

Digital.....Healthcare





This Annual Report is available online at www.microsec.in

Corporate Information

BOARD OF DIRECTORS

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

CHIEF FINANCIAL OFFICER

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

COMPANY SECRETARY

Biplab Kumar Mani

REGISTERED OFFICE

Shivam Chambers, 1st Floor
53, Syed Amir Ali Avenue
Kolkata - 700 019
CIN : L65993WB1989PLC047002
Phone: +91 33 3051 2100
Fax: +91 33 3051 2020
E-mail: info@microsec.in
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

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

Inside this Report

Statutory Reports 1-50

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

Standalone Financial Statements 52-78

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

Consolidated Financial Statements 80-120

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

CHAIRMAN'S MESSAGE

Dear Shareholders,

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

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

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

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

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



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

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

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

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

B L Mittal
Chairman & Managing Director

LETTER FROM THE CEO

Dear Shareholders,

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

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

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

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

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



Following are the key matrix of SastaSundar.com

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

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

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

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

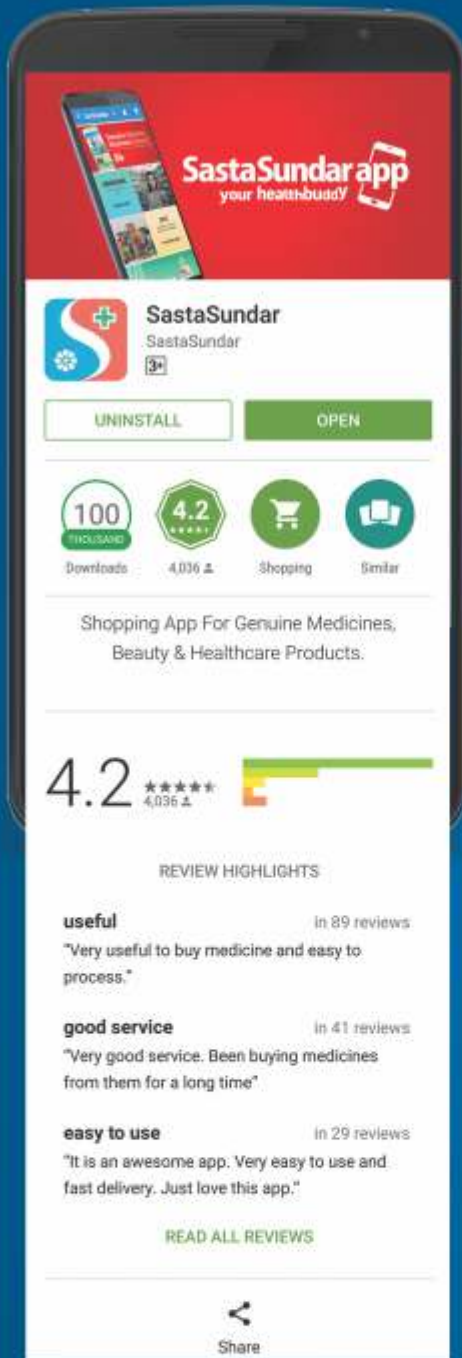
Yours sincerely,

Ravi Kant Sharma
Chief Executive Officer
SastaSundar.com

GOOGLE PLAY STORE

4.2 RATING

1LAC+ DOWNLOADS



HOME PAGE



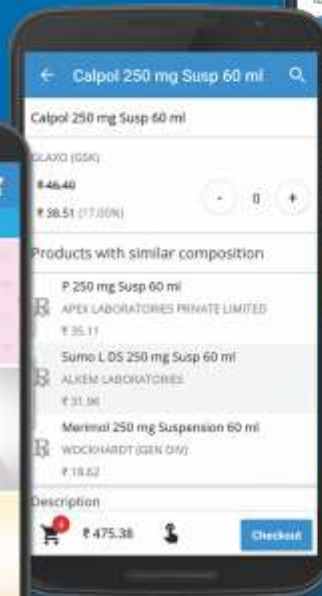
MEDICINES ORDER



REORDER

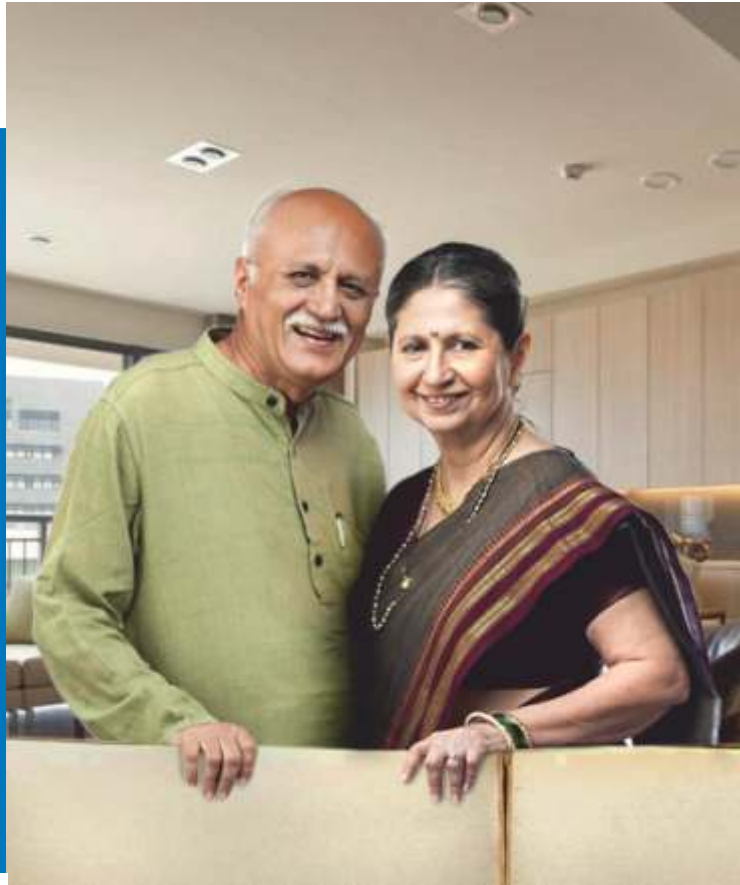


HEALTH ARTICLES



ALTERNATE MEDICINES
INFORMATION

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



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

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

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



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

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

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

DNAVITA (Customized Health Supplement Made of Natural Ingredients)



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

ZEROTOX™ and other healthcare products.



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

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

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

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

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



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



CUSTOMIZED HEALTH DRINK MADE OF NATURAL INGREDIENTS

SUPERIOR IN



Fitness



Bone Health



Brain Nutrition

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

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

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

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

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

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



DNAVITA IS A CUSTOMISED HEALTH DRINK "MADE FOR YOU"

healthbuddy™



TEA



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

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

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

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

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

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

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



DARJEELING GREEN • DARJEELING BLACK • ORGANIC • ASSAM CTC