



AWAKE ALWAYS

September 24, 2018

The Secretary / Corporate Relationship Dept.
The Bombay Stock Exchange Limited.
P.J. Towers,
Dalal Street, Fort,
Mumbai 400001.

The Manager
Listing Department,
National Stock Exchange of India Ltd.
'Exchange Plaza', C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai 400051.

Stock Code: 531404

Stock Code: ZICOM

Ref: ISIN INE 871B01014

Dear Sir / Madam,

Sub: Submission of Annual Report 2017-18

Ref: Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we enclose herewith the Annual Report 2017-18 approved and adopted at the 24th Annual General Meeting of the Company, held on September 24, 2018 at 3:30 p.m. at Hotel Suba Galaxy, N. S. Phadke Road, Off Western Express Highway, Andheri (E), Mumbai 400069.

Kindly take above on record and acknowledge receipt of the same.

Thanking you,

Yours faithfully,
For **Zicom Electronic Security Systems Limited**

Kunjan Trivedi
Company Secretary

Encl: as above

Zicom Electronic Security Systems Ltd.

501, Silver Metropolis, Western Express Highway, Goregaon (E), Mumbai - 400 063.

Tel.: +91 22 4290 4290 | Fax.: +91 22 4290 4291 | www.zicom.com | Toll Free: 1-800-270-4567

CIN : L32109MH1994PLC083391



AWAKE ALWAYS

Zicom Electronic Security Systems Ltd.

ANNUAL REPORT

2017-18

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Forward-Looking Information

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward looking statements that set out anticipated results based on the managements plans and assumptions. We have tried wherever possible to identify such statements by using words such as anticipates, estimates, expects, projects, intends, plans, believes, and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

CORPORATE INFORMATION

Board Of Directors

Mr. Manohar Bidaye
Chairman

Mr. Pramoud Rao
Managing Director

Mr. Mukul Desai
Independent Director

Mr. K. D. Hodavdekar
Independent Director

Mr. Prabhakar Dalal
Independent Director

Mr. Anil Khanna
Independent Director
(w.e.f. November 28, 2017)

Ms. Tanvi Joshi
Director

Mrs. Sharada Sundaram
Nominee Director
(w.e.f. April 17, 2017)

Mr. Sanjeev Dayal
Independent Director
(upto August 30, 2017)

Registered Office

501, Silver Metropolis,
Western Express Highway,
Goregaon East, Mumbai 400063.
Tel.: (022) 42904290
Fax: (022) 42904291
Email: investors@zicom.com
Website: www.zicom.com
CIN: L32109MH1994PLC083391

Registrar and Share Transfer Agent

Bigshare Services Private Limited
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis Apartments (next to Keys Hotel),
Marol Maroshi Road, Andheri East, Mumbai 400059.
Tel.: (022) 62638200
Fax: (022) 62638299
Email: investor@bigshareonline.com

Chief Financial Officer

Mr. Madan Kumar Chetlur

Company Secretary

Ms. Kunjan Trivedi

Statutory Auditors

S M M P & Associates, Chartered Accountants

Bankers

IDBI Bank Limited
Bank of Baroda
Union Bank of India
Central Bank of India
Allahabad Bank
The Saraswat Co-op Bank Ltd.

CHAIRMAN'S COMMUNIQUE`

Dear Shareholders,

India is moving higher in the global landscape and establishing itself as the sixth largest economy with GDP of more than USD 2.6 trillion. The various structural reforms initiated by the Government of India have renewed the confidence of global investors which is driving foreign direct investments. Reforms in the area of Insolvency Code and GST will go long way to make India leading growth engine of the world economy. While insolvency code will help bankers and corporates to resolve mounting debt burden with huge NPA, GST will bring fiscal sustainability by reducing the cost of compliance with multiple state tax systems and expanding tax base by bringing unorganised sector activity into organised sector. However liquidity situation in the economy is yet to improve

With all positive developments happening around us we are still saddened with legacy issues caused by geo-political situation in the Middle East and delay in finding solution to debt resolution of Zicom Group. As I had mentioned in my previous year's speech, the business of the Parent Company got affected due to change in the policy of the Government caused by Make in India Initiative. As Parent Company is working under the constraint of NPA guidelines of RBI we are facing several restrictions on utilisation of proceeds of business. The need of hour is to quickly move to manufacturing activity to avail the benefits of low tax rate. The distribution business of security equipment's of Parent Company is moving into commodity zone. Entry of number of Chinese Companies in the Indian market has expedited this situation. Due to the intense competition and price conscious behaviour of channel partners the margins on the security equipment's and products can now be compared with margins on other electronic hardware like laptop, computer, servers etc. We see strong case to relook at this business again and to see whether Zicom can venture into other related/unrelated business to bring glory back to the stakeholders. We will appraise the stakeholders on these new ideas from time to time. To resolve the debt situation we are discussing with the bankers to accept One Time Settlement of Debts to reflect its diminished enterprise value.

Zicom SaaS continue to maintain its position by holding value for the stakeholders. During the year under review, Zicom SaaS succeeded in renewing its major contracts with the customers. The Company succeeded in registering marginal growth in its Enterprise and MYCS segments. During the year the Company has added couple of large clients to its portfolio which will help to drive the growth in future. On the technology side the Company has introduced street smart service to monitor the safety and performance of vehicles in India. The Company is undergoing trials with couple of large fleet operators to penetrate this service in Indian market. We are sure going forward, Zicom SaaS will offer various new services. As informed during our quarterly results, Zicom SaaS Lenders mainly bankers have entered into One Time Settlement (OTS) contracts with the Company. Although there was a delay in settlement, we are confident of making payment under OTS during the current financial year.

Phoenix International, Doha, Qatar, subsidiary of Zicom has stopped executing its projects due to severe economic crisis caused by embargo on Qatar initiated by UAE & Kingdom of Saudi Arabia. Most of the projects in Qatar are standstill as there is no road connectivity due to geo-political situation. Almost 90% of the employees have been expatriated with settlements and the Company is working with local partners and bankers to bail out the Company.

Unisafe Fire Protection Specialists L.L.C., Dubai another large subsidiary of Zicom has also been impacted adversely due to non-revival of UAE economy since last 3 years. Unisafe has put in place all contingency plans to reduce its employee strength substantially and its infrastructure in small emirates.

To infuse resources in the Group for its revival, the management is working relentlessly with prospective investors to work out various model of investments which includes hiving off certain businesses.

Team Zicom is working passionately together in this difficult circumstances to keep the business and its value intact.

On behalf of the entire Zicom team, I'm sincerely thankful to all stakeholders and well-wishers for sticking with us through a challenging year. With your support, we are confident of scaling new heights in the coming years.

Manohar Bidaye
Chairman

Notice

NOTICE is hereby given that the Twenty Fourth Annual General Meeting of the Members of ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED will be held on Monday, September 24, 2018, at 3:30 p.m., at Hotel Suba Galaxy, N. S. Phadke Road, Off Western Express Highway, Andheri (E), Mumbai 400 069, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2018, together with the Reports of the Board of Directors and Auditors thereon; and
 - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 together with the report of Auditors thereon.

and in this regard, pass the following resolutions as **Ordinary Resolutions**:

- a. **"RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended March 31, 2018 and the Reports of the Board of Directors and Auditors thereon laid before this meeting, be and are hereby considered and adopted."
- b. **"RESOLVED THAT** the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2018 and the Report of Auditors thereon laid before this meeting, be and are hereby considered and adopted."
2. To appoint Mr. Manohar Bidaye (DIN: 00010699), who retires by rotation, as a Director and being eligible, offers himself for re-appointment and in this regard, pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Manohar Bidaye (DIN: 00010699), who retires by rotation at this meeting be and is hereby appointed as a Director of the Company, liable to retire by rotation."

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("THE MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF; AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE FORM OF PROXY FOR THE ANNUAL GENERAL MEETING IS ENCLOSED. PROXY IN ORDER TO BE VALID MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.

A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A

SPECIAL BUSINESS:

3. **Appointment of Mr. Anil Khanna as an Independent Director**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, Mr. Anil Khanna (DIN: 00199924), an Additional Director of the Company appointed by the Board of Directors, with effect from November 28, 2017, who has submitted the declaration that he meets the criteria for independence as provided in Section 149(6) of the said Act, and who holds the office until the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013; be and is hereby appointed as an Independent Director of the Company, to hold the office for a period of two years commencing November 28, 2017 to November 27, 2019 AND THAT he shall not be liable to retire by rotation."

By Order of the Board of Directors

Kunjan Trivedi
Company Secretary

Place: Mumbai
Date: May 29, 2018

Registered Office:
501, Silver Metropolis,
Western Express Highway,
Goregaon (East), Mumbai 400063.

SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.

2. The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business to be transacted at the Meeting as mentioned at Item No. 3 of the Notice is annexed herewith and forms part of this Notice.
3. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send a duly certified true copy of the Board Resolution authorizing such representative to attend and vote on their behalf at the ensuing Annual General Meeting.
4. The requirement to place the matter relating to appointment of Auditors for ratification by Members at every Annual General Meeting is done away with vide Notification dated May 7, 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, no resolution is proposed for ratification of

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appointment of Auditors, who were appointed in the Annual General Meeting held on September 21, 2017.

5. Mr. Manohar Bidaye is interested in the Ordinary Resolution set out at Item No. 2 of the Notice with regard to his re-appointment. Except for Mr. Bidaye, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item No. 2 of the Notice.
6. Members / Proxies should bring with them the attendance slip duly filled in for attending the Annual General Meeting and produce the same at the entrance of the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID for easy identification of attendance at the Meeting. They are also requested to bring their copy of Annual Report at the Meeting as no extra copy will be provided. Only bonafide Members of the Company whose names appear on the Register of Members / Proxy holders, in possession of valid attendance slip duly filled and signed will be permitted to attend the Meeting. The Company reserves the right to take all steps as may be deemed necessary to restrict non-members from attending the Meeting.
7. In order to protect the Members from fraudulent encashment of dividend demand drafts, the Members are requested to furnish their Bank Account Number, the name of the Bank and Branch where they would like to deposit the dividend demand drafts for encashment, whenever dividend is declared by the Company.
These particulars will be printed on the dividend demand draft besides the name of the Members, so that these dividend demand drafts cannot be encashed by anyone other than the Member.
The above mentioned details should be furnished by the first / sole holder, directly to their respective Depository Participant (DP) in respect of shares held in dematerialized form and in case of shares held in physical form to the Registrar & Share Transfer Agent of the Company viz. M/s. Bigshare Services Pvt. Ltd. at 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apartments (next to Keys Hotel), Marol Maroshi Road, Andheri East, Mumbai 400059.
8. Members holding shares in dematerialized form are requested to provide their latest bank account details (Core Banking Solutions Enabled account number, 9 digit MICR and 11 digit IFS Code) to their respective DP. Members holding shares in physical form are requested to provide their latest bank account details (Core Banking Solutions Enabled account number, 9 digit MICR and 11 digit IFS Code) alongwith their Folio No. to the Company's Registrar & Share Transfer Agent.
9. Members are requested to notify immediately any change in their residential status, address, signature and / or Bank details, in respect to their physical holdings, to the Registrar & Share Transfer Agent of the Company; and in case of shares held in dematerialized form, to their respective DP.

The Company and / or its Registrar & Share Transfer Agent will not entertain any direct request from Members holding shares in dematerialized form, for change of address and contact details, transposition of names, deletion of name of deceased joint holder, change in the bank account details and such other updates which can be done only by the DP with whom the Members are having demat account. While making payment of Dividend, Registrar & Share Transfer Agent is obliged to use only the data provided by the DP, in case of such dematerialized shares.

10. **Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the Company's Registrar & Share Transfer Agent for assistance in this regard.**
11. **SEBI has decided that securities of listed companies can be transferred only in dematerialized form from a cut-off date, to be notified. In view of the above and to avail various benefits of dematerialization, Members are advised to dematerialize shares held by them in physical form.**
12. **Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.**
13. Non-Resident Indian Members are requested to inform about the following immediately to the Company or its Registrar & Share Transfer Agent or the concerned DP, as the case may be, immediately of:
 - a. The change in the 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 pin code number, if not furnished earlier.
14. Members must quote their Folio No. / Client ID and DP ID and contact details such as e-mail address, contact no., etc. in all their correspondence with the Company / Registrar & Share Transfer Agent.
15. Members are informed that Securities and Exchange Board of India (SEBI), has mandated to quote Permanent Account Number (PAN) in all the transactions in the securities market, which includes transfer / transmission of securities. Therefore, for any transfer / transmission of shares, the transferee(s) / legal heirs(s) are required to furnish a copy of their PAN to the DP, if shares are held in dematerialized form or to the Registrar & Share Transfer Agent of the Company, if shares are held in physical form.
16. Members holding shares in physical form:
 - a. are required to submit their Permanent Account Number (PAN) and bank account details to the Company / Registrar & Share Transfer Agent, if not registered with the Company as mandated by SEBI.

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- b. are advised to register the nomination in respect of their shareholding in the Company.
 - c. are requested to register / update their e-mail address with the Company / Registrar & Share Transfer Agent for receiving all communications from the Company electronically.
17. Members holding shares in electronic form:
- a. are requested to submit their PAN and bank account details to their respective DPs with whom they are maintaining their demat accounts.
 - b. are advised to contact their respective DPs for registering the nomination.
 - c. are requested to register / update their e-mail address with their respective DPs for receiving all communications from the Company electronically.
18. Pursuant to Section 124 of the Companies Act, 2013, the amount of dividend which remains unpaid / unclaimed for a period of seven years is to be compulsorily transferred to the "Investor Education and Protection Fund (IEPF)", constituted by the Central Government.
- Member(s) who have not yet encashed their dividend is / are requested, in their own interest, to immediately write to the Registrar & Share Transfer Agent of the Company or to the Company, for claiming their outstanding dividend for the Financial Year 2010-11 (which is due for transfer to IEPF on October 20, 2018) and subsequent years. The dividend for the aforesaid year shall be paid only on receipt of request and satisfactory compliance of the requisite procedure. Member(s) may refer to point no. xvii under General Shareholders' Information in the Corporate Governance Report wherein details of transfer of unclaimed dividend to IEPF have been provided.
- The details of unpaid and unclaimed dividend lying with the Company as on September 21, 2017 (date of the last Annual General Meeting) has been uploaded on Company's website www.zicom.com in accordance with the requirements of relevant Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 and the same has also been uploaded on Ministry of Corporate Affairs website www.mca.gov.in.
- Further, pursuant to the provisions of Section 124 of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares on which dividend has been unclaimed for seven consecutive years or more are required to be transferred to IEPF. In the event of transfer of shares and the unclaimed dividends to IEPF, Members are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the duly signed Form IEPF-5 to the Company along with the requisite documents enumerated in the Form IEPF- 5. Members can file only one consolidated claim in a financial year as per the IEPF Rules.
19. All documents referred to in this Notice and Explanatory Statement annexed herewith are open for inspection by the Members at the Registered Office of the Company on all working days between 11:00 a.m. to 1:00 p.m., upto the date of the Meeting and during the time of the Meeting.
20. The Registers / records under the Companies Act, 2013, which are required to be made available for inspection at the Annual General Meeting will be made available accordingly.
21. Brief profiles of the Directors proposed to be re-appointed / appointed vide Item Nos. 2 and 3 of this Notice are as under:
- i) **Mr. Manohar Bidaye** (DIN: 00010699), M.Com.; LL.B. (Gen.) and C.S. (aged 54 years)
- Manohar Bidaye is the Chairman and co-founder of Zicom. He steers the organisation in its strategic vision to be one of the most admired organisations. He also oversees Zicom's forays into allied fields.
- He is a Masters in Commerce from University of Mumbai and a senior Member of the Institute of Company Secretaries of India since 1989. He also has a Degree in General Law.
- He successfully established himself as a Consultant in Corporate Laws and Finance. In 1994, he co-founded Zicom to venture into electronic security industry. It was his vision and able guidance that drove Zicom from the nascent stage of the industry to one of the leading electronic security solutions provider in India. With his vision and ambition, Zicom successfully ventured into fire security business in Gulf region, and today it is one of the most reputed fire security solutions providers in GCC Countries.
- He is a proud recipient of the prestigious "Yashashree 2008" award given by the Maharashtra Times, in recognition and honour of his achievements across various industry segments and "Marathi Bhushan Udyog Award 2012" given by Marathi Vyapari Mitra Mandal.
- ii) **Mr. Anil Khanna** (DIN: 00199924), Commerce Graduate; F.C.A. (aged 59 years)
- Mr. Anil Khanna is a Commerce Graduate with Honors from Meerut University. He is a Fellow Member of the Institute of Chartered Accountants of India and is in Practice since 1991, specializing in business management and statutory compliance services, joint ventures, auditing, International taxation, etc. especially in the field of Oil & Exploration related services. He is on the Board of many companies. Prior to starting practice, he had worked with Sedco Forex, a subsidiary of Schlumberger; Rolv Berg Drive A/s, engaged in Marine & Diving Services in India; Price Waterhouse & Co, Chartered Accountants; A. F. Ferguson & Co, Chartered Accountants; and National Organic Chemicals India Ltd. on various position.
- Further details of these Directors, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements)

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Regulations, 2015, are given in the Corporate Governance Report forming part of the Annual Report.

22. Members are requested to visit the website of the Company www.zicom.com for viewing the quarterly and annual financial results and other information on the Company. For investor-related queries, communication may be sent by an e-mail to investors@zicom.com.
23. Members are requested to send their queries, if any, relating to the accounts, to reach the Company's Registered Office at least ten days before the Annual General Meeting, so that the information could be compiled in advance.
24. In case of joint holder(s) attending the Meeting, only the joint holder higher in the order of names will be entitled to vote.
25. Attendance slip, proxy form and the route map of the venue of the Meeting are annexed hereto. Members / Proxy holders / Authorized representatives are requested to fill in details and affix their signatures at the space provided therein and surrender the attendance slip at the venue of the Meeting. Proxy / Authorized representatives of Members should state on their attendance slip as 'Proxy' or 'Authorized Representative' as the case may be.
26. **Voting through electronic means:**
 - A. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Members, the facility to exercise their right to vote, for the business to be transacted, as mentioned in this Notice of the Twenty Fourth Annual General Meeting, by electronic means. In this regard, the Company has appointed Central Depository Services Limited (CDSL) for providing e-voting facility. Accordingly, the Members (holding shares both in physical and dematerialized form as on the cut-off date mentioned herein below) are requested to exercise their vote for the business to be transacted in this Notice of the Annual General Meeting by electronic means through the e-voting facility. It is hereby clarified that it is not mandatory for a Member to vote using the e-voting facility. A Member may avail of the facility at his / her / its discretion, as per the instructions provided herein.
 - B. The Facility for voting shall be made available at the Meeting either through electronic voting system or ballot or polling paper and the Members attending the Meeting who have not cast their vote by remote e-voting shall be entitled to exercise their right at the Meeting.
 - C. Members who have already cast their vote by means of remote e-voting prior to the Meeting may attend the Meeting but shall not be entitled to cast their vote again at the Meeting. In case a Member who has already cast vote through remote e-voting also casts vote again at the Meeting, then vote cast through remote e-voting shall be considered.

The instructions for e-voting are as under:

- i. The voting period begins on September 21, 2018 (9:30 a.m.) and ends on September 23, 2018 (5:00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 14, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The Members who have already voted prior to the Meeting date would not be entitled to vote at the Meeting venue.
- iii. The Members should log on to the e-voting website www.evotingindia.com.
- iv. Click on "Shareholders" tab.
- v. Now Enter your User ID
 - a. For CDSL: 16 digits Beneficiary ID
 - b. For NSDL: 8 character DP ID followed by 8 digits Client ID
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in dematerialized form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user, follow the steps given below:

For Members holding shares in Dematerialized Form and Physical Form

PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker) in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with sequence number 1 then enter RA000000001 in the PAN field.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the Depository or Company please enter the Member ID / Folio Number in the Dividend Bank details field as mentioned in instruction (v).

- ix. After entering these details appropriately, click on "SUBMIT" tab.

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- x. Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - xii. Click on the EVSN of <ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED> on which you choose to vote.
 - xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
 - xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
 - xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
 - xvii. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
 - xviii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
 - xix. **Shareholders can also cast their vote using CDSL's mobile App m-Voting available for android based mobiles. The m-Voting App can be downloaded from Google Play Store. Apple and Windows phone users can download the App from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile App while voting on your mobile.**
 - xx. **Note for Non – Individual Shareholders and Custodians**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
 - xxi. In case of any queries, grievances or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under Help Section or write an email to helpdesk.evoting@cdslindia.com.
 - xxii. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for e-voting i.e. September 14, 2018, he / she may obtain the User Id and Password in the manner as mentioned in (i) to (xxi) above.
- In case of Members receiving the physical copy:**
1. Please follow all steps from Sl. No. (i) to Sl. No. (xx) above to cast vote.
 2. The voting period begins on September 21, 2018 (9:30 a.m.) and ends on September 23, 2018 (5:00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 14, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 3. In case of any queries, grievances or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under Help Section or write an email to helpdesk.evoting@cdslindia.com.
 - D. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date of September 14, 2018.
 - E. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
 - F. 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 at the Meeting.
 - G. Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
 - H. Ms. Purvi Vasha, Practising Company Secretary (Membership No. 14069) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - I. The Scrutinizer shall, immediately upon conclusion of voting at the General Meeting, would count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in employment of the Company and make not later than three days of conclusion of the

Notice

Meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same; and announce the results on the voting.

- J. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.zicom.com and on the website of CDSL www.evotingindia.com immediately after the results are declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), where the shares of the Company are listed.
27. In order to communicate speedily and effectively the important and relevant information and events, the Members are hereby requested to register their e-mail address(es) and changes therein from time to time, through any of the following manner:
- Company's Website:** By visiting the website www.zicom.com and following link on the Home Page → Investors Relations → Go Green
 - Email Intimation:** By sending an email to investors@zicom.com and mentioning the Name(s) and Folio Number/Client ID and DP ID
 - To the Company:** By a written communication addressed to the Company Secretary at the Registered Office of the Company

Upon registration of the e-mail address(es) by the Members, the Company will send them Notices, Annual Report and other documents and communications meant for Members via electronic mode/e-mail.

Further, the communications/documents will also be made available on the Company's website www.zicom.com for download by the Members.

EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 102(1) of the Companies Act, 2013 (the Act), sets out all material facts relating to the business mentioned at Item No. 3 of the accompanying Notice dated May 29, 2018.

Item No. 3:

Pursuant to Section 161 and other applicable provisions of the Companies Act, 2013 read with Rules thereunder and read with Article 114 of the Articles of Association of the Company, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, through Circular Resolution dated November 28, 2017, appointed Mr. Anil Khanna (DIN: 00199924) as an Additional Director of the Company, effective that date, in the capacity of an Independent Director.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Anil Khanna will hold the office upto the date of the ensuing Annual General Meeting. He will also be an Independent Director under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has received from Mr. Anil Khanna - (i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 in terms of Companies (Appointment &

Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013; and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks approval of the Members for the appointment of Mr. Anil Khanna as an Independent Director of the Company, not liable to retire by rotation, upto November 27, 2019 pursuant to Section 149 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder.

In the opinion of the Board of Directors, Mr. Anil Khanna fulfills the conditions for his appointment as an Independent Director, specified in the Act, Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Anil Khanna is independent of the Management.

A brief resume of Mr. Anil Khanna, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided in para II (F) of the Corporate Governance Report forming part of the Annual Report.

A copy of the draft letter of appointment of Mr. Anil Khanna as an Independent Director setting out the terms and conditions is available for inspection, without any fee, by the Members at the Company's Registered Office, on working days during the normal business hours, upto the date of the Meeting.

The Board considers that his association with the Company would be beneficial to the Company and it is desirable to appoint Mr. Anil Khanna as an Independent Director.

Mr. Anil Khanna is interested in the proposed resolution for his appointment as an Independent Director to the extent of the Fees, and other permitted payments and benefits which he may get in his capacity as an Independent Director of the Company. Except him and his relatives, no other Director, Key Managerial Personnel or their relatives, are interested or concerned, financially or otherwise, in the Resolution set out at Item No. 3.

The Board recommends the Ordinary Resolution as set out at Item No. 3 of the Notice for your approval.

By Order of the Board of Directors

Kunjan Trivedi

Company Secretary

Place: Mumbai

Date: May 29, 2018

Registered Office:

501, Silver Metropolis,
Western Express Highway,
Goregaon (East), Mumbai 400063.

Directors' Report

To the Members,

Your Directors presents their Twenty Fourth Annual Report, together with the Audited Accounts of the Company for the Financial Year ended March 31, 2018.

FINANCIAL HIGHLIGHTS:

(₹ lakhs)

Particulars	March 31, 2018 Consolidated	March 31, 2017 Consolidated	March 31, 2018 Standalone	March 31, 2017 Standalone
Income from Operations	26,588	71,321	3,802	20,183
EBIDTA	(22,356)	(9,240)	(15,207)	(2,274)
Interest	(6,216)	(8,789)	(1,047)	(3,585)
Depreciation	(3,707)	(4,265)	(61)	(401)
Impairment	-	-	-	-
Exceptional Items	(1,733)	-	(20,368)	-
Profit / (Loss) Before Tax & Minority Interest	(34,012)	(22,294)	(36,683)	(6,260)
Minority Interest	708	666	-	-
Other Comprehensive Income Adjustment	50	293	46	291
Taxes				
Current year	(131)	(50)	-	-
Taxes of earlier years	-	-	-	-
Deferred	(79)	356	(105)	80
Net Profit / (Loss) After Tax	(33,464)	(21,029)	(36,742)	(5,889)

OPERATIONAL PERFORMANCE

During the year under review, the income from operations on a consolidated basis was ₹ 26,588 lakhs as against ₹ 71,321 lakhs in the previous year. The consolidated loss of EBIDTA was ₹ 22,356 lakhs against loss of ₹ 9,240 lakhs in the previous year. The consolidated loss before tax was ₹ 34,012 lakhs against previous year loss of ₹ 22,294 lakhs. After providing for the minority interest of ₹ 708 lakhs (previous year ₹ 666 lakhs); the loss after tax was ₹ 33,464 lakhs as against loss of ₹ 21,029 lakhs in the previous year.

The Consolidated Financial Statements (CFS) includes the financial statements of Zicom Electronic Security Systems Limited ("the Company") and its subsidiary companies, namely,

- Zicom SaaS Private Limited ("Zicom SaaS");
- Unisafe Fire Protection Specialists Singapore Pte. Ltd. ("Unisafe Singapore") and its subsidiaries, viz. Unisafe Fire Protection Specialists LLC, Dubai ("Unisafe Dubai") and its subsidiaries; and Phoenix International WLL, Qatar ("Phoenix Qatar");
- Unisafe Fire Protection Specialists India Private Limited ("Unisafe India"); and
- Zicom Security Projects Pte. Ltd., Singapore ("Zicom Singapore")

The reduction in the revenue on consolidated basis is mainly due to slow-down in Middle East economy due to geo-political reasons, lack of working capital and withdrawal of banking facilities by the Bankers.

On a standalone basis, the income from operations for the year under review was ₹ 3,802 lakhs (₹ 20,183 lakhs in the previous year). In view of Exceptional Items of ₹ 20,368 lakhs; the Company had standalone loss of ₹ 36,742 lakhs (previous year profit of ₹ 5,889 lakhs) after provision of tax write-back of ₹ (105) lakhs (previous year ₹ 80 lakhs). Exceptional Items for the year under review represents impairment / provision in value of the assets, receivables, advances and investments caused due to implementation of applicable Ind-AS w.e.f. April 1, 2017.

The reduction in the standalone income from operations for the year under review as compared to previous year is due to the Company's conscious decision to reduce its focus on trading business due to increase in competition, reduction in margins, constraint of working capital and challenges in recovery of payments from dealers / channel partners.

Further, during the year under review, the Company has written-off substantial amount on account of non-recovery of dues from distributors and channel partners and decrease in the value of stock caused by fall in prices, non-moving and obsolete stock.

TRANSFER TO RESERVES:

No amount is proposed to be transferred to the reserves during the financial year ended March 31, 2018.

BUSINESS DEVELOPMENTS AND PROSPECTS

In the year under review the slow-down in Middle East economy has continued its shadow on the performance of both Unisafe

Directors' Report

Dubai and Phoenix Qatar. The challenges have been multiplied when UAE and Kingdom of Saudi Arabia have put embargo on Qatar due to geo-political reasons. Many projects of the companies got stand-still resulting in non-recovery of payments. Both companies have taken a distress call to minimize its workforce by reduction of sizable employees and opted not to accept any new projects for the time being, but to complete existing projects to recover outstanding and safeguard performance guarantees given to the customers. The oil prices remained range bound around USD 60 – USD 70 per barrel which is not enough for Middle East countries to invest in stalled projects. As a matter of abundant caution, the Company has decided to make provision for long overdue debtors. Efforts are also being made to rope-in suitable local partner to bail out these companies from debt situation and improve recovery prospects.

The performance of the Company on standalone basis has also been affected adversely on account of non-availability of working capital, loss of market share due to competition and fall in the margin as security products and equipments are moving to commodity zone. The Company requires to invest in setting-up local manufacturing facility as per 'Make in India' program of the Government to remain viable in the market. Due to tax concession on local manufacturing, such investment is more than necessary. However, in view of the present financial constraints, it appears challenging. Therefore, the products of the Company are getting out-priced resulting in loss of market-share.

Zicom SaaS, a wholly owned subsidiary, is battling strongly to preserve the pride of Zicom Group. Zicom SaaS is offering new services and products on its technology platform using its Command Station. Although market for security services is growing rapidly due to constraint of up-front investment Zicom SaaS is not showing significant growth. During the year under review, it has launched its MYCS services in the cities of Hyderabad and Ahmedabad.

Our two wholly-owned subsidiaries in Singapore, viz. Unisafe Fire Protection Specialists Singapore Pte. Ltd. (Unisafe Singapore) and Zicom Security Projects Pte. Ltd. (Zicom Singapore) continues to hold our investments in Unisafe Dubai and Phoenix Qatar.

DIVIDEND

Keeping in view the affected performance of the Company and loss incurred during the year under review and also with a view to conserve resources to meet the business requirements, your Directors expresses their inability to recommend any dividend on equity shares for the financial year 2017-18.

SUBSIDIARIES AND CONSOLIDATED FINANCIAL STATEMENTS

As on March 31, 2018, your Company had the following subsidiaries:

1. Zicom SaaS Private Limited (wholly owned subsidiary);
2. Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore (wholly-owned subsidiary);
3. Unisafe Fire Protection Specialists LLC, Dubai (step-down subsidiary);

4. Phoenix International WLL, Qatar (step-down subsidiary);
5. Unisafe Fire Protection Specialists India Private Limited (wholly-owned subsidiary); and
6. Zicom Security Projects Pte. Ltd., Singapore (wholly-owned subsidiary)

A statement containing salient features of the financial statement of subsidiaries for 2017-18 as required under Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules 2014 and amendment thereunder is provided in Annexure A hereto in prescribed Form AOC-1. In respect of foreign subsidiary companies, figures in rupees are converted from applicable foreign currency at appropriate exchange rate as on year end date. The Policy on Material Subsidiary as approved may be accessed on the Company's website at the link: http://beta.zicom.com/img/pdf/ZESSL-Policy_on_Material_Subsidiary.pdf.

The details of key subsidiaries are discussed under Management Discussion and Analysis and highlights of their workings are given below:

Zicom SaaS Private Limited

During the year under review, Zicom SaaS posted Total Income of ₹ 4,560 lakhs (previous year ₹ 5,101 lakhs) and Net Loss after Tax of ₹ 394 lakhs (previous year Net Loss after Tax ₹ 482) for the financial year ended March 31, 2018.

Unisafe Fire Protection Specialists LLC, Dubai

On account of weakening of crude prices and consequential of slowdown of economy in entire Middle East, performance of Unisafe Dubai has suffered a set-back. For the financial year ended March 31, 2018, Unisafe Dubai has posted Total Income of ₹ 14,911 lakhs (as compared to ₹ 34,202 lakhs in the previous year) and a Net Loss after Tax of ₹ 9,844 lakhs (as compared to Net Loss after Tax of ₹ 11,763 lakhs in the previous year).

Phoenix International WLL, Qatar

For the financial year ended March 31, 2018, Phoenix Qatar, posted Total Income of ₹ 4,527 lakhs (as compared to ₹ 11,304 lakhs in the previous year) and a Net Loss after Tax of ₹ 4,325 lakhs (as compared to Net Loss after Tax of ₹ 879 lakhs in the previous year).

Unisafe Fire Protection Specialists India Private Limited

During the financial year ended March 31, 2018, Unisafe India has shown Total Income of ₹ 0.75 lakhs (previous year ₹ 804 lakhs) and a Net Loss after Tax of ₹ 317 lakhs (previous year Net Loss after Tax ₹ 82 lakhs) in the year under review.

Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore and Zicom Security Projects Pte. Ltd., Singapore

Both these companies are Company's wholly-owned subsidiaries in Singapore, incorporated with a view to internationally align and consolidate present and future investments of the Group. The

Directors' Report

Group overseas investment in fire business falls under the umbrella of Unisafe Singapore acting as a holding company for all such ventures, whereas Zicom Singapore, aimed as a holding company for Group investment in international electronic security business.

As per Section 134 of the Companies Act, 2013, your Company has provided the audited Consolidated Financial Statements for the year ended on March 31, 2018; together with Auditors' Report thereon forming part of this Annual Report, which includes financial information of all the subsidiaries. These documents will also be available for inspection during the business hours at the Registered Office of your Company and the respective subsidiary companies. Pursuant to the provisions of the Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 and amendment thereof, a statement containing salient features of the financial statements of Company's Subsidiaries for financial year 2017-18 (in Form AOC-1) is appended as Annexure A hereto. Your Company has placed the audited annual accounts and related information of subsidiary companies on its website and same will be made available to the Members upon request.

CHANGES IN BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors:

During the year under review, Mrs. Sharada Sundaram (DIN: 07067040) was appointed as a Nominee Director of the Company w.e.f. April 17, 2017 in accordance with the provisions of the Working Capital Consortium Agreement dated February 6, 2016 and a communication received from IDBI Bank Limited, the Lead Bank of Consortium.

Mr. Sanjeev Dayal (DIN: 03490363) ceased to be an Independent Director of the Company w.e.f. August 30, 2017. The Board of Directors places on record its sincere appreciation for the support and contribution made by Mr. Dayal during his tenure as Director of the Company.

On November 28, 2017, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, through Circular Resolution, appointed Mr. Anil Khanna (DIN: 00199924) as an Additional Director of the Company, effective that date, in the capacity of an Independent Director under Section 161 of the Companies Act, 2013 to hold office till the date of the ensuing Annual General Meeting. Mr. Khanna's appointment shall be subject to the approval of Members at the forthcoming Annual General Meeting.

In accordance with provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Manohar Bidaye (DIN: 00010699) is the Director liable to retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

Additional information on Directors recommended for appointment / re-appointment, as required under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

("Listing Regulations"), is provided in the Notice convening 24th Annual General Meeting of the Company accompanying this Report.

The Company has received declarations from all Independent Directors confirming that they meet the criteria of independence as prescribed under provisions of the Companies Act, 2013, Rules made thereunder and the Listing Regulations.

Your Directors recommend the above appointment / re-appointment for your approval.

Key Managerial Personnel:

During the year under review, Mr. Hemendra Paliwal resigned from the office of Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. November 30, 2017. Mr. Nitin Deshpande was appointed as Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. December 1, 2017.

At the end of the year under review, the Company had following persons as Key Managerial Personnel pursuant to the provisions of Sections 2(51) and 203 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Name of Key Managerial Personnel	Designation
Mr. Pramoud Rao	Managing Director
Mr. Nitin Deshpande	Chief Financial Officer
Ms. Kunjan Trivedi	Company Secretary

Subsequent to the year end, Mr. Nitin Deshpande resigned from the office of Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. May 28, 2018. Mr. Madan Kumar Chetlur was appointed as Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. May 29, 2018.

BOARD EVALUATION

In accordance with the requirements of the Companies Act, 2013 and Listing Regulations, the Board evaluation process was carried out. The Board / Nomination and Remuneration Committee of Directors have laid down the criteria for evaluation of the performance of the Board, its Committees and individual Director. A structured questionnaire prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committee, Board procedures, development, etc. was circulated to Directors for the purpose of evaluation.

The Board and Nomination and Remuneration Committee of Directors reviewed the performance of the individual Directors on the basis of set criteria's.

The Independent Directors, at its separate meeting, carried out performance evaluation of Board as a whole, its Committees, Chairman of the Company and Non-Independent Directors. The same was discussed in the subsequent Board meeting, at which performance of the Board, its Committees and individual Directors was also discussed.

Directors' Report

REMUNERATION AND NOMINATION POLICY

The Board of Directors has framed a Policy which lays down the framework in relation to remuneration to Directors, Key Managerial Personnel and Senior Management of the Company. This Policy also lays down criteria for selection and appointment of Board Member. The Policy is provided in Annexure B to this Report.

AUDITORS AND THEIR REPORT

M/s. S M M P & Associates, Chartered Accountants, was appointed as Statutory Auditors of the Company, for a term of 5 (five) consecutive years, at the Annual General Meeting held on September 21, 2017. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

Auditors' Report:

Statutory Auditors' observations in Audit Report on Standalone and Consolidated Financials and Directors' explanation thereto –

In respect of observation in Standalone Audit Report regarding non-provisioning of interest on bank loans by the Company – The Banks have classified the Company as Non Performing Assets (NPA) as per Reserve Bank of India circular on assets classification. As a result, the Company, during the year under review, has not provided for interest amounting to ₹ 2,245.57 lakhs on outstanding Bank loans. The Company is negotiating with bankers for One Time Settlement (OTS) of its outstanding liabilities and in the opinion of the Management, liability as reflected in the Financial Statements is sufficient to meet proposed One Time Settlement amount.

In respect of observation in Consolidated Audit Report regarding non-provisioning of interest on bank loans by the Company and one of its wholly owned Indian subsidiary – The Banks have classified both the Company and one of its wholly owned Indian subsidiary as Non Performing Assets (NPA) as per Reserve Bank of India circular on assets classification. In case of subsidiary, One Time Settlement (OTS) has been arrived; while in case of the Company, the OTS is under negotiation. As a result, the Company has not provided interest of ₹ 3,313.17 lakhs for year under review on accrual basis on the Bank loans.

Further, with regard to emphasis of matter in the Standalone and Consolidated Auditors' Report, your Directors wish to state that the said emphasis of matter read with Notes of Standalone and Consolidated Financial Statements is self-explanatory and does not require any further explanation. Your Directors would like to add that the said matter will not have any material adverse effect on the functioning of the Company.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules thereunder, the Company has appointed Ganesh Narayan & Co, Company Secretaries in Practice (CP No. 2238) to conduct Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit Report for the financial year

ended March 31, 2018 is annexed herewith as Annexure C (as Form MR-3) to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, based on the representations received from the operating management, your Directors hereby state that -

- a) in preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the loss of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws that such systems are adequate and operating effectively.

REPORTING OF FRAUDS

During the year under review, no instances of fraud, under Section 143 (12) of the Companies Act, 2013 and Rules framed thereunder, were reported by the Statutory Auditors either to the Company or to the Central Government.

MEETINGS OF THE BOARD

Seven meetings of the Board of Directors were held during the year under review. For further details, please refer Section II (F) – Other provisions related to Board and Committees of the Corporate Governance Report forming part of this Report.

COMMITTEES OF THE BOARD

The details of the Committees of the Board constituted under the Companies Act, 2013 and Listing Regulations are given under Section III – Board Committees of the Corporate Governance Report forming part of this Report.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Particulars of loans given, investments made, guarantees given

Directors' Report

and securities provided are given in the standalone financial statements. Further, following are the purposes for which the

loans or guarantees or securities are proposed to be utilized by the recipient:

Name of Recipient Entity	Relation	Purpose for which the loans, guarantees and securities are proposed to be utilized
Unisafe Fire Protection Specialists LLC, Dubai	Subsidiary	Business Purpose
Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore	Subsidiary	Business Purpose
Zicom Security Projects Pte. Ltd., Singapore	Subsidiary	Cash Management
Phoenix International WLL, Qatar	Subsidiary	Business Purpose
Zicom SaaS Pvt. Ltd., India	Subsidiary	Business Purpose
Unisafe Fire Protection Specialists India Pvt. Ltd., India	Subsidiary	Business Purpose

RELATED PARTY TRANSACTIONS

All transactions entered with related parties during the year 2017-18 were on arm's length basis and in the ordinary course of business and that the provision of Section 188(1) of the Companies Act, 2013 are not attracted. Hence the particulars to be disclosed in this regards in Form AOC-2 is Nil. Further, during the year under review, there were no material related party transactions.

The Audit Committee and the Board of Directors have approved the Related Party Transaction Policy, which has been prepared in consonance with provisions of Regulation 23 of the Listing Regulations and Companies Act, 2013. The same has been uploaded on the Company's website at the link: http://beta.zicom.com/img/pdf/ZESSL-Related_Party_Transaction_Policy.pdf.

All Related Party Transactions are being placed before the Audit Committee for approval. Omnibus approvals are also obtained for transactions which are of repetitive nature. Such transactions are placed before the Audit Committee and Board (as required) for periodical review and approval.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Section 177(9) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has formulated Vigil Mechanism / Whistle Blower Policy for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. The said Committee oversees implementation of the Whistle Blower Policy of the Company. The said Policy as approved may be accessed on the Company's website at the link: http://beta.zicom.com/img/pdf/ZESSL-Whistle_Blower_Policy.pdf.

MATERIAL CHANGES AND COMMITMENTS

There have not been any material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company as on March 31, 2018 and the date of this Report.

RISK MANAGEMENT

The Company already has in place the system to inform the Board about the risk assessment and minimization procedure. The risk management system identifies and assesses various risks associated with the Company and its business and finds out and suggests measures to mitigate them. This also includes mechanisms for their proper and timely monitoring and reporting. In this regard, the Company has framed policy to identify and evaluate business risks, and to mitigate them. The Policy defines the risk management approach at various levels including documentation and reporting. The Policy helps in identifying risks trend, exposure and potential impact analysis at Company level and also separately for each business division of the Company. The risk management system is periodically evaluated by the Audit Committee / Board in the light of changing business scenario. Accordingly, new risks are identified, and modified mechanism & procedure for risk assessment and minimization are adopted to ensure that executive management controls risk by means of properly defined framework. Progress in this regard is periodically reported to Audit Committee / Board for their review and corrective actions, required if any. This is a continuous process which enables the Company to keep its risk management system updated and robust in view of fast changing economic and business scenario affecting the Company.

EXTRACT OF ANNUAL RETURN

The Extract of Annual Return of the Company as on the financial year ended on March 31, 2018, in Form MGT-9, as required under Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, is appended herewith as Annexure D to this Report.

CORPORATE GOVERNANCE

A separate section on Corporate Governance, together with a certificate from your Company's Auditors confirming compliance of the conditions of Corporate Governance as stipulated under Listing Regulations is appended herewith as Annexure G forming part of this Report.

Directors' Report

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

Pursuant to the provisions of Section 134(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 relevant information are given hereunder:

A. Conservation of Energy

The Company's operations include selling, distributing, marketing and installing of electronic security systems, gadgets and equipments and monitoring them; and as can be observed such operations do not involve much use of energy. However, your Company makes every possible effort to conserve energy at all levels of its operations.

(i) The steps taken or impact on conservation of energy:

At offices and workplaces, creating awareness among employees, contractual workers and customers about modes and means of energy saving through utilization of energy saving systems, devices and equipments; and inculcating a habit in them to strive for conservation and saving of energy. The above has helped the Company in keeping its energy cost under control.

(ii) The steps taken by the Company for utilizing alternate sources of energy:

As the operations of your Company does not involve much use of energy, the possibility of using alternate source of energy as a measure of conservation of energy in its operations are minimal.

(iii) The capital investment on energy conservation equipments:

No material capital investment on energy conservation equipments has been made during the year by your Company.

B. Technology Absorption

As your Company has not imported any technology, the required information to be provided in this regard is Nil. Your Company is continuously working on improving its indigenous products and software. Your Company continuously strives to provide electronic security systems, gadgets and equipments based on latest technology. Further, the details of expenditure incurred on the research and development are Nil.

C. Foreign Exchange Earnings and Outgo and Export Market Developments

Your Company has not earned any amount in foreign currency (previous year ₹ 1,160 lakhs) and has spent ₹ 709 lakhs (previous year ₹ 1,863 lakhs) in foreign exchange during the year under review. The details of the same are available at Note 28.10 being Notes forming part of the Financial Statements.

PARTICULARS OF EMPLOYEES

The disclosure required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules,

2014 in respect of employees of the Company is appended as Annexure E to this Report.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendment thereof, during the year under review, there was no employee under the employment of your Company, who was in receipt of remuneration of ₹ 102 Lakhs or more per annum, if employed for the entire year, or a remuneration of ₹ 8.50 Lakhs or more per month, if employed during any part of the said year. Hence, the information required to be furnished in this regard is Nil.

At present the Company does not have any Employee Stock Option Plan / Scheme nor does it have any live stock options pending to be exercised.

HUMAN RESOURCES

The Human Resource (HR) is truly a strategic business partner in the growth of our Company. The Company's HR philosophy is developed around the fundamental of creating value through our most valued resource "Zi-Champ" to drive profitable growth and make Zicom a preferred choice of employer. HR has developed and maintained friendly, transparent and professional work culture woven into the fabric of the company's environment with strong business ethics.

HR has time and again used innovation in hiring talent in Zicom. With usage of high end assessment tools and latest hiring channels like social media, campus selection, rehiring ex-employee, references (Talent Connect) and job portals, HR has hired the best fresh enthusiastic and well proven experienced talent from the industry at competent compensation & benefits. HR has created benchmark in the Fire and Security Industry by hiring the Engineers through Pool Campus Recruitment from Tier II and III cities like Kanpur (Uttar Pradesh), Hooghly (near Kolkata), Ratnagiri (Maharashtra), Bhopal (Madhya Pradesh). HR has upgraded the roles and responsibilities of these fresh engineers to next level.

In order to fulfill the Company's vision of value creation, a number of developmental initiatives have been undertaken which inter-alia includes employee branding (Quotes by Zi-Champs) and a series of learning sessions from senior management within the organization which helps them to serve the customer well.

During the financial year under the review, HR organized employee connect programs wherein Zi-Champs cross functionally bonded with each other and took up fun activities as a team. Subsequent to the year under review, HR has started rewards and recognition for employees by appreciating their achievements to motivate other employees.

As on March 31, 2018, the total number of, direct and indirect employees, were standing at 88.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with provisions under the Companies Act, 2013, a

Directors' Report

Corporate Social Responsibility (CSR) Committee has been constituted and also a CSR policy has been adopted by the Company.

Pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the requisite details on CSR is given under Annexure F appended to this Report.

However, for the year under review, the provisions of Section 135(5) of Companies Act, 2013 shall not apply to the Company as it has incurred loss and two percent of the average net profits of the Company during the three immediately preceding financial years is negative.

INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

Your Company follows current best practices in internal audit and risk management system. Internal Audit System monitors the adequacy and effectiveness of the internal control as per the policy and procedures framed and also under the supervision and guidance of the Audit Committee. It is supported by the enterprise resource planning platform for all business process.

All transactions are properly authorized, recorded and presented to the Management. Your Company observes all the accounting standards prescribed for proper maintenance of books of accounts and reporting of financial statements.

The Internal Control inter-alia facilitates:

- Review of long-term business and annual plans
- Adherence to applicable accounting standards and policies
- Periodic review and rolling forecasts
- Proper accounting and review mechanism
- Compliance with applicable statutes, listing requirement and internal policies and procedures
- Audit on concurrent basis, carried out by an internal auditor covering all statutes and compliance requirements
- IT systems with adequate in-built controls and security

INDIAN ACCOUNTING STANDARDS (IND AS)

As per the directives of SEBI vide its Circular dated July 5, 2016, the IND AS become applicable to the Company during the year under review.

GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals that would impact the going concern status of the Company and its future operations.
5. The Company has in place policy as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no case was reported to the Committee constituted under the said Act.

ACKNOWLEDGMENTS

Your Directors wish to place on record their sincere appreciation and thanks for the valuable co-operation and support received from the employees of your Company at all levels, Company's Bankers, lenders, suppliers, Government authorities, business partners and Members of the Company; and look forward for the same to even greater extent in the coming year.

For and on behalf of the Board of Directors

Manohar Bidaye
Chairman

Place: Mumbai
Date: May 29, 2018

Registered Office:
501, Silver Metropolis,
Western Express Highway,
Goregaon (East), Mumbai 400063.

Directors' Report

Annexure 'A' to Directors' Report

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES AS PER COMPANIES ACT, 2013:

PART A: SUBSIDIARIES

Name of the Subsidiary	Date since when Subsidiary was acquired	Reporting Currency	Exchange Rate on the last day of the financial year (In ₹)	Share Capital	Reserves & Surplus	Total Assets	Total Liabilities	Investments	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% of Shareholding
Unisafe Fire Protection Specialists LLC, Dubai	13.05.2007	AED	17.72	5,426.75	(3,082.86)	62,434.70	62,434.70	Nil	15,049.52	(9,930.59)	Nil	(9,930.59)	Nil	8.00
Phoenix International WLL, Qatar	01.06.2012	QAR	17.87	178.70	(478.50)	8,232.58	8,232.58	Nil	4,599.02	(4,392.81)	Nil	(4,392.81)	Nil	5.00
Zicom SaaS Private Limited	23.02.2011	INR	1.00	2,000.00	100.16	13,670.66	13,670.66	Nil	4,545.00	(400.38)	(6.32)	(394.06)	Nil	100.00
Unisafe Fire Protection Specialists India Private Limited	16.01.2012	INR	1.00	500.00	(566.81)	434.44	434.44	Nil	Nil	(205.52)	(111.12)	(316.63)	Nil	100.00
Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore	15.02.2012	USD	65.04	0.0026	(3,037.45)	1,4242.10	1,4242.10	10,997.53	Nil	(566.24)	Nil	(566.24)	Nil	100.00
Zicom Security Projects Pte. Ltd., Singapore	02.05.2012	USD	65.04	0.00065	(6.72)	7,026.61	7,026.61	Nil	Nil	228.24	Nil	228.24	Nil	100.00

Note:

Names of subsidiaries which are yet to commence operations - NIL

Names of subsidiaries which have been liquidated or sold during the year - NIL

For and on behalf of the Board of Directors

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Prabhakar Dalal
Director

Mukul Desai
Director

K. D. Hodavdekar
Director

Tanvi Joshi
Director

Place : Mumbai

Date : May 29, 2018

Madan Kumar Chetlur
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Directors' Report

Annexure 'B' to Directors' Report

Nomination and Remuneration Policy Zicom Electronic Security Systems Limited

A. INTRODUCTION :

The Company has always considered human resources as its invaluable assets and consistently works towards harmonizing the aspirations of its employees with that of the goals of the Company.

Pursuant to Section 178 of the Companies Act, 2013 ("Act") and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI LODR"), the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company had already constituted Remuneration Committee comprising of Non-Executive Independent Directors as required under SEBI LODR.

The Nomination and Remuneration Policy ("the Policy") as per the requirements of Section 178 of the Companies Act, 2013 & Regulation 19 of SEBI LODR has been formulated with the object of enhancing competencies of the Board and attracting as well as retaining talented employees for role of Key Management Personnel / Senior Management.

Scope of the Policy / Applicability:

The Committee has adopted the following criteria for selection of candidates eligible to be appointed in the senior management and other employees of the Company and also member on the Board of Directors and the Executive Directors of the Company.

B. OBJECTIVES:

1. To formulate criteria for appointing Directors, Key Managerial Personnel and Senior Management, in accordance with the provisions prescribed under the Companies Act, 2013, Rules made thereunder and SEBI LODR.
2. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
3. To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
4. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

C. DEFINITIONS:

1. "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
2. "Board" means Board of Directors of the Company.
3. "Committee" means Nomination and Remuneration Committee.
4. "Company" means Zicom Electronic Security Systems Limited.
5. "Directors" mean members of the Board of Directors of the Company.
6. "Independent Director" means a director referred to in Section 149(6) of the Companies Act, 2013.
7. "Key Managerial Personnel" means
 - a) Chief Executive Officer or the Managing Director or the Manager;
 - b) Whole-time director;
 - c) Chief Financial Officer;
 - d) Company Secretary; and

- e) Such other officer as may be prescribed.

8. "Senior Management" means personnel of the Company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

D. INTERPRETATION OF POLICY:

In this Policy, words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa. Any other term referred in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Rules made thereunder, SEBI LODR and other SEBI Regulations as amended from time to time.

Effective Date: This Policy shall become effective from the date of adoption by the Board.

E. ROLE OF COMMITTEE:

The Committee shall:

1. Formulate criteria for determining qualifications, positive attributes and independence of a Director.
2. Formulate criteria for evaluation of Independent Directors and the Board.
3. Carry out evaluation of every Director's performance.
4. Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this Policy.
5. Recommend to the Board the appointment and removal of Directors and Senior Management.
6. Devise a policy on Board diversity.
7. Recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel, Senior Management, and other employees.
8. To perform such other functions as may be necessary or appropriate for the performance of its duties.

Nomination and Remuneration Committee shall ensure the following while formulating the Policy:

- a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals

F. MEMBERSHIP:

1. The Committee shall comprise of minimum three (3) Non-Executive Directors, of which at least half shall be Independent directors.
2. Minimum two (2) members shall constitute a quorum for the Committee meeting.
3. Term of the Committee shall be continued unless terminated by the Board of Directors.

Directors' Report

4. Membership of the Committee shall be disclosed in the Annual Report.

G. CHAIRMAN:

1. Chairman of the Committee shall be an Independent Director.
2. Chairman of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
3. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
4. Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

H. COMMITTEE MEMBER'S INTERESTS:

1. A member of the Committee is not entitled to be present when his own remuneration is discussed at a meeting or when his performance is being evaluated.
2. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

I. SECRETARY:

The Company Secretary shall act as Secretary of the Committee.

J. VOTING:

1. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
2. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

K. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:

1. Criteria for Appointment:

- a) To identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend appointment to the Board.
- b) To ensure that the candidate possess adequate qualification, expertise and regional and industry experience for the position he is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.
- c) To appoint such person as an Independent Director who fulfils all the criterion of independence as mentioned under Section 149(6) of the Companies Act, 2013 and SEBI LODR.
- d) To decide on not to appoint or discontinue the employment of any person as Managing Director / Whole-time Director / Manager who has attained the age of seventy (70) years. Provided that the term of the person holding this position may be extended beyond the age of seventy (70) years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy (70) years.

- e) To consider the extent to which the candidate is likely to contribute to the overall effectiveness of the Board, work constructively with the existing Directors and enhance the efficiencies of the Company.

- f) To judge the skills and experience that the candidate brings to the role of Key Managerial Personnel / Senior Management and how such candidate will enhance the productivity and competency of the Company.

- g) To consider the skills and experience that the candidate brings to the role of Director and how such candidate will enhance the skill sets and experience of the Board as a whole.

- h) To consider the nature of existing positions held by the candidate including directorships or other relationships and the impact they may have on the candidate's ability to exercise independent judgment.

2. Term:

- a) Managing Director / Whole time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five (5) years at a time. No re-appointment shall be made earlier than one (1) year before the expiry of the term.

- b) Independent Director:

- An Independent Director shall hold office for a term up to five (5) consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.
- No Independent Director shall hold office for more than two (2) consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three (3) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three (3) years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for five (5) years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he shall be eligible for appointment for one more term of five (5) years only.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven (7) listed companies as an Independent Director and three (3) listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

3. Evaluation:

The Committee shall evaluate the performance of every Director, Key Managerial Personnel and Senior Management on yearly basis.

4. Removal:

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, Key Managerial

Directors' Report

Personnel or Senior Management due to reasons for any disqualification mentioned in the Companies Act, 2013, Rules made thereunder or under any other applicable Act, rules and regulations or wherever the Committee deems so in the best interest of the Company.

5. Retirement:

The Director, Key Managerial Personnel and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, Key Managerial Personnel, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to compliance with the prescribed requirements and procedure.

6. Notice of Termination and Severance Pay Policy:

- A. For Executives resident in India, the termination period from the Company will be of Six (6) months. In addition thereto, the Executive, provided that termination has been made by the Company, will be entitled to a maximum severance pay of six months' salary inclusive of the value of variable remuneration and other fixed entitled benefits. Executives resident outside India or resident in India but having a material connection to or having been resident in a country other than India may be offered notice periods for termination and severance payment that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably solutions comparable to the solutions applied to Executives resident in India.
- B. For Key Managerial Personnel and Senior Management, the termination period from the Company will be as per the Company's policy.

L. REMUNERATION TO MANAGING DIRECTOR / KEY MANAGERIAL PERSONNEL / SENIOR MANAGEMENT:

1. Fixed Salary:

Managing Director, Key Managerial Personnel and Senior Management shall be eligible for monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the provisions of the Companies Act, 2013, and Rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension, medical expenses, etc. shall be decided and approved by the Board on the recommendation of the Committee; and further approved by the shareholders and Central Government, wherever required.

2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to the Managing Director/Whole-time Directors/Manager in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

3. Excess Remuneration:

If Managing Director/Whole-time Directors/Manager draws or receives, directly or indirectly by way of remuneration any such

sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

M. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR:

1. Remuneration / Commission:

The remuneration / commission shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. Limit of Remuneration / Commission:

Remuneration / commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company, unless otherwise permitted by the Act and other applicable statutory provisions.

N. NOMINATION AND REMUNERATION COMMITTEE DUTIES:

1. To ensure that appropriate induction is provided to new Directors and members of Senior Management and review its effectiveness.
2. To ensure that, on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the provisions of the Companies Act, 2013.
3. To identify and recommend Directors eligible for retirement by rotation.
4. To determine the appropriate size, diversity and composition of the Board, subject to the applicable statutory provisions.
5. To set a formal and transparent procedure for selecting new Directors for appointment to the Board.
6. To develop and regularly review succession plan for the Board and Senior Management.
7. To evaluate the performance of the Board and Senior Management with the Company's performance from business and compliance perspective.
8. To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract.
9. To consider and determine the Remuneration Policy for Board and Senior Management.

Directors' Report

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Zicom Electronic Security Systems Ltd, Mumbai 400 063

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Zicom Electronic Security Systems Limited (CIN:L32109MH1994PLC083391) (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and as per the explanations given to me and the representation made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the applicable provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), to the extent applicable to the Company:-
- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (Not applicable to the Company during the Audit Period);
- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
- g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period); and
- i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period)
- vi) Based on my search on the peers and representation given by the Company, there are no laws which are specifically applicable to the Company

I have also examined compliance with the applicable clauses of the following:

- i) The Listing Agreements entered into by the Company with BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and
- ii) Secretarial Standards of The Institute of Company Secretaries of India with respect to the board and general meetings as applicable to the Company.

During the period under review and as per the explanations and clarifications given to me and the representation made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

If further report that

- a. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under

Directors' Report

review were carried out in compliance with the provisions of the Act.

- b. Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- c. Decisions at the Board Meetings and Committee Meetings were carried through on the basis of majority as recorded in the minutes of the meetings. As represented by the Management, there were no dissenting views by any member of the Board of Directors or Committee of the Board as the case may be during the period under review. Resolutions passed by circulations were approved in the subsequent Board Meeting.

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me generally there are adequate systems and processes in the Company to commensurate with the size and operations of the Company and to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report the following changes that took place in the Company during the Audit Period :

- a) Mr. Anil Khanna was appointed as an Additional (Independent) Director w.e.f. November 28, 2017. Mr. Sanjeev Dayal resigned from the office of Director of the Company w.e.f. August 30, 2017.
- b) Mr. Hemandra Paliwal resigned as Chief Financial Officer w.e.f. November 30, 2017 and Mr. Nitin Deshpande was appointed as Chief Financial Officer w.e.f. December 1, 2017.
- c) Mrs. Sharada Sundaram was appointed as Nominee Director of Financial Institutions w.e.f. April 17, 2017.
- d) There was change in designation of Ms. Tanvi Joshi from Additional Director to Director w.e.f. September 21, 2017.

For Ganesh Narayan & Company

Company Secretaries

Ganesh Narayan

Proprietor

FCS: 6910/CP No: 2238

Place: Mumbai

Date: May 29, 2018

Note: This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,

The Members,

Zicom Electronic Security Systems Ltd

Mumbai - 400 063.

My Report of even date is to be read along with this letter.

- Maintenance of secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
- I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
- The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
- The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For Ganesh Narayan & Company

Company Secretaries

Ganesh Narayan

Proprietor

FCS: 6910/CP No: 2238

Place: Mumbai

Date: May 29, 2018

Directors' Report

Annexure 'D' to Directors' Report

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

i)	CIN	L32109MH1994PLC083391
ii)	Registration Date	December 1, 1994
iii)	Name of the Company	Zicom Electronic Security Systems Limited
iv)	Category / Sub-category of the Company	Public Company / Limited by shares
v)	Address of the Registered office & contact details	Registered Office Address: 501, Silver Metropolis, Western Express Highway, Goregaon East, Mumbai 400063. Contact No.: 022 42904290
vi)	Whether listed company	Yes
vii)	Name, Address & contact details of the Registrar Transfer Agent, if any.	Name: Bigshare Services Private Limited Address: 1 st Floor, Bharat Tin Works Building, Opp. Vasant Oasis Apartments (next to Keys Hotel), Marol Maroshi Road, Andheri East, Mumbai 400059. Contact No.: 022 62638200

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10% or more of the total turnover of the Company)

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Security Products	47599	97.16
2	Safety Products	47599	0.25
3	Services	80200	2.59

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	Zicom SaaS Private Limited 501, Silver Metropolis, Western Express Highway, Goregaon East, Mumbai 400063.	U74120MH2011PTC213916	Subsidiary	100.00	2(87)(ii)
2	Unisafe Fire Protection Specialists India Private Limited 501, Silver Metropolis, Western Express Highway, Goregaon East, Mumbai 400063.	U29193MH2008FTC182327	Subsidiary	100.00	2(87)(ii)
3	Unisafe Fire Protection Specialists Singapore Pte. Ltd. 60 Paya Lebar Road, 12-55, Paya Lebar Square, Singapore 409051.	N.A.	Subsidiary	100.00	2(87)(ii)
4	Zicom Security Projects Pte. Ltd. 60 Paya Lebar Road, 12-55, Paya Lebar Square, Singapore 409051.	N.A.	Subsidiary	100.00	2(87)(ii)

Directors' Report

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
5	Unisafe Fire Protection Specialists LLC, Dubai P.O. Box 117579, Office # 1002, 10 th Floor, City Tower 2, Sheikh Zayed Road, Dubai, U.A.E.	N.A.	Subsidiary	49.00*	2(87)(i)
6	Phoenix International WLL, Qatar P.O. Box 37132, Salwa Road, Doha, Qatar.	N.A.	Subsidiary	49.00*	2(87)(i)

* Representing aggregate % of shares held by the Company and its subsidiaries

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01.04.2017]				No. of Shares held at the end of the year [As on 31.03.2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF	932,700	0	932,700	2.26	602,600	0	602,600	1.46	(0.80)
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	3,127,723	0	3,127,723	7.59	1,827,723	0	1,827,723	4.43	(3.16)
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
g) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(1)	4,060,423	0	4,060,423	9.85	2,430,323	0	2,430,323	5.90	(3.95)
(2) Foreign									
a) NRIs – Individuals	177,100	0	177,100	0.43	177,100	0	177,100	0.43	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2)	177,100	0	177,100	0.43	177,100	0	177,100	0.43	0.00
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	4,237,523	0	4,237,523	10.28	2,607,423	0	2,607,423	6.33	(3.95)

Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01.04.2017]				No. of Shares held at the end of the year [As on 31.03.2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	700	700	0.00	0	700	700	0.00	0.00
b) Banks / FI	21,067,142	0	21,067,142	51.10	21,183,798	0	21,183,798	51.39	0.29
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	209,057	0	209,057	0.51	209,057	0	209,057	0.51	0.00
g) FIIs	0	100	100	0.00	0	100	100	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
j) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1)	21,276,199	800	21,276,999	51.61	21,392,855	800	21,393,655	51.90	0.29
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	2,058,081	1,201	2,059,282	5.00	2,127,681	1,201	2,128,882	5.16	0.16
ii) Overseas	1,311,794	0	1,311,794	3.18	897,624	0	897,624	2.18	(1.00)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	6,906,221	111,406	7,017,627	17.02	9,173,205	107,746	9,280,951	22.51	5.49
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2,207,360	15,200	2,222,560	5.39	3,112,547	0	3,112,547	7.55	2.16
c) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
d) Others (specify)									
a) Non Resident Indians	2,941,652	34,100	2,975,752	7.22	1,473,994	33,100	1,507,094	3.66	(3.56)
b) Clearing Members	114,534	0	114,534	0.28	285,864	0	285,864	0.69	0.41
c) Trusts	0	0	0	0.00	0	0	0	0.00	0.00
d) NBFCs registered with RBI	8,070	0	8,070	0.02	400	0	400	0.00	(0.02)
e) IEPF	0	0	0	0.00	9,701	0	9,701	0.02	0.02
Sub-total (B)(2)	15,547,712	161,907	15,709,619	38.11	17,081,016	142,047	17,223,063	41.78	3.67
Total Public Shareholding (B)=(B)(1) + (B)(2)	36,823,911	162,707	36,986,618	89.72	38,473,871	142,847	38,616,718	93.68	3.96
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	41,061,434	162,707	41,224,141	100.00	41,081,294	142,847	41,224,141	100.00	0.00

Directors' Report

ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 01.04.2017]			Shareholding at the end of the year [As on 31.03.2018]			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Manohar G. Bidaye	430,100	1.04	1.04	100,000	0.24	0.24	(0.80)
2	Pramoud Vinayak Rao	498,600	1.21	1.03	498,600	1.21	1.21	0.00
3	Gauri Rao	4,000	0.01	0.00	4,000	0.01	0.00	0.00
4	Baronet Properties & Investments Private Limited	1,535,652	3.73	2.43	935,652	2.27	2.27	(1.46)
5	Coronet Properties & Investments Private Limited	1,386,286	3.36	2.43	886,286	2.15	2.15	(1.21)
6	Progressive Equifin Private Limited	145,264	0.35	0.34	5,264	0.01	0.00	(0.34)
7	Success Equifin Private Limited	60,521	0.15	0.15	521	0.00	0.00	(0.15)
8	Laxmi Harish Nayak	102,000	0.25	0.00	102,000	0.25	0.00	0.00
9	Harish Nayak	75,100	0.18	0.00	75,100	0.18	0.00	0.00

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Name of Promoter	Shareholding at the beginning of the year [As on 01.04.2017] / End of the year [As on 31.03.2018]		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year [01.04.2017 to 31.03.2018]	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Manohar G. Bidaye	430,100	1.04	1-Apr-2017				
				28-Jun-2017	(330,100)	Invocation of encumbrance	100,000	0.24
		100,000	0.24	31-Mar-2018			100,000	0.24
2.	Pramoud Vinayak Rao	498,600	1.21	1-Apr-2017		No movement during the year		
					0			
		498,600	1.21	31-Mar-2018			498,600	1.21
3.	Gauri Rao	4,000	0.01	1-Apr-2017		No movement during the year		
					0			
		4,000	0.01	31-Mar-2018			4,000	0.01

Directors' Report

Sl. No.	Name of Promoter	Shareholding at the beginning of the year [As on 01.04.2017] / End of the year [As on 31.03.2018]		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year [01.04.2017 to 31.03.2018]	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
4.	Baronet Properties & Investments Private	1,535,652	3.73	1-Apr-2017				
				27-Jun-2017	(500,000)	Invocation of encumbrance	1,035,652	2.51
				19-Mar-2018	(20,000)	Sale	1,015,652	2.46
				20-Mar-2018	(20,000)	Sale	995,652	2.42
				21-Mar-2018	(20,000)	Sale	975,652	2.37
				22-Mar-2018	(20,000)	Sale	955,652	2.32
				23-Mar-2018	(10,000)	Sale	945,652	2.29
				26-Mar-2018	(10,000)	Sale	935,652	2.27
		935,652	2.27	31-Mar-2018			935,652	2.27
5.	Coronet Properties & Investments Private Limited	1,386,286	3.36	1-Apr-2017				
				27-Jun-2017	(500,000)	Invocation of encumbrance	886,286	2.15
		886,286	2.15	31-Mar-2018			886,286	2.15
6.	Progressive Equifin Private Limited	145,264	0.35	1-Apr-2017				
				28-Jun-2017	(140,000)	Invocation of encumbrance	5,264	0.01
		5,264	0.01	31-Mar-2018			5,264	0.01
7.	Success Equifin Private Limited	60,521	0.15	1-Apr-2017				
				28-Jun-2017	(60,000)	Invocation of encumbrance	521	0.00
		521	0.00	31-Mar-2018			521	0.00
8.	Laxmi Harish Nayak	102,000	0.25	01-Apr-2017		No movement during the year		
					0			
		102,000	0.25	31-Mar-2018			102,000	0.25
9.	Harish Nayak	75,100	0.18	1-Apr-2017		No movement during the year		
					0			
		75,100	0.18	31-Mar-2018			75,100	0.18

Directors' Report

iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year [As on 01.04.2017] / End of the year [As on 31.03.2018]		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year [01.04.2017 to 31.03.2018]	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Bank of Baroda	6,446,723	15.64	1-Apr-2017		No movement during the year		
					0			
		6,446,723	15.64	31-Mar-2018			6,446,723	15.64
2.	IDBI Bank Limited	8,773,111	21.28	1-Apr-2017				
				27-Jun-2017	1,000,000	Invocation of encumbrance	9,773,111	23.71
				14-Jul-2017	(143,667)	Sale	9,629,444	23.36
				21-Jul-2017	(166,084)	Sale	9,463,360	22.96
				18-Aug-2017	(247,828)	Sale	9,215,532	22.35
				25-Aug-2017	(113,979)	Sale	9,101,553	22.08
				1-Sep-2017	(66,373)	Sale	9,035,180	21.92
				8-Sep-2017	(186,612)	Sale	8,848,568	21.46
				15-Sep-2017	(75,457)	Sale	8,773,111	21.28
		8,773,111	21.28	31-Mar-2018			8,773,111	21.28
3.	Union Bank of India	3,258,475	7.90	1-Apr-2017				
				28-Jun-2017	530,100	Invocation of encumbrance	3,788,575	9.19
				7-Jul-2017	(20,951)	Sale	3,767,624	9.14
				14-Jul-2017	(125,171)	Sale	3,642,453	8.84
				21-Jul-2017	(110,644)	Sale	3,531,809	8.57
				28-Jul-2017	(86,493)	Sale	3,445,316	8.36
				4-Aug-2017	(76,007)	Sale	3,369,309	8.17
				11-Aug-2017	(102,816)	Sale	3,266,493	7.92
				18-Aug-2017	(8,018)	Sale	3,258,475	7.90
		3,258,475	7.90	31-Mar-2018			3,258,475	7.90
4.	Central Bank of India	1,883,327	4.57	1-Apr-2017		No movement during the year		
					0			
		1,883,327	4.57	31-Mar-2018			1,883,327	4.57

Directors' Report

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year [As on 01.04.2017] / End of the year [As on 31.03.2018]		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year [01.04.2017 to 31.03.2018]	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
5.	Jashvant Mansukhlal Shah ⁵	1,156,098	2.80	1-Apr-2017				
				4-Aug-2017	(38,319)	Sale	1,117,779	2.71
				11-Aug-2017	(4,417)	Sale	1,113,362	2.70
				13-Oct-2017	(192,571)	Sale	920,791	2.23
				20-Oct-2017	(67,147)	Sale	853,644	2.07
				27-Oct-2017	(82,151)	Sale	771,493	1.87
				31-Oct-2017	(41,771)	Sale	729,722	1.77
				3-Nov-2017	(227,239)	Sale	502,483	1.22
				10-Nov-2017	(502,483)	Sale	0	0.00
		0	0.00	31-Mar-2018			0	0.00
6.	Aark Singapore Pte. Ltd.	1,087,966	2.64	1-Apr-2017				
				7-Apr-2017	(94,367)	Sale	993,599	2.41
				28-Apr-2017	(97,045)	Sale	896,554	2.17
				5-May-2017	(27,705)	Sale	868,849	2.11
				12-May-2017	(16,839)	Sale	852,010	2.07
				16-Feb-2018	(162,412)	Sale	689,598	1.67
				23-Feb-2018	(15,802)	Sale	673,796	1.63
		673,796	1.63	31-Mar-2018			673,796	1.63
7.	Atim Kabra	1,040,850	2.52	1-Apr-2017		No movement during the year		
					0			
		1,040,850	2.52	31-Mar-2018			1,040,850	2.52
8.	Allahabad Bank	662,676	1.61	1-Apr-2017		No movement during the year		
					0			
		662,676	1.61	31-Mar-2018			662,676	1.61
9.	Bennett, Coleman and Company Limited	500,000	1.21	1-Apr-2017		No movement during the year		
					0			
		500,000	1.21	31-Mar-2018			500,000	1.21
10.	Ensemble Holdings and Finance Limited ⁵	416,432	1.01	1-Apr-2017				
				11-Aug-2017	(165)	Sale	416,267	1.01
				8-Dec-2017	(10,000)	Sale	406,267	0.99
				9-Mar-2018	(20,219)	Sale	386,048	0.94
				16-Mar-2018	(40,762)	Sale	345,286	0.84
				23-Mar-2018	(74,288)	Sale	270,998	0.66
				30-Mar-2018	(82,080)	Sale	188,918	0.46
		188,918	0.46	31-Mar-2018			188,918	0.46

⁵ Ceased to be in the list of Top 10 Shareholders as on 31-Mar-2018.

Directors' Report

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year [As on 01.04.2017] / End of the year [As on 31.03.2018]		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year [01.04.2017 to 31.03.2018]	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
11.	General Insurance Corporation of India*	209,057	0.51	1-Apr-2017		No movement during the year		
					0			
		209,057	0.51	31-Mar-2018			209,057	0.51
12.	Frontline Strategy Limited*	223,828	0.54	1-Apr-2017		No movement during the year		
					0			
		223,828	0.54	31-Mar-2018			223,828	0.54

* Not in the list of Top 10 Shareholders as on 1-Apr-2017.

Note : The above information is based on the weekly beneficiary position received from Depositories.

v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Director/ Key Managerial Personnel	Shareholding at the beginning of the year [As on 01.04.2017] / End of the year [As on 31.03.2018]		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year [01.04.2017 to 31.03.2018]	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Manohar Bidaye Chairman	430,100	1.04	1-Apr-2017		Invocation of encumbrance		
				28-Jun-2017	(330,100)		100,000	0.24
		100,000	0.24	31-Mar-2018			100,000	0.24
2.	Pramoud Rao Managing Director	498,600	1.21	1-Apr-2017		No movement during the year		
					0			
		498,600	1.21	31-Mar-2018			498,600	1.21
3.	Mukul Desai Independent Director	0	0.00	1-Apr-2017		No movement during the year		
					0			
		0	0.00	31-Mar-2018			0	0.00
4.	Prabhakar Dalal Independent Director	0	0.00	1-Apr-2017		No movement during the year		
					0			
		0	0.00	31-Mar-2018			0	0.00
5.	K. D. Hodavdekar Independent Director	0	0.00	1-Apr-2017		No movement during the year		
					0			
		0	0.00	31-Mar-2018			0	0.00

Directors' Report

Sl. No.	Name of Director/ Key Managerial Personnel	Shareholding at the beginning of the year [As on 01.04.2017] / End of the year [As on 31.03.2018]		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year [01.04.2017 to 31.03.2018]	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
6.	Sanjeev Dayal Independent Director (resigned w.e.f. August 30, 2017)	0	0.00	1-Apr-2017		No movement during the year		
					0			
		0	0.00	31-Mar-2018			0	0.00
7.	Tanvi Joshi Non-Executive Director	0	0.00	1-Apr-2017		No movement during the year		
					0			
		0	0.00	31-Mar-2018			0	0.00
8.	Sharada Sundaram Nominee Director (appointed w.e.f. April 17, 2017)	0	0.00	1-Apr-2017		No movement during the year		
					0			
		0	0.00	31-Mar-2018			0	0.00
9.	Anil Khanna Independent Director (appointed w.e.f. November 28, 2017)	0	0.00	1-Apr-2017		No movement during the year		
					0			
		0	0.00	31-Mar-2018			0	0.00
10.	Kunjan Trivedi Company Secretary	0	0.00	1-Apr-2017		No movement during the year		
					0			
		0	0.00	31-Mar-2018			0	0.00
11.	Nitin Deshpande Chief Financial Officer (appointed w.e.f. December 1, 2017)	0	0.00	1-Apr-2017		No movement during the year		
					0			
		0	0.00	31-Mar-2018			0	0.00
12.	Hemendra Paliwal Chief Financial Officer (resigned w.e.f. November 30, 2017)	0	0.00	1-Apr-2017		No movement during the year		
					0			
		0	0.00	31-Mar-2018			0	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

(₹ Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	16,569.38	809.00	NIL	17,378.38
ii) Interest due but not paid	354.60	NIL	NIL	354.60
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	16,923.98	809.00	NIL	17,732.98

Directors' Report

(₹ Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
• Addition	2,009.99	NIL	NIL	2,009.99
• Reduction	NIL	809.00	NIL	809.00
Net Change	2,009.99	809.00	NIL	2,818.99
Indebtedness at the end of the financial year				
i) Principal Amount	16,569.38	NIL	NIL	16,569.38
ii) Interest due but not paid	2,364.59	NIL	NIL	2,364.59
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	18,933.97	NIL	NIL	18,933.97

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and / or Manager

(₹ Lakhs)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager		Total Amount
		Manohar Bidaye	Pramoud Rao	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	53.28	53.28
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify	-	-	-
	Total (A)	-	53.28	53.28
	Ceiling as per the Act	₹ 120.00 (As per Schedule V Part II Section II, Table A)		

Directors' Report

B. Remuneration to other Directors:

(₹ Lakhs)

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mukul Desai	Prabhakar Dalal	K. D. Hodvdekar	Tanvi Joshi	Sharada Sundaram (appointed w.e.f. April 17, 2017)	Anil Khanna (appointed w.e.f. November 28, 2017)	Sanjeev Dayal (resigned w.e.f. August 30, 2017)	
1.	Independent Directors								
	• Fee for attending Board / Committee meetings	1.51	1.15	0.70	0.75	0.45	0.45	0.15	5.16
	• Commission	-	-	-	-	-	-	-	
	• Others, please specify	-	-	-	-	-	-	-	
	Total (1)	1.51	1.15	0.70	0.75	0.45	0.45	0.15	5.16
2.	Other Non-Executive Directors								
	• Fee for attending Board / Committee meetings	-	-	-	-	-	-	-	
	• Commission	-	-	-	-	-	-	-	
	• Others, please specify	-	-	-	-	-	-	-	
	Total (2)	-	-	-	-	-	-	-	
	Total (B)=(1+2)	1.51	1.15	0.70	0.75	0.45	0.45	0.15	5.16
	Total Managerial Remuneration								53.28
	Overall Ceiling as per the Act	₹ 120.00 (As per Schedule V Part II Section II, Table A)							

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD:

(₹ Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				Total Amount
		CEO	Company Secretary (Kunjan Trivedi)	Chief Financial Officer (Nitin Deshpande)* (appointed w.e.f. December 1, 2017)	Chief Financial Officer (Hemendra Paliwal)* (resigned w.e.f. November 30, 2017)	
1.	Gross salary					
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Not Applicable	11.37	10.46	21.73	43.56
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-	-	-	
	c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961		-	-	-	
2.	Stock Option		-	-	-	
3.	Sweat Equity		-	-	-	
4.	Commission - as % of profit - others, specify		-	-	-	
5.	Others, please specify		-	-	-	
	Total		11.37	10.46	21.73	43.56

* Computed proportionately for the period of employment as Chief Financial Officer during the year.

Directors' Report

VI. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

Directors' Report

Annexure 'E' to Directors' Report

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Disclosure																						
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	<table><thead><tr><th>Name of Director</th><th>Ratio</th></tr></thead><tbody><tr><td>Mr. Manohar Bidaye</td><td>--</td></tr><tr><td>Mr. Pramoud Rao</td><td>1:10</td></tr><tr><td>Mr. Mukul Desai</td><td>--</td></tr><tr><td>Mr. Prabhakar Dalal</td><td>--</td></tr><tr><td>Mr. K. D. Hodavdekar</td><td>--</td></tr><tr><td>Mr. Anil Khanna (appointed w.e.f. November 28, 2017)</td><td>--</td></tr><tr><td>Mrs. Sharada Sundaram (appointed w.e.f. April 17, 2017)</td><td>--</td></tr><tr><td>Ms. Tanvi Joshi</td><td>--</td></tr><tr><td>Mr. Sanjeev Dayal (resigned w.e.f. August 30, 2017)</td><td>--</td></tr><tr><td colspan="2">Note: In computation of above ratio sitting fees paid to Directors is excluded.</td></tr></tbody></table>	Name of Director	Ratio	Mr. Manohar Bidaye	--	Mr. Pramoud Rao	1:10	Mr. Mukul Desai	--	Mr. Prabhakar Dalal	--	Mr. K. D. Hodavdekar	--	Mr. Anil Khanna (appointed w.e.f. November 28, 2017)	--	Mrs. Sharada Sundaram (appointed w.e.f. April 17, 2017)	--	Ms. Tanvi Joshi	--	Mr. Sanjeev Dayal (resigned w.e.f. August 30, 2017)	--	Note: In computation of above ratio sitting fees paid to Directors is excluded.	
Name of Director	Ratio																							
Mr. Manohar Bidaye	--																							
Mr. Pramoud Rao	1:10																							
Mr. Mukul Desai	--																							
Mr. Prabhakar Dalal	--																							
Mr. K. D. Hodavdekar	--																							
Mr. Anil Khanna (appointed w.e.f. November 28, 2017)	--																							
Mrs. Sharada Sundaram (appointed w.e.f. April 17, 2017)	--																							
Ms. Tanvi Joshi	--																							
Mr. Sanjeev Dayal (resigned w.e.f. August 30, 2017)	--																							
Note: In computation of above ratio sitting fees paid to Directors is excluded.																								
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year.	<p>No remuneration is paid to Independent Directors and Non-Executive Directors. Others are paid sitting fees for attending the meetings of the Board of Directors and Committees thereof.</p> <p>During the FY 2017-18, there was no increase in remuneration to Mr. Pramoud Rao, Managing Director and Mr. Hemendra Paliwal, Chief Financial Officer (resigned w.e.f. November 30, 2017).</p> <p>The percentage increase in remuneration of Ms. Kunjan Trivedi, Company Secretary, was 10%.</p>																						
3	The percentage increase in the median remuneration of employees in the financial year.	5%																						
4	The number of permanent employees on the rolls of the Company.	51																						
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	<p>Average Percentile increase in the salaries of employees other than managerial personnel is 10% in 2017-18.</p> <p>Average Percentile increase in the salaries of employees other than managerial personnel is same in comparison with the percentile increase in the managerial remuneration.</p>																						
6	Affirmation that the remuneration is as per the remuneration policy of the Company.	The Company affirms the remuneration is as per the Remuneration Policy of the Company.																						

Directors' Report

Annexure 'F' to Directors' Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs	<p>The CSR Policy of the Company focuses on three core areas viz.</p> <p>A. Education; B. Skill Development; and C. Creation of job opportunities</p> <p>All the three focus areas taken together helps the Company to achieve objective of its CSR Policy i.e. boosting economic development of society at large with the help of quality education and skill development, which in turn provides rural mass an opportunity to improve their quality of life by getting better job and earning.</p> <p>The CSR Policy of the Company is available on its website at the link: http://beta.zicom.com/img/pdf/Corporate_Social_Responsibility_Policy.pdf</p>
2.	Composition of CSR Committee	<p>1. Mr. Manohar Bidaye – Chairman 2. Mr. Pramoud Rao – Member 3. Mr. K. D. Hodavdekar – Member</p>
3.	Average Net Profit of the Company for last three financial years	₹ (1,669.41) Lakhs
4.	Prescribed CSR Expenditure (2% of the amount as in item no. 3 above)	Not Applicable
5.	Details of CSR spent during the financial year:	
	a) Total amount to be spent for the financial year	Not Applicable
	b) Amount unspent, if any	Not Applicable
	c) Manner in which the amount spent during the financial year	Not Applicable

DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2017-18

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs 1) Local Area or Other 2) Specify the State and District where Projects or Programs was undertaken	Amount Outlay (Budget) Project or Programs wise	Amount spent on the Projects or Programs Sub-Heads: 1) Direct Expenditure on Projects or Programs 2) Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2017-18	Amount Spent: Direct or through Implementing Agency
Not Applicable							

6. Reasons for Unspent amount: Not Applicable

7. Responsibility Statement of CSR Committee: We hereby declare that the implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

Pramoud Rao
Managing Director

Manohar Bidaye
Chairman, CSR Committee

May 29, 2018

Corporate Governance Report

Annexure 'G' to the Directors' Report

I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The basic doctrine of Corporate Governance are commitment to values and ethical business conduct. It is the set of policies, practices, processes, culture and customs affecting the way a company is directed, administered, controlled or managed; which includes the manner of the Company's dealing with various stakeholders. Some of the important best practices of corporate governance framework are timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company.

At Zicom, we firmly believe that good governance practice represents the culture and mindset of the organization and therefore in addition to the compliances with the statutory requirements, we also adhere to and constantly work towards improving integrity, fairness, transparency and accountability in our relationship with all our stakeholders, protecting their interest; and promotion of ethical practices at work place.

II BOARD OF DIRECTORS

A) Composition and Category of the Board

The Board of your Company is entrusted with the responsibility to safeguard good governance and functioning of the Company. The Board Members are professionals drawn from diverse areas with vast experience and knowledge in their respective field. The Board Members enjoy uninterrupted freedom for expressing their views and ideas in respect of any item included in agenda and matters related to the corporate affairs. They also have complete freedom to deliberate on other matters with the permission of Chairman subject to statutory restrictions. Statutory compliance reports are placed periodically before the Board for their review at the Board meetings.

The Board of Directors of the Company being professionals from diverse fields bring with them a wide range of professionalism, skills, knowledge, expertise, experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The Non-Executive including the Independent Directors bring external and wider perception and independence in the decision making. The Board from time to time reviews for addition to the Board and Senior Management of the Company (whether for expansion or for replacement), thereby planning for orderly succession to the Board of Directors and Senior Management.

At the beginning of the year under review, your Company had seven Directors on the Board comprising of four Independent, one Non-Executive Non-Independent being a woman Director and two Promoters; of which one being Executive Director. During the year, the following changes took place in the Board of the Company:

- (a) Mrs. Sharada Sundaram (DIN: 07067040), a Nominee Director joined the Board, effective from April 17, 2017 in

accordance with the provisions of the Working Capital Consortium Agreement dated February 6, 2016 and a communication received from IDBI Bank Limited, the Lead Bank of Consortium;

- (b) Mr. Sanjeev Dayal (DIN: 03490363), an Independent Director resigned, effective from August 30, 2017; and
(c) Mr. Anil Khanna (DIN: 00199924), an Additional Director, in the capacity of an Independent Director, joined the Board, effective from November 28, 2017

As a result of the aforesaid changes, at the end of the year i.e. on March 31, 2018, your Board comprised of eight Directors with four Independent, one Non-Executive Non-Independent being a woman Director, one Nominee Director and two Promoters; of which one being Executive Director.

From the above, it can be noted that the Board of your Company is structured in such a manner, so as to maintain optimum combination of Independent and Non-Independent, as well as Executive and Non-Executive Director. The Chairman of the Board, being a Promoter, is a Non-Executive Director and hence half of the Board comprises of Independent Directors. There is one Nominee Director on the Board of the Company.

The composition of the Board and category of Directors are given in the below table:

Name of the Director	Category
Mr. Manohar Bidaye, Chairman	Non-Executive (Promoter)
Mr. Pramoud Rao, Managing Director	Executive (Promoter)
Mr. Mukul Desai	Independent
Mr. K. D. Hodavdekar	Independent
Mr. Prabhakar Dalal	Independent
Mr. Anil Khanna (appointed w.e.f. November 28, 2017)	Independent
Ms. Tanvi Joshi	Non-Executive Non-Independent
Mrs. Sharada Sundaram (appointed w.e.f. April 17, 2017)	Nominee Director
Mr. Sanjeev Dayal (resigned w.e.f. August 30, 2017)	Independent

B) Independent Directors

Pursuant to the provisions of Section 149 of the Companies Act, 2013 and Regulation 17(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), every listed company is required to have at least one-third / half of the total number of Directors as Independent Directors depending upon category of the Chairman. These Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation.

Your Company, having a Non-Executive Promoter Chairman on its Board, complies with the criteria of having half of total number of Directors as Independent Directors, i.e. four Independent Directors out of the total eight Directors on the Board as on March 31, 2018.

C) Independent Directors' Meeting

In accordance with Schedule IV of Companies Act, 2013 and

Corporate Governance Report

Regulation 25 of the Listing Regulations, during the year under review, the Independent Directors met on March 27, 2018, inter-alia to discuss evaluation of performance of Non-Independent Directors and the Board of Directors as a whole; evaluation of performance of the Chairman of the Company, taking into account the views of Executive and Non-Executive Directors; and evaluation of the quality, content and timeliness of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. All Independent Directors were present at the Meeting.

D) Familiarisation Programme for Independent Directors

The Company believes that a Board, which is well informed and familiarised with the Company, can contribute significantly to effectively discharge its role in a manner that fulfils stakeholders' aspirations and societal expectations. In pursuit of this, the Independent Directors are updated on a continuing basis on changes / developments in the domestic / global political, economic, industry and corporate scenario, including those pertaining to statutes / legislations and operative environment, to enable them to take well informed and timely decisions.

The details of Familiarization Programme for Independent Directors may be accessed on the website of the Company at the link:

http://beta.zicom.com/img/pdf/ZESSL_Familiarisation_Programme_for_Independent_Directors.pdf

E) Compensation and Disclosures of Non-Executive Directors

The Company pays sitting fees to all its Non-Executive Directors for attending the meetings of the Board, Audit

Committee and other Committees of the Company, except to Mr. Manohar Bidaye; who was paid monthly remuneration for rendering advisory services to the Company, as approved by the Shareholders and Central Government, upto March 31, 2017. During the year under review, Mr. Manohar Bidaye has willingly opted for non-receipt of sitting fees.

During the year under review, Mr. Sanjeev Dayal, Independent Director, resigned from the Directorship of the Company effective from August 30, 2017.

No Independent Director is holding any Equity Shares or stock options in the Company.

F) Other provisions related to Board and Committees

- **Board Meetings held:** During the year under review, the Board met on six occasions, i.e. on April 17, 2017; May 26, 2017; September 14, 2017; November 30, 2017; December 7, 2017 and February 14, 2018. The maximum gap between the two meetings was not more than one hundred and twenty days as stipulated under Regulation 17(2) of the Listing Regulations. The information as specified in Part A of Schedule II of the Listing Regulations have been placed before the Board from time to time for its consideration.
- **Chairpersonship / Membership:** Pursuant to Regulation 26 of the Listing Regulations, all the Directors have confirmed to the Company that none of them is a member of more than ten committees, or is chairperson of more than five committees across all listed / unlisted public companies in which they are acting as Directors.
- **Periodical review of Compliance Reports:** Reports on compliance with all statutory laws applicable to the Company have been periodically placed before the Board for review.
- None of the Directors are related to each other in any way.

Attendance of Directors at Board Meetings, Audit Committee Meetings, last Annual General Meeting (AGM) and number of other Directorship and Chairpersonship / Membership of Committees of each Director in various companies:

Name of Director	Particulars of other Directorship ^o , Committee Chairpersonship / Membership ^o			Attendance		
	Directorship	Committee Membership ^o	Committee Chairpersonship	Board Meeting	Audit Committee Meeting	Last AGM
Mr. Manohar Bidaye	3	3	1	6	4	Yes
Mr. Pramoud Rao	3	1	-	5	N.A.	Yes
Mr. Mukul Desai	4	5	4	6	4	Yes
Mr. Prabhakar Dalal	6	3	2	6	N.A.	No
Mr. K. D. Hodavdekar	3	3	-	3	4	No
Mr. Anil Khanna (appointed w.e.f. November 28, 2017)	4	3	-	2	N.A.	N.A.
Ms. Tanvi Joshi	1	-	-	5	N.A.	Yes
Mrs. Sharada Sundaram (appointed w.e.f. April 17, 2017)	1	-	-	3	N.A.	No
Mr. Sanjeev Dayal (resigned w.e.f. August 30, 2017)	-	-	-	1	N.A.	N.A.

Corporate Governance Report

- Alternate directorship, directorship / committee membership in private companies, foreign companies, companies under Section 8 of the Companies Act, 2013, are not included while calculating directorships in above table.
- Chairpersonship / Membership of only the Audit Committee and Stakeholders' Relationship Committee of all public limited companies have been considered.
- Also includes the committees in which a Director holds position as a Chairperson.

APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

As per the provisions of Section 152(6) of the Companies Act, 2013 and Articles of Association of the Company, at every Annual General Meeting (AGM), out of the two-third of the total number of Directors (excluding Independent Directors), one-third of such Directors are liable to retire by rotation. Accordingly, Mr. Manohar Bidaye (DIN: 00010699) is the Director retiring by rotation at the forthcoming Twenty Fourth Annual General Meeting of the Company.

Mr. Manohar Bidaye (DIN: 00010699), being Non-Executive

Director and eligible, has offered himself for re-appointment as a Director, liable to retire by rotation.

On November 28, 2017, Mr. Anil Khanna (DIN: 00199924) was appointed as an Additional Director, in the capacity of an Independent Director, on Board of the Company on the recommendation of the Nomination and Remuneration Committee, as per Section 161 of the Companies Act, 2013, to hold the office till the date of the ensuing Annual General Meeting. It is proposed to appoint Mr. Khanna as an Independent Director not liable to retire by rotation, for a term upto November 27, 2019, subject to approval of the Members.

As required under Listing Regulations, brief resume of both the Directors, seeking appointment/re-appointment respectively at the ensuing AGM, alongwith the list of other companies in which they hold directorships and memberships of the Committees of the Board are furnished hereunder:

Name of the Director	Mr. Manohar Bidaye	Mr. Anil Khanna
Father's Name	Late Shri Gopal Bidaye	Mr. Shambhoonath Khanna
Date of Birth	November 11, 1963	April 26, 1959
Age	54 years	59 years
Date of first appointment on the Board	December 1, 1994	November 28, 2017
Directors Identification Number	00010699	00199924
Nationality	Indian	Indian
Experience (including expertise in specific functional areas)	Corporate Planning, Corporate Law, Finance, Taxation and other related areas	Business Management and Statutory Compliance Services, Joint Ventures, Auditing, International Taxation and other related areas
Qualification	M.Com, LL.B.(Gen.), Company Secretary	Commerce Graduate, F.C.A.
Terms and Conditions of Re-appointment	In terms of Section 152(6) of the Companies Act, 2013, Mr. Manohar Bidaye who was re-appointed as a Director at the Annual General Meeting held on September 29, 2016 is liable to retire by rotation at the Meeting.	As per the resolution at item no. 3 of the Notice convening this Meeting read with explanatory statement thereto, Mr. Anil Khanna is proposed to be appointed as an Independent Director.
Remuneration last drawn	Mr. Manohar Bidaye was entitled to monthly remuneration for rendering advisory services to the Company, as approved by the Shareholders and Central Government, upto March 31, 2017. However, during the year under review, Mr. Manohar Bidaye has willingly opted for non-receipt of sitting fees during the year under review.	N.A.
Remuneration proposed to be paid	No remuneration, except for sitting fees.	No remuneration, except for sitting fees.
Number of Directorships in other companies	11	14

Corporate Governance Report

List of outside directorships held (includes public, private, foreign companies, companies under Section 8)	<ul style="list-style-type: none"> • Zicom SaaS Private Limited • Unisafe Fire Protection Specialists India Private Limited • ASTM Skills Private Limited • Baronet Properties & Investments Private Limited • Coronet Properties & Investments Private Limited • Progressive Equifin Private Limited • Success Equifin Private Limited • Chaitra Telenet Private Limited • Unisafe Fire Protection Specialists LLC, Dubai • Phoenix International WLL, Qatar • Zicom Security Projects Pte. Ltd., Singapore 	<ul style="list-style-type: none"> • Mercator Limited • Shri Shambhu Offshore Services Private Limited • Mercator Petroleum Limited • Baruki Agro and Oils Private Limited • Rolv Berg Drive (India) Private Limited • Sterling Risk Advisory & Marketing Services Private Limited • Kent Resorts Private Limited • Mercator Oil & Gas Limited • Brightstar Broadband Private Limited • Rock Stone Finlease Private Limited • Media Capital Company (India) Private Limited • Alamiko Solutions Private Limited • Shaffer India Private Limited • Trilogy Media Private Limited
List of other committees in which Director is member / chairman (includes all chairmanships / memberships of Audit Committee, Stakeholders' Relationship Committee and Nomination and Remuneration Committee of all public limited companies)	<ul style="list-style-type: none"> • Zicom SaaS Private Limited – Member of Audit Committee • Zicom SaaS Private Limited – Member of Nomination and Remuneration Committee 	<ul style="list-style-type: none"> • Mercator Limited – Member of Audit Committee • Mercator Petroleum Limited – Member of Audit Committee • Mercator Oil & Gas Limited – Member of Audit Committee
Number of shares held in the Company	100,000	Nil
Relationship with other Directors / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel	Not related to any Director / Key Managerial Personnel
Number of Board Meetings attended during the financial year (2017-18)	6	2

G) Code of Conduct

The Board has laid down and adopted Code of Conduct for Board of Directors including Independent Directors and Senior Managerial Personnel for avoidance of conflicts of interest and ensuring the highest standard of honesty, dedication and professionalism in carrying out their functional responsibilities. The Code of Conduct is posted on the Company's website www.zicom.com. All the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the Code of Conduct, for the year ended March 31, 2018. A declaration signed by the Chief Executive Officer (CEO) / Managing Director to this effect is annexed to this Report.

H) The Senior Management has made disclosures to the Board confirming that there are no material, financial and / or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

III BOARD COMMITTEES

The Board of Directors has constituted several committees, with adequate delegation of powers, to discharge their functions with respect to specific matters of the Company. The Committees are constituted by inclusion of Executive, Non-Executive and

Independent Directors to meet the prescribed requirements, which carry out its function as per their terms of reference. The decisions taken by these Committees are noted by the Board in their respective committee minutes. The Company has formed various Committees as required under the Companies Act, 2013 and Listing Regulations. The brief particulars of Audit Committee, Nomination and Remuneration Committee; Stakeholders' Relationship Committee and Corporate Social Responsibility Committee as required under the Companies Act, 2013 read with Rules thereunder and Listing Regulations are given hereunder:

a) Audit Committee

The composition, quorum, powers, role, etc., of the Audit Committee are in accordance with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. The Audit Committee acts as a link between the Auditors and the Board of Directors. The Audit Committee inter-alia keeps checks on the adequacy of the internal control systems, financial disclosures and statutory compliances.

Composition: The Audit Committee comprises of three Non-Executive Directors, all of them being financially literate and having accounts and financial management knowledge. Majority

Corporate Governance Report

i.e. two-thirds of the Audit Committee Members are Independent. Mr. Mukul Desai, Chairman of the Audit Committee, is in practice as a Chartered Accountant since 1982 and has varied experience in the field of audit and taxation. He has developed expertise in corporate law matters, direct and indirect taxation laws, corporate finance structuring, among others. The Chief Financial Officer (CFO) and representatives of the Statutory Auditors and Internal Auditors remain present at the Meetings. The Company Secretary acts as Secretary to the Committee Meetings. The Audit Committee invites such of the executives, professionals and other persons, as it deem necessary for its functioning.

The Chairman of Audit Committee was present at the 23rd Annual General Meeting held on September 21, 2017.

Subsequent to the end of the year under review, the Board of your Company through Circular Resolution dated May 14, 2018, appointed Mr. Anil Khanna as a Member of Audit Committee from even date.

The Members of the Audit Committee are as follows:

Name of Committee Member	Designation in Committee
Mr. Mukul Desai	Chairman (Independent)
Mr. Manohar Bidaye	Member (Non-Executive Promoter)
Mr. K. D. Hodavdekar	Member (Independent)
Mr. Anil Khanna (appointed w.e.f. May 14, 2018)	Member (Independent)

Objective: The Audit Committee is constituted by the Board with intent to assist the later in its oversight of - (i) the quality and integrity of the accounting, auditing and reporting practices of the Company; (ii) the integrity of the financial statements, the appointment, independence, performance and remuneration of the Statutory and Internal Auditors; (iii) the independent auditor's qualifications; (iv) the performance of the Company's internal audit function and independent auditors; and (v) the compliance with the legal and regulatory requirements.

Meetings: During the year under review, the Audit Committee met four times on May 26, 2017; September 14, 2017; December 7, 2017; and February 14, 2018. The maximum time gap between two meetings did not exceed a period of one hundred and twenty days. The quorum of the Audit Committee meeting is two Independent Members. Requisite quorum was present at all the Committee meetings held during the year. The attendance of Members at the Audit Committee meetings held during the year is given in the table under Para II (F) above.

Terms of Reference:

The terms of reference of the Audit Committee covers the following:

- i. 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.
- ii. Recommending to the Board, the appointment, re-appointment, terms of appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- iii. Approving payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- iv. Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
 - a. matters required to be included in the Director's Responsibility Statement forming part of the Board's Report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - 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 the 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. modified opinion(s) in the draft Audit Report.
- v. Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- vi. 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.
- vii. Review and monitor the Auditor's independence and performance, and effectiveness of audit process.
- viii. Approval or any subsequent modification of transactions of the Company with related parties.
- ix. Scrutiny of inter-corporate loans and investments.
- x. Valuation of undertakings or assets of the company, wherever it is necessary.
- xi. Evaluation of internal financial controls and risk management systems.
- xii. Reviewing, with the Management, the performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
- xiii. Reviewing the adequacy of the 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.
- xiv. Discussion with Internal Auditors, any significant findings and follow up thereon.
- xv. 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

Corporate Governance Report

material nature and reporting the matter to the Board.

- xvi. Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussions to ascertain any area of concern.
- xvii. 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.
- xviii. To review the functioning of the Whistle Blower Mechanism.
- xix. 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 and background, etc. of the candidate.
- xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Further, the Audit Committee mandatorily reviews and considers all the matters, prescribed under Part C (B) of Schedule II of the Listing Regulations as are periodically placed before it. The Committee also recommends on the appointment of the Internal Auditor to the Board.

b) Nomination and Remuneration Committee

The composition, quorum, powers, role, etc., of the Nomination and Remuneration Committee are in accordance with provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

Composition: During the year under review, the Nomination and Remuneration Committee comprised of three Independent Directors as detailed below:

Name of Committee Member	Designation in Committee
Mr. Mukul Desai	Chairman (Independent)
Mr. K. D. Hodavdekar	Member (Independent)
Mr. Prabhakar Dalal	Member (Independent)

Terms of Reference:

The Terms of Reference inter-alia includes the following:

- To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- To formulate the criteria for evaluation of Independent Directors and the Board.
- To devise a policy on Board diversity.
- To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and / or removal.
- To carry out evaluation of every Director's performance.
- To provide reports after completion of evaluation process by Directors.
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

- To administer, monitor and formulate detailed terms and conditions of Employees' Stock Option Scheme.
- To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- To perform such other functions as may be necessary or appropriate for the performance of its duties.

Meetings: During the year under review, the Committee met three times on August 2, 2017; November 27, 2017 and March 23, 2018. The necessary quorum was present for all the Meetings. The Chairman of the Committee was present at the 23rd Annual General Meeting held on September 21, 2017. The attendance of each Member at the said Meetings is stated below:

Name of Committee Member	No. of Meetings attended
Mr. Mukul Desai	3
Mr. K. D. Hodavdekar	1
Mr. Prabhakar Dalal	3

Remuneration Policy:

The Nomination and Remuneration Committee recommends the remuneration, including the commission based on the Net Profits of the Company, for the Managing Director / Director / other Whole-Time Directors (as the case may be), for approval by the Board and Members. Prior approval of Members is obtained in case of remuneration to Non-Executive Directors, except for sitting fees to the extent permitted. The remuneration paid is determined keeping in view the industry benchmark, the relative performance of the Company to the industry performance and review of remuneration packages of managerial personnel of other organizations. Perquisites and retirement benefits are paid according to the Company policy as applicable to senior executives of the Company, subject to prescribed statutory ceiling.

While formulating the remuneration policy, the Nomination and Remuneration Committee ensures that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals / business executives. Non-Executive Directors are paid sitting fees for attending the meetings of the Board and various other Committees, which is determined keeping in view comparable industry and corporate standards.

The remuneration of employees largely consists of basic salary, perquisites, bonus and performance incentives. The components

Corporate Governance Report

of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee. The main objective of the remuneration policy is to motivate each and every employee and to stimulate excellence in their performance, recognise merits / achievements in order to retain the talent in the Company and to promote the feeling of belongingness.

In addition to the above, the Directors (other than Promoters and Independent Directors) and the employees may be granted stock options under the Employees Stock Options Scheme of the Company as may be approved by the Shareholders and decided by the Nomination and Remuneration Committee of Directors from time to time.

Details of Remuneration to Directors:

Particulars	Remuneration to Mr. Pramoud Rao, Managing Director (Executive Director)												
Terms of Appointment	With approval of the Members through Postal Ballot, results of which were declared on February 8, 2017, the term of Mr. Pramoud Rao, as Managing Director was renewed for a further period of five years i.e. from March 1, 2017 till February 28, 2022. However, the terms of his remuneration has been approved for a period of three years i.e. upto February 29, 2020. Remuneration paid to Mr. Pramoud Rao during 2017-18 is as under: (₹ lakhs)												
	<table> <tr> <td>Salary (including Basic, HRA, Special Allowance, CCA)</td><td>53.28</td></tr> <tr> <td>Commission</td><td>Nil</td></tr> <tr> <td>Medical</td><td>Nil</td></tr> <tr> <td>LTA</td><td>0.96</td></tr> <tr> <td>PF</td><td>0.22</td></tr> <tr> <td>Total</td><td>54.46</td></tr> </table>	Salary (including Basic, HRA, Special Allowance, CCA)	53.28	Commission	Nil	Medical	Nil	LTA	0.96	PF	0.22	Total	54.46
Salary (including Basic, HRA, Special Allowance, CCA)	53.28												
Commission	Nil												
Medical	Nil												
LTA	0.96												
PF	0.22												
Total	54.46												
Contractual basis	Yes												
Commission & Fixed Components	Commission up to 2% of Net Profit for each financial year (as may be decided by the Board) and other fixed components which forms part of remuneration. No Commission has been paid for financial year 2017-18.												
Notice period for severance & severance fees	Six months. Compensation for severance of services would be computed in accordance with applicable provision of the Companies Act.												
Perquisites	Entitled as per the Agreement.												
Sitting Fees	Not entitled for sitting fees for attending meetings of the Board of Directors or any of its Committees.												
Absence or inadequacy of profits	In the event of absence or inadequacy of profits in any financial year during the tenure of Managing Director, he would be entitled for the aforesaid remuneration, perquisites / benefits as the minimum remuneration, subject to the ceiling limits prescribed under Schedule V and other applicable provisions of the Companies Act, 2013; subject to necessary approval from the Central Government (if required).												

Remuneration to other Non-Executive Directors

- Remuneration by way of sitting fees for attending Board and Committee meetings are paid to Non-Executive Directors (other than the Chairman). Sitting fees vary from type of meetings attended.
- During the year, the Non-Executive Directors were paid sitting fees for attending each of the following meetings of the Company as under:

Type of Meetings	Sitting fees (in ₹)
Board Meeting	15,000
Audit Committee Meeting	5,000
Stakeholders' Relationship Committee Meeting	1,500
Other Committee Meeting	2,500

- Details of sitting fees paid to Non-Executive Directors during the year are as under:

(₹ Lakhs)

Name of Non-Executive Directors	Sitting fees
Mr. Mukul Desai	1.51
Mr. Prabhakar Dalal	1.15
Mr. K. D. Hodavdekar	0.70
Mr. Anil Khanna (appointed w.e.f. November 28, 2017)	0.45
Ms. Tanvi Joshi	0.75
Mrs. Sharada Sundaram (appointed w.e.f. April 17, 2017)	0.45
Mr. Sanjeev Dayal (resigned w.e.f. August 30, 2017)	0.15
Total	5.16

- No Non-Executive Director has any material pecuniary relationship or transactions with the Company.
- Mr. Manohar Bidaye, Promoter and Non-Executive Director,

Corporate Governance Report

holds 1,00,000 Equity Shares as an individual. Besides, Mr. Manohar Bidaye is Director / Shareholder in four private companies who are holding shares in the Company as per details given below:

Name of the Company	No. of Shares held	% of shareholding
1. Baronet Properties and Investments Private Limited	9,35,652	2.27
2. Coronet Properties and Investments Private Limited	8,86,286	2.15
3. Progressive Equifin Private Limited	5,264	0.01
4. Success Equifin Private Limited	521	0.00

- Except for Mr. Manohar Bidaye, as aforesaid, no other Non-Executive Directors hold any Equity Shares of the Company.
- No Directors were granted any Stock Options during the year under review, and none of them hold any Stock Options of the Company.
- None of the Directors hold any convertible instruments in the Company.

Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the annual performance evaluation of the Board was carried out. The Board / Nomination and Remuneration Committee of Directors have laid down the criteria for evaluation of the performance of the Board, its Committees and individual Directors. A structured questionnaire prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committee, Board procedures, development, etc. was circulated to Directors for the purpose of evaluation.

The Nomination and Remuneration Committee at its meeting held on March 23, 2018 evaluated the performance of individual Directors of the Board.

The Independent Directors at their meeting held on March 27, 2018, carried out the performance evaluation of Board as a whole, its Committees, Chairman of the Company and Non-Independent Directors. Subsequently, the Board at its meeting held on May 29, 2018, discussed and evaluated the performance of the Board, its Committees and individual Directors.

c) Stakeholders' Relationship Committee

The composition, role, etc., of the Stakeholders' Relationship Committee are in accordance with provisions of Section 178 of the Companies Act, 2013 and Regulation 20 of the Listing Regulations.

Composition: Stakeholders' Relationship Committee comprises of following three Directors:

Name of Committee Member	Designation in Committee
Mr. Manohar Bidaye	Chairman (Non-Executive Promoter)
Mr. Pramoud Rao	Member (Executive Promoter)
Mr. Mukul Desai	Member (Independent)

Terms of Reference: The terms of reference, inter alia, are as follows:

- To approve or deal with applications for transfer, transmission, transposition and mutation of share certificates including duplicate, split, renewal, sub-division or consolidation of certificates and to deal with all related matters.
- To look into and redress Shareholders / investors grievances relating to:
 - Transfer of shares;
 - Non-receipt of declared dividends;
 - Non-receipt of annual reports;
 - All such complaints directly concerning the Shareholders / investors as stakeholders of the Company; and
 - Any such matters that may be considered necessary in relation to Shareholders and investors of the Company.
- To oversee the performance of the Company's Registrar and Transfer Agents.
- To monitor implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading.

Meetings:

The Stakeholders Relationship Committee generally meets once in a month depending on the frequency of grievances / transfer / duplicate requests received from the Shareholders. In the financial year 2017-18, the Committee met 12 times. The attendance of each Member at the said Meetings is stated below:

Name of Committee Member	No. of Meetings attended
Mr. Manohar Bidaye	12
Mr. Pramoud Rao	12
Mr. Mukul Desai	12

Compliance Officer:

Ms. Kunjan Trivedi, Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Regulations with the Stock Exchanges in India.

Investor Grievance Redressal:

The Company addresses all complaints, suggestions and grievances expeditiously and replies have normally been sent / issued within 7-10 days, except in case of dispute over facts or other impediments. During the year, the Company received 9 complaints from the shareholders and all were duly resolved. As on March 31, 2018 no complaint was pending.

As during the year under review, there were no unresolved complaints and hence the requirement of giving details does not apply.

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d) Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee was constituted.

Composition: Corporate Social Responsibility (CSR) Committee comprises of following three Directors:

Name of Committee Member	Designation in Committee
Mr. Manohar Bidaye	Chairman (Non-Executive Promoter)
Mr. Pramoud Rao	Member (Executive Promoter)
Mr. K. D. Hodavdekar	Member (Independent)

Terms of Reference:

- To formulate and recommend to the Board a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
- To recommend the amount of expenditure to be incurred on the CSR activities; and
- To monitor the CSR Policy of the Company from time to time.

Meetings:

During the year under review, one meeting of CSR Committee was held on March 23, 2018. All the Members were present at the Meeting.

In addition to the above mentioned Committees, the Board has also constituted the following Committees:

i) Preferential Issue Committee:

The Preferential Issue Committee comprises of the following Directors:

Mr. Manohar Bidaye, Chairman; Mr. Pramoud Rao, Mr. Mukul Desai and Mr. Prabhakar Dalal, Members

The Committee did not meet during the year under review.

ii) Managing Committee:

The Managing Committee comprises of the following Directors:

Mr. Manohar Bidaye, Chairman; Mr. Pramoud Rao, and Mr. Prabhakar Dalal, Members

The Committee met once during the year on August 23, 2017; and has transacted various businesses falling within its terms of reference.

SUBSIDIARY COMPANIES

As on March 31, 2018, the Company had following four direct subsidiaries and two step-down subsidiaries, of which two are Indian and the other four foreign.

Name of the Subsidiary	No. of Members nominated on the Board
Zicom SaaS Private Limited, India	4
Unisafe Fire Protection Specialists India Private Limited, India	2
Unisafe Fire Protection Specialists LLC, Dubai	3
Phoenix International WLL, Qatar	3
Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore	3
Zicom Security Projects Pte. Ltd., Singapore	2

Regulation 16 of the Listing Regulations defines a “material subsidiary” to mean a subsidiary, whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.

Under this definition, due to the losses incurred by the Company during the year under review, one of the Indian subsidiary viz. Zicom SaaS Private Limited has been classified as unlisted material subsidiary. The Company has complied with the requirements of Regulation 24 of the Listing Regulations with regard to Corporate Governance requirements for unlisted material subsidiary. Except Zicom SaaS Private Limited, none of the above Indian subsidiaries were unlisted material subsidiary.

The Financial Statements, in particular the investment made by the unlisted subsidiaries, statement containing all significant transactions and arrangements entered into by the unlisted subsidiaries forming part of the financials are being reviewed by the Audit Committee of your Company on quarterly basis. Also, statements of all significant transactions and arrangements entered into by the unlisted subsidiary companies are periodically brought to the attention of the Board by the Management.

Minutes of the meetings of the unlisted subsidiaries are placed before the Company's Board, as required under the Listing Regulations.

The Policy on Material Subsidiary as approved may be accessed on the Company's website at the link:

http://beta.zicom.com/img/pdf/ZESSL-Policy_on_Material_Subsidiary.pdf

RISK MANAGEMENT

The provisions of Regulation 21 of the Listing Regulations relating to formation of Risk Management Committee are not applicable to the Company. However, as required under Regulation 17 of the Listing Regulations, the Company has mechanisms to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of properly defined framework.

Corporate Governance Report

INVESTORS INFORMATION

GENERAL BODY MEETINGS

Details of the previous three Annual General Meetings of the Members are as under:

Respective Financial Year	2016-17	2015-16	2014-15
Date of Meeting	September 21, 2017	September 29, 2016	September 29, 2015
Time of Meeting	3.30 p.m.	10.30 a.m.	10.30 a.m.
Place of Meeting	Residency Hotel, Suren Road, Andheri Kurla Road, Opp. Cine Magic, Near Magic Bricks W. E. Highway Metro Station, Andheri (E), Mumbai 400093.	M.I.G. Cricket Club, M.I.G. Colony, Bandra (East), Mumbai 400051.	M.I.G. Cricket Club, M.I.G. Colony, Bandra (East), Mumbai 400051.
Items of Special Resolution passed at each Meeting	<ul style="list-style-type: none"> To appoint Ms. Tanvi Joshi, as a Director liable to retire by rotation. 	<ul style="list-style-type: none"> To re-appoint Mr. K. D. Hodavdekar, as an Independent Director of the Company. To re-appoint Mr. Prabhakar Dalal, as an Independent Director of the Company. 	<ul style="list-style-type: none"> To appoint Ms. Kunjan Trivedi as a Whole-time Director and; her terms of remuneration for a period of one year i.e. from March 26, 2015 till March 25, 2016. To accord the terms of remuneration of Mr. Pramoud Rao, Managing Director for the balance period of two years of his tenure i.e. from March 1, 2015 till February 28, 2017.

Details of Extraordinary General Meetings of the Members held in last three years are as under:

Financial Year	2014-15
Date of Meeting	January 16, 2015
Time of Meeting	10.30 a.m.
Place of Meeting	Mumbai Cricket Association Recreation Centre, RG – 2, G – Block, Near Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400051
Items of Special Resolution passed at Meeting	<ul style="list-style-type: none"> To increase the limit of Investments in the Company's shares and securities by Non-Resident Indian (NRIs) / Persons of Indian Origin (PIOs) upto 24% of paid-up Share Capital / value of other permissible securities of the Company. To issue and allot upto 2,600,000 Equity Shares on preferential / private placement basis to Non-Promoters persons / entities pursuant to Section 62 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, read with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. To issue and allot upto 1,050,000 Warrants, carrying right to subscribe to equal number of Equity Shares, on preferential / private placement basis to Promoters' Group Companies pursuant to Section 62 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, read with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

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Details of Special Resolution passed through Postal Ballot:

During the year under review, the Company completed the process of one Postal Ballot as per the provisions of Section 110 of the Companies Act, 2013. The details are as under:

Financial Year	2016-17
Date of declaration of Results	February 8, 2017
Time of declaration of Results	4:00 p.m.
Place of declaration of Results	Results declared at Registered Office of the Company
Items of Special Resolution passed through Postal Ballot	<ul style="list-style-type: none"> To alter Memorandum and Articles of Association for increasing the Authorized Share Capital of the Company pursuant to Sections 13, 61, 64 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. To approve conversion of Debt into Equity Shares of the Company. To approve re-appointment of Mr. Pramoud Rao (DIN: 00010743) as the Managing Director for a period of five years and the terms of his remuneration for a period of three years, both w.e.f. March 1, 2017 pursuant to Sections 196, 197, 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder read with Schedule V of the Companies Act, 2013.

The voting was conducted through physical mode as well as electronic mode. For conducting Postal Ballot process in a fair and transparent manner, Ms. Purvi Vasha, Practicing Company Secretary, was appointed as the Scrutinizer to the Postal Ballot

process. All the Special Resolutions were passed with requisite majority.

Based on the Scrutinizer's Report, the Results of Postal Ballot were as under:

Increase in Authorized Share Capital of the Company and Alteration of Capital Clause in the Memorandum and Articles of Association of the Company.

Mode of Voting	No. of shares held	% of Votes polled	% of Vote - in favour	% of Votes in favour on votes polled	No. of Votes - against	% of Votes against on votes polled
E-Voting	20,199,829	4,249,192	4,245,342	99.91	3,850	0.09
Postal Ballot		1,712,821	1,712,302	99.96	2	0.04
Total	20,199,829	5,962,013	5,957,644	99.93	3,852	0.07

Conversion of Debt into Equity Shares of the Company.

Mode of Voting	No. of shares held	% of Votes polled	% of Vote - in favour	% of Votes in favour on votes polled	No. of Votes - against	% of Votes against on votes polled
E-Voting	20,199,829	4,249,192	4,245,242	99.91	3,950	0.09
Postal Ballot		1,712,821	1,712,302	99.97	2	0.03
Total	20,199,829	5,962,013	5,957,544	99.93	3,952	0.07

Re-appointment of Mr. Pramoud Rao (DIN: 00010743) as Managing Director of the Company for a period of five years effective from March 1, 2017 till February 28, 2022, including the terms of his remuneration for a period of three years effective from March 1, 2017 till February 29, 2020.

Mode of Voting	No. of shares held	% of Votes polled	% of Vote - in favour	% of Votes in favour on votes polled	No. of Votes - against	% of Votes against on votes polled
E-Voting	20,199,829	4,249,192	4,244,342	99.86	4,850	0.14
Postal Ballot		1,712,821	1,712,302	99.97	2	0.03
Total	20,199,829	5,962,013	5,956,644	99.91	4,852	0.09

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Detailed Results were posted on website of the Company www.zicom.com.

Procedure for Postal Ballot

The Board of Directors decides the item to be passed by the Members through Postal Ballot and at its meeting approves the Notice of the resolution along with the explanatory statement thereof, and the postal ballot form. The Board authorizes some Directors and/or Company Secretary to supervise and take necessary steps in connection with postal ballot process. The Board also appoints scrutinizer for conducting the postal ballot process in fair and transparent manner and fixes the duration of his appointment and his remuneration. The postal ballot form alongwith Notice and explanatory statement thereof is sent to all the Members of the Company alongwith pre-paid self addressed business reply envelope. All the Members are requested to send their assent / dissent to the resolution by the specified time limit. The Scrutinizer, on the basis of all the postal ballot forms received from the Members, scrutinizes the same and prepares his report and submits the same to the Chairman for announcing results of the Postal Ballot. The results are declared by the Chairman, after which the same are forwarded to all the concerned authorities for their record.

No Special Resolution through Postal Ballot is proposed at the ensuing Annual General Meeting.

DISCLOSURES

1. During the year under review, the Company had not entered into any material transaction with any of its related parties. Pursuant to the requirement of Regulation 23 of the Listing Regulations, the Company has formulated a Related Party Transactions Policy, which is available on Company's website at http://beta.zicom.com/img/pdf/ZESSL-Related_Party_Transaction_Policy.pdf. The Policy is formulated with intend to ensure proper identification, approval process and reporting of transactions between the Company and its Related Party(ies).

During the year, all transactions entered into with the related parties were in the ordinary course of business and on arm's length basis and not in conflict with the interest of the Company. There were no materially significant transactions with related parties during the financial year. Related party transactions have been disclosed under Note 28.6 of Standalone Financial Statements. A statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis is periodically placed before the Audit Committee for review. All related party transactions were placed before the Audit Committee for approval. Omnibus approvals were also obtained for transactions which were of repetitive nature. Such transactions were placed before the Audit Committee and Board (as required) for periodical review and approval.

2. In the preparation of the financial statements, the Company has followed the Accounting Standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.
3. In view of various business risks associated with the Company in general and certain risks specific to the Company and the nature of business of the Company and its subsidiaries, risk management policy of the Company is framed for implementation by executive management, so as to minimize such risks. The same is periodically reviewed by the Board and modified from time to time to meet the changing business scenario.
4. During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets.
5. Pursuant to Section 177(9) of the Companies Act, 2013 and Regulation 4(d) of the Listing Regulations, the Company has formulated a Vigil Mechanism / Whistle Blower Policy for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct and same has been disclosed on the Company's website at the link: http://beta.zicom.com/img/pdf/ZESSL-Whistle_Blower_Policy.pdf. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. The Company has not denied access to any personnel to approach the Audit Committee on any issue.
6. The Company is compliant with the applicable mandatory requirements of Part A of Schedule II of the Listing Regulations, relating to Corporate Governance. In addition to this, the Company also to the extent possible comply with the non-mandatory requirements prescribed in Part E of Schedule II of the Listing Regulations, such as –

(i) The Board / Separate posts of Chairperson and Chief Executive Officer:

The Company has separate post of Chairperson and Managing Director / Chief Executive Officer. Mr. Manohar Bidaye, Non-Executive Chairman of the Company is entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties; and Mr. Pramoud Rao is the Managing Director / Chief Executive Officer of the Company.

(ii) Shareholders' Right:

The quarterly / half-yearly results alongwith the press-release are uploaded on the website of the Company at www.zicom.com.

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7. The Company has complied with corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
8. During the year under review, the Company did not make any public issue, right issue or preferential issue.

AUDITORS' CERTIFICATE

Pursuant to Regulation (E) of Schedule V of the Listing Regulations, a Compliance Certificate obtained from the Statutory Auditors, certifying that the Company has complied with the conditions of Corporate Governance is annexed to this Report.

CERTIFICATE BY CEO AND CFO

As required under Regulation 17(8) and as per the format prescribed under Part B of Schedule II of the Listing Regulations, a Compliance Certificate has been obtained from the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company w.r.t. the financial reporting and internal controls in the Company. The said certificate was reviewed by the Audit Committee and taken on record by the Board of Directors at the respective meetings held on May 29, 2018.

MEANS OF COMMUNICATION

The Company established procedures to disseminate, in a planned manner, relevant information to Members, analysts, employees and the society at large.

Press releases and presentations: All our press and news releases are submitted to the Stock Exchanges and are also posted on the Company's website at www.zicom.com. The presentation, if any, made to the Financial Analysts and Investors are being shared with the Stock Exchanges and also being uploaded on the Company's website.

Quarterly, Half-yearly and Annual results: Our quarterly, half-yearly and annual results are published in widely circulated national newspapers such as The Business Standard (English) (all Editions) and the local daily Mumbai Lakshadeep (Marathi) (Mumbai Edition). They are also filed on websites of the Stock Exchanges and are also displayed on the Company's website at www.zicom.com.

NSE Electronic Application Processing Systems (NEAPS): The NEAPS is a web based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern,

corporate governance report, press releases, etc. are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the "Listing Centre"): The Listing Centre of BSE is a web based application designed by BSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, press releases, etc. are also filed electronically on the Listing Centre.

SEBI Complaint Redress System (SCORES): The investor complaints are processed in a centralised web based complaints redress system. The significant features of SCORES are: Centralised database of all companies, online upload of Action Taken Report (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

Website: In accordance with Regulation 62 of the Listing Regulations the Company has maintained a functional website www.zicom.com containing basic information about the Company viz., details of its business, financial information, shareholding pattern, compliance with corporate governance, contact information of designated officials of the Company who is responsible for assisting and handling investor grievances, etc. The contents of the said website are updated from time to time.

Annual Report: Annual Report containing audited standalone and consolidated financial statements together with Directors' Report, Auditors' Report and other important information are circulated to Members and others entitled thereto. The Annual Report is displayed on the website of the Company.

Stock Exchange(s): The Company from time to time disseminates to the Stock Exchanges (i.e. BSE and NSE), wherein its equity shares are listed, all mandatory information and price sensitive / such other information, which in its opinion are material and / or have a bearing on its performance / operations and issues press releases, wherever necessary, for the information of the public at large.

Members Correspondence: For the benefit of the Members, a separate email id has been created for Members correspondence viz. investors@zicom.com.

MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Management Discussion and Analysis Report is attached to and forms part of the Directors' Report and includes discussion on various matters as specified under Schedule V (B) of the Listing Regulations.

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GENERAL SHAREHOLDERS' INFORMATION

i.	24th Annual General Meeting	
	Venue	Hotel Suba Galaxy, N. S. Phadke Road, Off Western Express Highway, Andheri (E), Mumbai 400069
	Time	3.30 p.m.
	Day	Monday
	Date	September 24, 2018
ii.	Financial Calendar (tentative) Audited Annual Results of previous year ended March 31, 2018	Fourth week of May 2018
	1 st quarter results for quarter ending June 2018	Second week of August 2018
	2 nd quarter results for quarter ending September 2018	Second week of November 2018
	3 rd quarter results for quarter ending December 2018	Second week of February 2019
	Last quarter results for quarter ending March 2019	End of May 2019
iii.	Financial year	April 1, 2018 to March 31, 2019
iv.	Book closure dates	Not Applicable
v.	Dividend payment / dispatch date for Financial Year 2017-18	Not Applicable
vi.	Listing of equity shares on Stock Exchanges	BSE Limited (BSE) P J Towers, Dalal Street, Fort, Mumbai 400001. National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051.
vii.	Stock Codes	BSE: 531404 NSE: ZICOM
viii.	International Securities Identification Number (ISIN)	INE871B01014
ix.	Corporate Identity Number (CIN)	L32109MH1994PLC083391

i) The Company has paid the annual listing fees for the Financial Year 2017-18 to BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

ii) The Company has paid the annual custodial fees for the Financial Year 2017-18 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

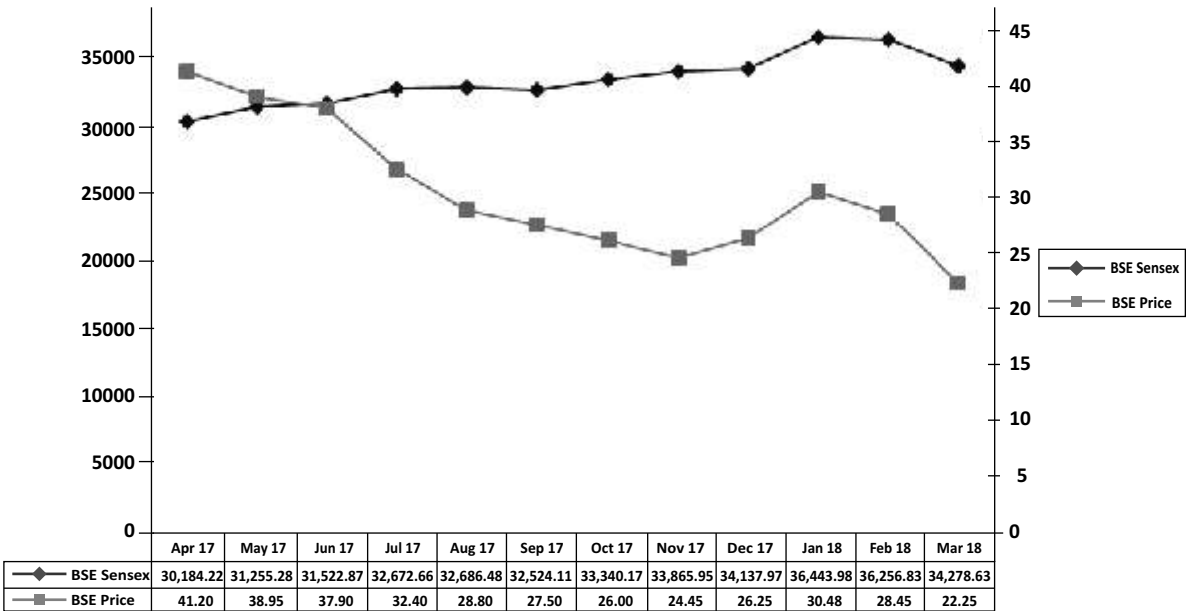
x. MARKET PRICE DATA for the Financial Year 2017-18

Month	BSE			NSE		
	Share Price		No. of Shares Traded	Share Price		No. of Shares Traded
	High (₹)	Low (₹)		High (₹)	Low (₹)	
April 2017	41.20	38.05	465,197	41.00	38.10	1,469,736
May 2017	38.95	23.15	477,463	38.85	23.40	1,587,899
June 2017	37.90	23.10	2,507,902	37.95	23.00	8,777,773
July 2017	32.40	26.50	597,598	32.35	26.60	2,070,619
August 2017	28.80	19.75	497,349	27.50	19.60	1,672,495
September 2017	27.50	19.75	1,257,840	27.55	19.65	4,962,375
October 2017	26.00	20.35	410,447	24.20	20.40	1,860,074
November 2017	24.45	19.10	1,362,157	24.50	19.15	6,068,902
December 2017	26.25	20.30	1,292,674	26.25	19.85	4,546,605
January 2018	30.40	23.20	2,439,019	30.45	23.15	9,606,244
February 2018	28.45	21.00	839,923	28.50	20.65	3,870,506
March 2018	22.25	15.10	575,696	22.30	15.25	1,733,411

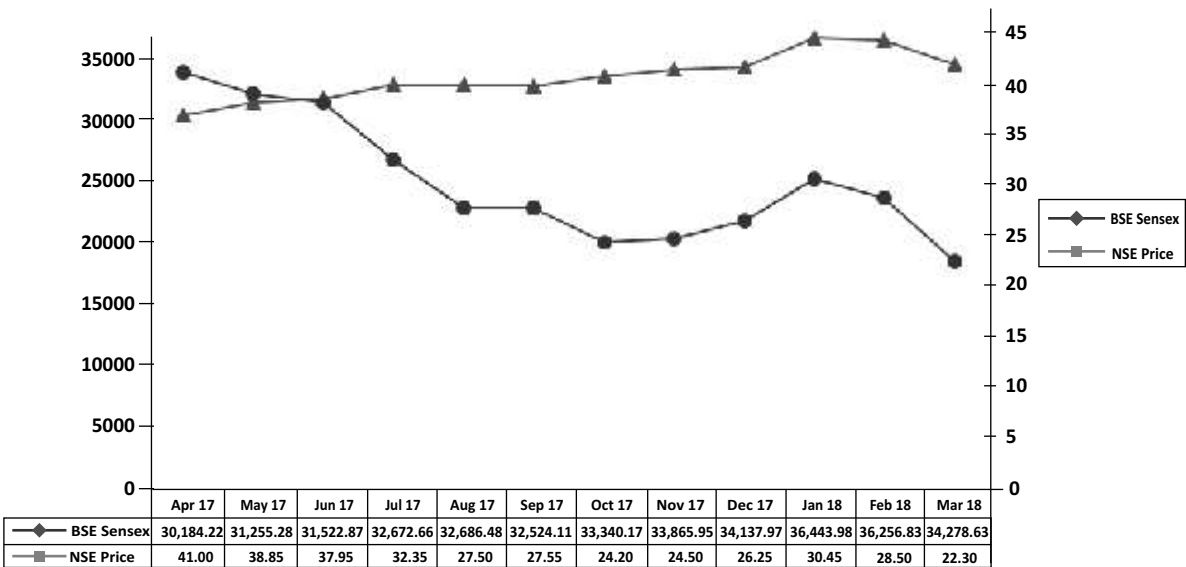
Source: Websites of the respective Stock Exchange

Corporate Governance Report

Performance in comparison to broad based indices
BSE price



NSE price



Corporate Governance Report

xi. Registrar and Share Transfer Agent

Bigshare Services Private Limited

1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis Apartments (next to Keys Hotel),
Marol Maroshi Road, Andheri East, Mumbai 400059.

Tel: (022) 62638200 **Fax:** (022) 62638299

Email: investor@bigshareonline.com

xii. Compliance Officer

Ms. Kunjan Trivedi

Company Secretary

501, Silver Metropolis, Western Express Highway,
Goregaon (East), Mumbai 400063.

Tel: (022) 4290 4290 **Fax:** (022) 4290 4291

Email: investors@zicom.com

xiii. Share Transfer System

Shares lodged for transfer at the Registrar and Transfer Agent

address are normally processed within prescribed time from the date of lodgement, if the documents are clear in all respects.

Pursuant to Regulation 40(10) of the Listing Regulations, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share certificate issue for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls / allotment monies.

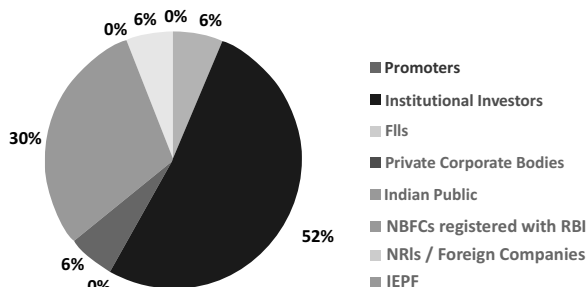
Pursuant to Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, Company Secretary-in-Practice carry-out, on quarterly basis, Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued / paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held in NSDL and CDSL). It also confirms that whether the de-mat receipts duly lodged are processed and released within the specified period, and that the Register of members is duly updated.

xiv. Distribution of Shareholding as on March 31, 2018

No. of shares	Total holders	% of total holders	Total holding in shares	% of total capital
1 - 500	15,105	77.03	2,514,229	6.10
501 - 1000	2,196	11.20	1,850,272	4.49
1001 - 2000	1,142	5.82	1,780,285	4.32
2001 - 3000	423	2.16	1,086,389	2.64
3001 - 4000	194	0.99	699,879	1.70
4001 - 5000	145	0.74	683,765	1.66
5001 - 10000	212	1.08	1,540,643	3.74
10001 - 999999999	192	0.98	31,065,679	75.36
Total	19,609	100.00	41,224,141	100.00

xv. Shareholding Pattern as on March 31, 2018

Category	No. of Shares	%
Promoters	26,07,423	6.32
Institutional Investors	2,13,93,555	51.90
FII's	100	0.00
Private Corporate Bodies	24,14,746	5.86
Indian Public	1,23,93,498	30.06
NBFCs registered with RBI	400	0.00
NRIs / Foreign Companies	24,04,718	5.83
IEPF	9,701	0.03
Total	41,224,141	100.00



Corporate Governance Report

xvi. Dematerialisation of shares and liquidity as on March 31, 2018

Physical shares	:	1,42,847 (0.35%)
De-materialised shares	:	4,10,81,294 (99.65%)
Total shares	:	41,224,141 (100.00%)

Out of the above de-mat shares, 3,34,10,469 (81.04%) are held through National Securities Depository Limited and 76,70,825 (18.61%) are held through Central Depository Securities (India) Limited.

Your Company's Equity Shares are widely held and actively traded on BSE and NSE.

xvii. Transfer of Unclaimed Dividend to Investor Education & Protection Fund (IEPF)

Pursuant to Section 124 of the Companies Act, 2013, dividends that are unpaid / unclaimed for a period of seven years from the date they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Given below are the dates of declaration of dividend and corresponding last dates when unpaid / unclaimed dividends are due for transfer to IEPF:

Financial Year	Date of Declaration	Last Date for claiming dividend
2010-11	15-09-2011	20-10-2018
2011-12	24-08-2012	29-09-2019
2012-13	30-08-2013	04-10-2020
2013-14	05-09-2014	10-10-2021
2014-15	29-09-2015	03-11-2022

During the year under review, an amount of ₹ 7,85,835/- pertaining to unpaid dividend for the financial year 2009-10 has been transferred to IEPF on November 8, 2017.

The Shareholders who have so far not encashed their dividend demand drafts / cheques are requested to write to the Company / Registrar & Share Transfer Agent to claim the same, to avoid transfer to IEPF. Shareholders are advised that no claims shall lie against IEPF or the Company for the amounts of dividend so transferred to IEPF.

The details of unpaid and unclaimed dividend lying with the Company as on September 21, 2017 (date of last Annual General Meeting) has been uploaded on Company's website (www.zicom.com) in accordance with the requirements of relevant Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 and the same has also been uploaded on Ministry of Corporate Affairs website www.mca.gov.in.

Further, pursuant to the provisions of Section 124 of the

Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares on which dividend has been unclaimed for seven consecutive years or more are required to be transferred to IEPF.

In the event of transfer of shares and the unclaimed dividends to IEPF, Members are entitled to claim the same from IEPF by submitting an online application in the prescribed Form IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the duly signed Form IEPF-5 to the Company along with the requisite documents enumerated in the Form IEPF- 5. Members can file only one consolidated claim in a financial year as per the IEPF Rules.

xviii. Outstanding ADR / GDR / Warrants / any Convertible Instruments

During the year under review, the Company did not issue any ADRs / GDRs. No Bonds were outstanding as on March 31, 2018.

There are no Stock Options outstanding as on March 31, 2018.

xix. Plant Location and Registered Office address

The Company does not have any Plant.

Registered Office address:

501, Silver Metropolis,
Western Express Highway, Goregaon (East),
Mumbai 400063.

xx. Address for correspondence

All correspondence by Members should be made to the Registrar and Transfer Agent or Registered Office of the Company as stated above. In case of Members holding shares in demat form are requested to intimate change in certain specific personal information like address, PAN, etc., to their Depository Participant. Others can send their correspondence to the Registered Office of the Company or communicate to the Company on investors@zicom.com.

Other information for correspondence

Telephone no.	:	(022) 4290 4290
Fax no.	:	(022) 4290 4291
Website	:	www.zicom.com

For and on behalf of the Board of Directors

Manohar Bidaye

Chairman

Place: Mumbai

Date: May 29, 2018

Registered Office:

501, Silver Metropolis,
Western Express Highway,
Goregaon (East), Mumbai 400063.

Corporate Governance Report

Declaration pursuant to Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, Pramoud Rao, Managing Director of the Company, do hereby declare that pursuant to requirement of Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Members of Board of Directors and Senior Management Personnel of the Company have given their affirmation of compliance with the Code of Conduct of the Board of Directors and Senior Management of the Company in respect of the financial year ended March 31, 2018.

Pramoud Rao

Managing Director

Place : Mumbai

Date : May 29, 2018

Auditors Certificate on Compliance with the Corporate Governance

To the Members,

Zicom Electronic Security Systems Limited

We have examined the compliance of conditions of Corporate Governance by Zicom Electronic Security Systems Limited (hereinafter called "the Company"), for the year ended on March 31, 2018, as stipulated in Regulations 17 to 27; Regulation 46(2)(b) to (i); and paragraphs C, D & E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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 and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Regulations, as applicable, during the year ended March 31, 2018.

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

For S M M P & Associates

Chartered Accountants

Firm Registration No. 120438W

Sonal Parekh

Partner

Membership No. 139852

Mumbai, May 29, 2018

Management Discussion and Analysis

GLOBAL ECONOMY OVERVIEW :

The global economy continued its steady growth with 3.8% growth rate in calendar year 2017, on the back of strong global trade. This growth has been quite broad-based with Europe and Asia seeing surprisingly strong growth. The U.S economy continues to do well which has been further boosted by the recent tax cuts. Around 120 economies, accounting for three quarters of world GDP, have seen a pickup in growth in year-on-year terms in 2017, the broadest synchronized global growth upsurge since 2010. Challenges to the global growth do persist with rich asset valuations across the globe, rising oil prices and restrictive trade practices that major economies, led by the US, are starting to impose. Global growth forecasts for 2018 and 2019 is estimated to be at 3.9%, a 0.1% higher than 2017.

The firming of oil prices is expected to witness strengthening of economies of OPEC Members and several other major oil producing countries.

INDIAN ECONOMY OVERVIEW:

The Indian economy witnessed another challenging year, with the effects of demonetization still lingering in the first couple of quarters. Real GDP growth for FY18 is estimated at 6.75% representing a slowdown over the 7.1% growth seen in FY17. The slow start to the year was further hurt by the implementation of Goods and Services Tax (GST), starting July 1, 2017. While the GST is a landmark indirect tax reform, there is short term pain that GST has inflicted on the economy. This was expected when a policy change of such magnitude and complexity is rolled out. While various businesses and the government departments took their time to understand and implement the new rules, business took a backseat. This state of things eased out by end of the year with GDP back on track and GST collections also picking up. The Economic Survey predicts the Indian GDP to register a 7% – 7.5% growth in 2018-19, thereby re-instating India as the world's fastest growing major economy.

Various government steps and initiatives have also aimed at curtailing unemployment with increased focus on creating rural jobs, coupled with drives like Make in India and Digital India facilitating setting-up of facilities in India by numerous foreign companies, particularly aiming to boost manufacturing sector and resulting into increased purchasing power of Indian consumer, which all will end-up in spurting economic development of the country besides benefitting investors. Various structural reforms like implementation of Insolvency and Bankruptcy Code will go long way in resolving challenges posed by huge bad debts and NPA's of the banking industry. Recovery of stuck up loans particularly of public sector banks will accelerate lending activity again driving economic growth. In view of various initiatives, narrated above, to boost the Indian economy it is likely to accelerate further and maintain its status as one of the sixth largest economy in the world.

1. Business Overview

The Company's overall business scenario with performance,

outlook, risks and concerns of each respective market verticals / subsidiary of the Company is narrated below.

a. Electronic Security & Surveillance Products (Distribution Market):

The distribution of electronic security & surveillance products falls into the following four product categories:

- i. E-surveillance Equipments- This product category consists of CCTV cameras, monitors, DVRs / NVRs and other accessories.
- ii. Fire & Safety Equipments- This product category consists of Detection Equipment such as sensors and suppression equipments such as fire extinguishers.
- iii. Access Control Equipments- This product category consists of readers which are proximity / biometric based, locks and other accessories.
- iv. Home Safety Equipments- This product category consists of Video Door Phones and Home Intrusion Alarm.

The market for security and surveillance product is estimated around ₹ 4700 crore and is expected to grow CAGR of 22% until FY21. The key growth drivers for the distribution market includes customer industry growth, increasing threat perception and reducing product prices. Monitoring of premises by CCTV equipment is getting regulated by the Government. "Make in India" initiative of the Government is driving the product price downwards which in turn is driving economic growth.

There are numerous competitors in the security and surveillance distribution market ranging from small assemblers to MNCs such as UTC, Honeywell, HID. Zicom distributes the products through numerous channel partners across the country, however loyalty for the specific brand is not of much relevance to the channel partner.

Zicom's Distribution business today is going through difficult time due to non-availability of the working capital. Resources crunch has impacted stocking strength of various products by Zicom for making it available to channel partners on time. As availability of the variety of the products is key factor driving the business of the distribution, Zicom is moving slowly on the business path for the time being. Also Zicom is not investing enough resources to increase the brand recall which has also affected its performance.

b. Security as a Service

Zicom pioneered the concept of providing Security as a Service in India. Zicom SaaS spans a wide range of services from simple surveillance equipment monitoring to advanced video analytics. The services offered by Zicom SaaS can be classified in following broad categories based on complexity of services.

1. Uptime surveillance systems

This includes daily health check up equipment, replacement of faulty equipment and regular preventive maintenance.

2. Alarm Monitoring

This service is being offered mainly to BFSI segment which include installation of various sensors such as vibration sensors, motion sensors, heat / temperature sensors,

Management Discussion and Analysis

unidentified object sensors, shutter up / down sensors, etc. These services are mainly offered for monitoring ATM.

3. Live Feed Monitoring

This include live monitoring of sites based on trigger generated by various sensors.

4. Trend based analytical services

This includes employee behaviour monitoring, customer behaviour monitoring, footfall counting etc.

The overall size of the Zicom SaaS market is estimated around ₹ 165 to ₹ 185 crores with potential to grow above ₹ 5000 crores in next 5 years. The demand for SaaS services will arrive mainly from BFSI, Retail & Hospitality, Educational Institutions, Hospitals, Distribution Centres, etc. The key growth driver for SaaS market include Functionality assurance, Cost benefits and Enhanced flexibility and analytics. By outsourcing security through SaaS model, customers get assurance of working conditions of all sensors and transfer risk of obsolescence and AMC to Service Provider. Also customer need not pay up front Capex and can benefit from reduction in Opex Cost incurred on security guard. These services are mainly suited for organisation having multisite operations.

The market has positively accepted SaaS services with BFSI industry taking lead by progressively removing security guards and achieving saving of 30% to 50% in its operational cost. Many banks have eliminated night Security Guard reducing substantial cost. On the non-BFSI side, Zicom's cost based value proposition for Alarm monitoring will face near term challenges due to declining Capex of Electronic hardware. Therefore, periodical price declines are necessary to maintain relevance to customer.

Zicom e-SaaS services are mainly driven through two business divisions:

i. **Enterprise Division**

This division mainly focus on customer base like Retail Chains, Banks, Financial Services and Insurance (BFSI) companies, Gold Loan Sector companies, Food Chains, Entertainments, Health Care, Education, Logistics, Warehouse, Commercial Establishments, SMEs, etc.

BFSI contributes significantly to e-SaaS revenue, the rest comes from Retail and Education. With rising crime related to ATMs, Education and Retail, customers are now going beyond installing hardware to remote manage services, leveraging the telecom infrastructure like GSM, CDMA, Broadband, customer sites are connected to the Zicom Command Centre to provide 24/7 alarm response services, fire management, attendance on the cloud, surveillance of ATM with two way voice communication and quick response team.

On the Enterprise side Zicom is recognised for its Pan India multi segment presence but faces implementation challenges on account of weakness in investing up front Capex cost for providing services.

It is also critical to renew existing contracts on time with proactive

customer management.

ii. **Make Your City Safe (MYCS) Division**

Through this division, Zicom works with housing societies in Mumbai and Pune to protect residential premises. During the financial year under review Zicom has expanded its presence in Hyderabad and Ahmedabad. Unlike Enterprise division this division moves slowly on adding site as each customer represent one site.

c. **Fire Detection and Protection Business in UAE and Qatar**

Zicom's fire detection and protection business is mainly Gulf centric, particularly focused in the Middle-East countries like seven emirates of United Arab Emirates, Qatar, Oman, Saudi Arabia, and surrounding Gulf Co-operation Council (GCC) countries. Therefore, any changes and development in business and economic scenario in these regions also affect our business prospects to a great extent. We carry this business under two step-down subsidiary companies, Unisafe Fire Protection Specialists LLC, Dubai ("Unisafe Dubai") and Phoenix International WLL, Qatar ("Phoenix Qatar").

The Middle East market received severe setback due to fall in the oil price in the year 2015 – 16 which resulted in cutback in budgetary spending. The infrastructure growth of Middle East has been slow down substantially with many projects being stuck up and leading EPC and MEP company are facing liquidity challenges due to lack of cash flow. Many small and medium enterprises who represent over 2nd and 3rd layer players in the market are facing difficult task of survival and remaining relevant to the market.

The geo political situation of the region has received further set back with the embargo placed by UAE and Kingdom of Saudi Arabia on Qatar. The land route to Qatar has been blocked resulting in complete stoppage of material movement. The majority of the projects of Qatar got stalled resulting in loss of value for all companies operating in the region. Unisafe Dubai and Phoenix Qatar has received major setback due to stoppage of Projects. The biggest challenge is to recover money from such stuck up Projects. Both the Companies have down sized its operations substantially. Unless Govt. takes effective steps to infuse funding in the economy immediately, lot of Companies may find their way out of Middle East market.

CORPORATE OVERVIEW:

All the business models of the Company, except Zicom SaaS, are undergoing challenging times. The weightage of Middle East activity in Zicom Group turnover was more than 60%. The business of fire safety and security which is directly connected with new construction and infrastructure development has been adversely impacted due to restrain caused by subdued oil prices and block of Qatar. Both, Unisafe Dubai and Phoenix Qatar, have reduced their focus on project business and working to develop service and maintenance business which is steady business from cash flow perspective. As these companies have reduced their emphasis on projects, the topline of both companies have been impacted severely. All companies in Middle East region are facing cash

Management Discussion and Analysis

crunch due to non-recovery of money on projects under execution. Also many construction dependent companies have wound-up their operations which resulted in bad-debts for sub-contractors like Unisafe Dubai and Phoenix Qatar. This trend will take some time to reverse as economic cycle is at lowest at this point of time. In view of this, the management is making effort to look for strategic investor from the region to support liquidity and relationship.

Zicom SaaS business model requires continuous deployment of resources in capital equipments for remote surveillance. Due to overall constraint of the Group to invest in this profitable venture, Zicom SaaS could not grow as expected. Zicom SaaS is looking for private equity investor to drive the growth further. As this is Internet of Things (IoT) based model, it has got enormous potential of growth and profitability.

During the year under review, the Bankers of the Company continue to monitor operation of the account under TRA mechanism and the Company is scouting for investor to resolve the debt situation of both Zicom and Zicom SaaS. The Company has taken all distress steps necessary for its survival in short run. The Management is still hopeful of revival of the business.

FINANCIAL PERFORMANCE VIS-À-VIS OPERATIONAL PERFORMANCE, INTERNAL CONTROL SYSTEM AND ITS ADEQUACY AND HUMAN RESOURCES:

The financial and operational performance has already been discussed at length in Directors' Report under the heads: Operational Performance; Business Developments and Prospects, Finance and Subsidiary and Joint Venture Companies. A separate para discussing on Internal Control Systems and its Adequacy and various aspects of Human Resources of the Company has also been included in Directors' Report.

CAUTIONARY STATEMENT:

Certain statements as discussed and mentioned in the Management Discussion and Analysis and elsewhere constitute forward-looking statements articulated as the Management's expectations for the future business prospects of the Company. However, there are risks and uncertainties associated due to the general economic conditions in which the Company operates. Also, the factors like the nature of the Company's business, foreign currency fluctuations, regulatory initiatives, tender processes in the Government, Public Sector and other large undertakings, competition, etc. are not in the control of the Company. Such uncontrollable factors are crucial for success of the Company's business plans or predictions, which may cause the actual results to materially differ from the performance or achievements, discussed or implied by such forward looking statements.

Independent Auditors' Report

To the Members

Zicom Electronic Security Systems Limited

I. Report on the Financial Statements

We have audited the attached financial statements of Zicom Electronic Security Systems Limited (hereinafter referred to as the Company), comprising of the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including other comprehensive income), the statement of Changes in Equity and the Cash Flow Statement for the year then ended along with the Significant Accounting Policies and other explanatory information forming an integral part thereof.

II. Management's Responsibility for the Financial Statements

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

III. Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material

misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give 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 Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

IV. Basis of Qualified Opinion

- 1) As stated in Note No 28.12 the Company during the year under review has not provided for interest amounting to ₹ 2,245.57 lakhs on outstanding bank loans as the Company is negotiating with bankers for one time settlement of its outstanding liabilities and in the opinion of the management, liability as reflected in the financial statement is sufficient to meet proposed One Time Settlement amount. On account of the said non provision for interest loss for the year and borrowings has been understated to the said tune.

Qualified Opinion

Except for the matters described in basis of Qualified Opinion, In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its Loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Emphasis of Matter

- 1) The Company has adopted applicable Indian Accounting Standard (Ind AS) w.e.f. April 1, 2017 and restated and reclassified figures of corresponding previous year and balances as on April 1, 2016. As a result of adoption and valuation of various assets, investments and liabilities at fair value / net realisable value, company has made provisions for (i) As stated in Note No 2 and 28.12 Impairment Loss in Property Plant & Equipment has been provided amounting to ₹ 605.57 Lakhs based on valuation report considering no future economic benefit; (ii) As stated in Note No 5 and 4 Provision towards doubtful recovery of Loans & Advances including subsidiary & Investment in respect of its subsidiaries Company amounting to ₹ 16,655.64 Lakhs and ₹ 3,106.97 Lakhs as due to financial stress in subsidiaries Company they were unable to repay loan given to them further the networth of the said Companies have also been eroded. The above losses is mainly on account of investment and loan given to Middle East subsidiaries and resultant losses caused to subsidiaries on account of slow-down in economic situation.

Independent Auditors' Report

- 2) Further the Company has also provided for (i) Note No 28.14 Trade Receivable and Advance to supplier amounting to ₹ 11,329.70 Lakhs in view of doubtful of recovery/performance and one time settlement agreements with certain parties. (ii) Note No 6 the Company has identified obsolete/non moving stock and the same has been valued at Net realizable value on account of the said exercise an amount of ₹ 2521.76 Lakhs has been written off.
- 3) Refer Note No. 28.13 of Audited Financial Statement of the Company which states that there is a reduction in Sales during the year under review as compared to previous year as the Company has taken conscious decision to reduce its focus on box moving / trading business due to increase in competition, reduction in margins, constraint of working capital and challenges in recovery of payments from dealers / channel partners. The Company is working out alternative business plan to substitute and add new technology driven products with service element to drive future growth of the Company.

V. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we enclose in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the said Order, to the extent applicable to the Company during the year under audit.
2. Further to our comments in the Annexure referred to in 1. above as per the requirements of Section 143(3) of the Act, we report as follows:
 - (a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) *Except for the matters described in basis of Qualified Opinion*, In our opinion, the Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this report comply with the Indian Accounting Standards (Ind AS) referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the respective directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of sub-section (2) of Section 164 of the Act;

- (f) The matters described in basis of qualified opinion may have any adverse impact on the functioning of the Company;
- (g) With respect to the adequacy of the Internal Financial Controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure-B;'
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i) The Company has disclosed impact of pending litigations on its financial position in the financial statement;
 - ii) The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii) The Company has transferred the required amount / unclaimed dividend amount to the Investor Education and Protection Fund (IEPF) within the requisite timeline as given under the Companies Act and the Rules made thereunder.

For S M M P & Associates

Chartered Accountants

Firm Registration No. 120438 W

Sonal Parekh

Partner

Membership No. 139852

Mumbai, dated May 29, 2018

Independent Auditors' Report

Annexure A to the Auditors' Report

(Referred to in paragraph V(1) of our report of even date)

In terms of the information and explanations given to us and the books and records examined by us and on the basis of such checks as we considered appropriate, we further report as under:

1. Property, Plant and Equipment's

- a) As per the information and explanation given to us the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment's.
- b) As explained to us, the Property, Plant and Equipment's have been physically verified by the management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the Company's books of accounts.
- c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

2. Inventory

As explained to us, the management has conducted physical verification of inventory at reasonable intervals during the year.

In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on such verification between physical inventories and the book records which were material in relation to the operations of the Company have been properly dealt with in the Company's books of account.

3. Loans to parties of Directors' interest

According to the information and explanations provided to us and as per the records examined by us, during the year, the

Company has not granted any unsecured loans to bodies corporate representing the parties listed in the register maintained under Section 189 of the Act.

4. Loans/Guarantees/Investments in / Provision of Security to certain parties

In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.

5. Acceptance of Deposits

According to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

6. Maintenance of Cost Records

The Central Government has prescribed maintenance of cost records under section (1) of section 148 of the Act. The Company during the year under review does not have any manufacturing facility and hence the said clause was not applicable.

7. Undisputed & Disputed Statutory Dues

- a) According to the information and explanations given to us and as per the records verified by us, the Company generally not regular in depositing the undisputed statutory dues involving Provident Fund, Investor Education and Protection Fund, Professional Tax, Employee State Insurance, Customs Duty, Value Added Tax, Income Tax, Service Tax, Customs Duty, Goods & Service Tax and other statutory dues with the appropriate authorities and the arrears under the above heads which were due for more than six months from the date they become payable as at the close of the year are 1) Value Added Taxes amounting to ₹ 74.47 Lacs, 2) Dividend Distribution Tax amounting to ₹ 49.35 Lacs and 3) Income Tax ₹ 66.04 Lacs.
- b) As per explanations provided to us and according to the records of the Company, the following are the particulars of disputed dues on account of Income Tax that have not been deposited:

Name of the Statute	Nature of Dues	Amount (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax	Disallowance of Expenses and penalty thereon	62.16	FY 13-14	Commissioner of Income Tax (Appeals)
Income Tax	Transfer pricing adjustment and penalty there on	63.15	FY 12-13	Commissioner of Income Tax (Appeals)
Sales Tax	Disallowance of Input Tax Credit	4.20	FY 11-12	Joint Commissioner Of Appeals
Sales Tax	Disallowance of Input Tax Credit	10.87	FY 14-15	Joint Commissioner Of Appeals
Sales Tax	Disallowance of Input Tax Credit	30.54	FY 14-15	Joint Commissioner Of Appeals
Entry tax	Disallowance of Credit	1.09	FY 14-15	Joint Commissioner Of Appeals
Income Tax	Transfer pricing adjustment and penalty there on	26.15	FY 11-12	Commissioner of Income Tax (Appeals)

Independent Auditors' Report

8. Loans from Banks / Financial Institutions / Government / Debentures

Based on our audit procedures, books of account and as explained to us, we are of the opinion that, during the year, the Company has not defaulted in repayment of dues to any financial institution however there have been defaults in repayment of dues to bank the same has been reported in table below. Further, No debentures were issued or were outstanding during the year. Further as stated in the Independent Auditors report the Company has not booked interest amounting to ₹ 2,245.57 lakhs on outstanding bank loans as the Company is negotiating with bankers for one time settlement of its outstanding liabilities and in the opinion of the management, liability as reflected in the financial statement is sufficient to meet proposed One Time Settlement amount.

(₹ Lakhs)

Name of Bank	Amount
Industrial Development Bank of India	4,792.44
Bank of Baroda	2,734.27
Union Bank Of India	1,830.40
Allahabad Bank	2,478.41
Central bank of India	3,927.27
The Saraswat Co – op Bank Ltd	2,363.75
DBS Bank	807.43
Total Amount	18,933.97

9. Proceeds of Public issue (including debt instruments) /Term Loans

The Company has not raised any money during the year through initial / further public offer (including debt instruments). Also, the Company has not availed any term loans during the current or earlier years and hence the matter of application of the same doesn't arise.

10. Frauds on or by the Company

During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company or its officers, noticed or reported during the year, nor have we been informed of such case by the management.

11. Managerial Remuneration

During under our review, the Company is provided managerial remuneration to Company Secretary Section 197 read with Schedule V.

12. Nidhi Companies

The Company is not a Nidhi company during the year under review and hence, the criteria as stipulated under Nidhi Rules 2014 is not applicable to the Company.

13. Related Party Transactions

As per the information and explanations given during the course of our verification, in our opinion, all transactions with the

related parties made by the Company were in compliance with Sections 177 and 188 of the Act, to the extent applicable to the Company during the year. The relevant details in respect of the same have been appropriately disclosed as per the requirements of the Accounting Standard.

14. Preferential Issue

During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures and hence the requirements of Section 42 of the Act are not applicable.

15. Non-cash Transactions with Directors, etc.

As per the information and explanations provided to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors within the purview of Section 192 of the Act.

16. Provisions of 45-IA of the Reserve Bank of India Act, 1934

As per the information and explanations provided to us and based on the overall operations of the Company, the Company is a Non-banking Finance Company within the definition of Section 45-IA of the Reserve Bank of India Act, 1934 and has been registered as such with the RBI.

For **S M M P & Associates**

Chartered Accountants

Firm Registration No. 120438 W

Sonal Parekh

Partner

Membership No. 139852

Mumbai, Dated May 29, 2018

Independent Auditors' Report

Annexure B to the Auditors' Report

(Referred to in paragraph V(2)(g) of our report of even date)

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

We have audited the internal financial controls over financial reporting of Zicom Electronic Security Systems Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company comprising of the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- 1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, however it needs to be further strengthen based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S M M P & Associates

Chartered Accountants

Firm Registration No. 120438 W

Sonal Parekh

Partner

Membership No. 139852

Mumbai, dated May 29, 2018

Balance Sheet as at March 31, 2018

(₹ Lakhs)

Particulars	Note No.	March 31, 2018	March 31, 2017	April 1, 2016
ASSETS				
Non-Current Assets				
a) Property, Plant and Equipment	2	1,508	2,115	1,338
b) Goodwill	3	909	909	909
c) Other Intangible Assets	3	7	10	23
d) Investments in Subsidiaries, Joint Ventures and Associates	4(i)	2,500	5,607	6,344
e) Financial Assets				
i) Investments	4(ii)	0	0	0
ii) Loans	5(i)	7	7,408	6,663
Total Non-Current Assets		4,930	16,050	15,276
Current Assets				
a) Inventories	6	2,649	6,172	6,499
b) Financial Assets				
i) Trade Receivables	7	4,074	9,869	11,680
ii) Cash and Cash Equivalents	8	108	12	109
iii) Bank Balances Other Than Cash and Cash Equivalents	9	98	572	1,450
iv) Loans	5(ii)	125	6,842	4,098
v) Other Financial Assets	10	5	959	1,007
c) Other Current Assets	11	858	7,748	2,856
Total Current Assets		7,917	32,175	27,699
TOTAL ASSETS		12,848	48,225	42,975
EQUITY AND LIABILITIES				
Equity				
a) Equity Share Capital	12	4,122	4,122	2,020
b) Other Equity	13	(16,188)	20,554	19,077
c) Share Warrants		-	-	420
Total Equity		(12,066)	24,676	21,517
Non-Current Liabilities				
a) Financial Liabilities				
i) Other Financial Liabilities	15(i)	-	100	103
b) Provisions	16(i)	11	17	17
c) Deferred Tax Liabilities (Net)	17	621	502	450
Total Non-Current Liabilities		632	618	570
Current Liabilities				
a) Financial Liabilities				
i) Borrowings	14(ii)	18,934	17,378	14,350
ii) Trade Payables	18	3,642	3,690	5,593
b) Other Current Liabilities	19	1,651	1,444	520
c) Provisions	16(ii)	23	15	126
d) Current Tax Liabilities (Net)	20	32	403	299
Total Current Liabilities		24,282	22,930	20,888
Total Liabilities		24,914	23,549	21,458
TOTAL EQUITY AND LIABILITIES		12,848	48,225	42,975

Significant Accounting Policies

As per our attached report of even date

For and on behalf of the Board of Directors

For S M M P & Associates
Chartered AccountantsManohar Bidaye
ChairmanPramoud Rao
Managing DirectorPrabhakar Dalal
DirectorSonal Parekh
Partner
Place : Mumbai
Date : May 29, 2018Mukul Desai
Director

Madan Kumar Chetlur
Chief Financial OfficerK. D. Hodavdekar
DirectorTanvi Joshi
Director

Kunjan Trivedi
Company Secretary

Statement of Profit & Loss for the year ended March 31, 2018

(₹ Lakhs)

Particulars	Note No.	March 31, 2018	March 31, 2017
Income			
Revenue From Operations	21	3,802	20,183
Other Income	22	26	661
Finance Income	23	9	620
Total Income		3,836	21,464
Expenses			
Purchase Of Stock-In-Trade	24	452	19,168
Changes In Inventories Of Finished Goods, Stock-In-Trade and Work-In-Progress	24	3,523	327
Employee Benefits Expense	25	544	717
Finance Costs	26	1,047	3,585
Depreciation and Amortization Expense	2,3	62	402
Other Expenses	27	14,524	3,526
Total Expenses		20,152	27,724
Profit/(Loss) before Exceptional Items and Tax		(16,315)	(6,260)
Exceptional items		(20,368)	-
Profit/(Loss) before Tax		(36,683)	(6,260)
Tax Expense:			
a) Current Tax		-	-
b) Deferred Tax		105	(80)
Total Tax Expense		105	(80)
Profit/(Loss) For The Year		(36,788)	(6,180)
Other Comprehensive Income			
I) Items That Will Not Be Reclassified To Profit Or Loss			
a) Remeasurements Of Defined Benefit Plans		6	(5)
Income Tax Effect		-	-
		6	(5)
b) Revaluation of Land and Buildings		54	1,166
Income Tax Effect		(14)	(360)
		40	806
c) Equity Instruments Through Other Comprehensive Income - Net Change In Fair Value		-	(737)
Income Tax Effect		-	228
		-	(509)
Total Other Comprehensive Income		46	291
Total Comprehensive Income For The Year		(36,742)	(5,889)
XI. Basic and Diluted Earnings Per Share (Face value ₹10)	28.18	(89)	(27)

Significant Accounting Policies

As per our attached report of even date

For and on behalf of the Board of Directors

For S M M P & Associates
Chartered Accountants

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Prabhakar Dalal
Director

Sonal Parekh
Partner
Place : Mumbai
Date : May 29, 2018

Mukul Desai
Director

K. D. Hodavdekar
Director

Tanvi Joshi
Director

Madan Kumar Chetlur
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Statement of Changes in Equity for the year ended March 31, 2018

(₹ Lakhs)

Particulars	March 31, 2018			March 31, 2017			April 1, 2016		
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	
(A) Equity Share Capital									
Balance at the beginning of the reporting period	412	4,122	202	2,020	202	2,020	202	2,020	
Add: Forfeited Shares	-	-	-	-	-	-	-	-	
Add: Investments in Shares	-	-	210	2,102	210	2,102	-	-	
Balance at the end of the reporting period	412	4,122	412	4,122	412	4,122	202	2,020	

(₹ Lakhs)

(B) Other Equity	Reserves & Surplus						Trust for Investment in Shares	Total
	Capital Reserve	Debt Redemption Reserve	Share Premium	General Reserve	Retained Earnings	Foreign Currency Monetary Item Translation Difference Account (FCMITDA)		
Balance as at 31st March 2017	1,155	-	18,658	296	154	-	-	20,554
Profit for the year	-	-	-	-	(36,788)	-	-	(36,788)
Other Comprehensive Income for the year	-	-	-	-	-	-	-	46
Balance as at March 31, 2018	1,155	-	18,658	296	(36,634)	-	-	(16,188)
Balance as at April 1, 2016	735	-	11,709	296	6,337	-	-	19,077
Profit for the year	-	-	-	-	(6,180)	-	-	(6,180)
Other Comprehensive Income for the year	-	-	-	-	-	-	-	291
Dividends	-	-	-	-	101	-	-	101
Dividend Tax	-	-	-	-	21	-	-	21
Tax of Earlier Years	-	-	-	-	(124)	-	-	(124)
Premium Received on Allotment of Shares	-	-	6,949	-	-	-	-	6,949
Forfeit of Warrants	420	-	-	-	-	-	-	420
Balance as at March 31, 2017	1,155	-	18,658	296	154	-	-	20,554

See accompanying notes forming part of the financial statements

As per our attached report of even date

For S M M P & Associates

Chartered Accountants

For and on behalf of the Board of Directors

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Prabhakar Dalal
Director

Sonal Parekh
Partner
Place : Mumbai

K. D. Hodavdekar
Director

Tanvi Joshi
Director

Date : May 29, 2018

Madan Kumar Chetlur
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Cash Flow Statement for the year ended March 31, 2018

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017
A. Cash Flow From Operating Activities		
Net Profit / (Loss) Before Extraordinary Items And Tax	(16,315)	(6,260)
Adjustments For:		
Depreciation And Amortisation	62	402
Finance Costs	1,047	3,585
Interest Received	(9)	(620)
Sundry Balances Written Off / (Written Back)	13,851	2,714
Remeasurements Of Defined Benefit Plans through OCI	6	(5)
(Profit) / Loss On Sale / Write Off Of Fixed Assets	-	-
Profit / (Loss) On Sale / Write Off Of Investment	(19,763)	(737)
Subtotal	(4,805)	5,338
Operating Profit / (Loss) Before Working Capital Changes	(21,120)	(922)
Changes In Working Capital:		
Adjustments For (Increase) / Decrease In Operating Assets:		
Inventories	3,523	327
Trade Receivables	(8,057)	(903)
Other Current Assets	6,890	(4,893)
Adjustments For Increase / (Decrease) In Operating Liabilities:		
Trade Payables	(48)	(1,903)
Other Current Liabilities	207	923
Other Long-Term Liabilities	(100)	(4)
Short-Term Provisions	7	11
Long-Term Provisions	(6)	-
Subtotal	2,418	(6,442)
Cash Generated From Operations	(18,703)	(7,364)
Net Income Tax (Paid) / Refunds	(371)	(21)
Net Cash Flow From / (Used In) Operating Activities (A)	(19,073)	(7,384)
B. Cash Flow From Investing Activities		
Capital Expenditure On Fixed Assets	(2)	(1)
Sale/Write Off of Investments	-	-
Short-Term Loans And Advances	7,671	(2,696)
Long-Term Loans And Advances	7,401	(746)
Loans To Subsidiaries And Other Body Corporate	3,107	737
Interest Received	9	620
(Purchase) / Sale Of Long-Term Investments		
Purchase of Investment	-	-
Net Cash Flow From / (Used In) Investing Activities (B)	18,186	(2,085)

Cash Flow Statement for the year ended March 31, 2018

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017
C. Cash Flow From Financing Activities		
Net Increase / (Decrease) In Working Capital Borrowings	1,556	3,029
Increase / (Decrease) In Short Term Borrowing	-	-
Increase in Share Capital including Securities Premium	-	9,051
Fluctuation Gain	-	-
Finance Cost	(1,047)	(3,585)
Dividends Paid	-	-
Net Cash Flow From / (Used In) Financing Activities (C)	509	8,495
Net Increase/(Decrease) In Cash And Cash Equivalents (A+B+C)	(378)	(975)
Cash And Cash Equivalents At The Beginning Of The Year	584	1,559
Cash And Cash Equivalents At The End Of The Year	206	584

See accompanying notes forming part of the financial statements
As per our attached report of even date

For and on behalf of the Board of Directors

For S M M P & Associates
Chartered Accountants

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Prabhakar Dalal
Director

Sonal Parekh
Partner
Place : Mumbai
Date : May 29, 2018

Mukul Desai
Director

K. D. Hodavdekar
Director

Tanvi Joshi
Director

Madan Kumar Chetlur
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Note 1: Significant Accounting Policies and Notes on Accounts

1 Corporate Information

Zicom Electronic Security Systems Ltd. is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in the marketing and selling of Electronic security systems and equipments. The company also provides annual maintenance services for Electronic security products.

2 Significant Accounting Policies:

2.1 Basis of preparation, measurement and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 ("the Act"). These are the Company's first Ind AS financial statements and accordingly, Ind AS 101, 'First-time Adoption of Indian Accounting Standards' has been applied. The policies set out below have been consistently applied during the year presented. For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP").

These financial statements for the year ended March 31, 2018 are for the first time the Company has prepared in accordance with Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows including reconciliations and descriptions of the effect of the transition are provided in note 3 below.

b. Basis of Preparation

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- (i) Land and buildings classified as property, plant and equipment
- (ii) Derivative financial instruments,
- (iii) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- (iv) Contingent consideration, and
- (v) Non-cash distribution liability

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in INR and all values are

rounded to the nearest lacs (INR 00,000), except when otherwise indicated.

c. Recent accounting pronouncements

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The amendments do not have any material impact on the financial statements of the Company.

d. Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

e. Current versus non-current classification

The assets and liabilities reported in the Balance Sheet are classified on a "current/non-current basis", with separate reporting of assets held for sale and liabilities. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the Balance Sheet date; Current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year.

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realised within twelve months after the reporting period, or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or

Note 1: Significant Accounting Policies and Notes on Accounts

- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle

f. Cost Recognition

Costs and expenses are recognised when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised in purchase of goods, employee benefit expenses, finance costs, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to its external consultants, cost of running its facilities, travel expenses, communication costs, allowances for delinquent receivables and advances and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment etc.

g. Foreign currency translation:

i. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees' (INR), which is the Company's functional and the Company's presentation currency

ii. Transactions and balances

- (I) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.
- (II) All exchange differences arising on reporting of short term foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss.
- (III) In respect of foreign exchange differences arising on revaluation or settlement of long term foreign currency monetary items, the Company has availed the option available in the Companies (Accounting Standards) (Second Amendment) Rules 2011, wherein:
- Foreign exchange differences on account of depreciable asset, is adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.
 - An asset or liability is designated as a long term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of twelve months or more at the date of origination of the asset or the liability, which is determined taking into consideration the terms of

the payment/settlement as defined under the respective agreement/memorandum of understanding.

- (IV) Non-monetary items denominated in foreign currency are stated at the rates prevailing on the date of the transactions / exchange rate at which transaction is actually effected.

h. Property, plant and equipment

Under the previous GAAP (Indian GAAP), Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

Transition to Ind AS:

On transition to Ind AS (1st April 2016), all of its property, plant and equipment whose fair value can be measured reliably are carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Depreciation methods, estimated useful lives and residual value:

Depreciation is provided to the extent of depreciable amount on Straight Line Method (SLM) based on useful life of the assets as prescribed in Part C of Schedule II to the Companies Act, 2013.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

i. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Note 1: Significant Accounting Policies and Notes on Accounts

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

j. Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount and is recognised in the Statement of Profit and Loss.

k. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits with banks, short-term balances (with an original maturity of three months or less from date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

l. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

m. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

n. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- (i) Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- (ii) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.
- (iii) Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

o. Revenue recognition

Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company provides normal warranty provisions for general repairs on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold.

Amount received from the customers for admitting them as member of Company's various schemes are credited to revenue account in the year in which membership is allotted.

Rendering of Services

Revenue from the installation of safety equipments is recognised based on the terms of the contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. This is generally during the early stages of installation where the equipment and fabrics needs to pass through the customer's quality testing procedures as part of the installation.

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income from Banks and Fixed Deposits are

Note 1: Significant Accounting Policies and Notes on Accounts

booked as and when accrued. Interest income is included in finance income in the statement of profit and loss.

Guarantee Commission Income

Guarantee Commission Income on Corporate Guarantee given by holding company on behalf of its foreign subsidiaries is recognised as at the end of the reporting period and is included in revenue in the statement of profit and loss.

Dividend Income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature.

p. Investments and other financial assets

i. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

ii. Measurement

At initial recognition, the Company measures a financial asset at its fair value, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Investments in subsidiaries are measured at cost less impairment.

iii. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

iv. Derecognition of financial assets

A financial asset is derecognised only when:

- i. the rights to receive cash flows from the asset have expired, or
- ii. the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to one or more recipient

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

q. Financial liabilities

I. Classification as debt or equity

- i. Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.
- ii. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

II. Initial recognition and measurement

- i. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
- ii. The Company's financial liabilities include borrowings, dues to holding company and creditors for capital expenditure.

III. Subsequent measurement

The measurement of financial liabilities depends on their classification.

IV. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

r. Provisions, Contingent Liabilities and Contingent Assets:

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects

Note 1: Significant Accounting Policies and Notes on Accounts

current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

Contingent Assets:

A contingent asset is disclosed, where an inflow of economic benefits is probable.

s. Income tax

Income tax expense comprises current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates.

Advance Tax and provisions for current income taxes are presented in the Balance Sheet after off-setting advance tax paid and the income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

t. Earnings per share

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extraordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

u. Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

v. Employee Benefits

i. Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in Other Comprehensive Income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

ii. Defined contribution plans

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 expense, 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, for example, a reduction in future payment or a cash refund.

Note 1: Significant Accounting Policies and Notes on Accounts

iii. Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the Balance Sheet date.

3 Transition to Ind AS:

These are the Company's first financial statements prepared in accordance with Ind AS. The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 01, 2017, with a transition date of April 01, 2016. These financial statements for the year ended March 31, 2018 are the first the Company has prepared under Ind AS. For all periods upto and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the previously applicable Indian GAAP (previous GAAP).

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended March 31, 2018, together with the comparative information as at and for the year ended March 31, 2017. The Company's opening Ind AS Balance Sheet has been prepared as at April 01, 2016, the date of transition to Ind AS.

3.1 Exemptions and exceptions availed

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at April 01, 2016 and the financial statements as at and for the year ended March 31, 2017.

(a) Ind AS optional exemptions

Deemed cost

Ind AS 101 permits a first-time adopter to measure all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS at fair value or previous GAAP carrying value and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 "Intangible Assets". Accordingly, the company has elected to measure Land class in its Property and Plant at their fair values and all other assets at deemed cost. The company has elected to use previous GAAP carrying value as deemed cost for Intangible Assets covered by Ind AS 38 "Intangible Assets".

Investments in subsidiaries and associates

The Company has elected to adopt the fair values for its investments as on the date of transition to IND AS i.e. April 1, 2016 in its financial statements

(b) Ind AS mandatory exemptions

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

i. Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 01, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Impairment of financial assets based on expected credit loss model

ii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Consequently, the Company has applied the above assessment based on facts and circumstances exist at the transition date.

3.2 Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The presentation requirements under previous GAAP differ from Ind AS and hence the previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The regrouped previous GAAP information is derived based on the audited financial statements of the Company for the year ended March 31, 2017.

(₹ Lakhs)

Particulars	March 31, 2017
Net Profit / (Loss) after tax as per Indian GAAP	(6,310)
Add / (Less): Ind-AS adjustments	
1. Actuarial Gain / (loss) on employee defined benefit fund recognized in OCI (Net of Tax)	(5)
2. Actuarial Gain / (loss) on employee defined benefit fundde-recognized in OCI (Net of Tax)	5
3. Revaluation of Land and Building (Net of Tax)	806
4. Revaluation of Equity Instruments (Net of Tax)	(509)
5. Income Tax of Earlier Years recognised in Reserves	124
Net Profit / (Loss) as per Ind-AS before OCI / Reserve	(5,889)

Significant Accounting Policies and Notes on Accounts

(₹ Lakhs)

2. Property, Plant And Equipment	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Leasehold Improvements	Total
Cost Or Valuation								
At April 1, 2016	170	228	3,580	86	68	350	119	4,602
Additions -	-	-	-	-	-	1	-	1
Disposals -	-	-	-	-	-	-	-	-
Revaluation Recognised In OCI	964	-	-	-	-	-	-	964
At March 31, 2017	1,134	228	3,580	86	68	351	119	5,567
Additions -	-	-	-	-	-	4	-	4
Disposals -	-	-	-	-	(50)	-	-	(50)
Revaluation Recognised In OCI	54	-	-	-	-	-	-	54
At March 31, 2018	1,188	228	3,580	86	19	355	119	5,575

Depreciation And Impairment

At April 1, 2016	-	79	2,638	68	51	310	119	3,264
Depreciation for the year	-	3	146	4	8	26	-	187
At March 31, 2017	-	82	2,784	72	59	336	119	3,452
Depreciation for the year	-	3	33	4	8	10	-	59
Additional Depreciation	-	-	606	-	-	-	-	606
Disposals -	-	-	-	-	(48)	-	-	(48)
At March 31, 2018	-	86	3,423	76	18	346	119	4,068

	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Leasehold Improvements	Total
Net Book Value								
At March 31, 2018	1,188	143	157	10	1	9	-	1,508
At March 31, 2017	1,134	146	796	14	10	15	-	2,115
At April 1, 2016	170	149	943	18	17	41	-	1,338

(₹ Lakhs)

3 Intangible Assets	Goodwill	Computer Software	Total
At April 1, 2016	2,019	96	2,116
Additions -	-	-	-
At March 31, 2017	2,019	96	2,116
Additions -	-	-	-
At March 31, 2018	2,019	96	2,116

Amortisation And Impairment

At April 1, 2016	1,111	74	1,184
Amortisation	202	12	214
Revalued in OCI	(202)	-	(202)
At March 31, 2017	1,111	86	1,196
Amortisation	-	3	3
Impairment	-	-	-
At March 31, 2018	1,111	89	1,200

Net Book Value

At March 31, 2018	909	7	916
At March 31, 2017	909	10	919
At April 1, 2016	909	23	931

Significant Accounting Policies and Notes on Accounts

Revaluation of land

The revalued land consists of office property in India. The management determined that this constitute a separate class of asset under Ind AS 113, based on the nature, characteristics and risks of the property. Fair value of the property was determined by using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation September 14, 2017, the property's fair value is based on valuations performed by V.S. Jadon & Co. Valuers LLP, an accredited independent valuer who has relevant valuation experience for similar office properties in India for the last five years. Fair value hierarchy disclosures for revalued land have been provided in Note 28.1(i).

Revaluation of plant & machinery

The revalued assets consist of plant and machineries with the Company. The management determined that this constitute a separate class of asset under Ind AS 113, based on the nature, characteristics and risks of the machines. Fair value of the assets was determined by estimating their useful life and capacity. As at the date of revaluation December 6, 2017, the said assets' fair value is based on valuations performed by Anmol Sekhri Consultants Pvt. Ltd., an accredited independent valuer who has relevant valuation experience for last many years. Method for calculating fair value has been provided in Note 28.1(ii).

Impairment Testing of Goodwill

The Company performed its annual impairment test for years ended March 31, 2018 and March 31, 2017 on December 6, 2017 (hereinafter reference date is generally based on year-end). The Company considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at 6th December 2017, the market capitalisation of the Company was above the book value of its equity, indicating no impairment of goodwill and no impairment of the assets of the operating segment. The detailed valuation is explained in Note 28.1(iii).

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 4(i) Investments In Subsidiaries, Joint Ventures and Associates			
Investments at fair value through OCI (Fully paid)			
Unquoted Equity Instruments			
Investment in Group Company			
1.20 Lakhs (2017: 1.20 Lakhs) Equity Shares having Face Value of ₹10 Per Share in ASTM Skills Pvt. Ltd (Formerly Known as Institute of Advanced Security Training & Management Pvt. Ltd.)	-	-	12
Total	-	-	12
Unquoted Preference Instruments			
Investment in Group Company			
72.50 Lakhs (2017: 72.50 Lakhs) 1% Non-Cumulative Optionally Convertible Preference Shares having Face Value of ₹ 10 Per Share in ASTM Skills Pvt. Ltd (Formerly Known as Institute of Advanced Security Training & Management Pvt.Ltd.)	-	-	725
Total	-	-	725
Total FVTOCI investments	-	-	737
Investments at fair value through P&L (fully paid)			
Unquoted equity shares			
Investment in Subsidiaries			
0.0245 Lakhs (2017: 0.0245 Lakhs) Shares having Face Value of AED 1,000 per share in Unisafe Fire Protection Specialists LLC, Dubai	-	1,722	1,722
0.0005 Lakhs (2017: 0.0005 Lakhs) Shares having Face Value of QAR 1000 per share in Phoenix International WLL, Qatar	-	885	885
200 Lakhs (2017: 200 Lakhs) Equity Shares having Face Value ₹10 per share in Zicom SaaS Pvt. Ltd.	2,500	2,500	2,500
50 Lakhs (2017: 50 Lakhs) Equity Shares having Face Value ₹10 per share in Unisafe Fire Protection Specialists India Pvt. Ltd.	-	500	500
0.00005 Lakhs (2017: 0.00005 Lakhs) Ordinary Shares having Face Value SGD 1 per share in Unisafe Fire Protection Specialists Singapore Pte Ltd., Singapore	-	0	0
0.00001 Lakhs (2017: 0.00001 Lakhs) Ordinary Share having Face Value SGD 1 per share in Zicom Security Projects Pte. Ltd., Singapore	-	0	0
Total FVTPL investments	2,500	5,607	5,607
Total (A)	2,500	5,607	6,344

Notes forming part of the Financial Statement

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
4(ii) Other Investments			
Un-Quoted Equity Instrument			
0.25 (2017: 0.25) Equity Shares having Face Value of ₹ 10 Per Share in Saraswat Co-op Bank Ltd.	0	0	0
Total (B)	0	0	0
Total Investments	2,500	5,607	6,344
Current	2,500	-	-
Non-Current	-	5,607	6,344
Aggregate amount of quoted investment (Market value: Nil (2017 - Nil))	-	-	-
Unquoted Investments	2,500	5,607	5,607
Aggregate amount of impairment in value of investments	3,844	737	-

Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity and preference securities.

Impairment on FVTOCI investments

In the current year, the company has identified an impairment of ₹ 737 Lakhs with effect from March 31, 2017 (April 1, 2016: Nil) on FVTOCI equity securities and preference securities. The impairment on FVTOCI financial assets is recognised within Other Comprehensive Income in the statement of Profit or Loss.

Impairment on FVTPL investments

The Company has made provision towards Investments made in respect of its subsidiary Companies amounting to ₹ 3,106.97 Lakhs as due to financial stress in subsidiary Companies, they were unable to repay loan given to them further the networth of the said Companies have also been eroded. The above impairment losses is mainly on account of investment made in Middle East subsidiaries and resultant losses caused to subsidiaries on account of slow-down in economic situation.

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 5 Loan			
Loans (Unsecured considered good unless otherwise stated)			
Loans to related party			
Loan to subsidiaries	-	14,008	10,611
Security Deposit			
Deposits	132	243	150
Total Loans	132	14,251	10,761
(i) Non-Current	7	7,408	6,663
Loan to subsidiaries		7,401	6,656
Deposits	7	7	7
(ii) Current	125	6,842	4,098
Loan to subsidiaries		6,606	3,955
Deposits	125	236	143
Total	132	14,251	10,761

Loans and Advances

The Company has during the year made provision towards doubtful recovery of Loans & Advances to subsidiary and group companies amounting to ₹ 16,655.64 Lakhs as due to financial stress in those Companies, they were unable to repay loan given to them further the networth of the said Companies have also been eroded. The above impairment losses is mainly on account of loan given to Middle East subsidiaries and resultant losses caused to subsidiaries on account of slow-down in economic situation. Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company although the Company has not recognised any interest income during the current year due to the provision made.

Notes forming part of the Financial Statement

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 6 Inventories			
Raw materials (at cost)	-	-	-
Work in progress (at cost)	-	-	-
Finished goods (at lower of cost and net realisable value)	2,649	6,172	6,499
Total inventories at the lower of cost and net realisable value*	2,649	6,172	6,499

(As certified by management)

*The Company has indentified obsolete/non moving stock and the same has been valued at Net realisable value on account of the said exercise an amount of ₹ 2521.76 Lakhs has been written off.

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 7 Trade Receivables (Refer Note 28.14)			
Trade Receivables	4,074	9,869	11,680
Total Trade Receivables	4,074	9,869	11,680
Break-up for security details:			
Trade Receivables			
Unsecured, considered good	4,074	9,869	11,680
Total	4,074	9,869	11,680
Impairment Allowance (allowance for bad and doubtful debts)			
Unsecured, considered good	-	-	-
Total	-	-	-
Total Trade Receivables	4,074	9,869	11,680

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. For terms and conditions relating to related party receivables, Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 8 Cash and Cash Equivalent			
Balance With Bank			
In Current Accounts	102	9	62
Cash on Hand	5	4	46
	108	12	109
Note 9 Bank Balance other than Cash and Cash Equivalent			
Other Bank Balance			
Unpaid Dividend	11	19	19
Deposits with original maturity of less than three months	87	553	1,431
Cheques / drafts on hand	-	-	-
	98	572	1,450

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 10 Other Financial Assets			
Advances Recoverable in Cash or Kind	5	959	1,007
Total	5	959	1,007

Significant Accounting Policies and Notes on Accounts

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 11 Other Current Assets			
Advance Recoverable from Statutory Authority	25	23	131
Loans and advances to Employees	-	1	9
Advance to Suppliers (Refer Note 28.14)	832	7,697	2,462
Prepaid Expenses	2	28	254
Total	858	7,748	2,856

(₹ Lakhs)

Particulars	March 31, 2018		March 31, 2017	
Note 12 Equity Share Capital	Number	Amount	Number	Amount
Authorised Share Capital				
Equity Shares				
Opening Balance	500	5,000	500	5,000
Increase/(decrease) during the year	-	-	-	-
Closing Balance	500	5,000	500	5,000
Issued Equity Capital				
Equity shares of INR 1 each issued, subscribed and fully paid				
Opening Balance	412	4,122	202	2,020
Increase/(decrease) during the year	-	-	210	2,102
Closing Balance	412	4,122	412	4,122

Shares Held By Each Shareholder Holding More Than 5% Of Equity Share Capital

(₹ Lakhs)

	March 31, 2018		March 31, 2017		April 1, 2016	
	Number	Percentage	Number	Percentage	Number	Percentage
IDBI Bank Limited [§]	87.73	21.28	87.73	21.28	Nil	Nil
Bank of Baroda [§]	64.47	15.64	64.47	15.64	Nil	Nil
Union Bank of India [§]	32.58	7.90	32.58	7.90	Nil	Nil
Central Bank of India [§]	18.83	4.57	18.83	4.57	Nil	Nil
Allahabad Bank [§]	6.63	1.61	6.63	1.61	Nil	Nil
Baronet Properties & Investments Pvt. Ltd	9.36	2.27	15.36	3.73	15.36	7.60
Coronet Properties & Investments Pvt. Ltd.	8.86	2.15	13.86	3.36	13.86	6.86
Aark Singapore Pte. Ltd.	6.74	1.63	10.88	2.64	21.80	10.79
V. Raman Kumar *	Nil	Nil	3.90	0.95	4.00	1.98
Atim Kabra	10.41	2.52	10.41	2.52	10.41	5.15
Frontline Strategy Limited #	2.24	0.54	2.24	0.54	2.59	1.28
Sudha Darab Dubash	0.84	0.20	0.69	0.17	6.65	3.29
Arvind Darab Dubash	0.71	0.17	0.71	0.17	6.50	3.22
Darab Dubash Private Limited ®	0.35	0.08	0.35	0.08	0.35	0.17

[§] All Banks are together holding 51% shareholding under Strategic Debt Restructuring Scheme of Reserve Bank of India

* Is a Director and Shareholder holding 100% share capital in Aark Singapore Pte. Ltd. and hence both are PAC of each other.

Is a Company wherein Mr. Atim Kabra is a Director and Shareholder holding 100% share capital, directly and indirectly, and hence both are PAC of each other.

® Is a Company wherein Mrs. Sudha Darab Dubash and Mr. Arvind Darab Dubash are Directors and Shareholders holding 100% share capital, jointly, and hence all are PAC of each other.

Rights of Equity Shareholders

The Company has only one class of shares referred to as equity shares having a par value of ₹.10/- each. Holder of equity shares is entitled to one vote per share.

Significant Accounting Policies and Notes on Accounts

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 13 Other Equity			
Other Reserves			
Share Premium	18,658	18,658	11,709
Capital Reserve	1,155	1,155	735
General Reserve	296	296	296
OCI Reserve	338	291	-
Retained Earnings	(36,634)	154	6,337
Total	(16,188)	20,554	19,077
Share Premium			
Opening Balance	18,658	11,709	
Increase/(decrease) during the year	-	6,949	
Closing Balance	18,658	18,658	
Capital Reserve			
Opening Balance	1,155	735	
Increase/(decrease) during the year	-	420	
Closing Balance	1,155	1,155	
General Reserve			
Opening Balance	296	296	
Increase/(decrease) during the year	-	-	
Closing Balance	296	296	
OCI Reserve			
Opening Balance	291	-	
Increase/(decrease) during the year	46	291	
Closing Balance	338	291	
Retained Earnings			
Opening Balance	154	6,337	
Profit for the year	(36,788)	(6,180)	
Proposed Dividend on Equity Share (Dividend Per Share NIL (2017:NIL)	-	101	
Tax of Earlier Year	-	(124)	
Tax on Dividend	-	21	
Closing Balance	(36,634)	154	
Note 14 Borrowings			
i Non-Current Liabilities			
ii Current Liabilities			
Term Loans			
Secured Bank Loans			
Cash Credit from Banks (Secured)	15,807	14,333	12,525
Short Term Loan I	3,127	1,637	1,325
Short Term Loan II	-	600	500
	18,934	16,569	14,350
From Other Parties			
From Directors & Others	-	55	-
From Related Parties	-	754	-
Total Current Borrowings	18,934	17,378	14,350

Significant Accounting Policies and Notes on Accounts

Note-

1. Cash Credit from Banks and Guarantees issued by Banks as mentioned in clause (a) of Notes 28.2 are secured by the first charge ranking pari passu on current assets of the company and second charge ranking pari passu by way of hypothecation of Plant & Machinery, and other fixed assets, Equitable Mortgage of properties situated in Mumbai and Bengaluru and Negative Lien on Office Premises at Delhi. Further secured by Personal Guarantee of Directors and Pledge of 925,000 shares of the Company held by Promoter and Promoter Group Companies.
2. Short Term Loan - I and SBLC mentioned in clause (b) of notes 28.2 are secured by the first charge by way of hypothecation of moveable Machinery and other Fixed Assets and Equitable Mortgage of properties situated in Mumbai and Bengaluru and second charge on Current Assets of the company. It is further secured by pledge of 500,000 equity share of company held by Promoter Group Company.
3. Short Term Loan II is secured by the mortgage of the property owned by the Director of the Company

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 15 Other Financial Liabilities			
i Non-Current Liabilities			
Deposits	-	100	103
Total Non-Current Liabilities	-	100	103
Note 16 Provisions			
i Non Current Provisions			
Leave Encashment (Refer Note 28.17)	11	17	17
Total Non Current Provisions	11	17	17
ii Current Provisions			
Gratuity (Refer Note 28.17)	23	15	5
Proposed Equity Dividend	-	-	101
Tax on Proposed Dividend	-	-	21
Total Current Provisions	23	15	126

(₹ Lakhs)

Particulars	March 31, 2018	Balance Sheet March 31, 2017	April 1, 2016	Statement of Profit & Loss March 31, 2018	March 31, 2017
Note 17 Deferred Tax					
Deferred tax relates to the following:					
Difference in WDV as per Income Tax Act and Companies Act	(474)	(381)	(462)	93	(80)
Revaluations of land and buildings and Intangible Assets to fair value	(14)	(360)	-	-	-
Revaluations of FVTOCI investments to fair value	-	228	-	-	-
Provision for diminution of investments	-	12	12	12	-
Deferred tax expense/(income)	-	-	-	105	(80)
Net deferred tax assets/(liabilities)	(488)	(502)	(450)	-	-
Reflected in the balance sheet as follows:					
Deferred tax assets	-	12	12		
Deferred tax liabilities	(488)	(514)	(462)		
Deferred tax liabilities (net)	(488)	(502)	(450)		
Reconciliation of deferred tax liabilities (net):					
Opening Balance	(502)	(450)			
Tax income/(expense) during the period Recognised in profit or loss	(105)	80			
Tax income/(expense) during the period recognised in OCI	(14)	(133)			
Closing Balance	(621)	(502)			

Significant Accounting Policies and Notes on Accounts

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 18 Trade Payables			
Trade Payables	3,642	3,690	5,593
Total	3,642	3,690	5,593
Note 19 Other Current Liabilities			
Unpaid Dividends	11	19	19
Loans from Subsidiary Companies	-	762	-
Advances from Customers	993	83	185
Other Payable	475	446	317
Creditors - Statutory	171	134	-
Total Current Liabilities	1,651	1,444	520
Note 20 Current Tax Liabilities			
Provision For Income Tax	32	403	299
Total	32	403	299
Note 21 Revenue from Operations			
Sales of Products (Refer Note 28.11)	3,703	20,023	
Sale of Services	99	161	
Total	3,802	20,183	
Note 22 Other Income			
Rent Received	10	35	
Guarantee Commission Fees	-	625	
Others	16	1	
Total	26	661	
Note 23 Finance Income			
Interest income			
From Banks	9	84	
From Subsidiaries	-	536	
Total	9	620	
Note 24 Cost Of Raw Materials And Components Consumed			
Cost Of Traded Goods Sold			
Inventory at the beginning of the year	6,172	6,499	
Add: Purchases	452	19,168	
	6,624	25,667	
Less: Inventory at the end of the year	2,649	6,172	
Cost Of Traded Goods Sold	3,975	19,494	
Note 25 Employee Expense			
Salaries and Wages	514	641	
Contribution to Provident and Other Funds (Refer Note 28.17)	29	23	
Staff Welfare Expenses	1	53	
Total	544	717	

Significant Accounting Policies and Notes on Accounts

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017
Note 26 Finance Costs		
Interest	1,016	3,055
Bank Charges	31	250
Net (Gain) / Loss on Exchange Fluctuation	-	279
Total	1,047	3,585
Note 27 Other Expenses		
Advertisement	22	9
Auditor's Remuneration	14	14
Business Promotion	14	6
Communication	25	35
Directors' Sitting Fees	5	6
Insurance	18	15
Legal And Professional	234	244
Membership & Subscription	1	1
Power and Fuel	33	34
Printing And Stationery	8	8
Rates And Taxes	21	83
Rent and Compensation	183	206
Repairs And Maintenance - Buildings	0	0
Repairs And Maintenance - Machinery	2	3
Repairs And Maintenance - Others	6	4
Training & Seminar	2	0
Travelling And Conveyance	62	117
Sundry Balance Written off (Net)	13,851	2,714
Miscellaneous Expenses	24	28
Total	14,524	3,526
Auditor's Remuneration		
Payments to the auditors comprises (net of service tax input credit/GST, where applicable):		
As Auditors - Statutory Audit	14	12
For Other Services	-	2
Total	14	14

Note 28.1 (i) Revaluation of Property, Plant and Equipment (Refer Note No. 2)

Revaluation of Land

Fair value hierarchy disclosures for revalued land

(₹ Lakhs)

Significant unobservable valuation input:	Range
Price per square feet	1.10
"Significant increases / (decreases) in estimated price per square metre in isolation would result in a significantly higher / (lower) fair value."	
Information of revaluation model:	
Opening balance as at April 1, 2016	170
Re-measurement recognised in reserves	964
Purchases	-
Balance as at March 31, 2017	1,134
Level 3 re-measurement recognised in asset revaluation reserves (June 30, 2017)	
Purchases	-
Re-measurement recognised in reserves	54
Depreciation	-
Closing balance as at March 31, 2018	1,188

The revalued land consists of office property in India. Fair value of the property was determined by using the market comparable method.

Significant Accounting Policies and Notes on Accounts

If land and building were measured using the cost model. The carrying amounts would be as follows:

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Cost	1,188	1,134	170
Accumulated depreciation and impairment	-	-	-
Net carrying amount	1,188	1,134	170

28.1 (ii) Revaluation of Plant & Machinery

Method for fair value hierarchy disclosures for revalued assets have been provided below:

Fair value hierarchy disclosures for revalued assets.

Significant unobservable valuation input:

- Full description of the equipment giving the capacity

- Year of purchase

- Technological obsolescence

- Total life = depend upon machinnery

- Age in life = current year - purchase year

- Residual life = total life - age in life

- **Current value = Gross block * residual life / total life**

28.1 (iii) Methodology Of Valuation of Goodwill

I. DCF Method

1. The DCF Method takes into account the macro economic factors as well as the entity-specific factors.

2. It takes into consideration the future cash flows arising to the company and also the time value of money.

3. Despite its reliance on numerous estimations, the DCF approach is most appropriate in valuing as it is based on estimation of future cash flows and the ability of an entity to generate them.

Therefore, the Valuation is done by using the DCF techniques.

(₹ Lakhs)

Particulars	Years			
	March 2017	March 2018	March 2019	March 2020
PAT	(1,280)	209	590	950
Add: Depreciation	402	281	285	290
Less : CAPEX	1	15	30	30
Free Cash Flow For Firm (FCFF)	(879)	474	846	1,211
Discounting factor	1	1	1	1
Discounted cash flow	(753)	349	533	654
Present Value of FCFF	782	-	-	-
Terminal Value (TV)	7,276	-	-	-
Present Value of TV	3,931	-	-	-
Firm / Business Value	4,713	-	-	-

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017
Note 28.2 Contingent Liabilities		
Guarantees issued by Bank (Gross)	64	107
Standby Letter of Credit (SBLC) #	-	1,782
Corporate Guarantee and Indemnities	68,049	70,273
Indirect Tax Matters	47	-
Income Tax Matters	217	151
Claim Lodged by Customers Not Acknowledged as Debt	5	5

Note 28.3 Lease:

Operating Lease

The Company's significant leasing arrangements are in respect of office premises taken on lease. The arrangements are generally from 11 months to 36 months. Under these agreements, generally refundable interest-free deposits have been given. In respect of above arrangements, lease rentals payable are recognised in the Statement of Profit and Loss for the year and included under Rent and Compensation (Disclosed under Note No. 27).

Significant Accounting Policies and Notes on Accounts

Future minimum lease payments under non cancellable operating lease:

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017
Not later than one year	149	162
Later than one year and not later than five years	143	334
Later than five years	Nil	Nil
Lease Payment for the year recognised in the Statement of Profit and Loss	183	206

Note 28.4 Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.

Note 28.5 During the previous year, the Joint Lenders Forum (JLF) invoked Strategic Debt Restructuring (SDR) Scheme under Reserve Bank of India (RBI) Circulars thereby converting part of the outstanding dues / loans into fully paid-up equity shares constituting 51% of the paid-up capital of the Company.

Under the SDR Scheme, on February 14, 2017, the Company issued and allotted 210.24 Lakhs Equity Shares, on preferential basis, at a conversion price of ₹ 43.05 per Equity Share, to the following JLF Lenders :-

Name of Lenders	No. of Equity Shares allotted (in Lakhs)
IDBI Bank	87.73
Bank of Baroda	64.47
Union Bank of India	32.58
Central Bank of India	18.83
Allahabad Bank	6.63

Further, in terms of SEBI Circular, bearing no. SEBI-NRO/OIAE/GN/2015-16/003 dated May 5, 2015; the provisions of Chapter VII of SEBI (ICDR) Regulations, 2009 are not applicable to any allotments to be made to banks and financial institutions pursuant to a Strategic Debt Restructuring Scheme, subject to the fulfillment of certain conditions.

Note 28.6 Related Party Transactions

Details of related parties:

Names of related parties	Description of relations
Unisafe Fire Protection Specialists LLC, Dubai	Subsidiary Company
Zicom SaaS Pvt. Ltd.	Subsidiary Company
Unisafe Fire Protection Specialists India Pvt. Ltd.	Subsidiary Company
Phoenix International WLL, Qatar	Subsidiary Company
Unisafe Fire Protection Specialists Singapore Pte. Ltd.	Subsidiary Company
Zicom Security Projects Pte. Ltd., Singapore	Subsidiary Company
ASTM Skills Pvt. Ltd. (Formerly known as Institute for Advanced Security Training and Management Pvt. Ltd.)	Group Company
GSD Properties & Trading Pvt Ltd	Other Companies (OC)
Baronet Properties & Investments Private Limited	Promoter Group Companies (PGC)
Coronet Properties & Investments Private Limited	Promoter Group Companies (PGC)
Chaitraban Farms Private Limited	Other Companies (OC)
Fastflow Consultant Pvt Ltd	Other Companies (OC)
Mr. Manohar Bidaye	Key Management Personnel (KMP)
Mr. Pramoud Rao	Key Management Personnel (KMP)
Mr. Madan Kumar Chetlur	Key Management Personnel (KMP)
Ms. Kunjan Trivedi	Key Management Personnel (KMP)

Note: Related parties have been identified by the Management.

Significant Accounting Policies and Notes on Accounts

Details of related party transactions during the year ended and balances outstanding :

(₹ Lakhs)

Particulars	Subsidiaries		KMP	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Transactions during the year				
Purchase	252	64	Nil	Nil
Sale	1,150	679	Nil	Nil
Interest income on Loan	Nil	536	Nil	Nil
Corporate Guarantee Fee	Nil	625	Nil	Nil
Corporate Guarantee	(2,443)	5,677	Nil	Nil
Loans taken	Nil	Nil	Nil	203
Loans repaid	Nil	Nil	163	30
Loans / advance given	1,791	2,048	Nil	Nil
Loans / advance recovered/adjusted	15,528	Nil	Nil	Nil
Remuneration Paid	Nil	Nil	100	134
Balances outstanding at the end of the year				
Unsecured Loan	Nil	Nil	Nil	173
Loans and advances	Nil	13,930	Nil	Nil
Trade Receivables / (Payables)	(880)	(623)	(26)	(113)

(₹ Lakhs)

Particulars	Group Company		PGC / OC	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Transactions during the year				
Sale	Nil	Nil	Nil	Nil
Rent	Nil	24	Nil	Nil
Loans & Advances Given / (adjusted)	(1,106)	88	Nil	Nil
Unsecured Loan taken	Nil	Nil	Nil	581
Unsecured Loan Repay	Nil	Nil	(581)	Nil
Shares Warrants Forfeited	Nil	Nil	Nil	420
Balances outstanding at the end of the year				
Unsecured Loans	Nil	Nil	Nil	581
Advances	Nil	1,106	Nil	Nil
Trade Receivables	Nil	Nil	Nil	Nil

Loans and Advances in the nature of Loans given to subsidiaries:

(₹ Lakhs)

Name of the company	As at	Maximum	As at	Maximum
		Balance for the Year Ended on March 31, 2018		Balance for the Year Ended on March 31, 2017
Unisafe Fire Protection Specialists LLC - Dubai	Nil	1,650	1,912	1,912
Unisafe Fire Protection Specialists Singapore Pte Ltd. Singapore	Nil	7,405	7,401	7,401
Zicom Security Projects Pte. Ltd., Singapore	Nil	6,205	4,424	4,424
Unisafe Fire Protection Specialist India Pvt. Ltd.	Nil	65	(134)	(151)
Phoenix International WLL, Qatar	Nil	267	326	381
Zicom SaaS Pvt Ltd	Nil	Nil	Nil	Nil

Significant Accounting Policies and Notes on Accounts

Note 28.7 Segment Reporting:

The Company has only one reportable segment namely "Security and Safety".

Note 28.8 During the year the Company has made provision towards diminution of its Long Term investments as referred in Note 4.

Note 28.9 In the opinion of the Management, the Current Assets and Loans and Advances as shown in the books are expected to realise at their Book Values in the normal course of business and adequate provision have been made in respect of all known liabilities. (Refer Note 28.16)

(₹ Lakhs)

Particulars		March 31, 2018	March 31, 2017
Note 28.10 Details on unhedged foreign currency exposures			
Particulars			
Trade Receivable, Loans, Advances & Deposits	USD	NIL	152.83
	QAR	NIL	9.00
Trade Payable and Acceptances	USD	35.59	30.02
Value of imports calculated on CIF basis			
For the Year ended			
Raw Material		693	1,854
Earning in Foreign Currency			
Corporate Guarantee Fee		-	625
Interest		-	536
Expenditure in Foreign Currency			
On Payment Basis			
Travelling		17	8
Bank charges / Interest		-	1
Note 28.11 Product wise details for the year ended			
Sales			
Safety Products		9	42
Security Products		3,694	19,980
Total		3,703	20,023
Inventory			
Safety Products		16	20
Security Products		2,633	6,152
Total		2,649	6,172
Purchase			
Safety Products		9	38
Security Products		3,558	18,765
Total		3,567	18,803

Note 28.12 The Company has total outstanding Term Loan and working capital loan of ₹18,934 Lakhs. The term loan and working capital loan has been classified as Non Performing Assets (NPA) as per Reserve Bank of India circular on assets classification. Accordingly the banks have not provided any interest on the same from the date of becoming NPA till March 31, 2018. The company has provided the interest on payment basis since there are ongoing negotiations with bankers for OTS. The interest expenses for current year would have been higher by ₹ 2,246 Lakhs if the company had provided the interest on accrual basis.

Note 28.13 There is a reduction in Sales for the year under review as compared to previous year as the Company has taken conscious decision to reduce its focus on trading business due to increase in competition, reduction in margins, constraint of working capital and challenges in recovery of payments from dealers / channel partners. The Company is working out alternative business plan to substitute and add new technology driven products with service element to drive future growth of the Company.

Note 28.14 The Company has provided for its Trade Receivables and Advance to suppliers amounting to ₹11,329.70 Lakhs in view of doubtful of recovery and one time settlement agreements with certain parties.

Note 28.15 The Company, on conservative approach, has not booked interest income on loans and Corporate Guarantee given to its subsidiary companies amounting to ₹ 1335.94 Lakhs since the Company has provided for its loans and advances and investments made in subsidiary companies as the said companies were unable to repay loan given to them further the net worth of the said Companies have also been eroded.

Significant Accounting Policies and Notes on Accounts

Note 28.16 Certain balances under the heads Trade Receivable, Loans & Advances, Trade Payables are subject to confirmations from the respective parties and consequential reconciliation which may arise on receipt of the said confirmations, amount unascertainable. However, the management has provided/written off balances not recoverable/payable. (Refer note 28.9)

Note 28.17 Fair value measurements

(a) Financial instruments by category

The carrying value of financial instruments as at March 31, 2018 is as follows:

(₹ Lakhs)

Particulars	FVTPL	FVTOCI	Amortised cost	Total carrying value
Financial assets				
Trade receivables	-	-	4,074	4,074
Cash and cash equivalents	-	-	108	108
Bank Balances Other Than Cash and Cash Equivalents	-	-	98	98
Loans	-	-	132	132
Investments (Other than subsidiary)	-	-	0	0
Other financial assets	-	-	5	5
Total financial assets	-	-	4,417	4,417
Financial liabilities				
Borrowings	-	-	18,934	18,934
Trade Payables	-	-	3,642	3,642
Total financial liabilities	-	-	22,576	22,576

The carrying value of financial instruments as at March 31, 2017 is as follows:

(₹ Lakhs)

Particulars	FVTPL	FVTOCI	Amortised cost	Total carrying value
Financial assets				
Trade receivables	-	-	9,869	9,869
Cash and cash equivalents	-	-	12	12
Bank Balances Other Than Cash and Cash Equivalents	-	-	572	572
Loans	-	-	14,251	14,251
Investments (Other than subsidiary)	-	-	0	0
Other financial assets	-	-	959	959
Total financial assets	-	-	25,663	25,663
Financial liabilities				
Borrowings	-	-	17,378	17,378
Trade Payables	-	-	3,690	3,690
Other payable	-	-	100	100
Total financial liabilities	-	-	21,168	21,168

The carrying value of financial instruments as at April 1, 2016 is as follows:

(₹ Lakhs)

Particulars	FVTPL	FVTOCI	Amortised cost	Total carrying Value
Financial assets				
Trade receivables	-	-	11,680	11,680
Cash and cash equivalents	-	-	109	109
Bank Balances Other Than Cash and Cash Equivalents	-	-	1,450	1,450
Loans	-	-	10,761	10,761
Investments (Other than subsidiary)	-	-	0	0
Other financial assets	-	-	1,007	1,007
Total financial assets	-	-	25,007	25,007
Financial liabilities				
Borrowings	-	-	14,350	14,350
Trade Payables	-	-	5,593	5,593
Other payable	-	-	103	103
Total financial liabilities	-	-	20,046	20,046

Significant Accounting Policies and Notes on Accounts

Carrying value of all the above financial assets and financial liabilities as at March 31, 2018, March 31, 2017 and April 1, 2016 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of the said assets and liabilities subsequently measured at amortised cost is not significant in each of the years presented.

Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following levels:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities which are included in level.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required):

(₹ Lakhs)				
As at March 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Investments (Other than subsidiary)	0.25	-	-	0.25
Total financial assets	0.25	-	-	0.25
Financial liabilities				
Derivative Liabilities	-	-	-	-
Total financial liabilities	-	-	-	-

(₹ Lakhs)				
As at March 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Investments (Other than subsidiary)	0.25	-	-	0.25
Total financial assets	0.25	-	-	0.25
Financial liabilities				
Derivative Liabilities	-	-	-	-
Total financial liabilities	-	-	-	-

(₹ Lakhs)				
As at April 1, 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Investments (Other than subsidiary)	0.25	-	-	0.25
Total financial assets	0.25	-	-	0.25
Financial liabilities				
Derivative Liabilities	-	-	-	-
Total financial liabilities	-	-	-	-

Note 28.18 Financial risk management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

Significant Accounting Policies and Notes on Accounts

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and Cash equivalents, financial assets measured at mortised cost.	Aging analysis	Diversification of bank deposits
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

a) Credit risk

The company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the company. Credit risk arises from cash and cash equivalents and financial assets carried at amortised cost

Credit risk management

Credit risk is managed at company level depending on the policy surrounding credit risk management. For banks and financial institutions, only high rated banks/institutions are accepted. Generally all policies surrounding credit risk have been managed at company level.

b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operation of the company in accordance with practice and limits set by the company.

Note 28.19 Maturities of financial liabilities

The amounts disclosed in the below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ Lakhs)

March 31, 2018	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Loans from related parties	-	-	-	-
Trade Payable	1,996	1,646	-	3,642
Other financial liabilities	-	-	-	-
Total financial liabilities	1,996	1,646	-	3,642

March 31, 2017	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Loans from related parties	809	-	-	809
Creditors for supplies and services	1,291	2,398	-	3,690
Other financial liabilities	100	-	-	100
Total financial liabilities	2,200	2,398	-	4,599

April 1, 2016	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Loans from related parties	-	-	-	-
Trade Payable	3,691	1,902	-	5,593
Other financial liabilities	3	100	-	103
Total financial liabilities	3,694	2,002	-	5,696

Note 28.20 Capital Management

(a) Risk Management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on basis of total equity on a periodic basis. Equity comprises all components of equity includes the fair value impact. The following table summarizes the capital of the Company:

Significant Accounting Policies and Notes on Accounts

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Equity	(12,066)	24,676	21,517

Note 28.21 Employee Benefit Plans

An Amount of ₹ 9.37 Lakhs (2017 ₹ 10.53 Lakhs) in respect of Gratuity and ₹ Nil (2017: ₹ Nil) in respect of Leave Encashment is recognised as expense and included in Employee Benefit Expense (Note No. 25) in the Statement of Profit and Loss.

During the current year, the Company has not made provision for leave encashment since the same was having a reversing impact.

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

(₹ Lakhs)

Particulars	March 31, 2018		March 31, 2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	50	16	40	17
Interest cost	3	1	3	1
Current service cost	3	5	6	6
Past Service Cost -(vested benefits)	10	-	-	-
Actuarial (gains) / losses	(6)	(11)	5	(8)
Benefits paid	(24)	-	(4)	-
Present value of DBO at the end of the year	36	11	50	16
Change In Fair Value Of Assets During The Year				
Plan assets at beginning of the year	34	-	36	-
Adjust. to Opening fair value of plan assets	-	-	-	-
Expected return on plan assets excluding interest income	0	-	(0)	-
Interest Income	2	-	3	-
Actual company contributions	1	-	-	-
Benefits paid	(24)	-	(4)	-
Actuarial gain / (loss)	-	-	-	-
Plan assets at the end of the year	14	-	34	-
Amount Recognised in Statement of Profit and Loss				
Current service cost	3	5	6	6
Interest cost	1	1	0	1
Past service cost (vested benefits)	10	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial losses/(gains)	-	(11)	-	(8)
Expense recognised in the Statement of Profit and Loss	15	(5)	6	(1)
Other Comprehensive Income (OCI)				
Actuarial gain / (loss) recognised for the period	(6)	-	5	-
Asset limit effect	-	-	-	-
Return on Plan Assets excluding net interest	(0)	-	0	-
Unrecognized Actuarial (Gain)/Loss from previous period	-	-	-	-
Total Actuarial (Gain)/Loss recognized in (OCI)	(6)	-	5	-
Net asset / (liability) recognised in the Balance Sheet				
Opening Net Liability	15	16	4	17
Expenses as above	15	(5)	6	(1)
Contribution paid	(1)	-	-	-
Other Comprehensive Income (OCI)	(6)	-	5	-
Net asset / (liability) recognised in the Balance Sheet	23	11	15	16
Actuarial assumptions				
Discount rate	7.67%	7.67%	7.44%	7.44%
Rate of increase in compensation	4.00%	4.00%	4.00%	4.00%
Expected return on plan assets	N.A.	N.A.	N.A.	N.A.
Withdrawal Rates	N.A.	N.A.	N.A.	N.A.

Significant Accounting Policies and Notes on Accounts

General Description of significant defined plans

Gratuity Plan

Gratuity is payable to all eligible employees on the completion of five years of service in the event of resignation, retirement, permanent disablement or death.

Leave Plan

Eligible employees can carry forward the leaves as per the leave policy of the company and is payable at separation on account of retirement, permanent disablement or death.

Broad Category of plan assets relating to Gratuity as a percentage of total plan assets

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017
Government of India Securities	Nil	Nil
High Quality Corporate bonds	Nil	Nil
Equity Shares of Listed Companies	Nil	Nil
Property	Nil	Nil
Policy of Insurance	100	100
Total	100	100
Defined contribution plans		
Employer's Contribution to Provident Fund	4	5
Employer's Contribution to Pension Fund	8	11

Note 28.22 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017
Profit attributable to equity holders of the parent:		
Continuing operations	(36,788)	(6,180)
Discontinued operation	-	-
Profit attributable to equity holders of the parent for basic earnings	(36,788)	(6,180)
Interest on convertible preference shares	-	-
Profit attributable to equity holders of the parent adjusted for the effect of dilution	(36,788)	(6,180)
Weighted average number of Equity shares for basic EPS*	412	228
Effect of dilution:		
Share options	-	-
Convertible preference shares	-	-
Weighted average number of Equity shares adjusted for the effect of dilution *	412	228
Earnings per share (Basic)	(89)	(27)
Earnings per share (Diluted)	(89)	(27)

The weighted average number of shares takes into account the weighted average effect of changes in treasury share transactions during the year. There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.

Independent Auditors' Report

The Members,

Zicom Electronic Security Systems Limited

I. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Zicom Electronic Security Systems Limited (hereinafter referred to as 'the Holding Company') and its subsidiaries and associate (the Holding Company and its subsidiaries and associates together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended along with the Significant Accounting Policies and other explanatory information forming an integral part thereof.

II. Management's Responsibility for the Financial Statements

The Holding Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 Group in accordance with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Group and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

III. Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 judgment, 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 financial control relevant to the Holding Company's preparation of the consolidated financial statements that give 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 Holding Company's Board of Directors, 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 reasonable basis for our audit opinion on the consolidated financial statements.

IV. Basis of Qualified Opinion

1) As stated in Note No. 28.8 the Company as well as one of its Indian Subsidiary Company has not provided for interest on loan amounting to ₹ 3,313.17 lakhs on outstanding bank loans as the said loan has turned Non performing Asset and the Holding Company is negotiating with bankers for one time settlement of its outstanding liabilities and in the opinion of the management, liability as reflected in the financial statement is sufficient to meet proposed One Time Settlement (OTS) amount whereas OTS in case of the subsidiary Company is already expired and the Company has applied for the extension.

V. Emphasis of matter

- 1) The Company has adopted applicable Indian Accounting Standard (Ind AS) w.e.f. April 1, 2017 and restated and reclassified figures of corresponding previous year and balances as on April 1, 2016. As a result of adoption and valuation of various assets, investments and liabilities at fair value / net realisable value, the Company has made provisions for (i) Impairment Loss in Property Plant & Equipment amounting to ₹ 605.57 lakhs based on valuation report considering no future economic benefit will accrue; (ii) Provision towards doubtful recovery of Loans & Advances amounting to ₹ 1,127.80 lakhs; (iii) Provisions towards doubtful receivables and Advances including one time settlement amounting to ₹ 11,032.33 lakhs and (iv) Provision for obsolete/non moving stock amounting to ₹ 2,521.76 lakhs.
- 2) As stated in Note No. 28.13 of Audited Financial Statement drawn accounts of two foreign Subsidiary Companies of Singapore, where in we mentioned the fact that these subsidiary companies have net capital deficit ₹ 4,424.12 Lakhs. The Companies' financial statements have been prepared on a going concern basis as the holding Company and related parties have undertaken to provide continuing financial support until such time the subsidiary companies are able to strengthen its financial resources.
- 3) Refer Note No. 28.9 of Audited Consolidated Financial Statement of the Company which states that there is a

Independent Auditors' Report

reduction in Sales for the year under review as compared to previous quarters as the Company has taken conscious decision to reduce its focus on box moving / trading business due to increase in competition, reduction in margins, constraint of working capital and challenges in recovery of payments from dealers / channel partners. The Company is working out alternative business plan to substitute and add new technology driven products with service element to drive future growth of the Company.

- 4) In respect of one of the Indian subsidiary, the opening balance of the accounts has been adopted based on previous year audit as the current auditor has taken up audit assignment for the first time.
- 5) Refer Note No. 28.12 which states that in respect of one of the Indian Subsidiary Company balance appearing under the head Capital Work in Progress amounting to ₹ 6,184 Lakhs that consists of assets which that are scattered across the country and not connected to Command and Control Station and therefore it is practically not possible to carry out physical verification of the said assets, its valuation and ageing also there are long time pending advances and performance which are pending adequate documentation, confirmation & subsequent reconciliation, however Company is in process of documenting the entire process and hence their auditor have relied on amount as certified by the management of the said subsidiary in the said regards.

Our opinion is not qualified in the above matter.

VI. Opinion

Except for the matters described in basis of Qualified Opinion, in our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its Loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

VII. Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the relevant books of account maintained for the statements.

- d) *Except for the matters described in basis of Qualified Opinion*, in our opinion, the Consolidated Balance Sheet, Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this report comply with the Indian Accounting Standards (Ind AS) referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2018, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164(2) of the Act;
- f) The matters described in basis of qualified opinion may have any adverse impact on the functioning of the Company;
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. The Company has transferred the required amount / unclaimed dividend amount to the Investor Education and Protection Fund (IEPF) within the requisite timeline as given under the Companies Act and the Rules made thereunder.

VIII. Other Matters

We did not audit the financial statements of any subsidiaries, whose financial statements reflect total assets of ₹ 8,4485.33 Lakhs as at March 31, 2018, total revenues of ₹ 23,050.67 Lakhs Net Profit/ (Loss) of ₹ 3,278 Lakhs and net cash flows amounting to ₹ 555.28 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion is based solely on the reports of the other auditors.

For S M M P & Associates

Chartered Accountants

Firm Registration No. 120438 W

Sonal Parekh

Partner

Membership No. 139852

Mumbai, dated May 29, 2018

Independent Auditors' Report

Annexure A referred to in the Independent Auditors' Report

(Referred to in paragraph (IV).1(f). of our report of even date)

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

We have audited the internal financial controls over financial reporting of Zicom Electronic Security Systems Limited (hereinafter referred to as 'the Company'), as of March 31, 2018 in conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018 however it needs to be further strengthened, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S M M P & Associates

Chartered Accountants

Firm Registration No. 120438 W

Sonal Parekh

Partner

Membership No. 139852

Mumbai, dated May 29, 2018

Consolidated Balance Sheet for the year ended March 31, 2018

(₹ Lakhs)

Particulars	Note No.	March 31, 2018	March 31, 2017	April 1, 2016
ASSETS				
Non-Current Assets				
a) Property, Plant and Equipment	2	7,100	9,821	9,950
b) Capital work-in-progress	2	5,299	4,610	4,913
c) Goodwill	3	3,594	4,442	5,290
d) Other Intangible Assets	3	65	56	71
e) Investments in Subsidiaries, Joint Ventures and Associates	4(i)	-	-	737
f) Financial Assets				
i) Investments	4(ii)	-	-	274
ii) Loans	5(ii)	7	7	7
Total Non-Current Assets		16,066	18,936	21,242
Current Assets				
a) Inventories	6	7,481	15,826	17,353
b) Financial Assets				
i) Trade Receivables	7	41,368	50,549	57,394
ii) Cash and Cash Equivalents	8	663	534	418
iii) Bank Balances other than Cash and Cash Equivalents	9	5,241	7,204	8,356
iv) Other Financial Assets	10	20,422	21,724	21,761
c) Current Tax Assets (Net)	11	114	-	-
d) Other Current Assets	12	5,979	13,426	9,446
Total Current Assets		81,267	109,261	114,730
TOTAL ASSETS		97,333	128,197	135,972
EQUITY AND LIABILITIES				
Equity				
a) Equity Share Capital	13	4,122	4,122	2,020
b) Other Equity	14	(12,927)	20,611	33,971
c) Non Controlling Interest		2,681	3,383	4,118
d) Share Warrants		-	-	420
Total Equity		(6,124)	28,117	40,529
Non-Current Liabilities				
a) Financial Liabilities				
i) Borrowings	15(i)	18,061	17,939	11,796
ii) Other Financial Liabilities	16	84	138	132
b) Provisions	17(i)	647	889	819
c) Deferred Tax Liabilities (Net)	18	78	(1)	223
Total Non-Current Liabilities		18,870	18,964	12,970
Current Liabilities				
a) Financial Liabilities				
i) Borrowings	15(ii)	52,911	49,623	47,431
ii) Trade Payables	20	19,955	18,271	22,914
b) Other Current Liabilities	19	9,221	10,628	9,982
c) Provisions	17(ii)	2,500	2,595	2,146
Total Current Liabilities		84,587	81,116	82,473
Total Liabilities		103,457	100,080	95,443
TOTAL EQUITY AND LIABILITIES		97,333	128,197	135,972

Significant Accounting Policies

As per our attached report of even date

For and on behalf of the Board of Directors

For S M M P & Associates

Chartered Accountants

Manohar Bidaye

Chairman

Pramoud Rao

Managing Director

Prabhakar Dalal

Director

Sonal Parekh

Partner

Place : Mumbai

Date : May 29, 2018

Mukul Desai

Director

K. D. Hodavdekar

Director

Tanvi Joshi

Director

Madan Kumar Chetlur

Chief Financial Officer

Kunjan Trivedi

Company Secretary

Statement of Consolidated Profit and Loss for the year ended March 31, 2018

(₹ Lakhs)

Particulars	Note No.	March 31, 2018	March 31, 2017
Income			
Revenue from Operations	21	26,588	71,321
Other Income	22	46	72
Finance Income	23	253	84
Total Income		26,887	71,477
Expenses			
Cost of Materials Consumed		-	-
Purchase of Stock-In-Trade	24	14,879	58,576
Changes in inventories of finished goods, stock-in-trade and work-in-progress	24	3,523	(856)
Employee Benefits Expense	25	4,206	6,723
Finance Costs	26	6,216	8,788
Depreciation and Amortization Expense	2,3	3,707	4,265
Other Expenses	27	26,635	16,274
Total Expenses		59,166	93,771
Profit/(Loss) Before Tax & Exceptional Items		(32,279)	(22,294)
Exceptional items		1,733	-
Profit/(Loss) Before Tax		(34,012)	(22,294)
Tax Expense			
1. Current Tax		131	50
2. Deferred Tax		79	(356)
Total Tax Expense		210	(306)
Profit/(Loss) For The Year		(34,222)	(21,988)
Minority Interest		(708)	(665)
		(33,514)	(21,322)
Other Comprehensive Income			
i) Items that will not be reclassified to profit or loss			
a) Remeasurements of defined benefit plans		11	(3)
Income Tax Effect		(1)	(1)
		10	(4)
b) Revaluation of Assets		54	1,166
Income Tax Effect		(14)	(360)
		40	806
c) Equity instruments through Other Comprehensive Income net change in fair value		-	(737)
Income Tax Effect		-	228
		-	(509)
Total Other Comprehensive Income		50	293
Total Comprehensive Income for the Year		(33,464)	(21,029)
XI. Basic and Diluted Earnings Per Share (Face value ₹10)	28.2	(81.30)	(93.86)

As per our attached report of even date

For and on behalf of the Board of Directors

For S M M P & Associates
Chartered Accountants

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Prabhakar Dalal
Director

Sonal Parekh
Partner
Place : Mumbai
Date : May 29, 2018

Mukul Desai
Director

K. D. Hodavdekar
Director

Tanvi Joshi
Director

Madan Kumar Chetlur
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2018

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017
A. Cash Flow From Operating Activities		
Net Profit / (Loss) Before Extraordinary Items And Tax	(34,012)	(22,294)
Adjustments For:		
Depreciation And Amortisation	3,707	4,265
(Profit) / Loss On Sale / Write Off Of Assets	47	6
(Profit) / Loss On sale of Investment	-	-
Finance Costs	6,216	8,788
Interest Received	(9)	(84)
Sundry Balance Written Off / Provision for Doubtfull Debt	23,811	11,171
Remeasurements of defined benefit plans	11	(3)
Equity instruments through Other Comprehensive Income	-	(737)
Sub Total	33,783	23,407
Operating Profit / (Loss) Before Working Capital Changes	(229)	1,113
Changes In Working Capital:		
Adjustments For (Increase) / Decrease In Operating Assets:		
Inventories	8,345	1,528
Trade Receivables	(14,631)	(4,325)
Short-Term Loans And Advances	-	-
Long-Term Loans And Advances	-	-
Other Financial Assets	1,302	37
Other Current Assets	7,447	(3,979)
Adjustments For Increase / (Decrease) In Operating Liabilities:		
Trade Payables	1,684	(4,644)
Other Current Liabilities	1,986	3,238
Other Long-Term Liabilities	(53)	6
Short-Term Provisions	(95)	448
Long-Term Provisions	(241)	70
Sub Total	5,745	(7,621)
Cash Generated From Operations	5,516	(6,508)
Net Income Tax (Paid) / Refunds	(593)	(57)
Net Cash Flow From / (Used In) Operating Activities (A)	4,923	(6,564)
B. Cash Flow From Investing Activities		
Capital Expenditure On Fixed Assets, Including Capital Advances	(1,438)	(1,981)
Proceeds From Sale Of Fixed Assets	607	170
Investments in Subsidiaries, Joint Ventures and Associates	-	1,011
Interest Received	9	84
Purchase Of Long-Term Investments		
- Investments in Bonds	-	-
Net Cash Flow From / (Used In) Investing Activities (B)	(821)	(715)

Consolidated Cash Flow Statement for the year ended March 31, 2018

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017
C. Cash Flow From Financing Activities		
Minority Interest	6	(70)
Increase in Share Capital including Securities Premium	-	9,051
Net Increase / (Decrease) In Working Capital Borrowings	3,288	2,192
Net Increase / (Decrease) In Of Long Term Borrowings	(2,876)	3,553
Finance Cost	(6,216)	(8,788)
Foreign Currency Translation Reserve	(140)	320
Changes in Legal Reserve	3	(16)
Dividends Paid	-	-
Tax On Dividend	-	-
Net Cash Flow From / (Used In) Financing Activities (C)	(5,935)	6,242
Net Increase / (Decrease) In Cash And Cash Equivalents (A+B+C)	(1,834)	(1,037)
Cash And Cash Equivalents At The Beginning Of The Year	7,738	8,775
Cash And Cash Equivalents At The End Of The Year	5,904	7,738

As per our attached report of even date

For and on behalf of the Board of Directors

For S M M P & Associates
Chartered Accountants

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Prabhakar Dalal
Director

Sonal Parekh
Partner

Mukul Desai
Director

K. D. Hodavdekar
Director

Tanvi Joshi
Director

Place : Mumbai
Date : May 29, 2018

Madan Kumar Chetlur
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Note 1: Significant Accounting Policies and Notes on Accounts

1 Corporate Information

Zicom Electronic Security Systems Ltd. is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in the marketing and selling of Electronic security systems and equipments. The company also provides annual maintenance services for Electronic security products.

2 Significant Accounting Policies:

2.1 Basis of preparation, measurement and significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a. Statement of Compliance

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant provisions of the Companies Act, 2013 ("the Act"). These are the Company's first Ind AS financial statements and accordingly, Ind AS 101, 'First-time Adoption of Indian Accounting Standards' has been applied. The policies set out below have been consistently applied during the year presented.

For all periods up to and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the Accounting Standards notified under Companies (Accounting Standard) Rules, 2006 (as amended) and other relevant provisions of the Act ("Previous GAAP").

These financial statements for the year ended March 31, 2018 are for the first time the Company has prepared in accordance with Ind AS. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows including reconciliations and descriptions of the effect of the transition are provided in note 3 below.

b. Basis of Preparation

Principles of Consolidation:

The consolidated financial statements include the financial statements of Zicom Electronic Security Systems Limited (the parent company) and its subsidiaries as detailed herein after.

The consolidated financial statements have been prepared on the basis of AS 21 – "Consolidated Financial Statements", as notified by the Companies (Accounting Standards) Rules 2006.

Subsidiaries

The excess of cost to the parent company of its investment in the subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in such subsidiaries was made is recognised in the financial statements as goodwill. The parent company's portion of equity in such subsidiaries is determined on the basis of book values of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions.

The financial statements of the parent company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets and liabilities as at the year end and income and expenses till the date of cessation of Holding-Subsidiary relationship or till year end, as the case may be, after eliminating Intra-group balances/transactions and resulting unrealized profits in full. Unrealized losses resulting from Intra-group transactions are also eliminated except to the extent that recoverable value of related assets is lower than their cost to the group.

The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries. Goodwill arising on consolidation is amortised over its estimated useful life i.e. ten years. Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances except where it is not practicable to do so. Minority interest's share of net profit is adjusted against the income to arrive at the net income attributable to shareholders. Minority interest's share of net assets is presented separately in the balance sheet

The following subsidiary companies are considered in the consolidated financial statements:

Name of the Subsidiary Company	Country of Incorporation	March 31, 2018
Unisafe Fire Protection Specialists LLC, Dubai, (Consolidated)	Dubai (U.A.E.)	49% in Equity and Profit Sharing in the Ratio of 95% to Company : 5% to Minority (Subsidiary by virtue of control over composition of Board of Directors)
Phoenix International WLL	Qatar	49% in Equity and Profit Sharing in the Ratio of 95% to Company : 5% to Minority (Subsidiary by virtue of control over composition of Board of Directors)
Zicom SaaS Pvt. Ltd.	India	100% Subsidiary
Unisafe Fire Protection Specialists India Pvt. Ltd.	India	100% Subsidiary
Unisafe Fire Protection Specialists Singapore Pte. Ltd.	Singapore	100% Subsidiary
Zicom Security Projects Pte. Ltd.	Singapore	100% Subsidiary

Note 1: Significant Accounting Policies and Notes on Accounts

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013. The significant accounting policies are as follows:

Basis of Accounting:

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount

- i) Land and buildings classified as property, plant and equipment
- ii) Derivative financial instruments,
- iii) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),
- iv) Contingent consideration, and
- v) Non-cash distribution liability

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships. The consolidated financial statements are presented in INR and all values are rounded to the nearest lacs (INR 00,000), except when otherwise indicated.

c. Recent accounting pronouncements

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The amendments do not have any material impact on the financial statements of the Company.

d. Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key sources of estimation of uncertainty at the date of the financial statements, which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is in respect of impairment of investments, useful lives of property, plant and equipment, valuation of deferred tax assets, provisions and contingent liabilities.

e. Current versus non-current classification

The assets and liabilities reported in the Balance Sheet are classified on a "current/non-current basis", with separate

reporting of assets held for sale and liabilities. Current assets, which include cash and cash equivalents, are assets that are intended to be realized, sold or consumed during the normal operating cycle of the Company or in the 12 months following the Balance Sheet date; Current liabilities are liabilities that are expected to be settled during the normal operating cycle of the Company or within the 12 months following the close of the financial year.

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- i) Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii) Held primarily for the purpose of trading
- iii) Expected to be realised within twelve months after the reporting period, or
- iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- i) It is expected to be settled in normal operating cycle
- ii) It is held primarily for the purpose of trading
- iii) It is due to be settled within twelve months after the reporting period, or
- iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

f. Cost Recognition

Costs and expenses are recognised when incurred and have been classified according to their nature.

The costs of the Company are broadly categorised in purchase of goods, employee benefit expenses, finance costs, depreciation and amortisation and other operating expenses. Employee benefit expenses include employee compensation, allowances paid, contribution to various funds and staff welfare expenses. Other operating expenses mainly include fees to its external consultants, cost of running its facilities, travel expenses, communication costs, allowances for delinquent receivables and advances and other expenses. Other expenses is an aggregation of costs which are individually not material such as commission and brokerage, recruitment and training, entertainment etc.

g. Foreign currency translation:

i) Functional and presentation currency

Items included in the financial statements of the Company are

Note 1: Significant Accounting Policies and Notes on Accounts

measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'Indian Rupees' (INR), which is the Company's functional and the Company's presentation currency

ii. Transactions and balances

- i) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.
- ii) All exchange differences arising on reporting of short term foreign currency monetary items at rates different from those at which they were initially recorded are recognised in the Statement of Profit and Loss.
- iii) In respect of foreign exchange differences arising on revaluation or settlement of long term foreign currency monetary items, the Company has availed the option available in the Companies (Accounting Standards) (Second Amendment) Rules 2011, wherein:
 - Foreign exchange differences on account of depreciable asset, is adjusted in the cost of depreciable asset and would be depreciated over the balance life of asset.
 - An asset or liability is designated as a long term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of twelve months or more at the date of origination of the asset or the liability, which is determined taking into consideration the terms of the payment/settlement as defined under the respective agreement/ memorandum of understanding.
- iv) Non-monetary items denominated in foreign currency are stated at the rates prevailing on the date of the transactions / exchange rate at which transaction is actually effected.

h. Property, plant and equipment

Under the previous GAAP (Indian GAAP), Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Expenditure incurred on assets which are not ready for their intended use comprising direct cost, related incidental expenses and attributable borrowing cost are disclosed under Capital Work-in-Progress.

Transition to Ind AS:

On transition to Ind AS (April 1, 2016), all of its property, plant and equipment whose fair value can be measured reliably are

carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Depreciation methods, estimated useful lives and residual value:

Depreciation is provided to the extent of depreciable amount on Straight Line Method (SLM) based on useful life of the assets as prescribed in Part C of Schedule II to the Companies Act, 2013.

Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

i. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

j. Impairment of non-financial assets

Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount and is recognised in the Statement of Profit and Loss.

k. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand

Note 1: Significant Accounting Policies and Notes on Accounts

deposits with banks, short-term balances (with an original maturity of three months or less from date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

l. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

m. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement. For arrangements entered into prior to 1 April 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

n. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- i) Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- ii) Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.
- iii) Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognised in OCI, in respect of the purchases of raw materials.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

o. Revenue recognition

Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue

from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The Company provides normal warranty provisions for general repairs on all its products sold, in line with the industry practice. A liability is recognised at the time the product is sold.

Amount received from the customers for admitting them as member of Company's various schemes are credited to revenue account in the year in which membership is allotted.

Rendering of Services

Revenue from the installation of safety equipments is recognised based on the terms of the contract. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered. This is generally during the early stages of installation where the equipment and fabrics needs to pass through the customer's quality testing procedures as part of the installation.

Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income from Banks and Fixed Deposits are booked as and when accrued. Interest income is included in finance income in the statement of profit and loss.

Guarantee Commission Income

Guarantee Commission Income on Corporate Guarantee given by holding company on behalf of its foreign subsidiaries is recognised as at the end of the reporting period and is included in revenue in the statement of profit and loss.

Dividend Income

Revenue is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit and loss due to its operating nature.

p. Investments and other financial assets

i. Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and those measured at amortised cost.

Note 1: Significant Accounting Policies and Notes on Accounts

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

ii. Measurement

At initial recognition, the Company measures a financial asset at its fair value, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Investments in subsidiaries are measured at cost less impairment.

iii. Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

iv. Derecognition of financial assets

A financial asset is derecognised only when:

- i. the rights to receive cash flows from the asset have expired, or
- ii. the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows to one or more recipient

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the company has not retained control of the financial asset. Where the company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

q. Financial liabilities

i. Classification as debt or equity

- a. Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual

arrangements and the definition of a financial liability and an equity instrument.

- b. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

ii. Initial recognition and measurement

- a. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
- b. The Company's financial liabilities include borrowings, dues to holding company and creditors for capital expenditure.

iii. Subsequent measurement

The measurement of financial liabilities depends on their classification.

iv. Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

r. Provisions, Contingent Liabilities and Contingent Assets: Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or reliable estimate of the amount cannot be made, is termed as contingent liability.

Contingent Assets:

A contingent asset is disclosed, where an inflow of economic benefits is probable.

Note 1: Significant Accounting Policies and Notes on Accounts

s. Income tax

Income tax expense comprises current and deferred taxes. Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates.

Advance Tax and provisions for current income taxes are presented in the Balance Sheet after off-setting advance tax paid and the income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

t. Earnings per share

In determining earnings per share, the company considers the

net profit after tax and includes the post tax effect of any extraordinary items. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the period.

u. Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

v. Employee Benefits

i. Defined benefit plans

For defined benefit plans, the cost of providing benefits is determined with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in Other Comprehensive Income for the period in which they occur. Past service cost both vested and unvested is recognised as an expense at the earlier of (a) when the plan amendment or curtailment occurs; and (b) when the entity recognises related restructuring costs or termination benefits.

The retirement benefit obligations recognised in the Balance Sheet represents the present value of the defined benefit obligations reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

ii. Defined contribution plans

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 expense, 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, for example, a reduction in future payment or a cash refund.

iii. Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the Balance Sheet date.

3 Transition to Ind AS:

These are the Company's first financial statements prepared in accordance with Ind AS. The Company has adopted Indian Accounting Standards (Ind AS) as notified by the Ministry of Corporate Affairs with effect from April 1, 2017, with a

Note 1: Significant Accounting Policies and Notes on Accounts

transition date of April 1, 2016. These financial statements for the year ended March 31, 2018 are the first the Company has prepared under Ind AS. For all periods upto and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with the previously applicable Indian GAAP (previous GAAP).

The adoption of Ind AS has been carried out in accordance with Ind AS 101, First-time Adoption of Indian Accounting Standards. Ind AS 101 requires that all Ind AS standards and interpretations that are issued and effective for the first Ind AS financial statements be applied retrospectively and consistently for all financial years presented. Accordingly, the Company has prepared financial statements which comply with Ind AS for year ended March 31, 2018, together with the comparative information as at and for the year ended March 31, 2017. The Company's opening Ind AS Balance Sheet has been prepared as at April 1, 2016, the date of transition to Ind AS.

3.1 Exemptions and exceptions availed

In preparing these Ind AS financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the Company in restating its previous GAAP financial statements, including the Balance Sheet as at April 1, 2016 and the financial statements as at and for the year ended March 31, 2017.

(a) Ind AS optional exemptions

Deemed cost

Ind AS 101 permits a first-time adopter to measure all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS at fair value or previous GAAP carrying value and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 "Intangible Assets". Accordingly, the company has elected to measure Land class in its Property and Plant at their fair values and all other assets at deemed cost. The company has elected to use previous GAAP carrying value as deemed cost for Intangible Assets covered by Ind AS 38 "Intangible Assets".

(b) Ind AS mandatory exemptions

The Company has applied the following exceptions from full retrospective application of Ind AS as mandatorily required under Ind AS 101:

i. Estimates

- An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.
- Ind AS estimates as at April 1, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:
- Impairment of financial assets based on expected credit loss model

ii. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Consequently, the Company has applied the above assessment based on facts and circumstances exist at the transition date.

3.2 Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The presentation requirements under previous GAAP differ from Ind AS and hence the previous GAAP information has been regrouped for ease of reconciliation with Ind AS. The regrouped previous GAAP information is derived based on the audited financial statements of the Company for the year ended March 31, 2017.

(₹ Lakhs)

	Particulars	March 31, 2017
	Net Profit / (Loss) after tax as per Indian GAAP Add / (Less): Ind-AS adjustments	(21,449)
1.	Actuarial Gain / (loss) on employee defined benefit fund recognized in OCI (Net of Tax)	(4)
2.	Actuarial Gain / (loss) on employee defined benefit fund de-recognized in OCI (Net of Tax)	3
3.	Revaluation of Assets (Net of Tax)	806
4.	Revaluation of Equity Instruments (Net of Tax)	(509)
5.	Income Tax of Earlier Years recognised in Reserves	(124)
	Net Profit / (Loss) as per Ind-AS before OCI / Reserve	(21,277)

Notes Forming part of Balance sheet & Statement of Profit & Loss Account

Note 2 Property, Plant And Equipment

(₹ Lakhs)

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Leasehold Improvements	CWIP	Total
Cost Or Valuation									
At April 1, 2016	170	228	15,837	1,021	629	597	204	4,913	23,599
Additions	-	-	1,533	20	401	10	-	-	1,965
Disposals	-	-	(24)	-	34	-	-	(303)	(293)
Revaluation Recognised In OCI	964	-	-	-	-	-	-	-	964
At March 31, 2017	1,134	228	17,346	1,041	1,064	607	204	4,610	26,235
Additions	-	-	709	-	-	7	-	689	1,406
Disposals	-	-	(162)	-	(50)	-	-	-	(212)
Revaluation Recognised In OCI	54	-	-	-	-	-	-	-	54
At March 31, 2018	1,188	228	17,893	1,041	1,015	614	204	5,299	27,483
Depreciation And Impairment									
At April 1, 2016	-	79	6,892	666	494	425	181	-	8,737
Depreciation for the year	-	3	2,824	139	151	60	7	-	3,184
Impairment	-	-	(18)	-	(98)	-	-	-	(116)
At March 31, 2017	-	82	9,697	805	547	485	188	-	11,804
Depreciation for the year	-	3	2,516	139	142	36	-	-	2,836
Disposals	-	-	494	-	(48)	(3)	-	-	443
At March 31, 2018	-	86	12,707	944	641	518	188	-	15,083

(₹ Lakhs)

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office equipment	Leasehold improvements	CWIP	Total
Net Book Value									
At March 31, 2018	1,188	143	5,186	98	374	96	16	5,299	12,399
At March 31, 2017	1,134	146	7,648	237	517	123	16	4,610	14,431
At April 1, 2016	170	149	8,945	355	135	172	23	4,913	14,862

Note 3 Intangible Assets

(₹ Lakhs)

Particulars	Goodwill on Consolidation	Goodwill	Computer Software	Total
At April 1, 2016	8,462	2,019	197	10,678
Additions	-	-	16	16
At March 31, 2017	8,462	2,019	214	10,695
Additions	-	-	32	32
At March 31, 2018	8,462	2,019	246	10,727
Amortisation And Impairment				
At April 1, 2016	4,081	1,111	126	5,317
Amortisation	848	202	32	1,082
Revalued in OCI	-	(202)	-	(202)
At March 31, 2017	4,929	1,111	158	6,197
Amortisation	848	-	23	871
Impairment	-	-	-	-
At March 31, 2018	5,776	1,111	181	7,068
Net Book Value				
At March 31, 2018	2,685	909	65	3,659
At March 31, 2017	3,533	909	56	4,498
At April 1, 2016	4,381	909	71	5,361

Revaluation of land

The revalued land consists of office property in India of holding Company. The management determined that this constitute a separate class of asset under Ind AS 113, based on the nature, characteristics and risks of the property. Fair value of the property was determined by using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation September 14, 2017, the property's fair value is based on valuations performed by V.S. Jadon & Co. Valuers LLP, an accredited independent valuer who has relevant valuation experience for similar office properties in India for the last five years. Fair value hierarchy disclosures for revalued land have been provided in Note 28.5(i).

Revaluation of plant & machinery

The revalued assets consists of plant and machineries with the holding Company. The management determined that this constitute a separate class of asset under Ind AS 113, based on the nature, characteristics and risks of the machines. Fair value of the assets was determined by estimating their useful life and capacity. As at the date of revaluation December 6, 2017, the said assets' fair value is based on valuations performed by Anmol Sekhri Consultants Pvt. Ltd., an accredited independent valuer who has relevant valuation experience for last many years. Method for calculating fair value has been provided in Note 28.5(ii).

Impairment Testing of Goodwill

The Holding Company performed its annual impairment test for years ended March 31, 2018 and March 31, 2017 on December 6, 2017 and December 6, 2018, respectively (hereinafter reference date is generally based on year-end). The Company considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. As at December 6, 2018, the market capitalisation of the Company was above the book value of its equity, indicating no impairment of goodwill and no impairment of the assets of the operating segment. The detailed valuation is explained in Note 28.6.

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 4 (i) Investments In Subsidiaries, Joint Ventures and Associates			
Investments at fair value through OCI (fully paid)			
Unquoted equity shares			
Investment in Group Company			
1.20 Lakhs (2017: 1.20 Lakhs) Equity Shares having Face Value of ₹ 10 Per Share in ASTM Skills Pvt. Ltd (Formerly Known as Institute of Advanced Security Training & Management Pvt. Ltd.)	-	-	12
Total	-	-	12
Unquoted Preference Instruments			
Investment in Group Company			
72.50 Lakhs (2017: 72.50 Lakhs) 1% Non-Cumulative Optionally Convertible Preference Shares having Face Value of ₹ 10 Per Share in ASTM Skills Pvt. Ltd (Formerly Known as Institute of Advanced Security Training & Management Pvt. Ltd.)	-	-	725
Total	-	-	725
Total (A)	-	-	737
Other Investments			
Un-Quoted Equity Instrument			
0.03 Lakhs (2017: 0.03 Lakhs) Equity Shares having Face Value of ₹ 10 Per Share in Saraswat Co-op Bank Ltd.	-	-	-
Total	-	-	-
Investment in Bonds			
Nil (2017:Nil) Bond's of Anka's Suluk Ltd	-	-	274
Total	-	-	274
Total (B)	-	-	274
Total FVTOCI investments	-	-	1,011
Current	-	-	-
Non-Current	-	-	1,011
Aggregate amount of quoted investment (Market value: Nil (2017 - Nil))	-	-	-
Unquoted Investments	-	-	12
Aggregate amount of impairment in value of investments	-	-	-
Investments at fair value through OCI (fully paid) reflect investment in quoted and unquoted equity and preference securities and bonds.			

Impairment on FVTOCI investments

In the current year, the holding Company has identified an impairment of ₹ 737 Lakhs with effect from March 31, 2017 (April 1, 2016: Nil) on FVTOCI equity securities. The impairment on FVTOCI financial assets is recognised within Other Comprehensive Income in the statement of profit or loss.

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 5 Loans			
Loans (Unsecured considered good unless otherwise stated)			
Security Deposit			
Deposits	7	7	7
Total loans	7	7	7
(i) Current	-	-	-
(ii) Non-Current	7	7	7
Total	7	7	7

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 6 Inventories*			
Finished goods (at lower of cost and net realisable value)	7,481	15,826	17,353
Total inventories at the lower of cost and net realisable value (As certified by management)	7,481	15,826	17,353

*The Group has identified obsolete/non moving stock and the same has been valued at Net realisable value. On account of the said exercise an amount of ₹ 2,521.76 Lakhs has been written off.

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 7 Trade Receivables (Refer Note 28.10)			
Trade receivables	41,368	50,549	57,394
Total Trade receivables	41,368	50,549	57,394
Break-up for security details:			
Trade receivables			
Unsecured, considered good	32,319	41,535	57,394
Doubtful	9,049	9,013	-
Total	41,368	50,549	57,394
Impairment Allowance (allowance for bad and doubtful debts)			
Unsecured, considered good	-	-	-
Doubtful -	-	-	-
Total	-	-	-
Total Trade receivables	41,368	50,549	57,394

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. For terms and conditions relating to related party receivables, Trade receivables are non-interest bearing and are generally on terms of 30 to 180 days.

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 8 Cash and Cash Equivalent			
Balance With Bank			
– On current accounts	647	523	304
Cash on hand	16	11	114
	663	534	418
Note 9 Bank Balance other than Cash and Cash Equivalent			
Other Bank Balance			
Unpaid Dividend	11	19	19
– Deposits with original maturity of less than three months	3,672	4,746	4,324
Fixed Deposit Receipt - Margin Money	1,558	2,439	4,013
Cheques/ drafts on hand	-	-	-
	5,241	7,204	8,356

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 10 Other Financial Assets			
Advances recoverable in Cash or Kind	20,422	21,724	21,761
Total	20,422	21,724	21,761
Note 11 Current Tax Assets			
Advance Income Tax	114	-	-
Total	114	-	-
Note 12 Other Current Assets			
Advance Recoverable from Statutory Authority	90	439	201
Security deposits	760	535	287
Loans and advances to Employees	28	38	46
Advance to supplier (Refer Note 28.10)	4,852	11,811	7,970
Prepaid Expenses	249	602	943
Total	5,979	13,426	9,446

(₹ Lakhs)

Particulars	March 31, 2018		March 31, 2017	
Note 13 Equity Share Capital	Number	₹	Number	₹
Authorised Share Capital				
Opening Balance	500	5,000	500	5,000
Increase/(decrease) during the year	-	-	-	-
Closing Balance	500	5,000	500	5,000
Issued Equity Capital				
Equity shares of INR 10 each issued, subscribed and fully paid				
Opening Balance	412	4,122	202	2,020
Increase/(decrease) during the year	-	-	210	2,102
Closing Balance	412	4,122	412	4,122

Shares Held By Each Shareholder Holding More Than 5% Of Equity Share Capital

(No. Lakhs)

	March 31, 2018		March 31, 2017		April 1, 2016	
	Number	Percentage	Number	Percentage	Number	Percentage
IDBI Bank Limited [§]	87.73	21.28	87.73	21.28	Nil	Nil
Bank of Baroda [§]	64.47	15.64	64.47	15.64	Nil	Nil
Union Bank of India [§]	32.58	7.90	32.58	7.90	Nil	Nil
Central Bank of India [§]	18.83	4.57	18.83	4.57	Nil	Nil
Allahabad Bank [§]	6.63	1.61	6.63	1.61	Nil	Nil
Baronet Properties & Investments Pvt. Ltd	9.36	2.27	15.36	3.73	15.36	7.60
Coronet Properties & Investments Pvt. Ltd.	8.86	2.15	13.86	3.36	13.86	6.86
Aark Singapore Pte. Ltd.	6.74	1.63	10.88	2.64	21.80	10.79
V. Raman Kumar *	Nil	Nil	3.90	0.95	4.00	1.98
Atim Kabra	10.41	2.52	10.41	2.52	10.41	5.15
Frontline Strategy Limited [#]	2.24	0.54	2.24	0.54	2.59	1.28
Sudha Darab Dubash	0.84	0.20	0.69	0.17	6.65	3.29
Arvind Darab Dubash	0.71	0.17	0.71	0.17	6.50	3.22
Darab Dubash Private Limited [®]	0.35	0.08	0.35	0.08	0.35	0.17

[§] All Banks are together holding 51% shareholding under Strategic Debt Restructuring Scheme of Reserve Bank of India

*Is a Director and Shareholder holding 100% share capital in Aark Singapore Pte. Ltd. and hence both are PAC of each other.

[#] Is a Company wherein Mr. Atim Kabra is a Director and Shareholder holding 100% share capital, directly and indirectly, and hence both are PAC of each other.

[®] Is a Company wherein Mrs. Sudha Darab Dubash and Mr. Arvind Darab Dubash are Directors and Shareholders holding 100% share capital, jointly, and hence all are PAC of each other.

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 14 Other Equity			
Other Reserves			
Share Premium	18,658	18,658	11,709
Capital Reserve	1,155	1,155	735
General Reserve	296	296	296
Legal Reserve	716	713	729
OCI Reserve	343	293	-
Foreign Currency Translation Reserve	3,191	3,330	3,010
Retained Earnings	(37,285)	(3,834)	17,491
Total	(12,927)	20,611	33,971
Share premium			
Opening Balance	18,658	11,709	
Increase/(decrease) during the year	-	6,949	
Closing Balance	18,658	18,658	
Capital Reserve			
Opening Balance	1,155	735	
Increase/(decrease) during the year	-	420	
Closing Balance	1,155	1,155	
General Reserve			
Opening Balance	296	296	
Increase/(decrease) during the year	-	-	
Closing Balance	296	296	
Legal Reserve			
Opening Balance	713	729	
Increase/(decrease) during the year	3	(16)	
Closing Balance	716	713	
OCI Reserve			
Opening Balance	293	-	
Increase/(decrease) during the year	50	293	
Closing Balance	343	293	
Foreign Currency Translation Reserve			
Opening Balance	3,330	3,010	
Increase/(decrease) during the year	(140)	320	
Closing Balance	3,191	3,330	
Retained Earnings			
At April 1, 2016	(3,834)	17,491	
Profit for the year	(33,514)	(21,322)	
Realised losses/Gain through OCI	-	-	
Proposed Dividend on Equity Share (Dividend Per Share 0.50 (2016: 1.20))	-	101	
Taxes of Earlier Years	62	(124)	
Tax on Dividend	-	21	
At March 31, 2017	(37,285)	(3,834)	

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 15 Borrowings			
15 (i) Non-Current Liabilities			
Secured			
1. Foreign Currency Bank Loan (Secured)	3,997	2,192	3,394
2. Foreign Currency Bank Loan (Secured)	-	171	1,822
3. Foreign Currency Bank Loan (Secured)	7,540	8,474	1,536
4. Indian Rupee Bank Loan (Secured)	6,011	6,521	4,674
5. Vehicle Loan	344	333	44
	17,892	17,692	11,471
UnSecured from Others			
6. Loan I	168	247	325
	168	247	325
Total Non-Current Liabilities	18,061	17,939	11,796
15 (ii) Current Liabilities			
Term Loan			
Secured bank loan			
1. Cash Credit from Banks (Secured)	51,808	46,326	45,409
2. Short Term Loan	-	2,237	1,825
3. Vehicle Loan	-	222	-
	51,808	48,785	47,234
From other parties	-	-	-
From Others (Unsecured)	-	-	197
From Directors & Others	-	-	-
From Related Parties	1,103	837	-
Long term maturities of finance lease obligation	-	-	-
Obligations under finance leases and hire purchase contracts	-	-	-
Total Current Borrowings	52,911	49,623	47,431

Note-

Cash Credit from Banks 1 and Part of Banking Facilities mentioned in clause (a) and (b) of Notes 27.1 are secured by the (a) first charge ranking pari passu on current assets of the company (b) second charge ranking pari passu by way of hypothecation of Plant & Machinery, and other fixed assets and Equitable Mortgage of properties situated in Mumbai and Bengaluru and (c) negative lien on Delhi Property. Further secured by Pledge of 9.25 Lakhs equity shares of the Company held by Promoter Group Companies and Personal Guarantee of two Directors.

Cash Credits from Banks 2 and Part of Banking Facilities mentioned in clause (a) and (b) of Notes 27.1 are secured by the first charge on current assets of the company and second charge by way of hypothecation of Plant & Machinery, and other fixed assets. Further secured by Personal Guarantee of one Director.

Cash Credits from Banks 3 and Part of Banking Facilities mentioned in clause (a) and (b) of Notes 27.1 are secured by charge on inventories, assignment of contract receivables from certain customers, lien on FDR held with banks, pledge of 10.30 Lakhs equity shares of the company held by Promoter and Promoter Group Companies, Personal Guarantees of two Directors of the Company.

Cash Credit from Banks 4 and Part of Banking Facilities mentioned in clause (a) and (b) of Notes 27.1 are secured by first charge on entire immovable and movable assets of the company. It is further secured by the pledge of 100% share of the company and 49% of the acquired company and personal guarantee of two directors of the company.

Cash Credit from Banks 5 and Part of Banking Facilities mentioned in clause (a) and (b) of Notes 27.1 are secured by Personal guarantee of one of the directors of the company and assignment of the Insurance Policy.

Short Term Loan 6 and Term Loan 2 against SBLs under Note 3 are secured by the first charge by way of hypothecation of moveable Machinery and other Fixed Assets and Equitable Mortgage of properties situated in Mumbai and Bengaluru and second charge on Current Assets of the company. It is further secured by pledge of 5 Lakhs equity share of company held by Promoter Group Company.

Short Term Loan 7 is secured by the mortgage of the property owned by the Director of the Company Vehicle Loan 8 above is secured against the asset funded.

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Note 16 Other Financial Liabilities			
Non-Current Liabilities			
Deposits	84	138	132
Total Non-Current Liabilities	84	138	132
Note 17 Provisions			
17 (i) Non Current Provisions			
For Leave Encashment	647	889	819
Total Non Current Provisions	647	889	819
17 (ii) Current Provisions			
For Gratuity	2,500	2,595	2,025
For Proposed Equity Dividend	-	-	101
For Tax on Proposed Dividend	-	-	21
Total Current Provisions	2,500	2,595	2,146
Note 18 Deferred Tax			
Difference in WDV as per Income Tax Act and Companies Act	121	(64)	223
Revaluations of land and buildings and Intangible Assets to fair value	14	360	-
Revaluations of FVTOCI investments to fair value	-	(228)	-
Provision for diminution of investments	-	(12)	-
Business Losses	(57)	(57)	-
Net deferred tax assets/(liabilities)	78	(1)	223
Reflected in the balance sheet as follows:			
Deferred tax assets	(57)	(69)	-
Deferred tax liabilities	135	68	223
Deferred Tax Liabilities (Net)	78	(1)	223
Note 19 Other Current Liabilities			
Unpaid Dividends	11	19	19
Advances from Customers	683	698	1,241
Other Payable	8,428	6,418	2,637
Current maturities of long-term debt	100	3,098	5,688
Creditors - Statutory	-	394	397
Total Current Liabilities	9,221	10,628	9,982
Note 20 Trade Payables			
Trade payables	19,955	18,271	22,914
Total	19,955	18,271	22,914
Note 21 Revenue from Operation			
Sales of Products	21,944	66,063	
Sale of Services	4,644	5,259	
Total	26,588	71,321	
Note 22 Other Income			
Rent Received	10	35	
Other	37	37	
Total	46	72	
Note 23 Finance Income			
Interest income			
From Banks	9	84	
From Subsidiary	244	-	
Total	253	84	

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017
Note 24 Cost Of Raw Material And Components Consumed		
Cost Of Traded Goods Sold		
Inventory at the beginning of the year	6,328	5,473
Add: Purchases	14,879	58,576
	21,207	64,049
Less: inventory at the end of the year	2,805	6,328
Cost Of Traded Goods Sold	18,402	57,720
Note 25 Employee Cost		
Salaries and Wages	4,091	6,567
Contribution to Provident and Other Funds	72	49
Staff Welfare Expenses	43	107
Total	4,206	6,723
Note 26 Finance Costs		
Interest	5,837	7,931
Bank Charges	377	577
Net (Gain) / Loss on Exchange Fluctuation	2	280
Total	6,216	8,788
Note 27 Other Expenses		
Advertisement	68	121
Auditor's Remuneration	35	31
Business Promotion	29	18
Communication	197	232
Directors' Sitting Fees	5	6
Donations And Contributions	9	-
Insurance	144	153
Legal And Professional	717	832
Membership & Subscription	1	1
Power and Fuel	180	207
Printing And Stationery	49	58
Rates And Taxes	41	106
Rent and Compensation	2,049	2,043
Repairs And Maintenance - Buildings	0	0
Repairs And Maintenance - Machinery	57	59
Repairs And Maintenance - Others	18	29
Training & Seminar	7	3
Travelling And Conveyance	756	1,060
Sundry Balance Written off (Net)	15,906	3,135
Provision for Doubtful Debt	7,906	8,036
Profit/(Loss) on Sale/Discard of Fixed Assets	47	6
Loss on Sale/Discard of Investments	-	-
Miscellaneous Expenses	149	137
Total	28,369	16,274
Auditor's Remuneration		
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As Auditors - Statutory Audit	30	29
For Other Services	9	9
Total	39	38

Note 28 Additional information to the Consolidated Financial Statements

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017
Note 28.1 Contingent liabilities and commitments (to the extent not provided for)		
a) Letters of Credit by Bank	-	1,782
b) Bank Guarantee	178	202
c) Indirect Tax Matters	340	-
d) Income Tax Matters	217	151
d) Claim Lodged by Customers Not Acknowledged as Debt	5	5
f) Corporate Guarantee and indemnities	68,049	70,273
Note 28.2 Earnings Per Share (EPS): Equity Shares of Rs 10, fully paid-up		
A. Profit / (Loss) as per statement of Profit and Loss		
Basic	(33,514)	(21,322)
Diluted	(33,514)	(21,322)
B. Weighted Average No of Equity Shares		
Basic	412	228
Diluted	412	228
C. Earning Per share		
Basic	(81.30)	(93.86)
Diluted	(81.30)	(93.86)

Note 28.3 Related Party Transactions

Details of related parties:

Description of relationship	Names of related parties
Other Group Company (OGC)	ASTM Skills Pvt. Ltd. (Formerly Known as Institute for Advanced Security Training and Management Pvt. Ltd.)
Promoter Group Companies (PGC)	Baronet Properties & Investments Private Limited
Promoter Group Companies (PGC)	Coronet Properties & Investments Private Limited
Other Companies (OC)	GSD Properties & Trading Pvt Ltd
Other Companies (OC)	Chaitrban Farms Private Limited
Key Management Personnel (KMP)	Mr. Manohar Bidaye
Key Management Personnel (KMP)	Mr. Pramoud Rao
Key Management Personnel (KMP)	Mr. Madan Kumar Chetlur
Key Management Personnel (KMP)	Ms. Kunjan Trivedi

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended and balances outstanding:

(₹ Lakhs)

Particulars	OGC		KMP	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Transactions during the year				
Purchase	Nil	Nil	Nil	Nil
Sale	Nil	Nil	Nil	Nil
Rent	Nil	24	Nil	Nil
Advances	Nil	88	Nil	Nil
Loans taken	Nil	Nil	Nil	173
Loans Repaid/Adjusted	(1,106)	Nil	163	Nil
Remuneration Paid	Nil	Nil	100	134
Balances outstanding at the end of the year				
Unsecured Loans	Nil	Nil	Nil	173
Advances	Nil	1,106	Nil	Nil
Trade Receivables / Payable	Nil	Nil	(26)	(113)

Note 28 Additional information to the Consolidated Financial Statements

(₹ Lakhs)

Particulars	PGC/OC	
	March 31, 2018	March 31, 2017
Transactions during the year		
Loans & Advances	(581)	581
Preferential Issue of Shares / Warrants	Nil	Nil
Balances outstanding at the end of the year		
Loans & Advances	Nil	581

Note 28.4 Lease:

Disclosure as required by AS 19 - "Leases" issued by The Institute of Chartered Accountants of India are as follows:

Operating Lease:

The Company's significant leasing arrangements are in respect of office premises and residential flats taken on lease. The arrangements are generally from 11 months to 36 months. Under these agreements, generally refundable interest-free deposits have been given. In respect of above arrangements, lease rentals payable are recognised in the Statement of Profit and Loss for the year and included under Rent and Compensation (Disclosed under Note 27).

Future minimum lease payments under non cancellable operating lease:

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017
Not later than one year	407	162
Later than one year and not later than five years	391	334
Later than five years	Nil	Nil
Lease Payment made during the year recognised in the statement of profit and loss account	668	206

Note 28.5 Revaluation of Property, Plant and Equipment (Refer Note No. 2)

(i) Revaluation of land of Holding Company.

Fair value hierarchy disclosures for revalued land.

(₹ Lakhs)

Significant unobservable valuation input:	Range
Price per square feet	1.10
Significant increases/ (decreases) in estimated price per square metre in isolation would result in a significantly higher/ (lower) fair value.	
Information of revaluation model:	
Opening balance as at April 1, 2016	169.82
Re-measurement recognised in reserves	964.18
Purchases	-
Balance as at March 31, 2017	1,134.00
Level 3 re-measurement recognised in asset revaluation reserves (June 30, 2017)	
Purchases	-
Re-measurement recognised in reserves	54.00
Depreciation	-
Closing balance as at March 31, 2018	1,188.00

The revalued land consists of office property in India. Fair value of the property was determined by using the market comparable.

If land and building were measured using the cost model. The carrying amounts would be as follows:

(₹ Lakhs)

Net book value	March 31, 2018	March 31, 2017	April 1, 2016
Cost	1,188	1,134	170
Accumulated depreciation and impairment	-	-	-
Net carrying amount	1,188	1,134	170

Note 28 Additional information to the Consolidated Financial Statements

(ii) Revaluation of Plant & Machinery

The revalued land consists of plant and machineries with the Company. The management determined that this constitute a separate class of asset under Ind AS 113, based on the nature, characteristics and risks of the machines. Fair value of the assets was determined by estimating their useful life and capacity. As at the date of revaluation December 6, 2017, the said assets' fair value is based on valuations performed by Anmol Sekhri Consultants Pvt. Ltd., an accredited independent valuer who has relevant valuation experience for last many years.

Fair value hierarchy disclosures for revalued assets.

Significant unobservable valuation input:

- Full description of the equipment giving the capacity
- Year of purchase
- Technological obsolescence
- Total life = depend upon machinnery
- Age in life = current year - purchase year
- Residual life = total life - age in life
- **Current value = Gross block * residual life / total life**

Nete 28.6 Methodology Of Valuation of Goodwill

DCF Method

1. The DCF Method takes into account the macro economic factors as well as the entity-specific factors.
2. It takes into consideration the future cash flows arising to the company and also the time value of money.
3. Despite its reliance on numerous estimations, the DCF approach is most appropriate in valuing as it is based on estimation of future cash flows and the ability of an entity to generate them.

Therefore, the Valuation is done by using the DCF techniques.

(₹ Lakhs)

Particulars	Years			
	March-2017	March-2018	March-2019	March-2020
PAT	(1,280)	209	590	950
Add: Depreciation	402	281	285	290
Less : CAPEX	1	15	30	30
Free Cash Flow For Firm (FCFF)	(879)	474	846	1,211
Discounting factor	1	1	1	1
Discounted cash flow	(753)	349	533	654
Present Value of FCFF	782	-	-	-
Terminal Value (TV)	7,276	-	-	-
Present Value of TV	3,931	-	-	-
Firm / Business Value	4,713	-	-	-

Note 28.7 Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 2, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in the accounts. However, in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of this Act is not expected to be material.

Note 28.8 The term loan and working capital loan of holding Company and one of the Indian Subsidiary Company has been classified as Non Performing Assets (NPA) as per Reserve Bank of India circular on assets classification. Accordingly the banks have not provided any interest on the same from the date of becoming NPA till March 31, 2018. The Group has provided the interest on payment basis. The interest expenses for current year would have been higher by ₹ 3,313 Lakhs if the Group had provided the interest on accrual basis.

Note 28.9 There is a reduction in Sales for the year under review as compared to previous year as the Company has taken conscious decision to reduce its focus on trading business due to increase in competition, reduction in margins, constraint of working capital and challenges in recovery of payments from dealers / channel partners. The Company is working out alternative business plan to substitute and add new technology driven products with service element to drive future growth of the Company.

Note 28.10 The Company has provided for its Trade Receivables and Advance to suppliers amounting to ₹ 11,329.70 Lakhs in view of doubtful of recovery and one time settlement agreements with certain parties.

Note 28 Additional information to the Consolidated Financial Statements

Note 28.11 Certain balances under the heads Trade Receivable, Loans & Advances, Trade Payables are subject to confirmations from the respective parties and consequential reconciliation which may arise on receipt of the said confirmations, amount unascertainable. However, the management has provided/written off balances not recoverable/payable. (Refer note 28.19)

Note 28.12 In respect of one of the Indian Subsidiary Company, the balance appearing under the head Capital Work in Progress amounting to ₹ 6,184.12 Lakhs consists of assets under deployment that are scattered across the country and not connected to Command and Control Station and therefore it is practically not possible to carry out physical verification of the said assets, its valuation and ageing and hence valuation and ageing has been done on management's estimates.

Note 28.13 The management has drawn accounts of two foreign Subsidiary Companies of Singapore, where in these subsidiary companies have net capital deficit ₹ 4,424.12 Lakhs. However, the Companies' financial statements have been prepared on a going concern basis as the holding Company and related parties have undertaken to provide continuing financial support until such time the subsidiary companies are able to strengthen its financial resources.

Note 28.14 The Group has during the year made provision towards doubtful recovery of Loans & Advances to group companies amounting to ₹ 1,127.80 Lakhs as due to financial stress in those Companies, they were unable to repay loan given to them further the networth of the said Companies have also been eroded.

Note 28.15 Fair value measurements

Particulars	FVTPL	FVTOCI	Amortised cost	Total carrying value
Financial assets				
Trade receivables	-	-	41,368	41,368
Cash and cash equivalents	-	-	663	663
Bank Balances Other Than Cash and Cash Equivalents	-	-	5,241	5,241
Loans	-	-	7	7
Investments (Other than subsidiary)	-	-	-	0
Other financial assets	-	-	20,422	20,422
Total financial assets	-	-	67,700	67,700
Financial liabilities				
Borrowings	-	-	70,971	70,971
Trade Payables	-	-	19,955	19,955
Other payable	-	-	84	84
Total financial liabilities	-	-	91,011	91,011

The carrying value of financial instruments as at March 31, 2017 is as follows:

Particulars	FVTPL	FVTOCI	Amortised cost	Total carrying value
Financial assets				
Trade receivables	-	-	50,549	50,549
Cash and cash equivalents	-	-	534	534
Bank Balances Other Than Cash and Cash Equivalents	-	-	7,204	7,204
Loans	-	-	7	7
Investments (Other than subsidiary)	-	-	-	-
Other financial assets	-	-	21,724	21,724
Total financial assets	-	-	80,017	80,017
Financial liabilities				
Borrowings	-	-	67,561	67,561
Trade Payables	-	-	18,271	18,271
Other payable	-	-	138	138
Total financial liabilities	-	-	85,970	85,970

Note 28 Additional information to the Consolidated Financial Statements

The carrying value of financial instruments as at April 1, 2016 is as follows:

(₹ Lakhs)

Particulars	FVTPL	FVTOCI	Amortised cost	Total carrying value
Financial assets				
Trade receivables	-	-	57,394	57,394
Cash and cash equivalents	-	-	418	418
Bank Balances Other Than Cash and Cash Equivalents	-	-	8,356	8,356
Loans	-	-	7	7
Investments (Other than subsidiary)	-	-	274	274
Other financial assets	-	-	21,761	21,761
Total financial assets	-	-	88,212	88,212
Financial liabilities				
Borrowings	-	-	47,563	47,563
Trade Payables	-	-	22,914	22,914
Other payable	-	-	132	132
Total financial liabilities	-	-	70,609	70,609

Carrying value of all the above financial assets and financial liabilities as at March 31, 2018, March 31, 2017 and April 1, 2016 approximate the fair value because of their short-term nature. Difference between carrying amounts and fair values of the said assets and liabilities subsequently measured at amortised cost is not significant in each of the years presented.

(b) Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following levels:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities which are included in level.

The following table summarises financial assets and liabilities measured at fair value on a recurring basis and financial assets that are not measured at fair value on a recurring basis (but fair value disclosure are required):

(₹ Lakhs)

As at March 31, 2018	Level 1	Level 2	Level 3	Total
Financial assets				
Investments (Other than subsidiary)	0.25	-	-	0.25
Total financial assets	0.25	-	-	0.25
Financial liabilities				
Derivative Liabilities	-	-	-	-
Total financial liabilities	-	-	-	-

(₹ Lakhs)

As at March 31, 2017	Level 1	Level 2	Level 3	Total
Financial assets				
Investments (Other than subsidiary)	0.25	-	-	0.25
Total financial assets	0.25	-	-	0.25
Financial liabilities				
Derivative Liabilities	-	-	-	-
Total financial liabilities	-	-	-	-

Note 28 Additional information to the Consolidated Financial Statements

(₹ Lakhs)

As at March 31, 2016	Level 1	Level 2	Level 3	Total
Financial assets				
Investments (Other than subsidiary)	274	-	-	274
Total financial assets	274	-	-	274
Financial liabilities				
Derivative Liabilities	-	-	-	-
Total financial liabilities	-	-	-	-

Note 28.16 Financial risk management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and Cash Equivalents, financial assets measured at amortised cost.	Aging analysis	Diversification of bank deposits
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

(a) Credit risk

The company is exposed to credit risk, which is the risk that counterparty will default on its contractual obligation resulting in a financial loss to the company. Credit risk arises from cash and cash equivalents and financial assets carried at amortised cost

Credit risk management

Credit risk is managed at company level depending on the policy surrounding credit risk management. For banks and financial institutions, only high rated banks/institutions are accepted. Generally all policies surrounding credit risk have been managed at company level.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at local level in the operation of the company in accordance with practice and limits set by the company.

Note 28.17 Maturities of financial liabilities

The amounts disclosed in the below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(₹ Lakhs)

March 31, 2018	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Loans from related parties	1,103	-	-	1,102.64
Trade Payable	18,077	1,879	-	19,955
Other financial liabilities	84	-	-	84
Total financial liabilities	19,264	1,879	-	21,142

Note 28 Additional information to the Consolidated Financial Statements

(₹ Lakhs)

March 31, 2017	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Loans from related parties	837	-	-	837
Creditors for supplies and services	15,424	2,847	-	18,271
Other financial liabilities	138	-	-	138
Total financial liabilities	16,399	2,847	-	19,246

(₹ Lakhs)

March 31, 2016	Less than 1 year	Between 1 year and 5 years	More than 5 years	Total
Financial liabilities				
Loans from related parties	-	-	-	-
Trade Payable	20,820	2,095	-	22,914
Other financial liabilities	132	-	-	132
Total financial liabilities	20,952	2,095	-	23,046

Note 28.18 Capital Management**(a) Risk Management**

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on basis of total equity on a periodic basis. Equity comprises all components of equity includes the fair value impact. The following table summarizes the capital of the Company:

(₹ Lakhs)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Equity	(6,124)	28,117	40,529

Note 28.19 In the opinion of the Management, the Current Assets and Loans and Advances as shown in the books are expected to realise at their Book Values in the normal course of business and adequate provision have been made in respect of all known liabilities. (Refer Note 28.11)

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ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED

CIN: L32109MH1994PLC083391

Regd. Office: 501, Silver Metropolis, Western Express Highway, Goregaon (East), Mumbai 400063.

Tel.: 22 4290 4290, Fax: 22 4290 4291, Email: investors@zicom.com, Website: www.zicom.com



Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

24th Annual General Meeting (AGM) - September 24, 2018

Name of the Member(s): _____

Registered Address: _____

_____ E-mail Id: _____

Folio No. / Client ID*: _____ DP ID*: _____

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

Name: _____ E-mail Id: _____

Address: _____

Signature: _____

or failing him / her

Name: _____ E-mail Id: _____

Address: _____

Signature: _____

or failing him / her

Name: _____ E-mail Id: _____

Address: _____

Signature: _____

as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Twenty Fourth Annual General Meeting of the Company, to be held on Monday, September 24, 2018 at 3:30 p.m. at Hotel Suba Galaxy, N. S. Phadke Road, Off Western Express Highway, Andheri (E), Mumbai 400069 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolution	Vote (Optional see Note 4)	
		For	Against
ORDINARY BUSINESS			
1	Ordinary Resolution to consider and adopt: a. Financial Statements of the Company, including the audited Balance Sheet, the Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended March 31, 2018; and b. the Audited Consolidated Financial Statements of the Company and Auditors Report for the financial year ended March 31, 2018.		
2	Ordinary Resolution to appoint a Director in place of Mr. Manohar Bidaye, who retires by rotation and being eligible, offers himself for re-appointment.		
SPECIAL BUSINESS			
3	Ordinary Resolution to appoint Mr. Anil Khanna, as an Independent Director of the Company.		

Signed this _____ day of _____ 2018.

Signature of Member(s)

Affix
Revenue
Stamp

Signature of Proxy holder(s)

Note:

- This Proxy Form, in order to be effective, should be duly stamped, completed, signed and deposited, at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
- A Proxy need not be a Member of the Company.**
- For the Resolutions and Explanatory Statement, please refer to the Notice of the Twenty Fourth Annual General Meeting .
- It is optional to indicate your preference. Please put '✓' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all of the Resolutions, your Proxy will be entitled to vote in the manner as he / she may deem appropriate.

* Applicable for Members holding shares in electronic form.



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AWAKE ALWAYS

ATTENDANCE SLIP

24th Annual General Meeting (AGM) - September 24, 2018

Folio No.:

No. of Shares:

*DP ID / Client ID:

Name:

Address:

I / We hereby certify that I am / we are a Member / Proxy for the Member of the Company.

I / We hereby record my / our presence at the Twenty Fourth Annual General Meeting of the Company held on Monday, September 24, 2018, at 3:30 p.m. at Hotel Suba Galaxy, N.S. Phadke Road, Off Western Express Highway, Andheri (E), Mumbai 400069.

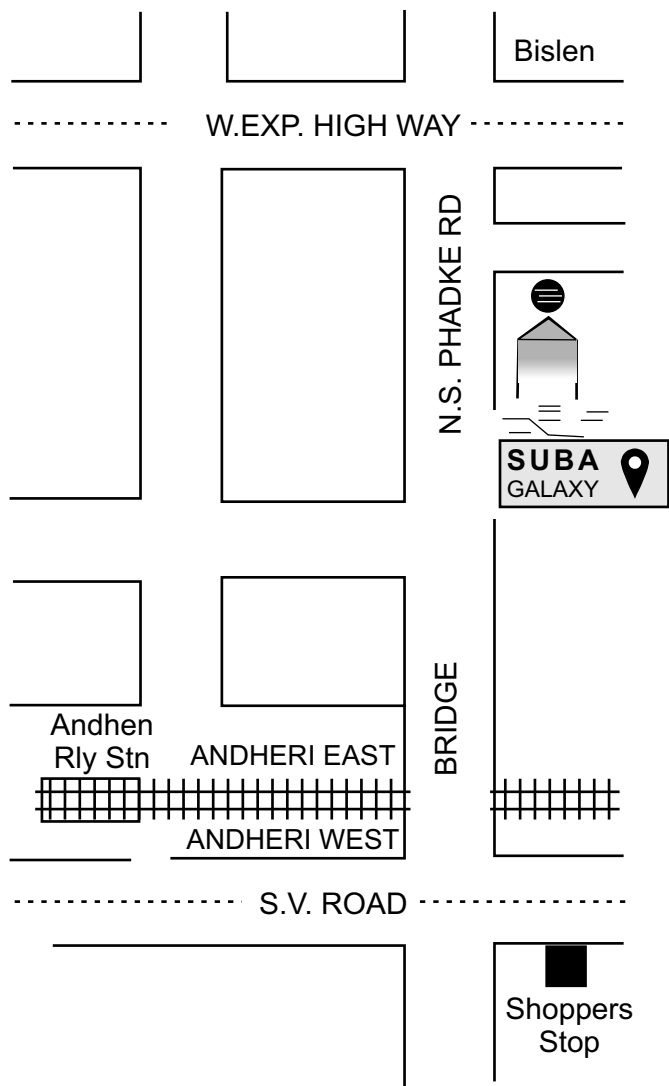
Name of attending Member / Proxy
(IN BLOCK LETTERS)

Signature of Member / Proxy
(To be signed at the time of handing over this Slip)

NOTES:

- ♦ Please fill in this Attendance Slip and hand it over at the entrance of the meeting hall.
- ♦ No additional / duplicate Attendance Slip will be issued at the meeting hall.
- ♦ Member / Proxy are requested to bring their copies of the Annual Report to the Meeting.

* Applicable for Members holding shares in electronic form.





AWAKE ALWAYS

Zicom Electronic Security Systems Ltd.

501, Silver Metropolis, Western Express Highway, Goregaon (East), Mumbai 400063, Maharashtra.

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AWAKE ALWAYS

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018 on the Standalone Financial Results [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]				
(Rs. in lakhs)				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	3,836.41	3,836.41
	2.	Total Expenditure	20,151.51	22,397.08
	3.	Net Profit / (Loss)	(16,315.10)	(18,560.67)
	4.	Earnings Per Share	(89.13)	(94.57)
	5.	Total Assets	12,847.85	12,847.85
	6.	Total Liabilities	12,847.85	12,847.85
	7.	Net Worth	(12,065.69)	(14,311.26)
	8.	Any other financial item(s) (as felt appropriate by the management)	---	---
II.	Audit Qualification (each audit qualification separately):			
	a.	Details of Audit Qualification:		
		1. Non-provisioning of interest on bank loans		
	b.	Type of Audit Qualification : Qualified Opinion		
	c.	Frequency of qualification:		
		1. First Time		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		
		1. The Bank has classified the Company as Non Performing Assets (NPA) as per Reserve Bank of India circular on assets classification. As a result, the Company, during the year under review, has not provided for interest amounting to Rs. 2,245.57 lakhs on outstanding Bank loans. The Company is negotiating with bankers for one time settlement of its outstanding liabilities and in the opinion of the management, liability as reflected in the Results is sufficient to meet proposed One Time Settlement amount.		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i)	Management's estimation on the impact of audit qualification:		
		Not Applicable		
	(ii)	If management is unable to estimate the impact, reasons for the same:		
		Not Applicable		
	(iii)	Auditors' Comments on (i) or (ii) above:		
		Not Applicable		

Zicom Electronic Security Systems Ltd.

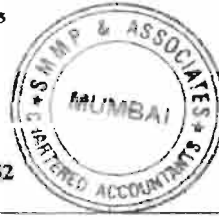
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CIN : L32109MH1994PLC083391



AWAKE ALWAYS

III.	Signatories:	
	<p>For Zicom Electronic Security Systems Limited</p> <p><i>[Signature]</i></p> <p>Pramod Rao Managing Director</p>	<p>For Zicom Electronic Security Systems Limited</p> <p><i>[Signature]</i></p> <p>Madan Kumar Chettur Chief Financial Officer</p>
	<p>For Zicom Electronic Security Systems Limited</p> <p><i>[Signature]</i></p> <p>Mukul Desai Audit Committee Chairman</p>	<p>For S M M P & Associates Chartered Accountants</p> <p><i>[Signature]</i></p> <p>Sonal Parekh Partner Membership No. 139852</p> <p></p>
Place: Mumbai		
Date: May 29, 2018		

Zicom Electronic Security Systems Ltd.

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AWAKE ALWAYS

**Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2018
on the Consolidated Financial Results
[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]**

(Rs. in lakhs)				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	26,587.77	26,587.77
	2.	Total Expenditure	59,166.01	62,479.18
	3.	Net Profit / (Loss)	(32,278.93)	(35,891.41)
	4.	Earnings Per Share	(81.18)	(89.06)
	5.	Total Assets	97,333.17	97,333.17
	6.	Total Liabilities	97,333.17	97,333.17
	7.	Net Worth	(8,804.84)	(12,118.00)
	8.	Any other financial item(s) (as felt appropriate by the management)	---	---
II.	Audit Qualification (each audit qualification separately):			
	a.	Details of Audit Qualification:		
		1. Non-provisioning of interest on bank loans		
	b.	Type of Audit Qualification : Qualified Opinion		
	c.	Frequency of qualification:		
		1. First Time		
	d.	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:		
		1. The Bank has classified both parent company and one of wholly owned Indian subsidiary as Non Performing Assets (NPA) as per Reserve Bank of India circular on assets classification and in case of subsidiary One Time Settlement (OTS) has been arrived; while in case of parent company the OTS is under negotiation. As a result, the Company has not provided interest of Rs. 3,313.17 lakhs for year under review on accrual basis on these term loans.		
	e.	For Audit Qualification(s) where the impact is not quantified by the auditor:		
	(i)	Management's estimation on the impact of audit qualification: Not Applicable		
	(ii)	If management is unable to estimate the impact, reasons for the same: Not Applicable		
	(iii)	Auditors' Comments on (i) or (ii) above: Not Applicable		



AWAKE ALWAYS

III.	Signatories:	
	<p>For Zicom Electronic Security Systems Limited</p> <p><i>[Signature]</i></p> <p>Pramod Rao Managing Director</p>	<p>For Zicom Electronic Security Systems Limited</p> <p><i>[Signature]</i></p> <p>Madan Kumar Chetlur Chief Financial Officer</p>
	<p>For Zicom Electronic Security Systems Limited</p> <p><i>[Signature]</i></p> <p>Mukul Desai Audit Committee Chairman</p>	<p>For S M M P & Associates Chartered Accountants</p> <p><i>[Signature]</i></p> <p>Sonal Parekh Partner Membership No. 139852</p> <p></p>
Place: Mumbai		
Date: May 29, 2018		

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