00,000 (Rs. 20,00,00,000) respectively.
- (b) The Company has provided Corporate Guarantee of Rs. Nil (Rs. 10,19,00,000) for credit facility extended by a scheduled bank to Microsec Technologies Limited (an ultimate wholly owned subsidiary company). Against the above, the credit facility availed as on 31st March 2013 is Rs. Nil (Rs. 3,00,00,000).
- (c) Bank Guarantee outstanding in favour of Bombay Stock Exchange - Rs. Nil (Rs. 73,75,000).
- (d) Bank Guarantee outstanding in favour of Indian Clearing Corporation Limited, on behalf of Bombay Stock Exchange - Rs. 73,75,000 (Rs. Nil).
- (e) Income tax demand under appeal - Rs. 62,70,480 (Rs. 58,00,960). The management believes that the Company has a good case for success in this matter and therefore no provision thereagainst is considered necessary.
- (f) Service tax demand - Rs. 8,49,661 (Rs. Nil). The management believes that the Company has a good case for success in this matter and therefore no provision thereagainst is considered necessary.

27. The Board of Directors at their meeting held on February 8, 2013 has approved the restructuring proposal of the Company by converting it into a Systemically Important Core Investment Company (CIC-NDSI) by September 30, 2013 and noted that in order to become the CIC-NDSI, the concentration of credit / investment norms as provided in Para 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended) during the transition period will not be complied. Further, the same was also approved by the shareholders of the Company through Postal Ballot, the results of which were declared on March 19, 2013.

Accordingly, the Company has filed an application to the Reserve Bank of India (RBI) on March 4, 2013 to provide an exemption from complying with exposure norms for concentration of credits / investments as prescribed by the Reserve Bank of India for Non Deposit accepting Systemic Important Non Banking Financial Company during the transition period which is pending for approval by RBI.

Pursuant to CIC guidelines issued by the RBI, as on March 31, 2013, the Company holds more than 90% of its Net Assets in the form of investment in equity shares, preference shares and debentures in group companies, of which more than 60% of its net assets is invested in equity shares (including investments in Compulsorily convertible Debentures to be converted within a period not exceeding 10 (ten) years from the date of issue).

28. The Company had debts of Rs. 10,36,64,083 due from Futuristic Steel Limited, which were repayable after a period of three years. During the year, the Company has transferred these debts to Shoparna Brothers Private Limited at Rs. 8,99,96,028 resulting into a loss of Rs. 1,36,68,055 being the difference between the original amount of debts and the current discounted value thereof.

29. Director's Remuneration

Particulars	2012-13 (Rs.)	2011-12 (Rs.)
Salary, Bonus and contribution to Provident Fund	35,39,160	35,21,241

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

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

Notes to the financial statements *as at and for the year ended 31st March, 2013*

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

	(Amount in Rs.)	
	2012-13	2011-12
(i) Net Employee Expense /(benefit)		
Current service cost	2,24,067	1,46,185
Interest cost on benefit obligation	44,485	35,210
Expected return on plan assets	65,597	59,716
Net Actuarial (gain) / loss recognised in the year	2,94,965	8,294
Total employer expense recognised in Statement of Profit and Loss	4,97,920	1,29,973
(ii) Actual Return on Plan Assets	68,980	68,312
(iii) Benefit Asset/(Liability)		
Defined benefit obligation	10,66,508	6,12,519
Fair value of Plan Assets	7,76,029	8,19,960
Benefit Asset / (Liability)	(2,90,479)	2,07,441
(iv) Movement in benefit liability		
Opening defined benefit obligation	6,12,519	4,14,234
Interest cost	44,485	35,210
Current service cost	2,24,067	1,46,185
Benefits paid	(1,12,911)	–
Actuarial (gains) / losses on obligation	2,98,348	16,890
Closing benefit obligation	10,66,508	6,12,519
(v) Movement in fair value of plan assets		
Opening fair value of plan assets	8,19,960	7,46,448
Expected Return on plan assets	65,597	59,716
Contributions by employer	–	5,200
Benefits paid	1,12,911	–
Actuarial (gains) / losses on plan assets	(3,383)	(8,596)
Closing fair value of plan assets	7,76,029	8,19,960
(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	8.00%	8.50%
Expected rate of return on plan assets	8.00%	8.00%
Salary increase	5.00%	5.00%
Withdrawal rates	1.00%	1.00%
(viii) Amount incurred as expense for defined contribution plans		
Contribution to Provident / Pension fund	3,19,665	1,24,103

(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.

Notes to the financial statements *as at and for the year ended 31st March, 2013*

- (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. 3,00,000 (Rs. 2,00,000) to Gratuity Fund during April, 2013 to March, 2014.
- (xii) Amounts for the current year and previous years are as follows* :

	(Amount in Rs.)			
	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
Defined Benefit Obligation	10,66,508	6,12,519	4,14,234	2,89,577
Plan Assets	7,76,029	8,19,960	7,46,448	2,79,771
Surplus / (Deficit)	(2,90,479)	2,07,441	3,32,214	(9,806)
Experience adjustments on plan liabilities	29,409	16,890	(35,007)	13,544
Experience adjustments on plan assets	8,135	8,596	7,053	3,285

* The Company had started recording gratuity liability based on actuarial valuation from the year 2009-10 and therefore disclosure has been made only for the aforesaid years.

31. Minimum Alternate Tax (MAT) credit entitlement of Rs. 27,98,703 related to financial year 2010-11 although available as tax credit for set off in future years as per Income Tax Act, 1961, has not been accounted for in view of accounting policy specified in Note 2(xi) herein.

32. **Expenditure in Foreign Currency (on accrual basis)**

	(Amount in Rs.)	
	2012-13	2011-12
Travelling Expense	Nil	1,46,023
	Nil	1,46,023

33. **Capital Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - Rs. 20,92,581 (Rs. 25,66,863).

34. In terms of Accounting Standard 18, notified by the Companies Accounting Standard Rules, 2006, the related party disclosures are given below :

Name of related parties and description of relationship

i) **Related parties where control exists**

a) **Subsidiaries**

Microsec Capital Limited

Microsec Resources Private Limited

Microsec Technologies Limited

Microsec Insurance Brokers Limited

Microsec Commerce Limited

PRP Technologies Limited

Microsec Health Buddy Limited (formerly Myjoy Fun and Food Private Limited) *

Bharatiya Sanskriti Village Private Limited *

Myjoy Tasty Food Private Limited *

Notes to the financial statements *as at and for the year ended 31st March, 2013*

Myjoy Hospitality Private Limited *

Myjoy Technologies Private Limited *

Sasta Sundar Shop Private Limited *

Myjoy Pharmaceuticals Private Limited *

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

Microsec Invictus Advisors LLP

Ruchika Advisory Services LLP *

Alokik Advisory Services LLP *

Dreamscape Advisors LLP *

Kailashwar Advisory Services LLP *

Stuti Advisory Services LLP *

Bhavya Advisory Services LLP **

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

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

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

Microsec Health Buddy Limited (formerly Myjoy Fun and Food Private Limited) (w.e.f. 16th August, 2011 and upto 24th March, 2013)

b) Key Management Personnel

Mr. Banwari Lal Mittal (Chairman and Managing Director)

Mr. Ravi Kant Sharma (Director) (upto August 4, 2011)

Mr. Ravi Kant Sharma (Managing Director) (w.e.f. August 5, 2011)

Mr. Giridhar Dhelia (Chief Financial Officer)

Notes to the financial statements *as at and for the year ended 31st March, 2013*

	Subsidiary Companies/Entity (Enterprise over which control exists)										Associate Company	Key Management Personnel	
	Microsec Resources Private Limited	Microsec Technologies Limited	PRP Technologies Limited	Microsec Commerce Limited	Microsec Capital Limited	Microsec Invictus Advisors LLP	Microsec Health Buddy Limited	Bharatiya Sanskriti Village Private Limited	Myjoy Tasty Food Private Limited	Myjoy Fun and Food Private Limited		Mr. Banwari Lal Mittal	Mr. Giridhar Dhelia
Loans Given	38,50,000 (97,33,000)	4,57,00,000 (92,00,000)	2,34,50,000 (31,07,00,000)	- (66,50,000)	- (-)	- (-)	- (-)	- (-)	- (-)	18,00,000 (14,06,25,000)	- (-)	- (-)	- (-)
Repayment of Loans Given	1,08,06,138 (25,29,79,997)	4,70,89,142 (1,53,76,046)	66,23,871 (36,11,79,282)	- (1,34,34,840)	- (-)	- (-)	- (-)	- (-)	- (-)	18,00,000 (40,00,000)	- (-)	- (-)	- (-)
Advances Given	- (-)	- (1,00,00,000)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Repayment of Advances Given	- (-)	- (1,00,00,000)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Director's Remuneration	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Remuneration	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	35,39,160 (35,21,241)	- (-)
Interest Income	4,61,089 (24,25,329)	13,89,142 (3,53,665)	4,98,795 (96,13,296)	- (2,75,805)	- (-)	- (-)	- (-)	- (-)	- (-)	29,040 (1,70,14,806)	- (-)	- (-)	- (-)
Income from Royalty	- (-)	- (-)	1,49,992 (23,99,415)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Service Charges	- (-)	- (-)	- (-)	- (-)	2,45,302 (1,19,855)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Investments during the year	- (-)	- (8,99,98,000)	73,37,55,540 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	30,66,33,600 (-)	- (-)	- (-)	- (-)
Purchase of Investments of Microsec Health Buddy Limited	- (-)	14,44,00,000 (-)	11,50,00,000 (-)	3,00,00,000 (-)	- (-)	- (-)	- (-)	16,26,00,000 (-)	4,25,00,000 (-)	- (-)	- (-)	- (-)	- (-)
Purchase of Investments of Bharatiya Sanskriti Village Private Limited	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	8,00,00,000 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Purchase of Investments of Myjoy Tasty Food Private Limited	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	5,00,000 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Refund of Investments	- (-)	- (-)	- (-)	- (-)	- (-)	- (9,00,000)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Advance to Limited Liability Partnership	- (-)	- (-)	- (-)	- (-)	- (-)	- (19,87,119)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Repayment of Advance to Limited Liability	- (-)	- (-)	- (-)	- (-)	- (-)	- (73,29,630)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Share of Loss of Limited Liability Partnership	- (-)	- (-)	- (-)	- (-)	- (-)	- (20,42,591)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Balance Receivable	- (64,95,049)	- (-)	- (64,30,756)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (29,48,41,306)	- (-)	- (-)	- (-)
Balance Payable	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	11,94,53,510 (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Corporate Guarantee Given	- (-)	- (10,19,00,000)	- (-)	- (-)	17,81,50,000 (24,16,50,000)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)
Corporate Guarantee Withdrawn	- (-)	10,19,00,000 (-)	- (-)	- (-)	6,35,00,000 (5,00,00,000)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)	- (-)

(Amount in Rs.)

Notes to the financial statements *as at and for the year ended 31st March, 2013*

35. Segment Reporting

The Company's segment information as at and for the year ended March 31, 2013 are as below :

(Amount in Rs.)

Particulars	Financing and Investment	Investment Banking and Related Services	Total
Segment Revenue	17,72,51,936 (22,77,99,233)	4,20,000 (4,20,000)	17,76,71,936 (22,82,19,233)
Segment Results	13,32,95,019 (16,30,93,090)	3,58,885 (3,83,492)	13,36,53,904 (16,34,76,582)
Less : Unallocated expenses net of unallocated income			44,38,095 (52,55,404)
Less : Finance Costs			46,706 (32,408)
Profit Before Taxation			12,91,69,103 (15,81,88,770)
Less : Provision for Taxation			
Current Tax			2,97,51,149 (6,12,07,312)
Excess Provision for earlier years written back			– (-11,93,879)
Deferred Tax Charge / (Credit)			17,94,776 (-1,09,48,479)
Profit after Tax			9,76,23,178 (10,91,23,816)
Segment Assets	2,34,29,71,057 (2,14,30,14,777)	4,24,721 (–)	2,34,33,95,778 (2,14,30,14,777)
Unallocated Corporate Assets			4,13,83,636 (6,12,15,413)
Total Assets			2,38,47,79,414 (2,20,42,30,190)
Segment Liabilities	12,62,22,325 (48,57,313)	– (–)	12,62,22,325 (48,57,313)
Unallocated Corporate Liabilities			1,31,78,893 (5,16,17,859)
Total Liabilities			13,94,01,218 (5,64,75,172)
Capital Expenditure	13,99,086 (1,39,09,688)	– (–)	13,99,086 (1,39,09,688)
Depreciation / Amortization	38,71,473 (4,41,35,615)	– (–)	38,71,473 (4,41,35,615)
Non-cash expenses included in segment expenses for arriving at segment results	1,42,93,936 (5,00,239)	– (–)	1,42,93,936 (5,00,239)

Notes to the financial statements *as at and for the year ended 31st March, 2013*

Notes :

- I. Finance Costs pertaining to the segments having operations which are primarily of financial nature has been considered as part of segment results and not disclosed separately.
- II. Business Segments: - The business segment has been identified on the basis of the services of the Company. Accordingly, the Company has identified "Financing & Investment" and "Investment Banking & related Services" as business segments.
 - a) Financing and Investment - consists of financing of loans and investments in shares & securities and Income from Royalty.
 - b) Investment Banking and related Services - consists of financial consultancy and debt syndication.
- III. Geographical Segments: - The Company operates in only one geographical segment i.e. 'Within India' and no separate information for geographical segment has been given.
36. Additional information as per guidelines issued by the Reserve Bank of India in respect of Non - Banking Financial Companies (Non Deposit Accepting or Holding) systemically important (NBFC-ND-SI) are given in Annexure - I attached herewith.
37. Previous year's figures including those in brackets have been regrouped and / or rearranged wherever necessary.

As per our report of even date

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

Firm Registration No. : 301003E

Chartered Accountants

R. K. Agrawal

Partner

Membership No. 16667

Place : Kolkata

Date : 24th May, 2013

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Ravi Kant Sharma

Managing Director

Giridhar Dhelia

Chief Financial Officer

Biplab Kumar Mani

Company Secretary

Notes to the financial statements *as at and for the year ended 31st March, 2013*

Annexure I of Note 36 to the financial statement of a Non Banking Financial Company

(a) Capital to Risk Assets Ratio (CRAR)

(Amount in Rs.)

Items	As at 31st March, 2013	As at 31st March, 2012
(i) CRAR (%)	119.64	103.81
(ii) CRAR - Tier I Capital (%)	118.00	103.55
(iii) CRAR - Tier II Capital (%)	1.64	0.26

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

Category	As at 31st March, 2013	As at 31st March, 2012
(a) Direct exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lacs may be shown separately)	—	—
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	—	—
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a. Residential	—	—
b. Commercial Real Estate	—	—
(b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	—	—

(c) The Company does not have any exposure in gold as on March 31, 2013.

(d) Asset Liability Management

Maturity pattern of certain items of Assets and Liabilities :

(Amount in Rs.)

	1 day to 30/31 days (one month)	Over one month and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	—	—	—	—	—	—	—	—	—
Market Borrowings	5,00,000 (—)	—	—	—	—	—	—	—	5,00,000 (—)
Assets									
Advances*	— (1,65,33,36,958)	—	—	—	—	—	—	—	— (1,65,33,36,958)
Investments	8,00,00,000 (—)	—	—	—	—	— (5,34,51,518)	—	2,21,47,17,257 (38,61,87,867)	2,29,47,17,257 (43,96,39,385)

* Represents interest bearing loans. Since the loans are repayable on demand, the same has been categorized in the bracket of 1 day to 30/31 days (one month).

(Amount in Rs.)

[illegible]

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

(Amount in Rs.)

Sl. No.	Particulars	Microsec Health Buddy Limited	Bharatiya Sanskriti Village Pvt. Ltd.	Myjoy Tasty Food Pvt. Ltd.	Myjoy Hospitality Pvt. Ltd.	Myjoy Technologies Pvt. Ltd.	Myjoy Pharmaceuticals Pvt. Ltd.	Sasta Sundar Shop Pvt. Ltd.
		31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013	31.03.2013
a.	Capital							
	Authorised	5,00,00,000	50,00,000	10,00,000	10,00,000	30,00,000	10,00,000	11,00,000
	Issued & Subscribed/ Partners Fund	2,55,00,000	11,50,000	5,00,000	5,00,000	26,00,000	1,00,000	11,00,000
b.	Reserves	18,74,25,065	59,78,256	1,936	(23,94,724)	1,22,74,977	(66,709)	56,60,922
c.	Total Assets	52,18,38,580	16,99,35,180	4,30,31,065	4,04,42,240	1,80,70,739	3,29,460	1,11,63,260
d.	Total Liabilities	30,89,13,515	16,28,06,924	4,25,29,129	4,23,36,964	31,95,763	2,96,169	44,02,338
e.	Details of Investment (except investment in subsidiary)							90,433
	In Quoted Bonds (Non-Current)	-	-	-	-	-	-	-
	In Quoted Bonds (Current)	-	-	-	-	-	-	-
	In Unquoted Bonds (Non Current)	-	-	-	-	-	-	-
	In Units of Mutual Fund (Current)	-	-	4,40,000	-	-	-	-
	In Quoted Equity Shares (Non-Current)	-	-	-	-	-	-	-
	In Quoted Equity Shares (Current)	-	-	-	-	-	-	-
	In Unquoted Equity Shares (Non-Current)	-	-	-	-	-	-	-
f.	Turnover	5,02,166	-	90,000	31,765	5,00,000	-	4,962
g.	Profit before taxation	(29,56,133)	(28,52,363)	67,511	(16,22,169)	(20,31,236)	(19,666)	(31,70,087)
h.	Provision for taxation	-	-	13,040	-	-	-	-
i.	Profit after taxation	(29,56,133)	(28,52,363)	54,471	(16,22,169)	(20,31,236)	(19,666)	(31,70,087)
j.	Proposed Dividend	-	-	-	-	-	-	-

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of Microsec Financial Services Limited ("the Company") and its subsidiaries, which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

BASIS FOR QUALIFIED OPINION

Attention is drawn to Note No 31 regarding concentration of credit/investment norms as provided in paragraph 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended) having exceeded the limits provided therein, in order to become a Systemically Important Core Investment Company (CIC-ND-SI). The Company has already applied to the Reserve Bank of India seeking exemption from complying with the aforesaid norms to become a CIC-ND-SI and pending such exemption, we are unable to comment on the possible effects of the above on the financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us *except for the possible effect of the matter stated in the Basis of Qualified Opinion paragraph*, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Independent Auditor's Report

OTHER MATTER

We did not audit total assets of Rs. 1,78,14,82,658 as at March 31, 2013 and total revenues of Rs. 9,44,39,696 and net cash flows of Rs. 11,68,21,865 for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

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

Chartered Accountants

ICAI Firm Registration No. 301003E

Per **R. K. Agrawal**

Partner

Membership No. 16667

Place of Signature : Kolkata

Date : 24th May, 2013

Consolidated Balance Sheet as at 31st March, 2013

(Amount in Rs.)

	Notes	As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	3	31,81,05,000	31,81,05,000
(b) Reserves and Surplus	4	2,44,65,04,262	2,36,45,44,329
2. Minority Interest		11,40,022	—
3. Non Current Liabilities			
(a) Long Term Borrowings	5	—	1,65,00,000
(b) Long Term Provisions	6	84,15,156	15,23,645
(c) Deferred Tax Liabilities (Net)	7	2,83,93,937	2,36,12,060
4. Current Liabilities			
(a) Short Term Borrowings	8	2,91,34,378	2,50,72,361
(b) Trade Payables	9	8,38,02,960	11,23,31,861
(c) Other Current Liabilities	10	7,81,47,349	25,78,46,379
(d) Short Term Provisions	6	96,07,024	5,89,05,978
		3,00,32,50,088	3,17,84,41,613
II. ASSETS			
1. Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	11	36,30,54,256	13,58,36,748
(ii) Intangible Assets	11	57,88,61,321	5,05,72,292
(iii) Assets held for disposal		22,25,600	—
(iv) Capital Work in Progress		8,26,59,444	5,56,83,437
(v) Intangible Assets under Development		4,48,036	—
(b) Non Current Investments	12	21,44,63,295	44,02,31,481
(c) Deferred Tax Assets (Net)	13	35,19,770	49,47,855
(d) Long Term Loans and Advances	14	22,33,03,631	11,88,51,526
(e) Other Non Current Assets	15	10,05,87,782	10,49,92,678
2. Current Assets			
(a) Current Investments	16	42,75,79,821	20,00,000
(b) Inventories	17	72,00,000	—
(c) Trade Receivables	18	7,70,69,830	11,94,45,213
(d) Cash and Bank Balances	19	27,88,56,835	11,76,41,915
(e) Short Term Loans and Advances	14	63,46,58,293	2,02,37,10,992
(f) Other Current Assets	15	87,62,174	45,27,476
		3,00,32,50,088	3,17,84,41,613
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 and on behalf of the Board of Directors

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

Firm Registration No. : 301003E

Chartered Accountants

R. K. Agrawal

Partner

Membership No. 16667

Place : Kolkata

Date : 24th May, 2013

B. L. Mittal

Chairman & Managing Director

Giridhar Dhelia

Chief Financial Officer

Ravi Kant Sharma

Managing Director

Biplab Kumar Mani

Company Secretary

Consolidated Statement of Profit and Loss for the year ended 31st March, 2013

(Amount in Rs.)

	Notes	2012-13	2011-12
I. Revenue from Operations	20	45,05,81,426	52,74,18,297
II. Other Income	21	2,56,63,500	5,23,07,838
III. Total Revenue (I + II)		47,62,44,926	57,97,26,135
IV. Expenses			
Purchases	22	72,00,000	–
(Increase) / Decrease in Inventory	23	(72,00,000)	–
Employee Benefits Expense	24	15,71,61,387	17,42,36,753
Finance Costs	25	1,13,68,259	51,97,014
Depreciation and Amortisation Expense	26	1,70,25,022	6,03,24,832
Other Expenses	27	16,32,06,805	11,68,39,726
Provision for Standard Assets		9,58,866	–
		34,97,20,339	35,65,98,325
V. Profit Before Tax (III - IV)		12,65,24,587	22,31,27,810
VI. Tax Expenses :			
(a) Current Tax - Current Year		3,24,36,110	7,74,27,165
- Earlier Year		72,254	40,627
(b) Excess Tax Provision relating to earlier years no longer required written back		–	(18,51,146)
(c) Deferred Tax Charge / (Credit)		62,09,962	(49,27,751)
		3,87,18,326	7,06,88,895
VII. Profit for the year Before Minority Interest		8,78,06,261	15,24,38,915
Less : Minority Interest		1,40,022	–
VIII. Profit for the year		8,76,66,239	15,24,38,915
Less : Proportionate share of loss in associate		57,06,306	1,20,63,294
		8,19,59,933	14,03,75,621
IX. Earnings Per Equity Share :			
Basic and Diluted (Nominal Value per Share Rs. 10)	28	2.58	4.41
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

As per our report of even date
For **S. R. BATLIBOI & CO. LLP**
Firm Registration No. : 301003E
Chartered Accountants

R. K. Agrawal
Partner
Membership No. 16667
Place : Kolkata
Date : 24th May, 2013

For and on behalf of the Board of Directors

B. L. Mittal
Chairman & Managing Director

Giridhar Dhelia
Chief Financial Officer

Ravi Kant Sharma
Managing Director

Biplab Kumar Mani
Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March, 2013

(Amount in Rs.)

Particulars	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	12,65,24,587	22,31,27,810
Adjustments for :		
Loss on sale/discard of Fixed Assets	16,42,999	1,28,156
Provision for Standard Assets	9,58,866	—
Excess Provision for Standard Assets written back	(7,00,000)	(73,693)
Gratuity Provision no longer required written back	(12,62,582)	—
Depreciation and Amortization Expense	1,70,25,022	6,03,24,832
Interest Expenses	91,19,036	25,55,454
Provision for Diminution in the value of Investments	2,65,40,232	—
Interest on Fixed Deposits and Others	(3,62,75,983)	(2,83,12,465)
Irrecoverable Debts/Advances written off	37,27,251	16,45,955
Loss on pre-matured recovery of Debts	1,36,68,055	—
Unspent Liabilities no longer required written back	(2,34,768)	(1,25,100)
Operating Profit before Working Capital Changes	16,07,32,715	25,92,70,949
Movements in Working Capital :		
Increase / (Decrease) in Trade Payables	(2,96,41,310)	(2,36,70,618)
Increase / (Decrease) in Short Term Provisions	3,64,455	(29,487)
Increase / (Decrease) in Long Term Provisions	1,240	—
Increase / (Decrease) in Other Current Liabilities	(16,84,95,390)	15,07,99,872
(Increase) / Decrease in Non-Current Investments	(32,36,12,554)	(22,61,74,404)
(Increase) / Decrease in Current Investments	(41,35,12,269)	15,25,60,692
(Increase) in Inventories	(72,00,000)	—
(Increase) / Decrease in Other Current Assets	—	(76,893)
(Increase) / Decrease in Long Term Loans & Advances	4,66,29,019	(95,14,460)
(Increase) / Decrease in Short Term Loans and Advances	1,10,69,05,657	(29,16,39,134)
(Increase) / Decrease in Trade Receivables	4,89,97,000	1,93,48,076
Cash Generated from Operations	42,11,68,563	3,08,74,593
Income Tax Paid	(3,99,26,063)	(6,40,93,368)
Net Cash Generated from Operating Activities	38,12,42,500	(3,32,18,775)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from Sale of Fixed Assets	8,77,116	7,93,388
Purchase of Fixed Assets (including Intangible Assets, Capital Work in Progress and Capital Advances)	(7,45,06,907)	(8,41,36,333)
Encashment of Fixed Deposits (having original maturity of more than three months)	6,46,42,589	38,68,65,033
Investment in Fixed Deposits (having original maturity of more than three months)	(8,85,01,620)	(36,14,48,418)
Interest on Fixed Deposits and Others	1,70,94,564	1,73,58,842
Net cash (used in) from Investing Activities	(8,03,94,258)	(4,05,67,488)

Consolidated Cash Flow Statement for the year ended 31st March, 2013

(Amount in Rs.)

Particulars	2012-13	2011-12
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Long Term Borrowings	(3,00,00,000)	—
Proceeds from Long Term Borrowings	—	2,00,00,000
Proceeds from Short Term Borrowings	10,21,34,378	2,50,16,063
Repayment of Short Term Borrowings	(21,38,51,401)	—
Dividend Paid	(3,17,32,778)	(3,17,23,033)
Tax on Dividend Paid	(51,60,458)	(51,60,617)
Interest Paid	(91,18,433)	(25,30,637)
Net Cash (used in) from Financing Activities	(18,77,28,692)	56,01,776
D. Net change in Cash and Cash Equivalents (A+B+C)	11,31,19,550	(6,81,84,487)
E. Cash and Cash Equivalents - Opening Balance	5,58,92,507	12,40,76,994
F. Cash and Cash Equivalents - Opening Balance (Acquired on acquisition of Subsidiaries and LLP)	49,71,386	—
G. Cash and Cash Equivalents - Closing Balance	17,39,83,443	5,58,92,507
Cash and Cash Equivalent as indicated in Note 19 comprises of :		
Cash in Hand	4,46,822	1,77,034
Balances with Scheduled Banks *	17,35,36,621	5,56,18,961
Cheques in Hand	—	96,512
Total	17,39,83,443	5,58,92,507

* Excludes balance of Rs. 36,816 (Rs. 42,952) with a bank for which refund instruments have been issued to the investors but are yet to be encashed and Rs. 10,48,36,576 (Rs. 6,17,06,456) of Fixed Deposits with restricted use or maturity for more than three months.

As per our report of even date

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

Firm Registration No. : 301003E

Chartered Accountants

R. K. Agrawal

Partner

Membership No. 16667

Place : Kolkata

Date : 24th May, 2013

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Ravi Kant Sharma

Managing Director

Giridhar Dhelia

Chief Financial Officer

Biplab Kumar Mani

Company Secretary

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

1. BASIS OF CONSOLIDATION

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

- The financial Statements of the Company and its subsidiaries have been consolidated in terms of Accounting Standard - 21, "Consolidated Financial Statements" notified by the Companies Accounting Standard Rules, 2006, on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenditure after fully eliminating intra group balances, intra group transactions and any unrealized profit/loss included therein.
- The excess/shortfall of cost to the Company of its investment over equity in the subsidiary companies as on the date of investment is recognized in the financial statements as goodwill / capital reserve as the case may be.
- The consolidated financial statements have been prepared using uniform accounting policies, for like transactions and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- The Subsidiary Companies considered in the financial statements are as under:

Name	Country of Incorporation	% of Voting Power/Ownership Interest	
		As at 31.03.2013	As at 31.03.2012
Microsec Capital Limited	India	100	100
Microsec Commerze Limited	India	100	100
Microsec Insurance Brokers Limited	India	100	100
Microsec Technologies Limited	India	100	100
Microsec Resources Private Limited	India	100	100
PRP Technologies Limited	India	100	100
Microsec Invictus Advisors LLP	India	100	100
Microsec Health Buddy Limited	India	100	—
Bharatiya Sanskriti Village Private Limited	India	100	—
Myjoy Tasty Food Private Limited	India	100	—
Myjoy Hospitality Private Limited	India	100	—
Sasta Sundar Shop Private Limited	India	100	—
Myjoy Technologies Private Limited	India	100	—
Myjoy Pharmaceuticals Private Limited	India	100	—
Alokik Advisory Services LLP	India	100	—
Dreamscape Advisors LLP	India	100	—
Kailashwar Advisory Services LLP	India	100	—
Stuti Advisory Services LLP	India	100	—
Ruchika Advisory Services LLP	India	100	—
Bhavya Advisory Services LLP	India	98	—

Note : All the above Limited Liability Partnership (LLPs) have been consolidated as subsidiary of the Company by virtue of control over composition of their governing body by PRP Technologies Limited, Microsec Commerze Limited, Microsec Technologies Limited, Microsec Health Buddy Limited, Bharatiya Sanskriti Village Private Limited, Myjoy Hospitality Private Limited and Myjoy Pharmaceuticals Private Limited. These companies have become subsidiaries with effect from 25th March, 2013 except for Bhavya Advisory Services LLP of which the effective date is 1st January, 2013.

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

e) The associate company considered in the financial statements is as follows :

Name	Country of Incorporation	% of Voting Power/Ownership Interest	
		As at 31.03.2013	As at 31.03.2012
Microsec Health Buddy Limited (formerly Myjoy Fun and Food Private Limited) **	India	—	49.02% *

*through subsidiary companies.

** Became a subsidiary effective from 25th March, 2013.

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

2. BASIS OF PREPARATION

The financial statements have been prepared to comply in all material aspects with the Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 and the directives as prescribed by the Reserve Bank of India for Non Banking Financial Companies. The financial statements have been prepared under the historical cost convention on an accrual basis. However, income is not recognized and also provision is made in respect of non-performing assets as per the prudential norms prescribed by the Reserve Bank of India. The accounting policies applied by the Company, are consistent with those used in the previous year.

2.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

i) Use of Estimates

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

ii) Revenue Recognition

- Revenue from share brokerage activities is accounted for on trade date basis and excludes Service Tax and Securities Transaction Tax. Annual Maintenance Charges in respect of depository services are collected from the customers at the time of account opening and every quarter thereafter and accounted for as income under the head brokerage and related income, on a proportionate basis.
- Fees from Investment Banking activities which include issue Management, Mergers and Acquisitions, Investment and other advisory services etc. are recognised as and when the services are rendered to the customers and when there is reasonable certainty of its ultimate realisation/collection. 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.
- Commission on insurance policies sold is recognized, when an insurance policy sold by the Company is accepted by the principal insurance company.
- Commission and Incentive income on primary market activities, included in Investment Banking revenue is recognized on receipt of confirmation from the concerned party after completion of the public issue.

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

- Dividend income is recognized when the shareholder's right to receive payment is established by the balance sheet date.
- Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Penal charges for delayed receipt of dues from the clients are credited on accrual basis, as per management's judgement, as to the reasonable certainty in realisation thereof.
- Service charge is recognised as and when services are rendered to the customers and when there is reasonable certainty for its ultimate realisation/collection.
- Fees from professional service is recognised as and when the services are rendered to the customers and there is reasonable certainty for its ultimate realisation/collection.

iii) **Tangible Fixed Assets**

Tangible Fixed Assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

iv) **Intangible Assets**

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

v) **Depreciation and Amortization of tangible and intangible fixed assets**

- Depreciation on fixed assets is provided using written down value method as per the useful life of the assets estimated by the management which is as per the rates specified in Schedule XIV to the Companies Act, 1956.
- Depreciation on Fixed Assets added/disposed off during the year is provided on prorata basis with reference to the date of addition/disposal.
- Goodwill on consolidation is not amortized but tested for impairment.
- Copyrights are amortized on straight-line basis over a period of three years from the date the assets become available for use.
- Computer Softwares are amortized on straight-line basis over a period of three / five years as the case may be from the date the assets become available for use.

vi) **Impairment of tangible and intangible 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 wherever the carrying amount of an asset exceeds its recoverable amount which represents the greater of the net selling price and 'Value in use' of the assets. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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

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

vii) **Borrowing Costs**

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

viii) **Investments**

Investments that are readily realisable and intended to be held for not more than a year are classified as Current Investments. All other Investments are classified as Non-Current / Long Term Investments. Current Investments are

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

stated at lower of cost and market rate on an individual investment basis. Non-Current / Long Term Investments are considered "at cost" on individual investment basis, unless there is a decline other than temporary in the value, in which case adequate provision is made against such diminution in the value of investments.

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

ix) Fixed Assets Acquired under lease

Operating Lease

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

x) Provisions

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past event and it is probable that there will be an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation, at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

xi) Contingent Liabilities

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

xii) Taxation

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

The deferred tax for timing differences between the book and tax profit for the year is accounted for using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred Tax Asset is recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. If the Company has carry forward unabsorbed depreciation and tax losses, deferred tax asset is recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient taxable income will be available in future against which such deferred tax asset can be realised.

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 the Consolidated financial statements *as at and for the year ended 31st March, 2013*

xiii) Provisioning on Standard Assets

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

xiv) Segment Reporting

(a) Identification of Segments :

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

(b) Allocation of Common Costs :

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

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

xv) Retirement and other employees benefits

- a) Retirement benefit in the form of provident fund is a defined contribution scheme. The company 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 year.
- c) Short Term compensated absences are provided for based on estimates.
- d) Actuarial gains / losses are immediately taken to the statement of profit and loss and are not deferred.

xvi) Inventories

Closing stock is valued at "lower of cost and net realisable value" on individual basis.

xvii) Earnings Per Share

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

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

xviii) Derivative Instruments

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

xix) Cash and Cash Equivalents

Cash and Cash Equivalents in the cash flow statement comprise of Cash at Bank and Cash/Cheque on hand and short-term investments with an original maturity of three months or less.

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	As at 31.03.2013	As at 31.03.2012
3. SHARE CAPITAL		
Authorised		
3,50,00,000 (3,50,00,000) Equity Shares of Rs. 10 each	35,00,00,000	35,00,00,000
	35,00,00,000	35,00,00,000
Issued, Subscribed and Paid-up		
3,18,10,500 (3,18,10,500) Equity Shares of Rs. 10 each fully paid	31,81,05,000	31,81,05,000
	31,81,05,000	31,81,05,000

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

Equity Shares	As at 31.03.2013		As at 31.03.2012	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	3,18,10,500	31,81,05,000	3,18,10,500	31,81,05,000
Issued during the year	—	—	—	—
Outstanding at the end of the year	3,18,10,500	31,81,05,000	3,18,10,500	31,81,05,000

(b) Terms / Rights attached to the equity shares

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

During the year ended 31st March, 2013, the amount of per share dividend recognised as distribution to equity share holders is Rs. Nil (Re. 1).

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

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

Name of the shareholder	As at 31.03.2013		As at 31.03.2012	
	No. of shares	% of holding	No. of shares	% of holding
(Equity shares of Rs. 10 each full paid up)				
Banwari Lal Mittal	1,08,16,000	34.00	1,08,16,000	34.00
Top View Enclaves LLP	52,84,760	16.61	41,29,699	12.98
Luv Kush Projects Limited	12,45,675	3.92	20,45,675	6.43
Microsec Vision Employee Trust	17,83,400	5.61	17,83,400	5.61

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

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

Particulars	As at 31.03.2013	As at 31.03.2012
Equity Shares allotted as fully paid bonus shares by capitalisation of securities premium, capital redemption reserve and surplus in the statement of profit and loss	57,00,000	57,00,000
Equity Shares bought back by the Company	10,00,000	10,00,000

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	As at 31.03.2013	As at 31.03.2012
4. RESERVES AND SURPLUS		
Capital Reserve (Arisen on Consolidation)	36,43,980	36,43,980
Capital Redemption Reserve (As per last account)	1,02,00,000	1,02,00,000
Securities Premium Account (As per last account)	1,38,98,44,136	1,38,98,44,136
Debenture Redemption Reserve		
As per last account	1,35,41,666	1,22,91,666
Add : Transferred from the Statement of Profit and Loss *	21,790	12,50,000
	1,35,63,456	1,35,41,666
* Debenture Redemption Reserve of Rs. 12,28,210 (Rs. Nil) has not been created due to inadequacy of profits in one of the subsidiary company		
Reserve under Section 45-IC of the Reserve Bank of India Act, 1934		
As per last Account	12,63,30,000	10,31,30,000
Add : Amount transferred from the statement of Profit and Loss	1,96,05,500	2,32,00,000
	14,59,35,500	12,63,30,000
According to Section 45-IC of the Reserve Bank of India Act, 1934, every NBFC shall create a reserve fund and transfer therein a sum not less than 20% of its Net Profit every year as disclosed in the statement of profit and loss and before declaration of dividend.		
Surplus in the Statement of Profit and Loss		
As per Last Account	82,09,84,547	74,20,29,884
Add : Profit for the year	8,19,59,933	14,03,75,621
	90,29,44,480	88,24,05,505
Less : Appropriations		
Transferred to Reserve under Section 45-IC of the RBI Act, 1934	1,96,05,500	2,32,00,000
Transferred to Debenture Redemption Reserve	21,790	12,50,000
Proposed final Equity Dividend [Amount per share Rs. Nil (Re.1)]	–	3,18,10,500
Tax on proposed Equity Dividend	–	51,60,458
	88,33,17,190	82,09,84,547
	2,44,65,04,262	2,36,45,44,329

	Non Current Portion		Current Maturities	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
5. LONG TERM BORROWINGS				
Term Loan from banks (secured)	–	1,65,00,000	–	1,35,00,000
Amount disclosed under the head "Other current Liabilities" (Refer Note 10)	–	–	–	(1,35,00,000)
	–	1,65,00,000	–	–

Term Loan of Rs. Nil (Rs. 3,00,00,000) carried interest @ Base Rate + 4% + 0.75% p.a. The original sanctioned amount of loan of Rs. 10,19,00,000 was repayable in 3 quarterly instalments of Rs. 45,00,000 each and 17 quarterly instalment of Rs. 52,00,000 each from September 2012 but the same was fully repaid in the current year. The loan was secured by way of mortgage of immovable property (office premises) at Rajarhat, Kolkata belonging to a subsidiary company and personal guarantee of a director of the Company and Corporate Guarantee of the Company.

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

6. PROVISIONS	Long Term		Short Term	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Provision for Employee Benefits				
Provision for Gratuity (Refer Note 34)	79,273	–	46,351	6,61,112
Other Provisions				
For Taxation [Net of Advances Rs. 15,55,56,058 (Rs. 12,21,03,830)]	83,35,883	15,23,645	47,72,210	1,67,44,311
For Standard Assets	–	–	47,88,463	45,29,597
Proposed Equity Dividend	–	–	–	3,18,10,500
Tax on Proposed Equity Dividend	–	–	–	51,60,458
	84,15,156	15,23,645	96,07,024	5,89,05,978

	As at 31.03.2013	As at 31.03.2012
7. DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liability		
Timing Difference in Depreciable Assets	13,56,224	16,40,963
Timing Difference of Accrued Interest on Bonds	20,57,262	11,01,081
Discount on Deep Discount Debentures	2,50,24,576	2,12,79,656
Gross Deferred Tax Liability (A)	2,84,38,062	2,40,21,700
Deferred Tax Asset		
Expenses allowable against taxable income in future years	44,125	4,09,640
Gross Deferred Tax Asset (B)	44,125	4,09,640
Net Deferred Tax Liabilities (A-B)	2,83,93,937	2,36,12,060

8. SHORT TERM BORROWINGS		
Working Capital Facility (secured)	2,86,34,378	2,50,72,361
From a Body Corporate (unsecured)	5,00,000	–
	2,91,34,378	2,50,72,361

- a) Working Capital Facility aggregating Rs. 2,38,28,570 (Rs. 1,80,36,427) secured by pledge of Fixed Deposits Receipts of Rs. 5,28,00,000 (Rs. 2,00,00,000) held by a subsidiary company, is repayable on demand and carries interest @ Fixed Deposit interest + 1%, presently 10% to 10.35% per annum.
- b) Working Capital Facility aggregating Rs. Nil (Rs. 13,062) secured by pledge of NABARD Bond of Rs. 60,90,667 (Rs. 1,85,35,773) held by a subsidiary company, is repayable on demand and carries interest @ 13.25% per annum.
- c) Working Capital Facility aggregating Rs. 48,05,808 (Rs. 70,22,872) secured by pledge of Fixed Deposits of Rs. 55,00,000 (Rs. 78,50,000) held by a subsidiary company, is repayable on demand and carries interest @ Fixed Deposit interest + 1%, presently 10.16% per annum.
- d) The above unsecured loan is repayable on demand and carries interest @ 11% per annum.

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	As at 31.03.2013	As at 31.03.2012
9. TRADE PAYABLES		
Due to Micro and Small Enterprises *	–	–
Amount Payable to Clients	6,92,22,229	9,91,95,416
Amount Payable to Stock / Commodity Exchanges	16,68,368	23,77,942
Due to Others	1,29,12,363	1,07,58,503
	8,38,02,960	11,23,31,861

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

10. OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Borrowings (Refer Note 5)	–	1,35,00,000
Margin from Clients	6,03,07,157	22,69,01,107
Security Deposits	78,85,528	81,16,041
Unclaimed Dividend *	1,65,189	87,467
Interest accrued but not due on Long Term Borrowings	–	24,817
Interest accrued but not due on Short Term Borrowings	603	–
Unpaid Share Application Money **	36,816	42,952
Temporary Book Overdraft from Scheduled Banks	5,02,830	–
Other Payables		
For Fixed Assets	60,37,556	61,23,793
Advance against Sale of Fixed Assets	3,75,300	–
Statutory Dues	28,36,370	30,50,202
	7,81,47,349	25,78,46,379

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

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

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

11. FIXED ASSETS

A. Tangible Assets

(Amount in Rs.)

Particulars	Freehold Land	Leasehold Land	Residential Flat	Office Premises	Computer and Allied Equipments	Furniture and Fixtures	Office Equipments	Vehicles	Total
Gross Block									
At April 1, 2011	40,22,289	–	–	8,73,85,395	3,56,04,770	3,62,63,471	2,27,30,350	89,68,515	19,49,74,790
Additions	–	1,70,49,432	55,52,350	–	52,58,652	41,42,543	20,23,308	6,36,396	3,46,62,681
Disposals	–	–	–	–	51,250	2,13,510	2,11,289	23,99,757	28,75,806
At March 31, 2012	40,22,289	1,70,49,432	55,52,350	8,73,85,395	4,08,12,172	4,01,92,504	2,45,42,369	72,05,154	22,67,61,665
Additions	–	–	–	–	16,11,550	76,244	3,72,894	21,95,204	42,55,892
Additions on acquisition of subsidiaries during the year	1,97,16,950	21,18,52,391	–	95,17,635	6,19,375	7,11,532	6,44,828	14,82,684	24,45,45,395
Disposals	–	–	–	–	16,79,281	21,17,401	4,74,438	17,66,360	60,37,480
At March 31, 2013	2,37,39,239	22,89,01,823	55,52,350	9,69,03,030	4,13,63,816	3,88,62,879	2,50,85,653	91,16,682	46,95,25,472
Depreciation									
At April 1, 2011	–	–	–	1,90,36,257	2,49,59,325	2,01,16,090	89,88,626	30,62,022	7,61,62,320
Charge for the Year	–	56,935	2,43,411	34,17,457	57,34,759	36,07,179	21,91,583	14,65,535	1,67,16,859
Disposals	–	–	–	–	20,965	1,16,955	73,337	17,43,005	19,54,262
At March 31, 2012	–	56,935	2,43,411	2,24,53,714	3,06,73,119	2,36,06,314	1,11,06,872	27,84,552	9,09,24,917
Charge for the Year	–	2,30,477	2,65,447	32,55,555	42,08,045	30,67,469	21,25,194	14,64,970	1,46,17,157
Additions on acquisition of subsidiaries during the year	–	28,66,771	–	5,99,512	2,74,733	2,60,141	1,25,484	4,15,697	45,42,338
Disposals	–	–	–	–	14,77,242	10,91,569	1,78,495	8,65,890	36,13,196
At March 31, 2013	–	31,54,183	5,08,858	2,63,08,781	3,36,78,655	2,58,42,355	1,31,79,055	37,99,329	10,64,71,216
Net Block									
At March 31, 2012	40,22,289	1,69,92,497	53,08,939	6,49,31,681	1,01,39,053	1,65,86,190	1,34,35,497	44,20,602	13,58,36,748
At March 31, 2013	2,37,39,239	22,57,47,640	50,43,492	7,05,94,249	76,85,161	1,30,20,524	1,19,06,598	53,17,353	36,30,54,256

B. Intangible Assets

Particulars	Goodwill on Consolidation	Computer Software	Web Application Portal	Copyrights - Right on Web Application Portal - Personal Resource Planning	Business and Membership Rights	Total
Gross Block						
At April 1, 2011	4,63,30,413	1,91,94,076	43,26,574	5,00,01,000	45,15,579	12,43,67,642
Purchase	–	33,67,465	–	–	–	33,67,465
At March 31, 2012	4,63,30,413	2,25,61,541	43,26,574	5,00,01,000	45,15,579	12,77,35,107
Purchase	52,73,34,350	33,22,130	–	–	–	53,06,56,480
Additions on acquisition of subsidiaries during the year	–	78,675	–	–	–	78,675
Disposals	–	8,736	–	–	–	8,736
At March 31, 2013	57,36,64,763	2,59,53,610	43,26,574	5,00,01,000	45,15,579	65,84,61,526
Amortization						
At April 1, 2011	–	1,63,43,170	26,05,480	1,01,37,188	44,69,004	3,35,54,842
Charge For the Year	–	22,55,539	14,42,047	3,98,63,812	46,575	4,36,07,973
At March 31, 2012	–	1,85,98,709	40,47,527	5,00,01,000	45,15,579	7,71,62,815
Charge for the Year	–	23,84,822	23,043	–	–	24,07,865
Additions on acquisition of subsidiaries during the year	–	33,039	–	–	–	33,039
Disposals	–	3,514	–	–	–	3,514
At March 31, 2013	–	2,10,13,056	40,70,570	5,00,01,000	45,15,579	7,96,00,205
Net Block						
At March 31, 2012	4,63,30,413	39,62,832	2,79,047	–	–	5,05,72,292
At March 31, 2013	57,36,64,763	49,40,554	2,56,004	–	–	57,88,61,321

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

	Face value Per Share/units (Rs.)	No. of Shares/unit	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
12. NON CURRENT INVESTMENTS				
Non Trade				
(Valued at Cost unless stated otherwise)				
Quoted Equity Shares (fully paid-up)				
Coal India Limited	10	15,200 (15,200)	45,29,348	60,69,532
Emami Limited	1	60,000 (60,000)	3,52,86,442	2,68,79,309
MOIL Limited	10	13,892 (24,261)	30,70,702	1,06,07,010
State Bank of Travancore	10	— (1,980)	—	14,27,957
Hindusthan Unilever Limited	1	35,250 (26,750)	1,64,03,906	1,06,28,950
WABCO - TVS (India) Limited	5	3,121 (3,121)	41,66,704	28,23,701
Deevee Commercials Limited	10	— (1,88,500)	—	2,82,750
Adhunik Metaliks Limited	10	— (2,60,000)	—	3,01,18,254
Emami Infrastructure Limited	2	— (2)	—	229
NMDC Limited	1	39,812 (—)	60,31,058	—
Himadri Chemicals and Industries Limited	1	— (86,804)	—	45,19,333
Bharat Heavy Electricals Limited	2	20,000 (—)	35,88,166	—
Blue Star Limited	2	23,000 (—)	36,99,923	—
Cera Sanitaryware Limited	5	10,000 (—)	44,85,207	—
Engineers India Limited	5	20,000 (—)	31,21,101	—
Glaxosmithkline Consumer Healthcare Limited	10	1,600 (—)	67,19,452	—
IL & FS Transportation Networks Limited	10	26,000 (—)	46,31,039	—
Larsen and Toubro Limited	2	3,000 (—)	42,08,076	—
Thermax Limited	2	9,000 (—)	51,49,093	—
Tata Motors Limited (DVR)	2	60,000 (—)	93,71,328	—
Total (A)			11,44,61,545	9,33,57,025

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

	Face value Per Share/units (Rs.)	No. of Shares/unit	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
12. NON CURRENT INVESTMENTS (Contd.)				
Quoted Bonds (fully paid-up)				
National Bank for Agriculture and Rural Development*	20,000	10,811 (10,811)	10,00,01,750**	10,00,01,750
Housing and Urban Development Corporation Limited	1,000	— (5,000)	—	50,00,000
Indian Railway Finance Corporation Limited	1,000	— (1,088)	—	10,88,000
Power Finance Corporation Limited	1,000	— (2,848)	—	28,48,000
Total (B)			10,00,01,750	10,89,37,750
Trade Investments (Valued at cost unless stated otherwise)				
Unquoted Equity Shares (fully paid-up)				
In Associate Company				
Microsec Health Buddy Limited (formerly Myjoy Fun and Food Private Limited) [Including Goodwill of Rs. Nil (Rs. 13,30,30,565)]	—	— (12,50,000)	—	25,00,00,000
Less : Share of Loss			—	(1,20,63,294)
Total (C)			—	23,79,36,706
Total (A + B + C)			21,44,63,295	44,02,31,481
Aggregate Value of Investments				
Quoted			21,44,63,295	20,22,94,775
Unquoted			—	23,79,36,706
Market value of Quoted Investments			22,61,90,362	15,85,49,284

Note : Diminution of Rs. Nil (Rs. 2,78,74,263), based on the market value, in the value of certain long term quoted investments as on the balance sheet date, being temporary in nature, had not been provided.

* Includes Bonds valuing Rs. 5,81,91,750 (Rs. 10,00,01,750) pledged with the following Scheduled Banks as security against bank guarantees and working capital facility.

	As at 31.03.2013	As at 31.03.2012
HDFC Bank Limited	3,14,59,250	6,66,09,250
Indusind Bank Limited	1,66,96,250	3,33,92,500
Axis Bank Limited	1,00,36,250	—
	5,81,91,750	10,00,01,750

** Since the market value of the investment is not available, Cost price has been considered as market value.

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	As at 31.03.2013	As at 31.03.2012
13. DEFERRED TAX ASSETS (NET)		
Deferred Tax Liability		
Timing Difference in Depreciable assets	15,310	31,817
Gross Deferred Tax Liability (A)	15,310	31,817
Deferred Tax Asset		
Expenses allowable against taxable income in future years	94,260	–
Timing Difference in Depreciable Assets	19,06,935	35,14,927
Provision for Standard Assets	15,33,885	14,64,745
Gross Deferred Tax Asset (B)	35,35,080	49,79,672
Net Deferred Tax Assets (B-A)	35,19,770	49,47,855

	Non Current		Current	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
14. LOANS AND ADVANCES				
A. Loans (Bearing Interest) (Considered Good, unless otherwise stated)				
- Secured				
To others	–	–	50,71,50,178	1,47,73,45,676
- Unsecured				
To employees	–	–	–	62,982
To others	–	–	61,14,397	–
To Related Party (Refer Note 41)	–	–	–	29,48,41,306
(A)	–	–	51,32,64,575	1,77,22,49,964
B. Advances (Unsecured Considered good, unless otherwise stated)				
Capital Advances (Refer Note 37)	17,77,87,830	3,38,58,141	–	–
Advance recoverable in cash or kind or value to be received or pending adjustments	23,15,072	25,42,436	4,44,92,026	8,21,41,174
Deposits with Government Authorities and Others	37,81,677	16,57,936	1,06,67,273	77,63,763
Deposits with Exchanges	3,92,31,650	8,07,93,013	4,90,93,652	14,67,30,441
Advance Income Tax and Tax Deducted at Source [Net of Provision Rs. 6,90,05,009 (Rs. 6,71,88,704)]	1,87,402	–	1,71,40,767	1,48,25,650
(B)	22,33,03,631	11,88,51,526	12,13,93,718	25,14,61,028
(A + B)	22,33,03,631	11,88,51,526	63,46,58,293	2,02,37,10,992

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	Non Current		Current	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
15. OTHER ASSETS				
Non Current Bank Balances (Refer Note 19)	6,94,00,000	8,86,71,089	–	–
Accrued Interest on Fixed Deposits	1,21,74,272	61,40,534	87,62,174	44,50,583
Accrued Interest on Bonds	1,90,13,510	1,01,81,055	–	76,893
	10,05,87,782	10,49,92,678	87,62,174	45,27,476

	No. of Shares/units	Face value Per Share/unit (Rs.)	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
16. CURRENT INVESTMENTS				
(Valued at lower of cost and market value, unless stated otherwise)				
A. Quoted Equity Shares (fully paid-up)				
Adhunik Metaliks Limited (At cost less provision for diminution of Rs. 2,25,26,254 (Rs. Nil))	2,60,000 (–)	10	75,92,000	–
Himadri Chemicals and Industries Limited (At cost less provision for diminution of Rs. 20,91,323 (Rs. Nil))	53,304 (–)	1	6,90,287	–
Emami Infrastructure Limited (At cost less provision for diminution of Rs. 193 (Rs. Nil))	2 (–)	2	36	–
State Bank of Travancore (At cost less provision for diminution of Rs. 3,94,496 (Rs. Nil))	1,980 (–)	10	10,33,461	–
Moil Limited (At cost less provision for diminution of Rs. 15,27,966 (Rs. Nil))	10,369 (–)	10	23,11,768	–
Total (A)			1,16,27,552	–

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

	No. of Shares/units	Face value Per Share/unit (Rs.)	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
16. CURRENT INVESTMENTS (Contd.)				
B. Unquoted Mutual Funds (Fully Paid)				
HDFC Cash Management Fund - Treasury Advantage Plan - Retail - Growth	– (98,785.43)	10	–	20,00,000
Reliance Liquid Fund - Treasury Plan - Growth Plan - Growth Option	18,408.46 (–)	1,000	5,25,12,269	–
Sundaram Ultra Short - Term Fund Regular Growth	50,07,385.89 (–)	10	8,00,00,000	–
Principal Debt Opportunities Fund - Conservative Plan Growth	55,358.94 (–)	1,000	10,30,00,000	–
HDFC Liquid Fund - Growth	21,60,713.90 (–)	10	5,00,00,000	–
SBI Premier Liquid Fund - Regular Plan - Growth	43,435.87 (–)	1,000	8,00,00,000	–
Birla Sunlife Cash Manager Fund Growth	1,756.32 (–)	100	4,40,000	–
ICICI Prudential Liquid - Regular Plan - Growth	2,88,197.56 (–)	100	5,00,00,000	–
Total (B)			41,59,52,269	20,00,000
Total (A + B)			42,75,79,821	20,00,000
Aggregate Value of Investments				
Quoted			1,16,27,552	–
Unquoted			41,59,52,269	20,00,000
Market value of Quoted Investments			1,16,27,552	–
Aggregate Net Asset Value of Mutual Fund Units			41,61,74,557	22,86,102
Aggregate Provision for Diminution in Value of Investments			2,65,40,232	–

	No. of Units	Face value Per Unit (Rs.)	As at 31.03.2013 (Rs.)	As at 31.03.2012 (Rs.)
17. INVENTORIES				
(Valued at lower of cost and net realisable value)				
Unquoted Mutual Funds (Fully Paid)				
Reliance Liquid Fund - Treasury Plan - Growth Plan - Growth Option	2,534.00 (–)		72,00,000	–
			72,00,000	–

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	As at 31.03.2013	As at 31.03.2012
18. TRADE RECEIVABLES		
(Considered good unless otherwise stated)		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured	95,54,734	1,11,46,788
Unsecured	60,49,445	22,21,310
Other Receivables		
Secured	5,58,28,869	9,98,23,265
Unsecured	56,36,782	62,53,850
	7,70,69,830	11,94,45,213

	Non Current		Current	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
19. CASH AND BANK BALANCES				
(i) Cash and Cash Equivalents				
Cash on Hand	—	—	4,46,822	1,77,034
Balances with Scheduled Banks :				
On Current Accounts	—	—	17,33,71,432	5,55,31,494
Unclaimed Dividend Account	—	—	1,65,189	87,467
	—	—	17,39,83,443	5,57,95,995
Cheques on Hand	—	—	—	96,512
(ii) Other Bank Balances				
IPO Refund Account*	—	—	36,816	42,952
Fixed Deposits with original maturity for more than 12 months (Refer Note 15)	6,94,00,000	8,86,71,089	4,90,21,089	4,87,60,000
Deposits with original maturity for more than 3 months but less than 12 months (Refer Note 30)	—	—	5,58,15,487	1,29,46,456
Amount disclosed under "other non-current assets" (Refer Note 15)	(6,94,00,000)	(8,86,71,089)	—	—
	—	—	27,88,56,835	11,76,41,915

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

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	2012-13	2011-12
20. REVENUE FROM OPERATIONS		
(i) Interest Income		
On Loans	13,96,98,078	22,37,24,140
On Fixed Deposits pledged with Stock / Commodity Exchange	1,35,54,122	46,47,548
On Tax-free PSU Bonds	–	76,893
(A)	15,32,52,200	22,84,48,581
(ii) Other Financial Services		
- Stock/Commodity Broking :		
Brokerage and Related Income	17,50,29,683	19,98,27,644
Penal charges collected from Clients	83,45,686	1,26,93,795
(B)	18,33,75,369	21,25,21,439
- Investment :		
Profit on Sale of Non-Trade Investments (Net)		
- Long Term	2,61,87,629	64,35,005
- Current	2,78,81,669	77,26,853
Dividend from Long Term Non-Trade Investments	13,74,847	12,89,257
(C)	5,54,44,145	1,54,51,115
- Wealth Management, Financial Planning and Distribution :		
Insurance Brokerage and Related Income	39,73,805	66,78,849
Service Charges	1,49,99,186	2,39,94,151
(D)	1,89,72,991	3,06,73,000
- Investment Banking Revenue	1,70,03,714	88,32,108
- Professional Fees	2,25,21,659	3,14,92,054
- Miscellaneous	11,348	–
(E)	3,95,36,721	4,03,24,162
Total (A + B + C + D + E)	45,05,81,426	52,74,18,297

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	2012-13	2011-12
21. OTHER INCOME		
Interest Income on		
On Loans	—	2,76,63,093
Fixed Deposits	1,37,69,831	1,28,65,204
Long Term Bonds (Non Trade)	88,32,455	1,03,11,473
Income Tax Refund	1,10,929	3,66,239
Others	8,646	1,22,001
Other Non Operating Income		
Liabilities no longer required written back	2,34,768	1,25,100
Dividend from Long Term Non-Trade Investments	1,25,315	7,20,242
Profit on Sale of Non Trade Investments - Current	3,26,199	—
Gratuity Provision no longer required written back (Refer Note 34)	12,62,582	—
Excess Provision for Standard Assets no longer required written back	7,00,000	73,693
Profit on Sale of Fixed Assets	2,27,897	—
Miscellaneous Income	64,878	60,793
	2,56,63,500	5,23,07,838
22. PURCHASES		
Purchase of Mutual Funds	72,00,000	—
	72,00,000	—
23. (INCREASE)/DECREASE IN INVENTORY		
Opening Stock	—	—
Less : Closing Stock	72,00,000	—
	(72,00,000)	—
24. EMPLOYEE BENEFITS EXPENSE		
Salary, Bonus etc.	15,13,55,112	16,74,94,556
Contribution to Provident and Other Funds	10,19,999	4,86,602
Contribution to Employees' State Insurance	11,88,195	11,49,652
Gratuity Expense	6,49,041	9,07,710
Employees' Welfare Expenses	29,49,040	41,98,233
	15,71,61,387	17,42,36,753

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	2012-13	2011-12
25. FINANCE COSTS		
Interest Expense		
On Loans	4,72,732	—
On Working Capital Facilities	22,91,057	19,60,203
Margin from Clients	63,55,247	5,95,251
Other Borrowing Costs		
Bank Guarantee Charges	22,49,223	26,41,560
	1,13,68,259	51,97,014
26. DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation of Tangible Assets	1,46,17,157	1,67,16,859
Amortisation of Intangible Assets	24,07,865	4,36,07,973
	1,70,25,022	6,03,24,832

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	2012-13	2011-12
27. OTHER EXPENSES		
Membership Fees and Subscription	21,04,987	8,74,841
Software Maintenance charges	44,95,398	47,20,840
Stock / Commodity Exchange charges	60,69,893	61,76,169
SEBI Turnover Fees	2,83,398	1,95,747
Depository Transaction charges	11,78,806	12,40,264
Advertisement and Publicity	29,77,094	71,61,800
Communication Expenses	77,72,248	89,37,195
Electricity Expenses	65,07,022	55,49,825
Repairs and Maintenance - Others	46,28,321	48,59,978
Rent	1,03,77,451	1,24,18,308
Rates and Taxes	12,21,122	8,15,994
Filing Fees	55,156	5,360
Directors Sitting Fee	2,63,652	3,10,000
Insurance Premium	3,87,982	3,62,741
Printing and Stationery	33,94,275	47,91,626
Bank and Demat charges	2,29,495	2,75,125
Business Promotion Expenses	2,93,840	12,00,050
Travelling and Conveyance	54,40,842	66,29,018
Postage and Courier Expenses	10,55,640	20,02,228
Legal and Professional Fees	1,08,07,873	51,80,016
Listing Fees	1,83,161	1,81,384
Irrecoverable Debts/Advances written off	37,27,251	16,45,955
Loss on pre-matured Recovery of Debts (Refer Note 32)	1,36,68,055	—
Diminution in the value of Long Term Investments (Refer Note 33)	2,65,40,232	—
Loss on sale of Non Current Investments	5,06,884	14,63,412
Loss on Fixed Assets sold/discarded (Net)	18,70,896	1,28,156
License and Statutory Fees	33,395	66,977
Service Charges :		
- Market research and Analysis services	14,53,018	19,96,342
- Facility Services, etc.	1,36,97,126	2,00,08,968
Commission to Authorised Person and Others	2,61,08,520	1,18,43,250
Auditor's Remuneration		
As Auditors		
Audit Fees	13,78,006	12,31,545
Tax Audit Fee	4,000	4,000
Limited Reviews	4,50,000	4,50,000
In other capacities for certificates and other services	6,05,500	6,02,000
Reimbursement of expenses (including service tax)	1,29,007	1,13,862
Miscellaneous Expenses	33,07,259	33,96,750
	16,32,06,805	11,68,39,726

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

	2012-13	2011-12
28. EARNINGS PER SHARE		
Basis for calculation of Basic and Diluted Earnings Per Share is as under :		
Net Profit after Tax (Rs.)	8,19,59,933	14,03,75,621
Weighted Average Number of Equity Shares (Nos.)	3,18,10,500	3,18,10,500
Nominal value of each Equity Share (Rs.)	10.00	10.00
Basic and Diluted Earnings Per Share (Rs.)	2.58	4.41

29. Contingent Liabilities :

- (a) The Company has provided Corporate Guarantee of Rs. 13,60,00,000 (Rs. 30,19,00,000) and has created equitable mortgage of Rs. 6,92,70,000 (Rs. 4,16,50,000) over its property at Kolkata as security for the said guarantee for credit facility extended by a scheduled bank to its wholly owned subsidiaries. Against the above, the credit facility availed and the bank guarantees issued by the banks as on March 31, 2013 are Rs. Nil (Rs. 3,00,00,000) and Rs. 13,60,00,000 (Rs. 20,00,00,000) respectively.
- (b) Counter Guarantee by Microsec Capital Limited (a wholly owned subsidiary company) in favour of a Bank for guarantees issued by them in favour of Commodity Exchange on behalf of a wholly owned subsidiary company - Rs. Nil (Rs. 25,00,000)
- (c) Bank Guarantee outstanding in favour of Bombay Stock Exchange - Rs. Nil (Rs. 73,75,000)
- (d) Bank Guarantee outstanding in favour of Indian Clearing Corporation Limited on behalf of Bombay Stock Exchange - Rs. 73,75,000 (Rs. Nil)
- (e) Claims of Rs. 20,05,441 (Rs. 21,05,961) against the Company not acknowledged as debts. The management believes that the Company has a good case for success in the above matters and hence no provision thereagainst is considered necessary.
- (f) Income tax demand under appeal - Rs. 2,24,89,080 (Rs. 1,21,21,260). The management believe that the Company and its subsidiaries to which the demand relates has a good case for success in this matter and therefore no provision thereagainst is considered necessary.
- (g) Service tax demand under appeal - Rs. 27,77,633 (Rs. 19,29,972). The management believe that the Company and its subsidiaries to which the demand relates has a good case for success in this matter and therefore no provision thereagainst is considered necessary.
- (h) Bank Guarantee in favour of Sales Tax Department Rs. 63,867 (Rs. 1,23,867).
- (i) Bank Guarantees outstanding in favour of Pension Fund Regulatory and Development Authority Rs. 5,00,000 (Rs. Nil)
- (j) Urban Assessment Tax payable Rs. 7,76,610 (Rs. Nil) representing 50% of the total liability pending receipt of exemption certificate from District Industrial Centre, Udaipur.

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

30. Fixed Deposits with Banks aggregating to Rs. 17,10,09,956 (Rs. 14,87,69,956) are pledged as follows : (Amount in Rs.)

	As at 31.03.2013	As at 31.03.2012
PLEDGED WITH		
National Stock Exchange of India Limited	8,00,000	8,00,000
National Securities Clearing Corporation Limited	5,50,00,000	85,00,000
HDFC Bank Limited (As security against credit facilities/Bank Guarantees)	6,51,75,000	9,19,35,000
United Bank of India (As security against bank Guarantee/Lien as per IRDA Regulation 22)	14,21,089	14,21,089
Axis Bank Limited (As security against Overdraft Facilities)	2,25,00,000	2,00,00,000
Indus Ind Bank Limited (As security against credit facilities/bank Guarantee)	2,50,00,000	2,50,00,000
MCX Stock Exchange Limited	8,00,000	8,00,000
National Spot Exchange Limited	2,50,000	2,50,000
Axis Bank Limited (As security against Bank guarantee)	63,867	63,867
Total	17,10,09,956	14,87,69,956

31. The Board of Directors at their meeting held on February 8, 2013 has approved the restructuring proposal of the Company by converting it into a Systemically Important Core Investment Company (CIC-NDSI) by September 30, 2013 and noted that in order to become the CIC-NDSI, the concentration of credit / investment norms as provided in Para 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended) during the transition period will not be complied. Further, the same was also approved by the shareholders of the Company through Postal Ballot, the results of which were declared on March 19, 2013.

Accordingly, the Company has filed an application to the Reserve Bank of India (RBI) on March 4, 2013 to provide an exemption from complying with exposure norms for concentration of credits / investments as prescribed by the Reserve Bank of India for Non Deposit accepting Systemic Important Non Banking Financial Company during the transition period which is pending for approval by RBI.

Pursuant to CIC guidelines issued by the RBI, as on March 31, 2013, the Company holds more than 90% of its Net Assets in the form of investment in equity shares, preference shares and debentures in group companies, of which more than 60% of its net assets is invested in equity shares (including investments in Compulsorily convertible Debentures to be converted within a period not exceeding 10 (ten) years from the date of issue).

32. The Company had debts of Rs. 10,36,64,083 due from Futuristic Steel Limited, which were repayable after a period of three years. During the year, the Company has transferred these debts to Shoparna Brothers Private Limited at Rs. 8,99,96,028 resulting into a loss of Rs. 1,36,68,055 being the difference between the original amount of debts and the current discounted value thereof.
33. Based on the audited accounts of certain subsidiary companies, there is a diminution of Rs. 2,65,40,232 in the value of certain quoted equity shares as at 31st March, 2013. These investments have been classified as current investments during the year, as the management has already sold certain quoted shares in the subsequent year and intends to sell the balance quoted equity shares appearing in Note 16 in the next year.
34. The Company has a defined benefit gratuity plan. Every employee, who has completed five years or more of services, gets a gratuity on departure @ 15 days of last drawn salary for each completed years of service. The scheme is funded with Life Insurance Corporation of India.

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

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

(Amount in Rs.)

	2012-13	2011-12
(i) Net Employee Expense/(Benefit)		
Current service cost	16,44,414	20,29,876
Interest cost on benefit obligation	5,26,350	4,60,302
Expected return on plan assets	4,83,267	3,79,342
Net Actuarial (gain)/loss recognised in the year	(23,01,038)	(12,03,126)
Total employer (income)/expense recognised in Statement of Profit and Loss.	(6,13,541)	9,07,710
(ii) Actual return on plan assets	5,46,636	4,31,358
(iii) Benefit Asset/(Liability)		
Defined benefit obligation	64,67,586	67,14,186
Fair value of Plan Assets	63,41,962	60,53,074
Benefit Asset/(Liability)	(1,25,624)	(6,61,112)
(iv) Movement in benefit liability		
Opening defined benefit obligation	67,14,186	54,90,221
Interest cost	5,26,350	4,60,302
Current service cost	16,44,414	20,29,876
Benefits paid	2,57,748	1,15,103
Actuarial (gains)/losses on obligation	(21,59,616)	(11,51,110)
Closing benefit obligation	64,67,586	67,14,186
(v) Movement in fair value of plan assets		
Opening fair value of plan assets	60,53,074	47,99,622
Expected Return on plan assets	4,83,267	3,79,342
Contributions by employer	–	9,37,197
Benefits paid	2,57,748	1,15,103
Actuarial (gains)/losses on plan assets	(63,369)	52,016
Closing fair value of plan assets	63,41,962	60,53,074
(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	8.00%	8.50%
Expected rate of return on plan assets	8.00%	8.00%
Salary increase	5.00%	5.00%
Withdrawal rates	1.00%	1.00%
(viii) Amount incurred as expense for defined contribution plans		
Contribution to Provident / Pension fund	10,19,999	4,86,602
Contribution to Employees State Insurance	11,88,195	11,49,652

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

- (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. 8,00,000 (Rs. 18,50,000) to Gratuity fund during April 2013-March 2014.
- (xii) Amounts for the current year and previous years are follows : *

(Amount in Rs.)

	Year Ended March 31, 2013	Year Ended March 31, 2012	Year Ended March 31, 2011	Year Ended March 31, 2010
Gratuity				
Defined Benefit Obligation	64,67,586	67,14,186	54,90,221	34,82,795
Plan Assets	63,41,962	60,53,074	47,99,622	28,70,471
Surplus/(Deficit)	(1,25,624)	(6,61,112)	(6,90,599)	(6,12,324)
Experience adjustments on plan liabilities	(10,11,990)	(11,51,110)	(2,87,681)	(5,64,132)
Experience adjustments on plan assets	52,818	52,016	42,537	35,027

*The Company and its subsidiaries had started recording gratuity liability based on actuarial valuation from the year 2009-10 and therefore disclosure has been made only for the aforesaid years.

35. Expenditure in Foreign Currency (on accrual basis)

(Amount in Rs.)

	2012-13	2011-12
Travelling Expense	Nil	1,46,023
	Nil	1,46,023

36. Earnings in Foreign Currency (on accrual basis)

(Amount in Rs.)

	2012-13	2011-12
Investment Banking Revenue	4,50,000	—
	4,50,000	—

37. Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) - Rs. 7,72,77,480 (Rs. 5,58,28,241).

38. Capital work in progress represents Building under construction at Rajarhat, Kolkata and factory under construction at Baruipur, Kolkata.
39. Minimum Alternate Tax (MAT) credit entitlement of Rs. 3,42,32,340 (Rs. 3,16,67,294) related to financial years 2008-09 to 2012-13 although available as tax credit for set off in future years as per Income Tax Act, 1961, has not been accounted for in view of accounting policy specified in Note 2.1 (xii) herein.
40. Facility Service charges of Rs. 1,36,97,126 (Rs. 2,00,08,968) as indicated in Note 27 include payments made by certain subsidiaries to various parties for use of their infrastructure facilities like office space, office equipments, computers, furniture & fixtures, telephones and manpower services etc. in relation to maintenance of their offices/branches.

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

41. In terms of Accounting Standard 18, notified by the Companies Accounting Standard Rules, 2006, the related party disclosure is given below :-

Name of related parties and description of relationship

Key Management Personnel

Mr. Banwari Lal Mittal (Chairman and Managing Director)

Mr. Ravi Kant Sharma (Managing Director) (w.e.f. August 5, 2011)

Mr. Ravi Kant Sharma (Director) (upto August 4, 2011)

Mr. Ajai Kumar Agrawal (Managing Director in PRP Technologies Limited) (upto 16th January, 2013)

Mr. Ajay Jaiswal (Director in PRP Technologies Limited)

Mr. Shamik Bose (Executive Director in Microsec Commerce Limited)

Mr. Pankaj Harlalka (Executive Director in Microsec Capital Limited and Company Secretary)

Mr. Giridhar Dhelia (Chief Financial Officer)

Mr. Debashish Ghoshal (Managing Partner in Microsec Invictus Advisors LLP) upto May 30, 2012

Relatives of Key Management Personnel

Mrs. Abha Mittal (Wife of Mr. Banwari Lal Mittal)

Mr. Narsingh Mittal (Brother of Mr. Banwari Lal Mittal)

Mr. Sajjan Kumar Sharma (Father of Mr. Ravi Kant Sharma)

Mrs. Bharti Sharma (Wife of Mr. Ravi Kant Sharma)

Mrs. Rasmi Harlalka (Wife of Mr. Pankaj Harlalka)

Mrs. Kanta Devi Sharma (Mother of Mr. Ravi Kant Sharma)

Mr. Man Mohan Harlalka (Father of Mr. Pankaj Harlalka)

Mr. Arjun Mittal (Brother of Mr. Banwari Lal Mittal)

Mrs. Sushila Devi Khaitan (Sister of Mr. Banwari Lal Mittal)

Mrs. Gomti Devi Mittal (Mother of Mr. Banwari Lal Mittal)

Master Krishna Mittal (Son of Mr. Banwari Lal Mittal)

Mr. Rajiv Sharma (Brother of Mr. Ravi Kant Sharma)

Mrs. Laxmi Gupta (Sister of Mr. Pankaj Harlalka)

Associate Company

Microsec Health Buddy Limited (formerly Myjoy Fun and Food Private Limited
(w.e.f. August 16, 2011 and upto March 24, 2013)

Enterprises in which Key Management Personnel Exercise Significant Influence

Luv-Kush Projects Limited

Micro Resources Private Limited

B.L.Mittal (HUF) (Mr. Banwari Lal Mittal being the Karta)

Top View Enclaves LLP

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

Particulars	Key Management	Relatives of Key Management Personnel	Enterprise in which Key Management Personnel Exercise Significant Influence	Associate Company	Total
Director's Remuneration					
Mr. B. L. Mittal	35,39,160 (35,21,241)				35,39,160 (35,21,241)
Mr. Ravi Kant Sharma	31,94,787 (29,81,897)				31,94,787 (29,81,897)
Mr. Pankaj Harlalka	22,46,803 (16,37,079)				22,46,803 (16,37,079)
Mr. Ajai Kumar Agrawal	3,00,958 (7,32,857)				3,00,958 (7,32,857)
Mr. Shamik Bhose	23,54,950 (20,53,200)				23,54,950 (20,53,200)
Mr. Debashish Ghoshal	— (1,50,000)				— (1,50,000)
Remuneration					
Mr. Giridhar Dhelia	10,67,819 (10,63,921)				10,67,819 (10,63,921)
Mrs. Rashmi Harlalka		21,700 (1,72,300)			21,700 (1,72,300)
Brokerage and Related Income					
Luv Kush Projects Limited			1,75,116 (4,09,430)		1,75,116 (4,09,430)
Topview Enclaves LLP			1,62,263 (2,01,280)		1,62,263 (2,01,280)
Others	28,807 (37,091)	17,043 (47,708)	2,102 (9,878)		47,952 (94,677)
Repayment of Advances Given					
Microsec Health Buddy Limited				— (30,00,000)	— (30,00,000)
Mr. Pankaj Harlalka	— (4,42,463)				— (4,42,463)
Mr. Ravi Kant Sharma	— (4,96,622)				— (4,96,622)
Advances Given					
Myjoy Fun and Food Private Limited				— (30,00,000)	— (30,00,000)
Mr. Pankaj Harlalka	— (4,46,730)				— (4,46,730)
Mr. Ravi Kant Sharma	— (1,20,262)				— (1,20,262)
Others	— (71,821)	— (35,700)			— (1,07,521)

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

(Amount in Rs.)

Particulars	Key Management	Relatives of Key Management Personnel	Enterprise in which Key Management Personnel Exercise Significant Influence	Associate Company	Total
Amount Received from Partner on Current Account					
Mr. Debashish Ghoshal	25,00,000 (-)				25,00,000 (-)
Irrecoverable balance written off					
Mr. Debashish Ghoshal	32,23,698 (-)				32,23,698 (-)
Loans Given					
Microsec Health Buddy Limited				18,00,000 (-)	18,00,000 (-)
Repayment of Loans Given					
Microsec Health Buddy Limited				18,00,000 (40,00,000)	18,00,000 (40,00,000)
Interest Income					
Microsec Health Buddy Limited				29,040 (1,71,69,878)	29,040 (1,71,69,878)
Balance Receivable					
Microsec Health Buddy Limited				- (29,48,41,306)	- (29,48,41,306)
Balance Payable					
Mr. Pankaj Harlalka	- (6,285)				- (6,285)

42. One of the Company's subsidiary has invested in deep discount bonds redeemable after a period of 20 years issued by another fellow subsidiary company. The investor company has not accounted for income on such deep discount bonds whereas the investee company has accounted for interest expense in its books. As per policy consistently followed, the investor company will account for such interest income at the time of redemption of the bonds in their books. However, at the time of consolidation, to follow uniform accounting policies for like transactions, income accrued on such bonds has been duly considered as a consolidated adjustment and eliminated with the corresponding expenses recognised by another subsidiary. The consequential deferred tax liability of Rs. 2,50,24,576 (Rs. 2,12,79,656) on such interest income has also been considered in these consolidated financial statements.

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

43. Segment Reporting

The Company's segment information as at and for the year ended March 31, 2013 are as below : (Amount in Rs.)

Particulars	Financing & Investment	Investment Banking & Related Services	Brokerage (Equity, Commodities Currency) & related services, including Depository Services	Wealth Management, Insurance Broking, Financial Planning, Distribution and related services	Others	Total
Segment Revenue	19,51,42,223 (23,92,52,148)	3,95,36,721 (4,03,24,162)	19,69,29,491 (21,71,68,987)	1,89,72,991 (3,06,73,000)	– (–)	45,05,81,426 (52,74,18,297)
Segment Results	14,64,37,220 (18,40,82,736)	(1,44,34,592) (-1,84,54,602)	49,59,876 (1,90,76,802)	6,93,409 (83,56,908)	(2,07,310) (–)	13,74,48,603 (19,30,61,844)
Add: Unallocated Income net of unallocated expenses						(1,09,24,016) (3,00,65,966)
Profit Before Tax						12,65,24,587 (22,31,27,810)
Current Tax						3,25,08,364 (7,74,67,792)
Deferred Tax						62,09,962 (-49,27,751)
Excess Provision of Income Tax for earlier years, written back						– (-18,51,146)
Profit after Tax						8,78,06,261 (15,24,38,915)
Segment Assets	1,69,21,33,803 (1,94,09,61,030)	19,27,06,620 (13,84,35,396)	27,31,32,027 (43,75,16,475)	1,35,60,314 (1,49,38,198)	21,78,10,156 (–)	2,38,93,42,920 (2,53,18,51,099)
Unallocated Corporate Assets						61,39,07,168 (64,65,90,514)
Total Assets						3,00,32,50,088 (3,17,84,41,613)
Segment Liabilities	89,80,494 (52,24,305)	68,97,441 (60,42,584)	14,60,47,195 (34,77,27,478)	6,49,276 (10,04,729)	25,99,430 (–)	16,51,73,836 (35,99,99,096)
Unallocated Corporate Liabilities						7,23,26,968 (13,57,93,188)
Total Liabilities						23,75,00,804 (49,57,92,284)
Capital Expenditure	56,62,529 (2,09,25,745)	6,47,44,392 (4,70,90,272)	19,21,735 (78,47,039)	5,11,325 (82,73,277)	16,66,926 (–)	7,45,06,907 (8,41,36,333)
Depreciation/Amortization	39,45,498 (4,42,56,569)	41,46,829 (42,55,808)	80,09,770 (95,85,582)	8,58,319 (22,26,873)	64,606 (–)	1,70,25,022 (6,03,24,832)
Non Cash expenses	1,44,50,266 (5,00,239)	38,46,222 (3,71,457)	2,51,95,467 (12,25,362)	4,43,583 (–)	– (–)	4,39,35,538 (20,97,058)

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

Notes :

- I. Business Segments : The business segment has been identified on the basis of the services of the group. Accordingly, the group has identified "Financing & Investment", "Investment Banking & related Services", " Brokerage (Equity, Commodities & Currency including Depository Services) & related services," , "Wealth Management, Insurance Broking, Financial Planning, Distribution and related Services" and "Others" as business segments.
 - a. Financing & Investment : consists of financing of loans and investments in shares and securities.
 - b. Investment Banking & related services: consists of financial consultancy, professional fees and debt syndication.
 - c. Brokerage (Equity, Commodities and Currency including Depository Services) and related service: Consists of Brokerage and related Services.
 - d. Wealth Management, Insurance Broking, Financial Planning, Distribution and related services: Consists of Brokerage from Insurance activities, distribution and Financial planning Services.
 - e. Others : Consists of business activities relating to (a) foreseegame.com and (b) sastasundar.com.
- II. Geographical Segments: - The Company operates in only one geographical segment i.e. 'Within India' and no separate information for geographical segment has been given.

44. Effect of Acquisition of Subsidiaries during the year

	Effect on Group Profit before Tax for the period (Rs.)	Net Assets as at 31st March, 2013 (Rs.)	Date of Acquisition
COMPANIES :			
Microsec Health Buddy Limited	(12,89,154)	17,16,16,583	March 25, 2013
Myjoy Hospitality Private Limited	(23,257)	4,03,98,828	March 25, 2013
Myjoy Pharmaceuticals Private Limited	(8,427)	2,83,291	March 25, 2013
Myjoy Tasty Food Private Limited	(6,821)	6,24,336	March 25, 2013
Myjoy Technologies Private Limited	(22,481)	1,80,24,976	March 25, 2013
Bharatiya Sanskriti Village Private Limited	(20,53,101)	6,90,70,838	March 25, 2013
Sasta Sundar Shop Private Limited	(1,03,962)	1,10,10,922	March 25, 2013
Limited Liability Partnership :			
Bhavya Advisory Services LLP	68,61,096	73,60,924	January 1, 2013
Alokik Advisory Services LLP	(5,691)	1,19,44,715	March 25, 2013
Dreamscape Advisors LLP	(5,691)	80,61,613	March 25, 2013
Kailashwar Advisory Services LLP	(5,652)	25,16,241	March 25, 2013
Ruchika Advisory Services LLP	(31,985)	10,01,97,963	March 25, 2013
Stuti Advisory Services LLP	(14,107)	51,96,380	March 25, 2013
TOTAL	32,90,767	44,63,07,610	

Note - Figures of Loss are indicated in brackets.

45. Operating Lease :

Certain office premises are obtained on operating lease. The lease term is for 1 to 3 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.

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

The details of lease payments are as follows :

		(Amount in Rs.)
Particulars	2012-13	2011-12
Lease payments made for the year	1,03,77,451	1,24,18,308
Contingent rent recognised in the Statement of Profit and Loss	Nil	Nil

46. The project at Udaipur of two subsidiaries is registered with District Industrial Centre (DIC), Udaipur, Rajasthan and is eligible for 50% exemption for Land Tax under Rajasthan Investment Promotion Scheme 2010 being the Urban Assessment Tax herein payable by the subsidiaries to Urban Improvement Trust (UIT), Udaipur, Rajasthan and accordingly a provision of 50% of the total Urban Assessment Tax Payable by the subsidiaries as on 31st March, 2013 is provided for in their books of accounts as the subsidiaries are in the process of getting the exemption certificate from DIC, Udaipur.
47. Additional information as per guidelines issued by the Reserve Bank of India in respect of Non - Banking Financial (Non Deposit Accepting or Holding) Systemically Important (NBFC-ND-SI), are given in Annexure - I attached herewith.
48. Previous year's figures including those in brackets have been regrouped and / or rearranged wherever necessary.

As per our report of even date

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

Firm Registration No. : 301003E

Chartered Accountants

R. K. Agrawal

Partner

Membership No. 16667

Place : Kolkata

Date : 24th May, 2013

For and on behalf of the Board of Directors

B. L. Mittal

Chairman & Managing Director

Giridhar Dhelia

Chief Financial Officer

Ravi Kant Sharma

Managing Director

Biplab Kumar Mani

Company Secretary

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013*

Annexure I of Note 47 to the financial statement of Microsec Financial Services Limited, a Non Banking Financial Company

(a) Capital to Risk Assets Ratio (CRAR)

(Amount in Rs.)

Items	As at 31st March, 2013	As at 31st March, 2012
(i) CRAR (%)	119.64	103.81
(ii) CRAR - Tier I Capital (%)	118.00	103.55
(iii) CRAR - Tier II Capital (%)	1.64	0.26

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

(Amount in Rs.)

Category	As at 31st March, 2013	As at 31st March, 2012
(a) Direct exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs. 15 lacs may be shown separately)	—	—
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	—	—
(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
a. Residential	—	—
b. Commercial Real Estate	—	—
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	—	—

(c) The Company does not have any exposure in gold as on March 31, 2013.

Notes to the Consolidated financial statements *as at and for the year ended 31st March, 2013***(d) Asset Liability Management**

Maturity pattern of certain items of Assets and Liabilities :

(Amount in Rs.)

	1 day to 30/31 days (one month)	Over one month and upto 2 months	Over 2 months and upto 3 months	Over 3 months and upto 6 months	Over 6 months and upto 1 year	Over 1 year and upto 3 years	Over 3 years and upto 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	-	-	-	-	-	-	-	-	-
Market Borrowings	5,00,000 (-)	-	-	-	-	-	-	-	5,00,000 (-)
Assets									
Advances*	- (1,65,33,36,958)	-	-	-	-	-	-	-	- (1,65,33,36,958)
Investments	8,00,00,000 (-)	-	-	-	-	- (5,34,51,518)	-	2,21,47,17,257 (38,61,87,867)	2,29,47,17,257 (43,96,39,385)

* Represents interest bearing loans. Since the loans are repayable on demand, the same has been categorized in the bracket of 1 day to 30/31 days (one month).

MICROSEC FINANCIAL SERVICES LIMITED

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

Phone : +91 33 3051 2100, Fax No : +91 33 3051 2020

Date : May 24, 2013

Dear Shareholder,

Sub : Green Initiative in Corporate Governance

The Ministry of Corporate Affairs ("MCA") has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by companies and has issued circulars on April 21, 2011 and April 29, 2011 inter-alia stating that a company would have complied with Section 53 of the Companies Act, 1956, if the service of document has been made through electronic mode.

To take part in the Green Initiative, we propose to send documents such as Notices, Annual Report etc. through electronic mode to the e-mail addresses which are made available to us by the Depositories and also which are registered and/or otherwise available with the Company's Registrar and Share Transfer Agents Link Intime India Private Limited (Link) from time to time. The full text of all documents and communications will also be available on our website, www.microsec.in

We earnestly request you to register your e-mail id with your Depository Participant, or where you desire to have the above documents at any alternative e-mail address, then you may accordingly register/update your email-id with your Depository Participant (for shares held in electronic form) or with the Company's Registrar and Share Transfer Agents at kolkata@linkintime.co.in or with the Company at investors@microsec.in

Further, in case email address of any member has not been registered then the service of documents, etc. will be effected by other mode of service as provided under Section 53 of the Companies Act, 1956.

We are sure that you would appreciate the "Green Initiative" taken by MCA and your company's desire to participate in such initiatives. It will not only be step to a Greener Earth but it will also be a faster mode of communication and there will be no chance of loss in postal transit.

Please communicate your choice at investors@microsec.in

Thank you for cooperating with us, as always.

For **Microsec Financial Services Limited**

Biplab Kumar Mani

Company Secretary

Notes

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Notes

[illegible]



MICROSEC FINANCIAL SERVICES LIMITED

Regd. Office : "Shivam Chambers", 1st Floor, 53, Syed Amir Ali Avenue, Kolkata - 700 019
Phone : +91 33 3051 2100, Fax No : +91 33 3051 2020

ATTENDANCE SLIP

Ledger Folio No.

D. P. ID *

No. of Shares held

Client ID *

1. Full name of Member/Proxy

2. If Proxy, full name of Member

I hereby record my presence at the Twenty Fourth Annual General Meeting of the Members of the Company at 'Gyan Manch', 11 Pretoria Street, Kolkata - 700 071, on Wednesday, 14th August, 2013, at 10.30 a.m. and at any adjournment thereof.

Date

Signature

Important : This attendance slip should be signed and handed over at the entrance of the Meeting Hall.

* Applicable for Members holding shares in Electronic Form



MICROSEC FINANCIAL SERVICES LIMITED

Regd. Office : "Shivam Chambers", 1st Floor, 53, Syed Amir Ali Avenue, Kolkata - 700 019
Phone : +91 33 3051 2100, Fax No : +91 33 3051 2020

PROXY FORM

Ledger Folio No.

D. P. ID *

No. of Shares held

Client ID *

I/We of

..... being a member/members of Microsec Financial Services Limited hereby appoint
..... of

..... (or failing him/her of
.....) as my/our proxy to attend and vote for me/us

on my/our behalf at the Twenty Fourth Annual General Meeting of the Members of the Company to be held at 'Gyan Manch' 11, Pretoria Street, Kolkata - 700 071, on Wednesday, 14th August, 2013, at 10.30 a.m. or and at any adjournment(s) thereof.

Signed this day of 2013

Signature of Proxy

Note : 1) This instrument of Proxy must be deposited at the Registered Office of the Company not less than forty eight hours before the time for holding the meeting.

2) A Proxy need not be a member.

* Applicable for Members holding shares in Electronic Form

Core Values

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



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Kolkata

Investment Banking

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Kolkata - 700 017
Ph: 91 033 2282 9330
Fax: 91 033 2282 9335

Brokerage

Wealth Management & Research

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53, Syed Amir Ali Avenue
Kolkata - 700 019
Ph: 91 033 3051 2000
Fax: 91 033 3051 2020

2nd Floor
15, Ashutosh Mukherjee Road
Kolkata - 700 020
Ph: 91 033 7105 1000
Fax: 91 033 7105 1111

Mumbai

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

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

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FORM B
(Pursuant to clause 31(a) of the Listing Agreement)

1.	Name of the Company:	Microsec Financial Services Limited
2.	Annual financial statements for the period ended	March 31, 2013
3.	Type of Audit qualification	Type of Audit Qualification - "Except for" <u>Qualification in our audit report on standalone financial statement</u> <i>Attention is drawn to Note No 27 regarding concentration of credit/investment norms as provided in paragraph 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended) having exceeded the limits provided therein, in order to become a Systemically Important Core Investment Company (CIC-ND-SI). The Company has already applied to the Reserve Bank of India seeking exemption from complying with the aforesaid norms to become a CIC-ND-SI and pending such exemption, we are unable to comment on the possible effects of the above on the financial statements.</i> <u>Qualification in our Audit Report on Consolidated Financial Statements</u> <i>Attention is drawn to Note No 31 regarding concentration of credit/investment norms as provided in paragraph 18 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended) having exceeded the limits provided therein, in order to become a Systemically Important Core Investment Company (CIC-ND-SI). The Company has already applied to the Reserve Bank of India seeking exemption from complying with the aforesaid norms to become a CIC-ND-SI and pending such exemption, we are unable to comment on the possible effects of the above on the financial statements.</i>
4.	Frequency of observation	First Time



[Handwritten signature]

5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<u>Notes to the financial statements</u> <u>Note No 27 in the standalone financial statements and Note No 31 in the consolidated financial statements</u> The Board of Directors at their meeting held on February 8, 2013 has approved the restructuring proposal of the Company by converting it into a Systemically Important Core Investment Company (CIC-ND-SI) by September 30, 2013 and noted that in order to become the CIC-ND-SI, the concentration of credit/investment norms as provided in Para 18 of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended) during the transition period will not be complied. Further, the same was also approved by the shareholders of the Company through Postal Ballot, the results of which were declared on March 19, 2013. Accordingly, the Company has filed an application to the Reserve Bank of India (RBI) on March 4, 2013 to provide an exemption from complying with exposure norms for concentration of credits/investments as prescribed by the Reserve Bank of India for Non Deposit accepting Systemic Important Non Banking Financial Company during the transition period which is pending for approval by RBI. Pursuant to CIC guidelines issued by the RBI, as on March 31, 2013, the Company holds more than 90% of its Net Assets in the form of investment in equity shares, preference shares and debentures in group companies, of which more than 60% of its net assets is invested in equity shares (including investments in Compulsorily convertible debentures to be converted within a period not exceeding 10 (ten) years from the date of issue)
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		<u>Management Response in the Directors' Report:</u> In relation to the matter dealt with by the Auditors under para "Basis for qualified opinion" in their Report dated May 24, 2013 we would like to submit that as required by RBI guidelines for Core Investment Company every CIC-ND-SI should have 90% investment within the group, and in terms of current prudential norms for NBFCs-ND-SI, they are permitted only 40% of both lending and investment within any group therefore accordingly, no NBFC as it stands, would be able to become a CIC without breaching the NOF, CRAR or Concentration Norms. The Company also holds more than 90% of its Net Assets in the form of investment in group Companies in order to become a Core Investment Company and accordingly in this matter the Company has already applied to the Reserve Bank of India (RBI) seeking exemption from complying with the capital adequacy/exposure norms as required.
6	Additional comments from the board / audit committee chair	None in respect of the above matter, except for adoption of Directors' Report.
7.	To be signed by- • Mr. B.L. Mittal Chairman-cum- Managing Director • Mr. Giridhar Dhelia CFO • Mr. Bhaswar Sarkar Partner Membership no. 55596 For S. R. Batliboi & Co. LLP Chartered Accountants Firm Registration no. 301003E (Statutory Auditors) • Mr. Parimal Kumar Chattaraj Audit Committee Chairman Microsec Financial Services Ltd. <i>B. L. Mittal</i> Chairman and Managing Director For Microsec Financial Services Limited <i>Giridhar Dhelia</i> Chief Financial Officer <i>Bhaswar Sarkar</i> <i>Parimal Kumar Chattaraj</i>	

Date: 19th July, 2013

