



AWAKE ALWAYS

September 3, 2019

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: Annual Report for F.Y. 2018-19 alongwith Notice convening 25th Annual General Meeting

Ref: Submission of information pursuant to Regulations 30 and 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

This is to inform you that the 25th Annual General Meeting of the Company is scheduled to be held on Monday, 30th September, 2019 at 3:30 p.m. at the Registered Office of the Company at 501, Silver Metropolis, Western Express Highway, Goregaon (East), Mumbai 400063.

Further, as required under Regulation 30 and Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, we attach herewith the Annual Report of the Company for the Financial Year 2018-19 along with the Notice convening the 25th Annual General Meeting setting out necessary business matters proposed to be passed at the forthcoming Annual General Meeting.

Kindly take the 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



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Zicom Electronic Security Systems Ltd.

ANNUAL REPORT

2018-19

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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. K. D. Hodavdekar
Independent Director

Mr. Anil Khanna
Independent Director

Ms. Tanvi Joshi
Director
(upto August 14, 2019)

Mr. Dhaval Mehta
Independent Director
(w.e.f. March 08, 2019)

Mr. Mukul Desai
Independent Director
(upto December 11, 2018)

Mr. Prabhakar Dalal
Independent Director
(upto August 31, 2018)

Mrs. Sharada Sundaram
Nominee Director
(upto September 27, 2018)

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. Ayalin Nadar

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
Saraswat Co-op Bank Ltd.

CHAIRMAN'S COMMUNIQUE`

Dear Shareholders,

India's GDP in financial year 2018-19 is estimated to have grown by around 7 percent. While this is good achievement in the global context, it falls marginally short of expectations due to various macro economic factors. These include volatility of crude prices, unpredictable currency fluctuations, etc. International Monetary Fund (IMF) and Asian Development Bank (ADB) had cut India's growth forecast citing global and domestic headwinds. According to IMF latest projection, the Indian Economy is estimated to grow @ 7 percent in 2019 and 7.2 percent in 2020. ADB had also lowered India's GDP growth forecast to 7 percent for the current year on the back of fiscal shortfall concerns. The private sector is recovering from adverse impact of demonetisation and implementation of GST. The economy also had to grapple with funding crunch for NBFC's, deceleration in the agriculture and widening of fiscal and current account deficit. The country is facing the biggest threat of rising unemployment. However the current situation is different from 1991 when the country faced severe economic crisis on the external front. The current slowdown in the Indian Economy is cyclical and growth will pick up in 1-2 years. The Government has announced many reforms and the success whereof depends on its implementation.

On the positive side the uncertainty thrown up by the polls now behind us with decisive mandate in general election and the country is refocusing on its primary goal of building new future for all its citizens. We at Zicom, are still saddened with legacy issues caused by geo-political situation in the Middle East, acute scarcity of resources to rebuild business back to normal, mismatch of expectations between lenders of the group and various investors introduced by the Company. Currently the business operations of Middle East & India except Zicom SaaS are moving to standstill zone. The business environment of Parent Company has substantially undergone change over the last 2 years due to implementation of Make in India initiative of the Government. Many Chinese manufacturers have directly established themselves by setting up large manufacturing facility to drive the growth in the Indian market. On one hand, market for the security equipment's is expanding rapidly; the margin is falling down due to stiff competition and price sensitive nature of channel partners. The Company is negotiating with Chinese manufacturers to set up manufacturing base using Company's brand awareness, market reach and relationship with Channel partners. The legacy business of project which was sold to Schneider in 2010 has also undergone change with size of the project growing bigger and bigger. Although the Company receives many enquiries, it is handicapped due to non-availability of working capital to execute such large projects. Therefore it's time to look at the business model which works on fewer resources without hassle of inventory. Today technology is undergoing lot of changes and traditional business model will soon get outdated. We are therefore focussing on building capabilities around data analytics, cloud, machine learning and artificial intelligence.

Zicom SaaS continues to support the Company with positive cash flow and the interest of Investors are still alive in this business model. During the year under review, Zicom SaaS succeeded in renewing its major contracts with the customers. The Company succeeded in retaining its position in the market by holding on to its major customers. The Company is negotiating with bankers to explore the possibility of divestment of Zicom SaaS to prospective Investors and settlement of debts of both Parent Company and its subsidiaries Zicom SaaS in India. We are quite hopeful that bankers will come to terms by realising the current challenges before business to arrive at amicable One Time Settlement.

Phoenix International WLL, 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 4 years. Unisafe has put in place all contingency plans to reduce its employee strength substantially and its infrastructure in small Emirates. The company has filed various legal cases for recovery of its dues.

To infuse resources in the Group for its revival, the management is working relentlessly with interested investors to work out various model of investments.

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 Fifth Annual General Meeting of the Members of ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED will be held on Monday, September 30, 2019, at 3:30 p.m., at its Registered Office at 501, Silver Metropolis, Western Express Highway, Goregaon (East), Mumbai 400063, 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, 2019, 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, 2019 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, 2019 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, 2019 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 and other applicable provisions 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. Dhaval Mehta 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 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. Dhaval Mehta (DIN: 07501194), who was appointed as an Additional Director pursuant to the provisions of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director, not liable to retire by rotation and to hold office for a period of two years commencing March 8, 2019 to March 7, 2021.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors

Kunjan Trivedi

Company Secretary

Place: Mumbai

Date: August 14, 2019

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. **SEBI has mandated that securities of listed companies can be transferred only in dematerialized form w.e.f. April 01, 2019. Accordingly, the Company / Registrar & Share Transfer Agent has stopped accepting any fresh lodgment of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialisation.**
11. **Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.**
12. 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, 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.
13. 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.
14. 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.
15. 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.
 - 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.
16. 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.

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- 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.
17. 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 2011-12 (which is due for transfer to IEPF on September 29, 2019) 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 24, 2018 (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.
18. 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.
19. 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.
20. 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. and C.S. (aged 55 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 and Secona Shield Lifetime Achievement Award 2019 powered by Secutech India.
- ii) **Mr. Dhaval Mehta** (DIN: 07501194), B.Com.; D.T.M.; D.M.M. (aged 54 years)
- Dhaval Mehta is an Advertising Professional with over 34 years of experience. He has networked with distinguished people in the Corporate, Media, Bollywood, Sports and Business Enterprises of India. He is a Partner at Kreate Advertising which provides 360 degree creative and advertising solutions across Media. Over the years he has covered various sectors from Agriculture, FMCG, Fashion, Real Estate to Services. Mr. Mehta's core strengths include Brand building, BTL Promotions, Direct Marketing, Exhibitions, etc.
- Dhaval Mehta is a Commerce Graduate from Mumbai University. He has topped in Diploma in Transport Management from Patel Institute of Transport Management, Mumbai and has ranked in Top 10 in Diploma in Marketing Management from Jamnalal Bajaj Institute of Management, Mumbai. He is the recipient of THE GOLDEN GLOBE AWARD for ethical practices and philosophy.
- Further details of these Directors, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are given in the Corporate Governance Report forming part of the Annual Report.
21. 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-

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related queries, communication may be sent by an e-mail to investors@zicom.com.

22. 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.
23. In case of joint holder(s) attending the Meeting, only the joint holder higher in the order of names will be entitled to vote.
24. 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.

25. 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 Fifth 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 27, 2019 (9:30 a.m.) and ends on September 29, 2019 (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 20, 2019, 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 | Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) |
| | <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 RA00000001 in the PAN field. |
| Dividend Bank Details OR Date of Birth (DOB) | 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. <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.
- 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

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platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- x. 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. The m-Voting App can be downloaded from Google Play Store, Apple and Windows phone. 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 20, 2019, 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 27, 2019 (9:30 a.m.) and ends on September 29, 2019 (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 20, 2019, 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 20, 2019.
- 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 at least two witnesses not in employment of the Company and make not later than three days of conclusion of the 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.
26. 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

Notice

therein from time to time, through any of the following manner:

- a. **Company's Website:** By visiting the website www.zicom.com and following link on the Home Page → Investors Relations → Go Green
- b. **Email Intimation:** By sending an email to investors@zicom.com and mentioning the Name(s) and Folio Number/Client ID and DP ID
- c. **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 August 14, 2019.

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 March 08, 2019, appointed Mr. Dhaval Mehta (DIN: 07501194) 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. Dhaval Mehta 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. Dhaval Mehta-(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 and under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The resolution seeks approval of the Members for the appointment

of Mr. Dhaval Mehta as an Independent Director of the Company, not liable to retire by rotation, upto March 7, 2021 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. Dhaval Mehta 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. Dhaval Mehta is independent of the Management and possesses appropriate skills, experience and knowledge.

A brief resume of Mr. Dhaval Mehta, 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 and Secretarial Standards on General Meetings (SS-2), issued by The Institute of Company Secretaries of India,, 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. Dhaval Mehta as an Independent Director setting out the terms and conditions is available for inspection 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. Dhaval Mehta as an Independent Director

Mr. Dhaval Mehta 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: August 14, 2019

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

Directors' Report

To the Members,

Your Directors presents their Twenty Fifth Annual Report, together with the Audited Accounts of the Company for the Financial Year ended March 31, 2019.

FINANCIAL HIGHLIGHTS:

(₹ lakhs)

| Particulars | March 31, 2019 Consolidated | March 31, 2018 Consolidated | March 31, 2019 Standalone | March 31, 2018 Standalone |
|--|--------------------------------|--------------------------------|------------------------------|------------------------------|
| Income from Operations | 8,794 | 26,588 | 883 | 3,802 |
| EBIDTA | (24,744) | (22,356) | (6,349) | (15,207) |
| Interest | (4,832) | (6,216) | (58) | (1,047) |
| Depreciation | (3,431) | (3,707) | (51) | (61) |
| Impairment | - | - | - | - |
| Exceptional Items | 6,039 | (1,733) | 6,039 | (20,368) |
| Profit / (Loss) Before Tax & Minority Interest | (26,969) | (34,012) | (419) | (36,683) |
| Minority Interest | 1,262 | 708 | - | - |
| Other Comprehensive Income Adjustment | 4 | 50 | 2 | 46 |
| Taxes | | | | |
| Current year | (145) | (131) | - | - |
| Taxes of earlier years | - | - | - | - |
| Deferred | 464 | (79) | 254 | (105) |
| Net Profit / (Loss) After Tax | (25,384) | (33,464) | (163) | (36,742) |

OPERATIONAL PERFORMANCE

During the year under review, the income from operations on a consolidated basis was ₹ 8,794 lakhs as against ₹ 26,588 lakhs in the previous year. The consolidated loss of EBIDTA was ₹ 24,744 lakhs against loss of ₹ 22,356 lakhs in the previous year. The consolidated loss before tax was ₹ 26,969 lakhs against previous year loss of ₹ 34,012 lakhs. After providing for the minority interest of ₹ 1,262 lakhs (previous year ₹ 708 lakhs); the loss after tax was ₹ 25,384 lakhs as against loss of ₹ 33,464 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 caused by suspension of work at two Middle East subsidiaries due to slow-down in Middle East economy over the last 3-4 years.

On a standalone basis, the income from operations for the year under review was ₹ 883 lakhs (₹ 3,802 lakhs in the previous year). In view of Exceptional Items of ₹ 6,039 lakhs; the Company had standalone loss of ₹ 163 lakhs (previous year loss of ₹ 36,742 lakhs) after provision of tax of ₹ 254 lakhs (previous year ₹ (105) lakhs).

The reduction in the standalone income from operations for the year under review as compared to previous year is due to complete slow-down of trading business caused by increase in competition and consequent reduction in margins.

Further, during the year under review, the Company has written-off amounts on account of non-recovery of dues from distributors and channel partners; advance to suppliers and decrease in the value of stock caused by obsolescence.

TRANSFER TO RESERVES

No amount is proposed to be transferred to the reserves during the financial year ended March 31, 2019.

BUSINESS DEVELOPMENTS AND PROSPECTS

The Company is undergoing difficult phase due to constraint of resources at Group level. During the year under review, the Company mainly focused on deleveraging of books by divestment of assets, both in India and Middle East. As the economic situation the Middle East is subdued and not likely to improve in near future, the Company is considering to sell the stake to strategic investor. Also, due to lack of resources for investment in Zicom SaaS venture, the Company is too looking for financial investor to take business forward by resolving debt of India businesses. However, due to expectation mismatch of present valuation of business and

Directors' Report

unwillingness of the Lenders to proactively settle the loans, causing delay in revival of the Group.

Once the Company succeeds in settling its Lenders, it can bounce back on the strength of brand equity, market reach and technology potency.

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 maintaining its current position.

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 2018-19.

SUBSIDIARIES AND CONSOLIDATED FINANCIAL STATEMENTS

As on March 31, 2019, 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 2018-19 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://zicom.com/img/pdf/ZESSL-Policy_on_Material_Subsidary.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

₹4,196 lakhs (previous year ₹ 4,560 lakhs) and Net Loss after Tax of ₹ 202 lakhs (previous year Net Loss after Tax ₹394 lakhs) for the financial year ended March 31, 2019.

Unisafe Fire Protection Specialists LLC, Dubai

On account of weakening of crude prices and consequential slowdown of economy in entire Middle East, performance of Unisafe Dubai has suffered a set-back. For the financial year ended March 31, 2019, Unisafe Dubai has posted Total Income of ₹ 3,670 lakhs (as compared to ₹ 14,911 lakhs in the previous year) and a Net Loss after Tax of ₹ 20,052 lakhs (as compared to Net Loss after Tax of ₹ 9,844 lakhs in the previous year).

Phoenix International WLL, Qatar

For the financial year ended March 31, 2019, Phoenix Qatar, posted Total Income of ₹ 88 lakhs (as compared to ₹ 4,527 lakhs in the previous year) and a Net Loss after Tax of ₹ 5,191 lakhs (as compared to Net Loss after Tax of ₹ 4,325 lakhs in the previous year). Due to business challenges caused by embargo on Qatar by UAE and Kingdom of Saudi Arabia, the Company has temporarily suspended its operations in Phoenix Qatar and hence no revenue has been reported by the said subsidiary.

Unisafe Fire Protection Specialists India Private Limited

During the financial year ended March 31, 2019, Unisafe India has shown ₹ Nil Total Income (previous year ₹ 0.75 lakhs) and a Net Loss after Tax of ₹ 129 lakhs (previous year Net Loss after Tax ₹317 lakhs).

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 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, 2019; 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 2018-19 (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.

Directors' Report

CHANGES IN BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Board of Directors:

During the year under review, on March 08, 2019, the Board of Directors, on the recommendation of the Nomination and Remuneration Committee, through Circular Resolution, appointed Mr. Dhaval Mehta (DIN: 07501194) 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. Mehta's appointment shall be subject to the approval of Members at the forthcoming Annual General Meeting.

During the year under review, there was change in designation of Mr. Anil Khanna from Additional Independent Director to Independent Director w.e.f. September 24, 2018.

During the year under review, the following ceased to be Directors of the Company:

1. Mr. Prabhakar Dalal (DIN: 00544948) ceased to be an Independent Director of the Company w.e.f. August 31, 2018;
2. Mrs. Sharada Sundaram (DIN: 07067040) ceased to be a Nominee Director of the Company w.e.f. September 27, 2018; and
3. Mr. Mukul Desai (DIN: 00015126) ceased to be an Independent Director of the Company w.e.f. December 11, 2018.

Further, subsequent to the year end, Ms. Tanvi Joshi (DIN: 07703593) ceased to be a Non-Executive Director of the Company w.e.f. August 14, 2019.

The Board of Directors places on record its sincere appreciation for the support and contribution made by aforementioned Directors during their tenure as Directors of the Company.

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 25th 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. 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.

On February 11, 2019, Mr. Madan Kumar Chetlur resigned from the office of Chief Financial Officer and Key Managerial Personnel of the Company. Mr. Ayalin Nadar was appointed as Chief Financial Officer and Key Managerial Personnel of the Company w.e.f. February 12, 2019.

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. Ayalin Nadar | Chief Financial Officer |
| Ms. Kunjan Trivedi | Company Secretary |

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 (including Independent 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 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 the Chairman, Managing Director and Non-Independent Directors of the Company. The same was discussed in the subsequent Board meeting, at which performance of the Board, its Committees and individual Directors was also discussed.

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 Nomination and Remuneration Policy can be accessed on the Company's website at the link: http://zicom.com/img/pdf/Nomination_and_Remuneration_Policy.pdf. The Nomination and Remuneration Policy sets the 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. The Policy sets out the guiding principles for

Directors' Report

recommending to the Board the remuneration of the Directors, Key Managerial Personnel and Senior Management of the Company.

There has been no change in the Policy during the year under review, except for its alignment with the amendment made in this regard in the Companies Act, 2013 and the Listing Regulations.

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 observations in Standalone Audit Report regarding the following:

Non-provisioning of interest on bank loans and reversal of Borrowing from Banks – 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 ₹2,794.23 lakhs on outstanding Bank loans. The Company is in advanced stage of negotiation / closure with its Lenders for One Time Settlement (OTS) of its entire dues. Therefore in the opinion of the Management, liability as reflected in the financial statement is sufficient to meet proposed OTS.

In respect of observation in Consolidated Audit Report regarding the following:

Non-provisioning of interest on bank loans and reversal of Borrowing from Banks - The Company and its Indian Subsidiary, during the year under review, has not provided for interest amounting to ₹ 2,794.23 lakhs and ₹ 1,154.92 lakhs, respectively, on its outstanding loans from Banks. Further, the Company has also reversed outstanding dues from Banks amounting to ₹ 6,038.86 lakhs as the Company is in advanced stage of negotiation / closure with the Company's and its subsidiary Lenders for One Time Settlement (OTS) of their entire dues. Therefore in the opinion of the Management, liability as reflected in the financial statements is sufficient to meet proposed OTS.

In respect of common observation in Standalone and Consolidated Audit Reports regarding the following:

1. Non-provisioning of Goodwill despite of no economic benefit – During the year under review, the Company continues to show Goodwill amounting to ₹ 909 lakhs in its Books which was on account of acquisition of a then subsidiary of the Company in 2010. Although there is no much future economic benefits expected from the said Goodwill, the Company is still exploring use of Brands acquired under said Goodwill for economic benefits of the Company.
2. Company's inability to continue as a Going Concern –

Although the accumulated losses of the Company have reached to aggregate of ₹ 36,800 lakhs resulting in erosion of its Net Worth, the Company is still actively exploring for strategic / financial investor(s) with its business infrastructure and with unbroken brand reputation; hence the accounts have been prepared on going concern basis.

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.

COST AUDITORS

For the year under review, the provisions of Section 148 of Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 relating to maintenance of cost records does not apply to your Company, as it does not fall under any class of the companies specified by the Central Government.

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 2018-19. The Secretarial Audit Report for the financial year ended March 31, 2019 is annexed herewith as Annexure B (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, 2019, 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, 2019 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

Directors' Report

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

Four 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 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 2018-19 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://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://zicom.com/img/pdf/ZESSL-WhistleBlowerPolicy.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, 2019 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

Directors' Report

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, 2019, 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 C 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 E forming part of this 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 ₹ Nil) and has spent ₹ 1 lakh (previous year ₹709 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 D 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 your Company. Our 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. HR has hired the best fresh enthusiastic and well proven experienced talent from the industry at competent compensation & benefits. It has created benchmark in the Electronic Security Industry by hiring the fresh engineering graduates through Pool Campus from Tier II

Directors' Report

and III cities like Kanpur (Uttar Pradesh), Hooghly (near Kolkata), Ratnagiri (Maharashtra), Bhopal (Madhya Pradesh).

During the year under review, the Head – Human Resources was honored with “Top 100 HR Minds in India” from world HRD congress. It started rewards and recognition for employees by appreciating their achievements to motivate employees in their deliverables.

As on March 31, 2019 the total number of, direct and indirect, employees were standing at 27.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

For the year under review, the provisions of Section 135 of Companies Act, 2013 read with the relevant Rules relating to Corporate Social Responsibility does not apply to your Company, as it does not fall under any of the criteria specified under them.

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

PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 (“POSH Act”) and Rules made thereunder, the Company has formed

Internal Complaints Committee to address complaints pertaining to sexual harassment in accordance with the POSH Act. The Company has in place Policy as per the provisions of POSH Act. During the year, no case was reported to the Committee constituted under the said Act.

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.

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: August 14, 2019

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 | 18.88 | 306.25 | (1,027.47) | 2,340.38 | 3,061.60 | Nil | 192.40 | (1,053.71) | Nil | (1,053.71) | Nil | 8.00 |
| Phoenix International WLL, Qatar | 01.06.2012 | QAR | 19.57 | 10.00 | (297.30) | 266.20 | 553.50 | Nil | 4.60 | (270.50) | Nil | (270.50) | Nil | 5.00 |
| Zicom SaaS Private Limited | 23.02.2011 | INR | 1.00 | 2,000.00 | (99.30) | 14,801.00 | 12,900.30 | Nil | 4,195.88 | (321.90) | 119.93 | (201.97) | Nil | 100.00 |
| Unisafe Fire Protection Specialists India Private Limited | 16.01.2012 | INR | 1.00 | 500.00 | (696.29) | 305.39 | 501.68 | Nil | Nil | (129.48) | Nil | (129.48) | Nil | 100.00 |
| Unisafe Fire Protection Specialists Singapore Pre. Ltd., Singapore | 15.02.2012 | USD | 69.44 | Nil | (42.94) | 206.43 | 249.37 | 169.09 | Nil | Nil | Nil | Nil | Nil | 100.00 |
| Zicom Security Projects Pre. Ltd., Singapore | 02.05.2012 | USD | 69.44 | Nil | (3.87) | 104.28 | 108.15 | 20.00 | Nil | Nil | Nil | Nil | Nil | 100.00 |

(₹ Lakhs)

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

Place : Mumbai

Date : May 28, 2019

Ayalin Nadar
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Directors' Report

Annexure 'B' to Directors' Report

Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[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-400063

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, 2019 ('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, 2019 according to the applicable provisions of:

- i) The Companies Act, 2013 (the Act) and the Rules made thereunder, as applicable;
- 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) The Foreign Exchange Management Act, 1999 and the Rules & Regulations made thereunder 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'):-
 - 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 and amendments from time to time;

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
- d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments from time to time;
- 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.

During the period under review, BSE and NSE levied fine towards delayed submission of unaudited financial results for quarter & half year ended September 30, 2018. The said fines were paid by the Company. However, NSE vide its letter dated May 23, 2019 has favourably considered the request of the Company for waiver of fine.

If further report that

- a. The Board of Directors of the Company is duly constituted with

Directors' Report

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 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. Dhaval Mehta was appointed as an Additional (Independent) Director w.e.f. March 8, 2019. Mr. Prabhakar Dalal resigned from the office of Director of the Company w.e.f. August 31, 2018. Mr. Mukul Desai resigned from the office of Director of the Company w.e.f. December 11, 2018. Mrs. Sharada Sundaram resigned from the office of Nominee Director of Financial Institutions w.e.f. September 27, 2018.
- b) Mr. Nitin Deshpande resigned as Chief Financial Officer w.e.f. May 28, 2018 and Mr. Madan Kumar Chetlur was appointed as Chief Financial Officer w.e.f. May 29, 2018.

Mr. Madan Kumar Chetlur resigned as Chief Financial Officer w.e.f. February 11, 2019 and Mr. Ayalin Nadar was appointed as Chief Financial Officer w.e.f. February 12, 2019.
- c) There was change in designation of Mr. Anil Khanna from Additional Independent Director to Independent Director w.e.f. September 24, 2018.

For Ganesh Narayan & Company
Company Secretaries

Ganesh Narayan

Proprietor

FCS: 6910/C P No: 2238

Place: Mumbai

Date: May 28, 2019

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 – 400063.

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 the 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/C P No: 2238

Place: Mumbai

Date: May 28, 2019

Directors' Report

Annexure 'C' to Directors' Report

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2019

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 | 88.33 |
| 2 | Safety Products | 47599 | 0.67 |
| 3 | Services | 80200 | 11.00 |

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, Ras Al Khor, Industrial Area 2, 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 01.04.2018] | | | | No. of Shares held at the end of the year [As on 31.03.2019] | | | | % Change during the year |
|---|--|----------|------------------|-------------------|--|----------|------------------|-------------------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A. Promoters | | | | | | | | | |
| (1) Indian | | | | | | | | | |
| a) Individual / HUF | 602,600 | 0 | 602,600 | 1.46 | 502,600 | 0 | 502,600 | 1.22 | (0.24) |
| 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. | 1,827,723 | 0 | 1,827,723 | 4.43 | 1,127,723 | 0 | 1,127,723 | 2.74 | (1.70) |
| 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) | 2,430,323 | 0 | 2,430,323 | 5.90 | 1,630,323 | 0 | 1,630,323 | 3.95 | (1.94) |
| (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) | 2,607,423 | 0 | 2,607,423 | 6.33 | 1,807,423 | 0 | 1,807,423 | 4.38 | (1.94) |

Directors' Report

| Category of Shareholders | No. of Shares held at the beginning of the year [As on 01.04.2018] | | | | No. of Shares held at the end of the year [As on 31.03.2019] | | | | % 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 | 0 | 0 | 0.00 | 0.00 |
| b) Banks / FI | 21,183,798 | 0 | 21,183,798 | 51.39 | 21,204,690 | 0 | 21,204,690 | 51.44 | (0.05) |
| 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) FIs | 0 | 100 | 100 | 0.00 | 0 | 0 | 0 | 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) | 21,392,855 | 800 | 21,393,655 | 51.90 | 21,413,747 | 0 | 21,413,747 | 51.94 | (0.05) |
| 2. Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 2,127,681 | 1,201 | 2,128,882 | 5.16 | 1,857,597 | 200 | 1,857,797 | 4.51 | (0.65) |
| ii) Overseas | 897,624 | 0 | 897,624 | 2.18 | 410,169 | 0 | 410,169 | 0.99 | (1.19) |
| b) Individuals | | | | | | | | | |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh | 9,173,205 | 107,746 | 9,280,951 | 22.51 | 9,936,002 | 78,946 | 10,014,948 | 24.29 | 1.78 |
| ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | 3,112,547 | 0 | 3,112,547 | 7.55 | 3,917,290 | 0 | 3,917,290 | 9.50 | 1.95 |
| c) Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) Others (specify) | | | | | | | | | |
| a) Non Resident Indians | 1,473,994 | 33,100 | 1,507,094 | 3.66 | 1,457,530 | 23,700 | 1,481,230 | 3.59 | (0.07) |
| b) Clearing Members | 285,864 | 0 | 285,864 | 0.69 | 266,575 | 0 | 266,575 | 0.65 | (0.04) |
| c) Trusts | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| d) NBFCs registered with RBI | 400 | 0 | 400 | 0.00 | 400 | 0 | 400 | 0.00 | 0.00 |
| e) IEPF | 9,701 | 0 | 9,701 | 0.02 | 54,562 | 0 | 54,562 | 0.13 | 0.11 |
| Sub-total (B)(2) | 17,081,016 | 142,047 | 17,223,063 | 41.78 | 17,900,125 | 102,846 | 18,002,971 | 43.67 | 1.89 |
| Total Public Shareholding (B)=(B)(1) + (B)(2) | 38,473,871 | 142,847 | 38,616,718 | 93.68 | 39,313,872 | 102,846 | 39,416,718 | 95.62 | 1.94 |
| 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) | 41,081,294 | 142,847 | 41,224,141 | 100.00 | 41,121,295 | 102,846 | 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 01.04.2018] | | | Shareholding at the end of the year [As on 31.03.2019] | | | % 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 | 100,000 | 0.24 | 0.24 | 0 | 0.00 | 0.00 | (0.24) |
| 2 | Pramoud Vinayak Rao | 498,600 | 1.21 | 1.21 | 498,600 | 1.21 | 1.03 | 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 | 935,652 | 2.27 | 2.27 | 235,652 | 0.57 | 0.00 | (1.70) |
| 5 | Coronet Properties & Investments Private Limited | 886,286 | 2.15 | 2.15 | 886,286 | 2.15 | 1.21 | 0.00 |
| 6 | Progressive Equifin Private Limited | 5,264 | 0.01 | 0.00 | 5,264 | 0.01 | 0.00 | 0.00 |
| 7 | Success Equifin Private Limited | 521 | 0.00 | 0.00 | 521 | 0.00 | 0.00 | 0.00 |
| 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 01.04.2018] / End of the year [As on 31.03.2019] | | Date | Increase / Decrease in shareholding | Reason | Cumulative Shareholding during the year [01.04.2018 to 31.03.2019] | |
|---------|---------------------|---|----------------------------------|-------------|-------------------------------------|-----------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1. | Manohar G. Bidaye | 100,000 | 0.24 | 1-Apr-2018 | | | | |
| | | | | 7-Dec-2018 | (100,000) | Invocation of encumbrance | 0 | 0.00 |
| | | 0 | 0.00 | 31-Mar-2019 | | | 0 | 0.00 |
| 2. | Pramoud Vinayak Rao | 498,600 | 1.21 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 498,600 | 1.21 | 31-Mar-2019 | | | 498,600 | 1.21 |
| 3. | Gauri Rao | 4,000 | 0.01 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 4,000 | 0.01 | 31-Mar-2019 | | | 4,000 | 0.01 |

Directors' Report

| Sl. No. | Name of Promoter | Shareholding at the beginning of the year [As on 01.04.2018] / End of the year [As on 31.03.2019] | | Date | Increase / Decrease in shareholding | Reason | Cumulative Shareholding during the year [01.04.2018 to 31.03.2019] | |
|---------|--|---|----------------------------------|-------------|-------------------------------------|-----------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 4. | Baronet Properties & Investments Private | 935,652 | 2.27 | 1-Apr-2018 | | | | |
| | | | | 11-Apr-2018 | (13,070) | Sale | 922,582 | 2.24 |
| | | | | 12-Apr-2018 | (8,930) | Sale | 913,652 | 2.22 |
| | | | | 13-Apr-2018 | (12,000) | Sale | 901,652 | 2.19 |
| | | | | 16-Apr-2018 | (12,000) | Sale | 889,652 | 2.16 |
| | | | | 17-Apr-2018 | (7,500) | Sale | 882,152 | 2.14 |
| | | | | 18-Apr-2018 | (15,000) | Sale | 867,152 | 2.10 |
| | | | | 19-Apr-2018 | (10,000) | Sale | 857,152 | 2.08 |
| | | | | 20-Apr-2018 | (7,790) | Sale | 849,362 | 2.06 |
| | | | | 23-Apr-2018 | (10,000) | Sale | 839,362 | 2.04 |
| | | | | 24-Apr-2018 | (15,000) | Sale | 824,362 | 2.00 |
| | | | | 25-Apr-2018 | (10,098) | Sale | 814,264 | 1.97 |
| | | | | 26-Apr-2018 | (10,000) | Sale | 804,264 | 1.95 |
| | | | | 27-Apr-2018 | (10,000) | Sale | 794,264 | 1.93 |
| | | | | 30-Apr-2018 | (11,000) | Sale | 783,264 | 1.90 |
| | | | | 2-May-2018 | (12,000) | Sale | 771,264 | 1.87 |
| | | | | 3-May-2018 | (15,485) | Sale | 755,779 | 1.83 |
| | | | | 4-May-2018 | (10,000) | Sale | 745,779 | 1.81 |
| | | | | 7-May-2018 | (10,127) | Sale | 735,652 | 1.78 |
| | | | | 4-Sep-2018 | (500,000) | Invocation of encumbrance | 235,652 | 0.57 |
| | | 235,652 | 0.57 | 31-Mar-2019 | | | 235,652 | 0.57 |
| 5. | Coronet Properties & Investments Private Limited | 886,286 | 2.15 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 886,286 | 2.15 | 31-Mar-2019 | | | 886,286 | 2.15 |
| 6. | Progressive Equifin Private Limited | 5,264 | 0.01 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 5,264 | 0.01 | 31-Mar-2019 | | | 5,264 | 0.01 |
| 7. | Success Equifin Private Limited | 521 | 0.00 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 521 | 0.00 | 31-Mar-2019 | | | 521 | 0.00 |
| 8. | Laxmi Harish Nayak | 102,000 | 0.25 | 01-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 102,000 | 0.25 | 31-Mar-2019 | | | 102,000 | 0.25 |
| 9. | Harish Nayak | 75,100 | 0.18 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 75,100 | 0.18 | 31-Mar-2019 | | | 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 01.04.2018] / End of the year [As on 31.03.2019] | | Date | Increase / Decrease in shareholding | Reason | Cumulative Shareholding during the year [01.04.2018 to 31.03.2019] | |
|---------|--|---|----------------------------------|-------------|-------------------------------------|-----------------------------|--|----------------------------------|
| | | 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-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 6,446,723 | 15.64 | 31-Mar-2019 | | | 6,446,723 | 15.64 |
| 2. | IDBI Bank Limited | 8,773,111 | 21.28 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 8,773,111 | 21.28 | 31-Mar-2019 | | | 8,773,111 | 21.28 |
| 3. | Union Bank of India | 3,258,475 | 7.90 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 3,258,475 | 7.90 | 31-Mar-2019 | | | 3,258,475 | 7.90 |
| 4. | Central Bank of India | 1,883,327 | 4.57 | 1-Apr-2018 | | Invocation of encumbrance | | |
| | | | | 4-Sep-2018 | 500,000 | | 2,383,327 | 5.78 |
| | | | | 7-Sep-2018 | (80,107) | | 2,303,220 | 5.59 |
| | | | | 14-Sep-2018 | (15,190) | | 2,288,030 | 5.55 |
| | | | | 21-Sep-2018 | (184,469) | | 2,103,561 | 5.10 |
| | | | | 22-Feb-2019 | (73,470) | | 2,030,091 | 4.92 |
| | | | | 1-Mar-2019 | (12,486) | | 2,017,605 | 4.89 |
| | | 2,017,605 | 4.89 | 31-Mar-2019 | | | 2,017,605 | 4.89 |
| 5. | Aark Singapore Pte. Ltd. | 673,796 | 1.63 | 1-Apr-2018 | | | | |
| | | | | 25-Jan-2019 | (5,000) | Sale | 668,796 | 1.62 |
| | | | | 15-Mar-2019 | (229,189) | Sale | 439,607 | 1.07 |
| | | | | 22-Mar-2019 | (137,385) | Sale | 302,222 | 0.73 |
| | | | | 29-Mar-2019 | (115,881) | Sale | 186,341 | 0.45 |
| | | 186,341 | 0.45 | 31-Mar-2019 | | | 186,341 | 0.45 |
| 6. | Atim Kabra | 1,040,850 | 2.52 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 1,040,850 | 2.52 | 31-Mar-2019 | | | 1,040,850 | 2.52 |
| 7. | Allahabad Bank | 662,676 | 1.61 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 662,676 | 1.61 | 31-Mar-2019 | | | 662,676 | 1.61 |
| 8. | Bennett, Coleman and Company Limited | 500,000 | 1.21 | 1-Apr-2018 | | | | |
| | | | | 22-Mar-2019 | (3,700) | Sale | 496,300 | 1.20 |
| | | | | 29-Mar-2019 | (5,000) | Sale | 491,300 | 1.19 |
| | | 491,300 | 1.19 | 31-Mar-2019 | | | 491,300 | 1.19 |
| 9. | Frontline Strategy Limited | 223,828 | 0.54 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 223,828 | 0.54 | 31-Mar-2019 | | | 223,828 | 0.54 |
| 10. | General Insurance Corporation of India | 209,057 | 0.51 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 209,057 | 0.51 | 31-Mar-2019 | | | 209,057 | 0.51 |

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

Directors' Report

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 01.04.2018] / End of the year [As on 31.03.2019] | | Date | Increase / Decrease in shareholding | Reason | Cumulative Shareholding during the year [01.04.2018 to 31.03.2019] | |
|---------|--|---|----------------------------------|-------------|-------------------------------------|-----------------------------|--|----------------------------------|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 1. | Manohar Bidaye Chairman | 100,000 | 0.24 | 1-Apr-2018 | | | | |
| | | | | 7-Dec-2018 | (100,000) | Invocation of encumbrance | 0 | 0.00 |
| | | 0 | 0.00 | 31-Mar-2019 | | | 0 | 0.00 |
| 2. | Pramoud Rao Managing Director | 498,600 | 1.21 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 498,600 | 1.21 | 31-Mar-2019 | | | 498,600 | 1.21 |
| 3. | K.D. Hodavdekar Independent Director | 0 | 0.00 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 0 | 0.00 | 31-Mar-2019 | | | 0 | 0.00 |
| 4. | Anil Khanna Independent Director | 0 | 0.00 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 0 | 0.00 | 31-Mar-2019 | | | 0 | 0.00 |
| 5. | Tanvi Joshi Non-Executive Director (resigned w.e.f. August 14, 2019) | 0 | 0.00 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 0 | 0.00 | 31-Mar-2019 | | | 0 | 0.00 |
| 6. | Dhaval Mehta Independent Director (Additional) (appointed w.e.f. March 8, 2019) | 0 | 0.00 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 0 | 0.00 | 31-Mar-2019 | | | 0 | 0.00 |
| 7. | Prabhakar Dalal Independent Director (resigned w.e.f. August 31, 2018) | 0 | 0.00 | 1-Apr-2018 | 0 | No movement during the year | | |
| | | | | | | | | |
| | | 0 | 0.00 | 31-Mar-2019 | | | 0 | 0.00 |
| 8. | Sharada Sundaram Nominee Director (resigned w.e.f. September 27, 2018) | 0 | 0.00 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 0 | 0.00 | 31-Mar-2019 | | | 0 | 0.00 |
| 9. | Mukul Desai Independent Director (resigned w.e.f. December 11, 2018) | 0 | 0.00 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 0 | 0.00 | 31-Mar-2019 | | | 0 | 0.00 |
| 10. | Kunjan Trivedi Company Secretary | 0 | 0.00 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 0 | 0.00 | 31-Mar-2019 | | | 0 | 0.00 |
| 11. | Ayalin Nadar Chief Financial Officer (appointed w.e.f. February 12, 2019) | 0 | 0.00 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 0 | 0.00 | 31-Mar-2019 | | | 0 | 0.00 |

Directors' Report

| Sl. No. | Name of Director/ Key Managerial Personnel | Shareholding at the beginning of the year [As on 01.04.2018] / End of the year [As on 31.03.2019] | | Date | Increase / Decrease in shareholding | Reason | Cumulative Shareholding during the year [01.04.2018 to 31.03.2019] | |
|---------|---|---|--|-------------|---|--------------------------------------|--|--|
| | | No. of shares | % of total shares of the Company | | | | No. of shares | % of total shares of the Company |
| 12. | Madan Kumar Chetlur Chief Financial Officer (appointed w.e.f May 29, 2018) (resigned w.e.f. February 11, 2019) | 0 | 0.00 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 0 | 0.00 | 31-Mar-2019 | | | 0 | 0.00 |
| 13. | Nitin Deshpande Chief Financial Officer (resigned w.e.f. May 28, 2018) | 0 | 0.00 | 1-Apr-2018 | | No movement during the year | | |
| | | | | | 0 | | | |
| | | 0 | 0.00 | 31-Mar-2019 | | | 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 | 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 |
| Change in Indebtedness during the financial year | | | | |
| • Addition | NIL | NIL | NIL | NIL |
| • Reduction* | 6,264.97 | NIL | NIL | 6,264.97 |
| Net Change | 6,264.97 | NIL | NIL | 6,264.97 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 12,669.00 | NIL | NIL | 12,669.00 |
| ii) Interest due but not paid | NIL | NIL | NIL | NIL |
| iii) Interest accrued but not due | NIL | NIL | NIL | NIL |
| Total (i+ii+iii) | 12,669.00 | NIL | NIL | 12,669.00 |

* The Company, during the year under review, has not provided for interest amounting to ₹ 2,794.23 lakhs on its outstanding loans from Banks. Further, the Company has also reversed outstanding dues from Banks amounting to ₹ 6,038.86 lakhs as the Company is in advanced stage of negotiation / closure with its Lenders for One Time Settlement (OTS) of its entire dues. Therefore in the opinion of the management, liability as reflected in the financial statement is sufficient to meet proposed OTS.

Directors' Report

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 Lakhs (As per Schedule V Part II Section II, Table A) | | |

B. Remuneration to other Directors:

(₹ Lakhs)

[illegible]

Directors' Report

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 (Ayalin Nadar)* (appointed w.e.f. February 12, 2019) | Chief Financial Officer (Madan Kumar Chetlur)* (appointed w.e.f. May 29, 2018) (resigned w.e.f. February 11, 2019) | Chief Financial Officer (Nitin Deshpande)* (resigned w.e.f. May 28, 2018) | |
| 1. | Gross salary | | | | | | |
| | a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Not Applicable | 11.63 | 2.38 | 2.38 | 3.98 | 20.37 |
| | 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 | | 11.63 | 2.38 | 2.38 | 3.98 | 20.37 |

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

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 'D' 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>1:7</td></tr><tr><td>Mr. K. D. Hodavdekar</td><td>--</td></tr><tr><td>Mr. Anil Khanna</td><td>--</td></tr><tr><td>Ms. Tanvi Joshi</td><td>--</td></tr><tr><td>(resigned w.e.f. August 14, 2019)</td><td></td></tr><tr><td>Mr. Dhaval Mehta</td><td></td></tr><tr><td>(appointed w.e.f. March 8, 2019)</td><td>--</td></tr><tr><td>Mr. Prabhakar Dalal</td><td></td></tr><tr><td>(resigned w.e.f. August 31, 2018)</td><td>--</td></tr><tr><td>Mrs. Sharada Sundaram</td><td></td></tr><tr><td>(resigned w.e.f. September 27, 2018)</td><td>--</td></tr><tr><td>Mr. Mukul Desai</td><td></td></tr><tr><td>(resigned w.e.f. December 11, 2018)</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 | 1:7 | Mr. K. D. Hodavdekar | -- | Mr. Anil Khanna | -- | Ms. Tanvi Joshi | -- | (resigned w.e.f. August 14, 2019) | | Mr. Dhaval Mehta | | (appointed w.e.f. March 8, 2019) | -- | Mr. Prabhakar Dalal | | (resigned w.e.f. August 31, 2018) | -- | Mrs. Sharada Sundaram | | (resigned w.e.f. September 27, 2018) | -- | Mr. Mukul Desai | | (resigned w.e.f. December 11, 2018) | -- | Note: In computation of above ratio sitting fees paid to Directors is excluded. | |
| Name of Director | Ratio | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr. Manohar Bidaye | -- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr. Pramoud Rao | 1:7 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr. K. D. Hodavdekar | -- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr. Anil Khanna | -- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ms. Tanvi Joshi | -- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (resigned w.e.f. August 14, 2019) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr. Dhaval Mehta | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (appointed w.e.f. March 8, 2019) | -- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr. Prabhakar Dalal | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (resigned w.e.f. August 31, 2018) | -- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mrs. Sharada Sundaram | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (resigned w.e.f. September 27, 2018) | -- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mr. Mukul Desai | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (resigned w.e.f. December 11, 2018) | -- | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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. | 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. During the FY 2018-19, there was no increase in remuneration to Mr. Pramoud Rao, Managing Director and Ms. Kunjan Trivedi, Company Secretary. Mr. Madan Kumar Chetlur, Chief Financial Officer, was appointed w.e.f. May 29, 2018 and resigned w.e.f. February 11, 2019. Mr. Ayalin Nadar, Chief Financial Officer, was appointed w.e.f. February 12, 2019. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3 | The percentage increase in the median remuneration of employees in the financial year. | Nil | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | The number of permanent employees on the rolls of the Company. | 27 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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. | During the F.Y. 2018-19, there has been no increase in the salaries of employees including managerial personnel. Therefore, the average percentile increase in the salaries of employees other than managerial personnel is Nil in 2018-19. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Corporate Governance Report

Annexure 'E' to the Director's 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 eight Directors on the Board comprising of four Independent, one Non-Executive Non-Independent being a woman Director, one Nominee 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) Mr. Prabhakar Dalal (DIN: 00544948), an Independent Director, resigned effective from August 31, 2018;
- (b) Mrs. Sharada Sundaram (DIN: 07067040), a Nominee Director, resigned effective from September 27, 2018;
- (c) Mr. Mukul Desai (DIN: 00015126), an Independent Director, resigned effective from December 11, 2018; and
- (d) Mr. Dhaval Mehta (DIN: 07501194), an Additional Director, in the capacity of an Independent Director, joined the Board effective from March 8, 2019

As a result of the aforesaid changes, at the end of the year i.e. on March 31, 2019, your Board comprised of six Directors with three Independent, one Non-Executive Non-Independent being a woman 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 no Nominee Director on the Board of the Company.

Subsequent to year end, Ms. Tanvi Joshi (DIN: 07703593), Non-Executive Non-Independent Director, resigned from the Directorship of the Company effective from August 14, 2019.

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. K. D. Hodavdekar | Independent |
| Mr. Anil Khanna | Independent |
| Mr. Dhaval Mehta (appointed w.e.f. March 8, 2019) | Independent |
| Mr. Prabhakar Dalal (resigned w.e.f. August 31, 2018) | Independent |
| Mrs. Sharada Sundaram (resigned w.e.f. September 27, 2018) | Nominee Director |
| Mr. Mukul Desai (resigned w.e.f. December 11, 2018) | Independent |
| Ms. Tanvi Joshi (resigned w.e.f. August 14, 2019) | Non-Executive Non 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

Corporate Governance Report

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. three Independent Directors out of the total six Directors on the Board as on March 31, 2019.

C) Independent Directors' Meeting

In accordance with Schedule IV of Companies Act, 2013 and Regulation 25 of the Listing Regulations, during the year under review, the Independent Directors met on March 7, 2019, 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://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 has willingly opted for non-receipt of sitting fees during the year under review.

During the year under review,

- a) Mr. Prabhakar Dalal, Independent Director, resigned from the Directorship of the Company effective from August 31, 2018;
- b) Mrs. Sharada Sundaram, Nominee Director, resigned from the Directorship of the Company effective from September 27, 2018;
- c) Mr. Mukul Desai, Independent Director, resigned from the Directorship of the Company effective from December 11, 2018.

Subsequent to year end, Ms. Tanvi Joshi, Non-Executive Director, resigned from the Directorship of the Company effective from August 14, 2019.

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 four occasions, i.e. on May 29, 2018; August 14, 2018; November 14, 2018 (original meeting); November 15, 2018 (adjourned meeting due to want of information) and February 12, 2019. 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.

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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 | Category of Directorship and Name of the other listed company (s) as on March 31, 2019 | Particulars of other Directorship [Ⓐ] , Committee Chairpersonship / Membership [Ⓐ] | | | Attendance | | |
|---|--|--|-----------------------------------|---------------------------|---------------|-------------------------|----------|
| | | Directorship | Committee Membership [Ⓐ] | Committee Chairpersonship | Board Meeting | Audit Committee Meeting | Last AGM |
| Mr. Manohar Bidaye | N.A. | 3 | 3 | 1 | 4 | 4 | Yes |
| Mr. Pramoud Rao | N.A. | 3 | 1 | - | 4 | N.A. | Yes |
| Mr. K. D. Hodavdekar | Alok Industries Limited – Independent Director | 3 | 3 | - | 4 | 4 | Yes |
| Mr. Anil Khanna | Mercator Limited – Independent Director | 4 | 4 | 1 | 3 | 3 | Yes |
| Mr. Dhaval Mehta (appointed w.e.f. March 8, 2019) | N.A. | 1 | - | - | N.A. | N.A. | N.A. |
| Mr. Prabhakar Dalal * (resigned w.e.f. August 31, 2018) | Ajanta Pharma – Independent Director | 4 | 3 | 2 | 2 | N.A. | N.A. |
| Mrs. Sharada Sundaram * (resigned w.e.f. September 27, 2018) | N.A. | 1 | - | - | 1 | N.A. | No |
| Mr. Mukul Desai * (resigned w.e.f. December 11, 2018) | Ecoplast Limited – Independent Director | 4 | 5 | 4 | 2 | 2 | Yes |
| Ms. Tanvi Joshi * (resigned w.e.f. August 14, 2019) | N.A. | 1 | - | - | 1 | N.A. | No. |

* The details of Category of Directorship, Directorship and Memberships (including Chairmanships) are as on the date of cessation.

- Ⓐ 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 Fifth 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 March 8, 2019, Mr. Dhaval Mehta (DIN: 07501194) 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. Mehta as an Independent Director not liable to retire by rotation, for a term upto March 7, 2021, 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:

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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. Dhaval Mehta |
| Father's Name | Late Shri Gopal Bidaye | Laxmikant Jadhavji Mehta |
| Date of Birth | November 11, 1963 | October 11, 1964 |
| Age | 55 years | 54 years |
| Date of first appointment on the Board | December 1, 1994 | March 8, 2019 |
| Directors Identification Number | 00010699 | 07501194 |
| Nationality | Indian | Indian |
| Experience (including expertise in specific functional areas) | Over 30 year of experience in Corporate Planning, Corporate Law, Finance, Taxation and other related areas | Over 34 years of experience as an Advertising Professional. Worked with various sectors from Agriculture, FMCG, Fashion, Real Estate to Services; core strengths include Brand building, BTL Promotions, Direct Marketing, Exhibitions, etc. |
| Qualification | M.Com, LL.B.(Gen.), Company Secretary | B.Com; Diploma in Transport Management; Diploma in Marketing Management |
| 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 24, 2018 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. Dhaval Mehta is proposed to be appointed as an Independent Director. |
| Remuneration last drawn | Not Applicable However, during the year under review, Mr. Manohar Bidaye has willingly opted for non-receipt of sitting fees. | Not Applicable |
| Remuneration proposed to be paid | No remuneration, except for sitting fees. | No remuneration, except for sitting fees. |
| Number of Directorships in other companies | 11 | Nil |
| 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 | Not Applicable |

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| | | |
|--|---|--|
| 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. | Not Applicable |
| Number of shares held in the Company | Nil | 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 (2018-19) | 4 | Nil |

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, 2019. 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 (3) Non-Executive Directors, all of them being financially literate and having accounts and financial management knowledge. Majority i.e. two-thirds of the Audit Committee Members are Independent. Mr. Anil Khanna, Chairman of the Audit Committee, is in practice as a Chartered Accountant since 1991 with specialization in business management and statutory compliance services, joint ventures, auditing, International taxation, etc. 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 24th Annual General Meeting held on September 24, 2018.

During the year under review, the Board of your Company, through Circular Resolution dated May 14, 2018, appointed Mr. Anil Khanna, Independent Director, as a Member of Audit Committee from even date. However, with the resignation of Mr. Mukul Desai as an Independent Director effective December 11, 2018; he also ceased to be Chairman of the Committee effective even date. Mr. Anil Khanna, Independent Director, was elected as Chairman of the Committee effective January 3, 2019 by the Board of your Company through Circular Resolution of even date.

The Members of the Audit Committee are as follows:

| Name of Committee Member | Designation in Committee |
|---|---------------------------------|
| Mr. Anil Khanna (appointed w.e.f. May 14, 2018) (elected Chairman w.e.f. January 3, 2019) | Chairman (Independent) |
| Mr. Manohar Bidaye | Member Non-Executive (Promoter) |
| Mr. K. D. Hodavdekar | Member (Independent) |
| Mr. Mukul Desai (Resigned w.e.f. December 11, 2018) | Chairman (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

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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 29, 2018; August 14, 2018; November 14, 2018; and February 12, 2019. 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 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. Reviewing the utilization of loans and / or advances from / investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments.
- xxi. 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

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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 was reconstituted and comprised of the following Directors as detailed below:

| Name of Committee Member | Designation in Committee |
|---|----------------------------------|
| Mr. K. D. Hodavdekar (elected Chairman w.e.f. January 3, 2019) | Chairman (Independent) |
| Mr. Manohar Bidaye (appointed w.e.f. September 12, 2018) | Member, Non-Executive (Promoter) |
| Mr. Anil Khanna (appointed w.e.f. January 3, 2019) | Member (Independent) |
| Mr. Mukul Desai (resigned w.e.f. December 11, 2018) | Chairman (Independent) |
| Mr. Prabhakar Dalal (resigned w.e.f. August 31, 2018) | Member (Independent) |

During the year under review, with the resignation of Mr. Mukul Desai as an Independent Director effective December 11, 2018; he also ceased to be Chairman of the Committee effective even date. Mr. K. D. Hodavdekar was elected as Chairman of the Committee effective January 3, 2019 by the Board of your Company through Circular Resolution of even date.

Further, during the year under review: a) Mr. Prabhakar Dalal, Independent Director ceased to be a Member of the Committee effective August 31, 2018; b) Mr. Manohar Bidaye, Non-Executive (Promoter), was appointed as Member of the Committee effective September 12, 2018 by the Board of your Company through Circular Resolution of even date; and c) Mr. Anil Khanna, Independent Director, was appointed as Member of the Committee effective January 3, 2019 by the Board of your Company through Circular Resolution of even date.

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 recommend to the Board, all remuneration, in whatever form, payable to senior management.
- 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 May 28, 2018; February 11, 2019 and March 7, 2019. The necessary quorum was present for all the Meetings. The Chairman of the Committee was present at the 24th Annual General Meeting held on September 24, 2018. The attendance of each Member at the said Meetings is stated below:

| Name of Committee Member | No. of Meetings attended |
|---|--------------------------|
| Mr. K. D. Hodavdekar (elected Chairman w.e.f. January 3, 2019) | 3 |
| Mr. Manohar Bidaye (appointed w.e.f. September 12, 2018) | 2 |
| Mr. Anil Khanna (appointed w.e.f. January 3, 2019) | 2 |
| Mr. Mukul Desai (resigned w.e.f. December 11, 2018) | 1 |
| Mr. Prabhakar Dalal (resigned w.e.f. August 31, 2018) | 1 |

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;

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- (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) 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 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 2018-19 is as under: | |
| | (₹ lakhs) | |
| | 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 2018-19. | |
| 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). | |

Corporate Governance Report

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:

| Name of Non-Executive Directors | Sitting fees (in ₹) |
|---|---------------------|
| Mr. K. D. Hodavdekar | 124,500 |
| Mr. Anil Khanna | 95,000 |
| Ms. Tanvi Joshi (resigned w.e.f. August 14, 2019) | 15,000 |
| Mr. Dhaval Mehta (appointed w.e.f. March 8, 2019) | 0 |
| Mr. Prabhakar Dalal (resigned w.e.f. August 31, 2018) | 32,500 |
| Mrs. Sharada Sundaram (resigned w.e.f. September 27, 2018) | 15,000 |
| Mr. Mukul Desai (resigned w.e.f. December 11, 2018) | 53,000 |
| Total | 335,000 |

- No Non-Executive Director has any material pecuniary relationship or transactions with the Company.
- Mr. Manohar Bidaye, Promoter and Non-Executive Director, does not hold any Equity Shares as an individual. However, Mr. Manohar Bidaye is Director / Shareholder in four private companies who are holding shares in the Company as per details given below:

| Sr. No. | Name of the Company | No. of Shares held | % of shareholding |
|---------|--|--------------------|-------------------|
| 1. | Baronet Properties and Investments Private Limited | 235,652 | 0.57 |
| 2. | Coronet Properties and Investments Private Limited | 886,286 | 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 7, 2019 evaluated the performance of individual Directors of the Board.

The Independent Directors at their meeting held on March 7, 2019, 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 28, 2019, 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: During the year under review, the Stakeholders' Relationship Committee was reconstituted and comprised of the following Directors as detailed below:

| Name of Committee Member | Designation in Committee |
|--|-----------------------------------|
| Mr. Manohar Bidaye | Chairman (Non-Executive Promoter) |
| Mr. Pramoud Rao | Member (Executive Promoter) |
| Mr. K. D. Hodavdekar (appointed w.e.f. January 3, 2019) | Member (Independent) |
| Mr. Mukul Desai (resigned w.e.f. December 11, 2018) | Member (Independent) |

During the year under review, with the resignation of Mr. Mukul Desai as an Independent Director effective December 11, 2018; he also ceased to be Member of the Committee effective even date. Further, during the year under review, the Board of your Company through Circular Resolution dated January 3, 2019, appointed Mr. K. D. Hodavdekar, Independent Director, as a Member of Stakeholders' Relationship Committee from even date.

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.

Corporate Governance Report

- ii) To look into and redress Shareholders / investors grievances relating to:
 - a) Transfer of shares;
 - b) Non-receipt of declared dividends;
 - c) Non-receipt of annual reports;
 - d) All such complaints directly concerning the Shareholders / investors as stakeholders of the Company; and
 - e) Any such matters that may be considered necessary in relation to Shareholders and investors of the Company.
- iii) To review measures taken for effective exercise of voting rights by shareholders.
- iv) To oversee the performance of the Company's Registrar and Transfer Agents.
- v) To monitor implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading.
- vi) To review measures taken for effective exercise of voting rights by shareholders.
- vii) To review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- viii) To review the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants / annual reports / statutory notices by the shareholders of the Company.
- ix) 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.

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 2018-19, the Committee met 11 times. The attendance of each Member at the said Meetings is stated below:

| Name of Committee Member | No. of Meetings attended |
|---|--------------------------|
| Mr. Manohar Bidaye | 11 |
| Mr. Pramoud Rao | 11 |
| Mr. K.D. Hodavdekar (appointed w.e.f. January 3, 2019) | 3 |
| Mr. Mukul Desai (resigned w.e.f. December 11, 2018) | 7 |

The Chairman of the Committee was present at the last Annual General Meeting held on September 24, 2018.

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 days, except in case of dispute over facts or other impediments. During the year, the Company received no complaints from the shareholders. As a result there were no pending complaints as on March 31, 2019.

As during the year under review, no complaints were received; the requirement of giving details of unresolved complaints does not apply.

d) Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee was constituted. For the year under review, the provisions of Section 135 of Companies Act, 2013 read with the relevant Rules relating to Corporate Social Responsibility does not apply to the Company, as it does not fall under any of the criteria specified under them.

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:

- i) 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;
- ii) To recommend the amount of expenditure to be incurred on the CSR activities; and
- iii) 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 May 29, 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 and Mr. K.D. Hodavdekar, Members

The Committee did not meet during the year under review.

ii) Managing Committee:

The Managing Committee comprises of the following Directors:

Corporate Governance Report

Mr. Manohar Bidaye, Chairman; Mr. Pramoud Rao and Mr. K.D. Hodavdekar, Members

The Committee did not meet during the year under review.

SUBSIDIARY COMPANIES

As on March 31, 2019, 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 | 3 |
| 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 ten 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, if any, 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://zicom.com/img/pdf/ZESSL_Policy_on_Material_Subsiidiary.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.

INVESTORS INFORMATION

GENERAL BODY MEETINGS

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

| Respective Financial Year | 2017-18 | 2016-17 | 2015-16 |
|--|---|---|--|
| Date of Meeting | September 24, 2018 | September 21, 2017 | September 29, 2016 |
| Time of Meeting | 3.30 p.m. | 3.30 p.m. | 10.30 a.m. |
| Place of Meeting | Hotel Suba Galaxy, N. S. Phadke Road, Off Western Express Highway, Andheri (E), Mumbai 400069. | Residency Hotel, Suren Road, Andheri Kurla Road, Opp. Cine Magic, Near Magic Bricks W.E. Highway Metro Station, Andheri (E), Mumbai 400 093 | M.I.G. Cricket Club, M.I.G. Colony, Bandra (East), Mumbai 400 051. |
| Items of Special Resolution passed at each Meeting | <ul style="list-style-type: none"> To appoint Mr. Anil Khanna as an Independent Director of the Company. | <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 |

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Details of Special Resolution passed through Postal Ballot:

During the year under review, no Postal Ballot was conducted.

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

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.

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://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://zicom.com/img/pdf/ZESSL-WhistleBlowerPolicy.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.

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(ii) Shareholders' Right :

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

(iii) Modified Audit Report:

The Company is in the process of moving towards a regime of financial statements with unmodified audit opinion.

(iv) Reporting of Internal Auditor:

The Internal Auditor directly reports to the Audit Committee.

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, preferential issue or qualified institutional placement.
9. Total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to Statutory Auditors of the Company and other firms in the network entity of which the Statutory Auditors are a part, during the year ended March 31, 2019, is as follows:

(₹ Lakhs)

| Particulars | S M P & Associates and their network entities |
|-------------------------------------|--|
| Fees for audit and related services | 18.80 |
| Other fees | Nil |
| Total | 18.80 |

10. As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ("POSH Act") and Rules made thereunder, the Company has formed Internal Complaints Committee to address complaints pertaining to sexual harassment in accordance with the POSH Act. The Company has in place Policy as per the provisions of POSH Act. During the year, no case was reported to the Committee constituted under the said Act.

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 28, 2019.

NO DISQUALIFICATION CERTIFICATE FROM COMPANY SECRETARY IN PRACTICE

Certificate from Ganesh Narayan & Company, Practising Company Secretary, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority, as stipulated under Regulation 34 of the Listing Regulations, is attached to this Report.

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 filed electronically on the Listing Centre.

SEBI Complaint Redress System (SCORES): The investor complaints are processed at SEBI 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

Corporate Governance Report

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.

GENERAL SHAREHOLDERS' INFORMATION

| | | |
|-------|--|--|
| i. | 25th Annual General Meeting | |
| | Venue | 501, Silver Metropolis, Western Express Highway, Goregaon (East), Mumbai 400063 |
| | Time | 3.30 p.m. |
| | Day | Monday |
| | Date | September 30, 2019 |
| ii. | Financial Calendar (tentative) | |
| | Audited Annual Results of previous year ended March 31, 2019 | End of May 2019 |
| | 1 st quarter results for quarter ending June 2019 | Second week of August 2019 |
| | 2 nd quarter results for quarter ending September 2019 | Second week of November 2019 |
| | 3 rd quarter results for quarter ending December 2019 | Second week of February 2020 |
| | Last quarter results for quarter ending March 2020 | End of May 2020 |
| iii. | Financial year | April 1, 2019 to March 31, 2020 |
| iv. | Book closure dates | Not Applicable |
| v. | Dividend payment / dispatch date for Financial Year 2018-19 | 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 2018-19 to BSE Limited (BSE) and is in the process of paying to National Stock Exchange of India Limited (NSE).

ii) The Company has paid the annual custodial fees for the Financial Year 2018-19 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Corporate Governance Report

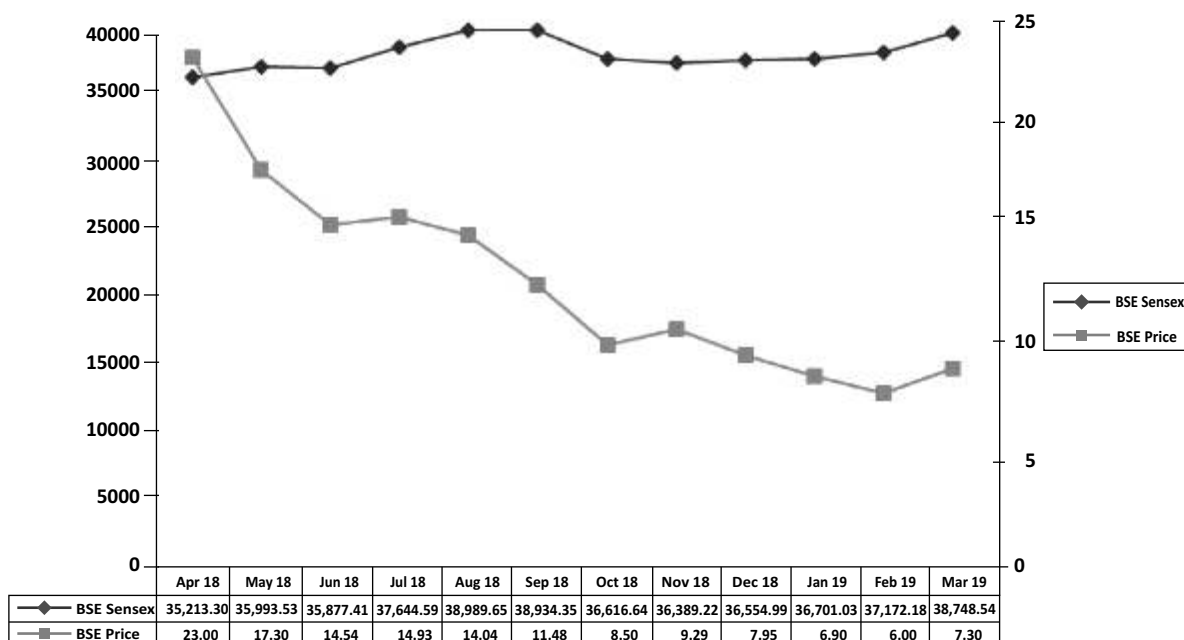
x. MARKET PRICE DATA for the Financial Year 2018-19

| Month | BSE | | | NSE | | |
|----------------|-------------|---------|----------------------|-------------|---------|----------------------|
| | Share Price | | No. of Shares Traded | Share Price | | No. of Shares Traded |
| | High (₹) | Low (₹) | | High (₹) | Low (₹) | |
| April 2018 | 23.00 | 15.30 | 1,234,332 | 22.45 | 15.15 | 4,169,384 |
| May 2018 | 17.30 | 13.55 | 196,220 | 17.20 | 13.50 | 826,453 |
| June 2018 | 14.54 | 10.05 | 163,637 | 14.40 | 10.80 | 683,927 |
| July 2018 | 14.93 | 9.30 | 582,730 | 14.70 | 10.15 | 3,264,535 |
| August 2018 | 14.04 | 11.10 | 155,760 | 14.00 | 11.05 | 966,940 |
| September 2018 | 11.48 | 7.00 | 173,547 | 11.45 | 7.20 | 933,318 |
| October 2018 | 8.50 | 6.40 | 80,342 | 8.70 | 6.40 | 616,776 |
| November 2018 | 9.29 | 7.67 | 84,550 | 9.20 | 7.40 | 525,838 |
| December 2018 | 7.95 | 6.30 | 116,296 | 8.05 | 6.40 | 680,619 |
| January 2019 | 6.90 | 5.05 | 64,957 | 6.80 | 5.20 | 481,835 |
| February 2019 | 6.00 | 3.85 | 164,036 | 5.65 | 3.65 | 822,584 |
| March 2019 | 7.30 | 4.43 | 417,963 | 7.30 | 4.40 | 1,803,393 |

Source: Websites of the respective Stock Exchange

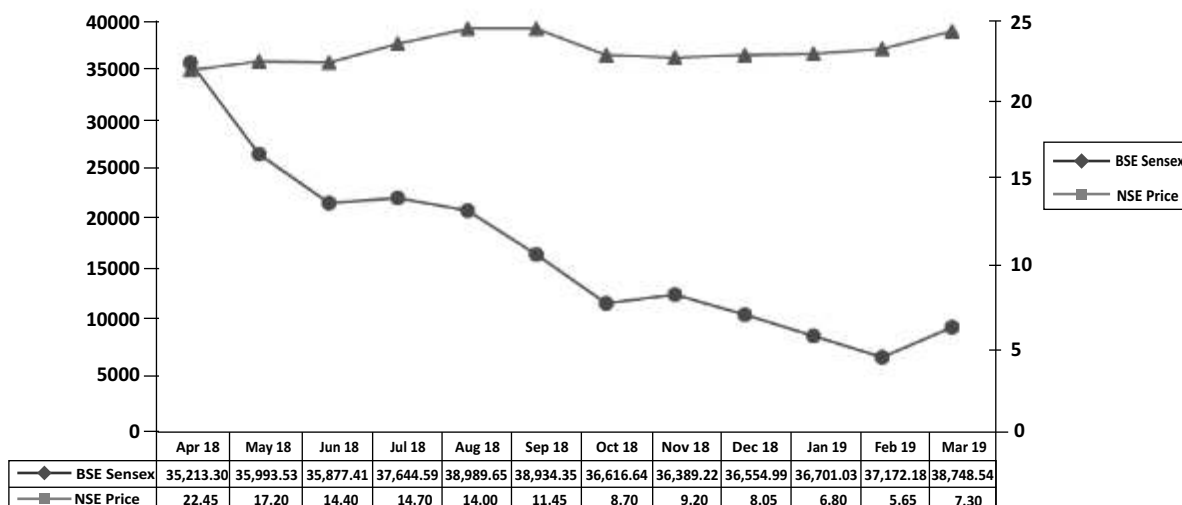
Performance in comparison to broad based indices

BSE price



Corporate Governance Report

NSE price



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 complete 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.

Trading in equity shares of the Company is permitted only in dematerialised form. SEBI has mandated that securities of listed companies can be transferred only in dematerialised form w.e.f. April 1, 2019. Accordingly the Company / its Registrar and Share Transfer Agent has stopped accepting any fresh lodgement of transfer of shares in physical form. Members holding shares in physical form are advised to avail of the facility of dematerialisation.

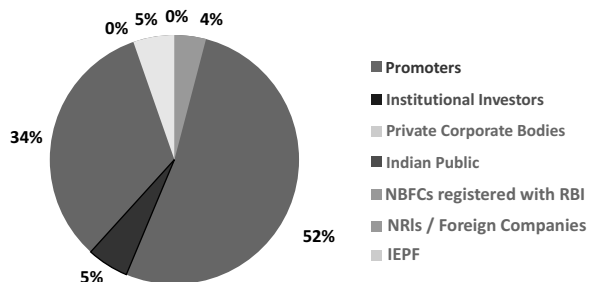
Corporate Governance Report

xiv. Distribution of Shareholding as on March 31, 2019

| No. of shares | Total holders | % of total holders | Total holding in shares | % of total capital |
|-------------------|---------------|--------------------|-------------------------|--------------------|
| 1 - 500 | 14,142 | 75.28 | 23,347,760 | 5.66 |
| 501 - 1000 | 2,103 | 11.20 | 17,691,480 | 4.29 |
| 1001 - 2000 | 1,191 | 6.34 | 18,494,350 | 4.49 |
| 2001 - 3000 | 464 | 2.47 | 12,027,470 | 2.92 |
| 3001 - 4000 | 235 | 1.25 | 8,383,560 | 2.03 |
| 4001 - 5000 | 162 | 0.86 | 7,652,730 | 1.86 |
| 5001 - 10000 | 269 | 1.43 | 19,668,340 | 4.77 |
| 10001 - 999999999 | 219 | 1.17 | 304,975,720 | 73.98 |
| Total | 18,785 | 100.00 | 412,241,410 | 100.00 |

xv. Shareholding Pattern as on March 31, 2019

| Category | No. of Shares | % |
|---------------------------|-------------------|---------------|
| Promoters | 1,807,423 | 4.38 |
| Institutional Investors | 21,413,747 | 51.94 |
| Private Corporate Bodies | 2,124,372 | 5.15 |
| Indian Public | 13,932,238 | 33.80 |
| NBFCs registered with RBI | 400 | 0.00 |
| NRIs / Foreign Companies | 1,891,399 | 4.60 |
| IEPF | 54,562 | 0.13 |
| Total | 41,224,141 | 100.00 |



xvi. Dematerialisation of shares and liquidity as on March 31, 2019

| | | |
|------------------------|---|----------------------|
| Physical shares | : | 102,846 (0.25%) |
| De-materialised shares | : | 41,121,295 (99.75%) |
| Total shares | : | 41,224,141 (100.00%) |

Out of the above de-mat shares, 33,525,099 (81.53%) are held through National Securities Depository Limited and 75,96,196 (18.47%) 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 |
|----------------|---------------------|---------------------------------|
| 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 ₹ 264,501/- pertaining to unpaid dividend for the financial year 2010-11 has been transferred to IEPF on November 13, 2018.

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 24, 2018 (date of last Annual General Meeting) has been uploaded on Company's website (www.zicom.com) in accordance with the requirements of

Corporate Governance Report

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.

The voting rights on the shares transferred to IEPF Authority shall remain frozen till the rightful owner claims the shares. 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, 2019.

There are no Stock Options outstanding as on March 31, 2019.

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

xxi. Credit Rating:

During the year under review, the Company has not obtained any credit ratings, as the Company has no debt instruments or any fixed deposit programme or any scheme or proposal involving mobilization of funds, whether in India or abroad.

For and on behalf of the Board of Directors

Manohar Bidaye

Chairman

Place: Mumbai

Date: August 14, 2019

Registered Office:

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

Corporate Governance Report

Annexure A

CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

To the Members,

Zicom Electronic Security Systems Limited

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

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Zicom Electronic Security Systems Limited having CIN: L32109MH1994PLC083391 and having registered office at 501, Silver Metropolis, Western Express Highway, Goregaon (E), Mumbai 400063 (hereinafter referred to as “the Company”), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para C sub-clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers. I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| Sr. No. | Name of Director | DIN | Date of Appointment |
|---------|----------------------------|----------|---------------------|
| 1. | Manohar Gopal Bidaye | 00010699 | 01-12-1994 |
| 2. | Pramoud Vinayak Rao | 00010743 | 01-12-1994 |
| 3. | Anil Khanna | 00199924 | 28-11-2017 |
| 4. | Keshav Dattaram Hodavdekar | 00406556 | 04-08-2011 |
| 5. | Tanvi Sanjiv Joshi | 07703593 | 12-01-2017 |
| 6. | Dhaval Laxmikant Mehta | 07501194 | 08-03-2019 |

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate 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 Ganesh Narayan & Company

Company Secretaries

Ganesh Narayan

Proprietor

FCS: 6910/CP No: 2238

Place: Mumbai

Date: May 28, 2019

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, 2019.

Pramoud Rao

Managing Director

Place : Mumbai

Date : May 28, 2019

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, 2019, as stipulated in Regulations 17 to 27; Regulation 46(2)(b) to (i); and paragraphs C, D and 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 with 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, 2019.

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 28, 2019

Management Discussion and Analysis

INTRODUCTION :

2018-19 was a year of revival for India and it was no different for Zicom Group. We are firmly entrenched on the path to recovery with focus on settlement of its debt, restructuring of its Group by hiving off subsidiaries and driving organisation change to bring new Version of Zicom to the market. With required human resources and technology in place, the Company seems well posed for revival after completing its divestment agenda in the year 2019-20.

MACRO ECONOMIC REVIEW :

After 3 years of over 7% growth, the Indian Economy slowed down slightly in 2018-19 recording GDP growth of 6.4%. Despite this slowdown, the economy continued to remain one of the fastest growing amongst major global economies. From a Global perspective there are certain concerns. The main concern is growing protectionist tendencies in some countries especially USA which is driving trade barriers in China, India and other developing countries. The other concerns include price of crude oil which has grown by 14% over the average price of previous financial year. These two main factors could create dampening effect on Global economic growth.

India is also going through a difficult phase after demonetisation and GST implementation. The non-performing assets (NPA) of the banking industry mainly public sector banks have grown phenomenally and is estimated around ₹ 9 lakh crore which is 10-11% of the banking assets. Further, report by Credit Rating Agency (CARE), shows that from a global perspective, India was 5th worst in terms of bad loans in the system as the ratio of NPA to outstanding loan is way high. Huge piling of NPA has damaged confidence of bankers and new lending to Corporate Sector has badly affected. This has created atmosphere of mistrust amongst corporate and bankers. Therefore, this has made task of revival challenging for most of the NPA tagged Corporate such as Zicom. In a major development, RBI has withdrawn host of restructuring schemes and directed bankers to take the borrowers IBC route to resolve debt situation, however bearing large asset based Corporates, the experience of bankers in IBC from recovery perspective is not encouraging mainly for small and mid size companies. Therefore, it is imperative that all stakeholders, under the aegis of RBI evolve a cohesive and synchronized joint action plan to revive Corporate under NPA category and to protect entrepreneurship spirit of India. At present uncertain regulatory environment, ongoing probes and allegation of improprieties against bankers is denting credit availability in economy and making liquidity situation worst.

In summary therefore though Indian Economy is witnessing slowdown as compared to earlier 3 years, it is still in fairly healthy state. Growth in public investments for infrastructure is driving GDP while private investment is still watchful. There are concerns regarding NPA overhang and the possibility of widening current account deficit due to rising crude oil prices. With stability in operationalizing GST regime in India, Government investment in infrastructure and continued commitment to fiscal prudence augur well for Indian Economy.

BUSINESS OVERVIEW :

Zicom Electronic Security Systems Ltd. is engaged in the business of distribution of e-Surveillance Equipments; such as CCTV cameras, monitors, DVRs / NVRs and other accessories. Fire Equipments; such as sensors, fire extinguishers, Access Control Equipments; such as proximity / biometric based locks and other accessories and Home

Safety Equipments; such as Video Door Phones and Home Intrusion Alarm.

Our primary objective is to drive the market with innovative products, latest technology under brand of Zicom. Due to impact of "Make in India" initiative and to remain cost effective, Zicom is negotiating with several overseas manufacturers to set-up joint manufacturing facility to regain the market share.

The market for security and surveillance product is estimated around ₹ 5,500 crore and is expected to grow CAGR of 22% until FY 21. The key growth drivers for the distribution market include 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 MNC's such as UTC, Honeywell, HID. Zicom distributes the products through numerous channel partners across the country; however loyalty for 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 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 variety of the products is a key factor for 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.

Zicom pioneered the concept of providing Security as a Service (SaaS) in India. Zicom SaaS provides 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.

UPTIME SURVEILLANCE SYSTEMS :

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

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

LIVE FEED MONITORING :

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

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 ₹ 200 crores with potential to grow above ₹ 5,000 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 includes 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

Management Discussion and Analysis

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 multi-site operations.

Zicom SaaS e-SaaS services are mainly driven through two business divisions i.e. Enterprise Division which focus on Retail Chains, Banks, Financial Services and Insurance (BFSI) companies, Gold Loan Sector companies, Food Chains, Entertainments, Health Care, Education, Logistics, Warehouse, Commercial Establishments, SME's, etc. and Make Your City Safe (MYCS) Division which focus on housing societies in Mumbai, Pune, Ahmedabad and Hyderabad.

On the Enterprise side, Zicom SaaS 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. Despite this Zicom SaaS has succeeded in renewing its existing contracts by engaging proactively with the customers. Unlike Enterprise Division, MYCS Division moves slowly on adding sites as each customer represents one site. BFSI contributes significantly to e-SaaS revenue.

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 set back 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 slowed down substantially with many projects being stuck up leading to EPC and MEP companies facing liquidity challenges due to lack of cash flow. Many small and medium enterprises which represent over 2nd and 3rd layer players in the market are facing difficult task of survival and many moved out of 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 these companies have down sized its operations substantially. Unless Government 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. To resolve debt situation of Zicom's India business, the Company has introduced various investors to bankers. However, due to mismatch of expectation, between value offered by investor and expectation of bankers, the Company could not conclude one-time settlement and move forward to revive itself back on the path of growth. Similarly in the Middle East, the Company has negotiated with strategic investor to revive the business; however response of the banks to one-time settlement offer is lukewarm due to administrative challenges, lack of decision making and focus of bankers on NPA resolution of large projects. 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 near finalization to work out divestment of Zicom SaaS 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 and the Management is hopeful of revival of the business in 2019-20.

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 of Zicom Electronic Security Systems Limited Report on the Audit of the Standalone Financial Statements Opinion

We have audited the standalone financial statements of Zicom Electronic Security Systems Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements"). Subject to,

- 1) Refer Note No. 6 of Audited Standalone Financial Statement of the Company which states that the Company has not provided for interest amounting to ₹ 2,794.23 Lakhs for the year on its outstanding loans from Banks and Financial Institution. The Company has also reversed outstanding dues from Banks and Financial Institution amounting to ₹ 6,038.86 Lakhs as the Company is in advanced negotiation with bankers for one time settlement (OTS) of its entire dues. Therefore in the opinion of the management, liability as reflected in the financial statement is sufficient to meet proposed OTS. However in the absence of OTS approval letter from each Lender confirming the final OTS amount, the liability as reflected in the financial statement may have consequential impact on Loss of the Company and Borrowings to the extent of above amount.
- 2) Refer Note No. 7 of Audited Standalone Financial Statement of the Company which states that the Company continues to show goodwill in its books which was on account of acquisition of a then subsidiary of the Company in 2010 amounting to ₹ 909 Lakhs. As there are no future economic benefits expected from the said goodwill, the same may lead to consequential impact on the Loss of the Company and Goodwill to the above extent.
- 3) Refer Note No. 8 of Audited Standalone Financial Statement of the Company which states that the Company has been incurring constant losses, the Company's accumulated losses aggregate to ₹ 36,800 Lakhs resulting in complete erosion of its net worth. Further, as of that date, company's liabilities exceeded its assets. These factors along with other matters as set forth in said note raise substantial doubt about the company's ability to continue

as a going concern in the foreseeable future. However, the company's financial statement has been prepared on going concern basis.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the India Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind As") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics issued by the ICAI. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matter to be the Key audit matter to be communicated in our Report.

| Key Audit Matter | Auditor's Response |
|--|--|
| Refer Note No. 9 of Audited Standalone Financial Results of the Company which states that the Company during the year has written off/ provided for (i) Trade Receivable and Advance to supplier amounting to ₹ 2,257.04 Lakhs and ₹ 1,034.08 Lakhs in view of doubtful of recovery/performance and one time settlement agreements with certain parties. (ii) The Company 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 ₹1,230.15 Lakhs has been written off. (iii) The Company | The Company had been trying constantly for recovery of its Trade receivable and Advance to supplier however few of the said parties have gone into liquidation and with few the Company has agreed for one time settlement at a discounted amount as well and hence on conservative approach the Company has identified such parties and Written off/ Provided their balances amounting to ₹2,257.04 Lakhs. The Company in view of reduced sales and technological upgrades had few dead, non moving and slow moving inventory which has been valued at Net realizable value |

Independent Auditors' Report

| | |
|--|---|
| identified and sold its obsolete/non moving/ non working condition stock costing ₹ 877.85 Lakhs at scrap value leading to loss in the year under review. | leading to a loss of ₹ 1,230.15 Lakhs. The Company has sold its obsolete/non moving/ non working at a scarp value there by the Company has incurred a loss of ₹ 877.57 Lakhs. |
|--|---|

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total Comprehensive Income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As a part of an audit in accordance with the SAs, we exercise professional judgment and maintain professional scepticism throughout the Audit.

We also:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing an opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the

financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of accounts.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind As specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the Directors as on March 31, 2019 taken on record by the Board of

Directors, none of the Directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses a modified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(6) of the Act, as amended Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company does not have long-term contracts including derivative contracts requiring provision for material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S M M P & Associates

Chartered Accountants

Firm Registration No. 120438W

Sonal Parekh

Partner

Membership No. 139852

Mumbai, dated May 28, 2019

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 needs to be strengthened 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 ₹ 37.90 Lakhs, 2) Dividend Distribution Tax amounting to ₹ 49.35 Lakhs and 3) Income Tax (TDS) ₹ 24.36 Lakhs 4) Provident Fund ₹ 0.05 Lakhs .
- 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) |
| 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) |
| Income Tax | Transfer pricing adjustment and penalty there on | 66.04 | FY 13-14 | 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 defaulted in repayment of dues to any banks as well as financial institution the same is given in table below. Further, No debentures were issued or were outstanding during the year. Further as stated in the Independent Auditors report that the Company has not provided for interest amounting to ₹2,794.23 Lakhs for the year on its outstanding loans from Banks and Financial Institution. The Company has also reversed outstanding dues from Banks and Financial Institution amounting to ₹ 6,038.86 Lakhs as the Company is in advanced negotiation with bankers for one time settlement (OTS) of its entire dues. Therefore in the opinion of the management, liability as reflected in the financial statement is sufficient to meet proposed OTS.

(₹ Lakhs)

| Name of Bank | Amount |
|--------------------------------------|------------------|
| Industrial Development Bank of India | 4,729.32 |
| Bank of Baroda | 2,690.49 |
| Union Bank Of India | 1,793.79 |
| Allahabad Bank | 2,443.54 |
| Central Bank of India | 3,887.99 |
| The Saraswat Co – op Bank Ltd | 2,355.28 |
| DBS Bank | 807.43 |
| Total Amount | 18,707.86 |

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. 120438W

Sonal Parekh

Partner

Membership No. 139852

Mumbai, dated May 28, 2019

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, 2019 in conjunction with our audit of the financial statements of the Company comprising Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

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 not operating effectively as per the size of the Company and nature of its business in respect of as at March 31, 2019, in respect of Sales, Purchase, Inventory, Trade Receivable, Trade Payable, Advance to supplier and Advance from customer, 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. 120438W

Sonal Parekh

Partner

Membership No. 139852

Mumbai, dated May 28, 2019

Balance Sheet as at March 31, 2019

(₹ Lakhs)

| Particulars | Note No. | March 31, 2019 | March 31, 2018 |
|---|----------|-----------------|-----------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| a) Property, Plant and Equipment | 2 | 1,464 | 1,508 |
| b) Goodwill | 3 | 909 | 909 |
| c) Other Intangible Assets | 3 | 4 | 7 |
| d) Investments in Subsidiaries, Joint Ventures and Associates | 4(i) | 2,500 | 2,500 |
| e) Financial Assets | | | |
| i) Investments | 4(ii) | 0 | 0 |
| ii) Loans | 5(i) | 7 | 7 |
| Total Non-Current Assets | | 4,884 | 4,931 |
| Current Assets | | | |
| a) Inventories | 6 | 362 | 2,649 |
| b) Financial Assets | | | |
| i) Trade Receivables | 7 | 1,156 | 4,074 |
| ii) Cash and Cash Equivalents | 8 | 16 | 108 |
| iii) Bank Balances Other Than Cash and Cash Equivalents | 9 | 86 | 98 |
| iv) Loans | 5(ii) | 122 | 125 |
| v) Other Financial Assets | 10 | 1 | 5 |
| c) Other Current Assets | 11 | 45 | 833 |
| Total Current Assets | | 1,788 | 7,892 |
| TOTAL ASSETS | | 6,672 | 12,823 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| a) Equity Share Capital | 12 | 4,122 | 4,122 |
| b) Other Equity | 13 | (16,352) | (16,188) |
| c) Share Warrants | | - | - |
| Total Equity | | (12,230) | (12,066) |
| Non-Current Liabilities | | | |
| a) Financial Liabilities | | | |
| i) Other Financial Liabilities | 15(i) | - | - |
| b) Provisions | 16(i) | 8 | 11 |
| c) Deferred Tax Liabilities (Net) | 17 | 367 | 621 |
| Total Non-Current Liabilities | | 375 | 632 |
| Current Liabilities | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | 14(ii) | 12,669 | 18,934 |
| ii) Trade Payables | 18 | 3,716 | 3,642 |
| b) Other Current Liabilities | 19 | 2,088 | 1,626 |
| c) Provisions | 16(ii) | 27 | 23 |
| d) Current Tax Liabilities (Net) | 20 | 26 | 32 |
| Total Current Liabilities | | 18,526 | 24,257 |
| Total Liabilities | | 18,901 | 24,889 |
| TOTAL EQUITY AND LIABILITIES | | 6,672 | 12,823 |

Significant Accounting Policies

1

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

Sonal Parekh
Partner
Place : Mumbai
Date : May 28, 2019

Ayalin Nadar
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2019

(₹ Lakhs)

| Particulars | Note No. | March 31, 2019 | March 31, 2018 |
|---|----------|----------------|-----------------|
| Income | | | |
| Revenue From Operations | 21 | 883 | 3,802 |
| Other Income | 22 | 9 | 26 |
| Finance Income | 23 | 5 | 9 |
| Total Income | | 897 | 3,836 |
| Expenses | | | |
| Purchase Of Stock-In-Trade | 24 | 889 | 452 |
| Changes In Inventories Of Finished Goods, Stock-In-Trade and Work-In-Progress | 24 | 2,287 | 3,523 |
| Employee Benefits Expense | 25 | 340 | 544 |
| Finance Costs | 26 | 58 | 1,047 |
| Depreciation and Amortization Expense | 2,3 | 51 | 62 |
| Other Expenses | 27 | 3,731 | 14,524 |
| Total Expenses | | 7,355 | 20,151 |
| Profit/(Loss) before Exceptional Items and Tax | | (6,458) | (16,315) |
| Exceptional items | | 6,039 | (20,368) |
| Profit/(Loss) before Tax | | (419) | (36,683) |
| Tax Expense: | | | |
| a) Current Tax | | - | - |
| b) Deferred Tax | | (254) | 105 |
| Total Tax Expense | | (254) | 105 |
| Profit/(Loss) For The Year | | (165) | (36,788) |
| Other Comprehensive Income | | | |
| I) Items That Will Not Be Reclassified To Profit Or Loss | | | |
| a) Remeasurements Of Defined Benefit Plans | | 2 | 6 |
| Income Tax Effect | | - | - |
| | | 2 | 6 |
| b) Revaluation of Land and Buildings | | - | 54 |
| Income Tax Effect | | - | (14) |
| | | - | 40 |
| c) Equity Instruments Through Other Comprehensive Income - Net Change In Fair Value | | - | - |
| Income Tax Effect | | - | - |
| | | - | - |
| Total Other Comprehensive Income | | 2 | 46 |
| Total Comprehensive Income For The Year | | (163) | (36,742) |
| XI. Basic and Diluted Earnings Per Share (Face value ₹ 10) | | (0.40) | (89.13) |

Significant Accounting Policies

1

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

Sonal Parekh
Partner
Place : Mumbai
Date : May 28, 2019

Ayalin Nadar
Chief Financial Officer

Kunjan Trivedi
Company Secretary

(₹ Lakhs)

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

Sonal Parekh

Partner

Place : Mumbai

Date : May 28, 2019

Ayalin Nadar

Chief Financial Officer

Kunjan Trivedi

Company Secretary

Cash Flow Statement for the year ended March 31, 2019

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|-----------------|
| A. Cash Flow From Operating Activities | | |
| Net Profit / (Loss) Before Extraordinary Items And Tax | (6,458) | (16,315) |
| Adjustments For: | | |
| Depreciation And Amortisation | 51 | 62 |
| Finance Costs | 58 | 1,047 |
| Interest Received | (5) | (9) |
| Sundry Balances Written Off / (Written Back) | 3,291 | 13,851 |
| Remeasurements Of Defined Benefit Plans through OCI | 2 | 6 |
| Tax of Earlier Year | (1) | - |
| (Profit) / Loss On Sale / Write Off Of Fixed Assets | - | - |
| Profit / (Loss) On Sale / Write Off Of Investment | 6,039 | (19,763) |
| Sub Total | 9,435 | (4,805) |
| Operating Profit / (Loss) Before Working Capital Changes | 2,978 | (21,120) |
| Changes In Working Capital: | | |
| Adjustments For (Increase) / Decrease In Operating Assets: | | |
| Inventories | 2,287 | 3,523 |
| Trade Receivables | (373) | (8,057) |
| Other Current Assets | 788 | 6,915 |
| Adjustments For Increase / (Decrease) In Operating Liabilities: | | |
| Trade Payables | 74 | (48) |
| Other Current Liabilities | 462 | 182 |
| Other Long-Term Liabilities | - | (100) |
| Short-Term Provisions | 4 | 7 |
| Long-Term Provisions | (3) | (6) |
| Sub Total | 3,239 | 2,418 |
| Cash Generated From Operations | 6,217 | (18,702) |
| Net Income Tax (Paid) / Refunds | (6) | (371) |
| Net Cash Flow From / (Used In) Operating Activities (A) | 6,211 | (19,073) |
| B. Cash Flow From Investing Activities | | |
| Capital Expenditure On Fixed Assets | (4) | (2) |
| Sale/Write Off of Investments | - | - |
| Short-Term Loans And Advances | 6 | 7,671 |
| Long-Term Loans And Advances | 0 | 7,401 |
| Loans To Subsidiaries And Other Body Corporate | - | 3,107 |
| Interest Received | 5 | 9 |
| (Purchase) / Sale Of Long-Term Investments | | |
| Purchase of Investment | - | - |
| Net Cash Flow From / (Used In) Investing Activities (B) | 8 | 18,186 |

Cash Flow Statement for the year ended March 31, 2019

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| C. Cash Flow From Financing Activities | | |
| Net Increase / (Decrease) In Working Capital Borrowings | (6,265) | 1,556 |
| Increase / (Decrease) In Short Term Borrowing | - | - |
| Increase in Share Capital including Securities Premium | - | - |
| Fluctuation Gain | - | - |
| Finance Cost | (58) | (1,047) |
| Dividends Paid | - | - |
| Net Cash Flow From / (Used In) Financing Activities (C) | (6,323) | 509 |
| Net Increase / (Decrease) In Cash And Cash Equivalents (A+B+C) | (105) | (378) |
| Cash And Cash Equivalents At The Beginning Of The Year | 206 | 584 |
| Cash And Cash Equivalents At The End Of The Year | 101 | 206 |

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

Sonal Parekh
Partner
Place : Mumbai
Date : May 28, 2019

Ayalin Nadar
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Note 1: Significant Accounting Policies

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 lakhs (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

Note 1: Significant Accounting Policies

- (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 cost 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 IndAS:

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

Note 1: Significant Accounting Policies

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 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 April 01, 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

Note 1: Significant Accounting Policies

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.

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.

Note 1: Significant Accounting Policies

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 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

Note 1: Significant Accounting Policies

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 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 01, 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 AS'S 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.

Notes forming part of the Financial Statements

2 Property, Plant And Equipment

(₹ Lakhs)

| Particulars | Freehold Land | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipment | Leasehold Improvements | Total |
|-------------------------------|---------------|-----------|---------------------|------------------------|----------|------------------|------------------------|-------|
| Cost Or Valuation | | | | | | | | |
| At 1 April 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 31 March 2018 | 1,188 | 228 | 3,580 | 86 | 19 | 355 | 119 | 5,575 |
| Additions | - | - | - | - | - | 4 | - | 4 |
| Disposals | - | - | - | - | - | - | - | - |
| Revaluation Recognised In OCI | - | - | - | - | - | - | - | - |
| At 31 March 2019 | 1,188 | 228 | 3,580 | 86 | 19 | 358 | 119 | 5,579 |

Depreciation And Impairment

| | | | | | | | | |
|----------------------------------|---|----|-------|----|------|-----|-----|-------|
| At 1 April 2017 | - | 82 | 2,784 | 72 | 59 | 336 | 119 | 3,452 |
| Depreciation Charge For The Year | - | 3 | 33 | 4 | 8 | 10 | - | 59 |
| Additional Depreciation | - | - | 606 | - | - | - | - | 606 |
| Disposals | - | - | - | - | (48) | - | - | (48) |
| At 31 March 2018 | - | 86 | 3,423 | 76 | 18 | 346 | 119 | 4,068 |
| Depreciation Charge For The Year | - | 3 | 33 | 4 | - | 7 | - | 47 |
| Additional Depreciation | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| At 31 March 2019 | - | 89 | 3,456 | 80 | 19 | 353 | 119 | 4,115 |

(₹ Lakhs)

| Net Book Value | Freehold Land | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipment | Leasehold Improvements | Total |
|-------------------------|---------------|-----------|---------------------|------------------------|----------|------------------|------------------------|-------|
| At 31 March 2019 | 1,188 | 139 | 124 | 6 | - | 6 | - | 1,464 |
| At 31 March 2018 | 1,188 | 143 | 157 | 10 | 1 | 9 | - | 1,508 |
| At 1 April 2017 | 1,134 | 146 | 796 | 14 | 10 | 15 | - | 2,115 |

3 Intangible Assets

(₹ Lakhs)

| Particulars | Goodwill | Computer Software | Total |
|-------------------------|----------|-------------------|-------|
| At 1 April 2017 | 2,019 | 96 | 2,116 |
| Additions | - | - | - |
| At 31 March 2018 | 2,019 | 96 | 2,116 |
| Additions | - | - | - |
| At 31 March 2019 | 2,019 | 96 | 2,116 |

Amortisation And Impairment

| | | | |
|-------------------------|-------|----|-------|
| At 1 April 2017 | 1,111 | 86 | 1,197 |
| Amortisation | - | 3 | 3 |
| Revalued in OCI | - | - | - |
| At 31 March 2018 | 1,111 | 89 | 1,200 |
| Amortisation | - | 3 | - |
| Impairment | - | - | - |
| At 31 March 2019 | 1,111 | 92 | 1,200 |

Net Book Value

| | | | |
|-------------------------|-----|----|-----|
| At 31 March 2019 | 909 | 4 | 913 |
| At 31 March 2018 | 909 | 7 | 916 |
| At 1 April 2017 | 909 | 10 | 919 |

Notes forming part of the Financial Statements

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 06, 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(i).

Impairment Testing of Goodwill

The Company performed its annual impairment test for years ended March 31, 2018 and March 31, 2017 on December 06, 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 December 06, 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(ii).

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| 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 (2018: 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 | 12 |
| Less : Provision for Diminution in Value of Investment | (12) | (12) |
| Total | - | - |
| Unquoted Preference Instruments | | |
| Investment in Group Company | | |
| 72.50 Lakhs (2018: 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 | 725 |
| Less : Provision for Diminution in Value of Investment | (725) | (725) |
| Total | - | - |
| Total FVTOCI investments | - | - |
| Investments at fair value through P&L (fully paid) | | |
| Unquoted equity shares | | |
| Investment in Subsidiaries | | |
| 2,450 (2018: 2,450) Shares having Face Value of AED 1,000 per share in Unisafe Fire Protection Specialists LLC, Dubai | 1,722 | 1,722 |
| 50 (2018: 50) Shares having Face Value of QAR 1,000 per share in Phoenix International WLL, Qatar | 885 | 885 |
| 200 Lakhs (2018: 200 Lakhs) Equity Shares having Face Value ₹ 10 per share in Zicom SaaS Pvt. Ltd. | 2,500 | 2,500 |
| 50 Lakhs (2018: 50 Lakhs) Equity Shares having Face Value ₹ 10 per share in Unisafe Fire Protection Specialists India Pvt. Ltd. | 500 | 500 |
| 0.00005 Lakhs (2018: 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 (2018: 0.00001 Lakhs) Ordinary Share having Face Value SGD 1 per share in Zicom Security Projects Pte. Ltd., Singapore | 0 | 0 |
| Less : Provision for Diminution in Value of Investment | (3,107) | (3,107) |
| Total FVTPL investments | 2,500 | 2,500 |
| Total (A) | 2,500 | 2,500 |

Notes forming part of the Financial Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| 4(ii) Other Investments | | |
| Un-Quoted Equity Instrument | | |
| 0.25 (2018: 0.25) Equity Shares having Face Value of ₹ 10 Per Share in Saraswat Co-op Bank Ltd. | 0 | 0 |
| Total (B) | 0 | 0 |
| Total Investments | 2,500 | 2,500 |
| | | |
| Current | - | - |
| Non-Current | 2,500 | 2,500 |
| Aggregate amount of quoted investment (Market value: Nil (2018 - Nil)) | - | - |
| Unquoted Investments | 2,500 | 2,500 |
| Aggregate amount of impairment in value of investments | 3,844 | 3,844 |

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 Rs. Nil with effect from March 31, 2018 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 in its previous year 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 Subsidiary 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 in UAE and Qatar.

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| 5 Loans | | |
| Loans (Unsecured considered good unless otherwise stated) | | |
| Security Deposit | | |
| Deposits | 129 | 132 |
| Loans (Unsecured considered doubtful) | | |
| Loans to related party | | |
| Loan to subsidiaries | 15,528 | 15,528 |
| Less : provision for doubtful loans | (15,528) | (15,528) |
| Total Loans | 129 | 132 |
| | | |
| (i) Non-Current | 7 | 7 |
| (ii) Current | 122 | 125 |
| Total | 129 | 132 |

Loans and Advances

The Company had during the previous year (2017-18) 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 Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| 6 Inventories | | |
| Raw materials (at cost) | - | - |
| Work in progress (at cost) | - | - |
| Finished goods (at lower of cost and net realisable value) | 362 | 2,649 |
| Total inventories at the lower of cost and net realisable value | 362 | 2,649 |

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| 7 Trade Receivables (Refer Note 28.15) | | |
| Trade Receivables | 1,156 | 4,074 |
| Total Trade Receivables | 1,156 | 4,074 |
| Break-up for security details: | | |

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Trade Receivables | | |
| Unsecured, considered good | 1,156 | 4,074 |
| Total | 1,156 | 4,074 |
| Unsecured, considered doubtful | 95 | - |
| Impairment Allowance (allowance for bad and doubtful debts) | (95) | - |
| Total | - | - |
| Total Trade Receivables | 1,156 | 4,074 |

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.

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| 8 Cash and Cash Equivalent | | |
| Balance With Bank | | |
| In Current Accounts | 8 | 102 |
| Cash on Hand | 8 | 5 |
| | 16 | 108 |
| 9 Bank Balance other than Cash and Cash Equivalent | | |
| Other Bank Balance | | |
| Unpaid Dividend | 8 | 11 |
| Deposits with original maturity of less than three months | 78 | 87 |
| Cheques/drafts on hand | - | - |
| | 86 | 98 |

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.

| Particulars | March 31, 2019 | March 31, 2018 |
|--------------------------------------|----------------|----------------|
| 10 Other Financial Assets | | |
| Advances Recoverable in Cash or Kind | 1 | 5 |
| Total | 1 | 5 |

Notes forming part of the Financial Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| 11 Other Current Assets | | |
| Unsecured, considered good | | |
| Advance Recoverable from Statutory Authority | - | - |
| Loans and advances to Employees | 2 | - |
| Advance to Suppliers (Refer Note 28.15) | 43 | 832 |
| Prepaid Expenses | - | 2 |
| Unsecured, considered doubtful | | |
| Advance to Suppliers (Refer Note 28.15) | 2 | - |
| Less : Provision for doubtful advances | (2) | - |
| Total | 45 | 833 |

(₹ Lakhs)

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|----------------|----------|----------------|----------|
| 12 Equity Share Capital | Number | ₹ | Number | ₹ |
| 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 | 412 | 4,122 |
| Increase/(decrease) during the year | - | - | - | - |
| Closing Balance | 412 | 4,122 | 412 | 4,122 |

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

(₹ Lakhs)

| | March 31, 2019 | | March 31, 2018 | |
|--|----------------|------------|----------------|------------|
| | Number | Percentage | Number | Percentage |
| IDBI Bank Limited [§] | 87.73 | 21.28% | 87.73 | 21.28% |
| Bank of Baroda [§] | 64.47 | 15.64% | 64.47 | 15.64% |
| Union Bank of India [§] | 32.58 | 7.90% | 32.58 | 7.90% |
| Central Bank of India [§] | 18.83 | 4.57% | 18.83 | 4.57% |
| Allahabad Bank [§] | 6.63 | 1.61% | 6.63 | 1.61% |
| Baronet Properties & Investments Pvt. Ltd | 2.36 | 0.57% | 9.36 | 2.27% |
| Coronet Properties & Investments Pvt. Ltd. | 8.86 | 2.15% | 8.86 | 2.15% |
| Aark Singapore Pte. Ltd. | 1.86 | 0.45% | 6.74 | 1.63% |
| Atim Kabra | 10.41 | 2.52% | 10.41 | 2.52% |
| Frontline Strategy Limited [#] | 2.24 | 0.54% | 2.24 | 0.54% |
| Sudha Darab Dubash | Nil | Nil | 0.84 | 0.20% |
| Arvind Darab Dubash | Nil | Nil | 0.71 | 0.17% |
| Darab Dubash Private Limited [®] | 0.35 | 0.08% | 0.35 | 0.08% |

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

[#] 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.

Notes forming part of the Financial Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|-------------------------------------|-----------------|-----------------|
| 13 Other Equity | | |
| Other Reserves | | |
| Share Premium | 18,658 | 18,658 |
| Capital Reserve | 1,155 | 1,155 |
| General Reserve | 296 | 296 |
| OCI Reserve | 339 | 338 |
| Retained Earnings | (36,800) | (36,634) |
| Total | (16,352) | (16,188) |
| Share Premium | | |
| Opening Balance | 18,658 | 18,658 |
| Increase/(decrease) during the year | - | - |
| Closing Balance | 18,658 | 18,658 |
| Capital Reserve | | |
| Opening Balance | 1,155 | 1,155 |
| Increase/(decrease) during the year | - | - |
| 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 | 338 | 291 |
| Increase/(decrease) during the year | 2 | 46 |
| Closing Balance | 339 | 338 |
| Retained Earnings | | |
| Opening Balance | (36,634) | 154 |
| Profit for the year | (165) | (36,788) |
| Proposed Dividend on Equity Share | - | - |
| Tax of Earlier Year | (1) | - |
| Tax on Dividend | - | - |
| Closing Balance | (36,800) | (36,634) |
| 14 Borrowings | | |
| i Non-Current Liabilities | - | - |
| ii Current Liabilities | | |
| Term Loans | | |
| Secured Bank Loans | | |
| Cash Credit from Banks (Secured) | 9,542 | 15,807 |
| Short Term Loan I | 3,127 | 3,127 |
| Short Term Loan II | - | - |
| | 12,669 | 18,934 |
| From Other Parties | | |
| From Directors & Others | - | - |
| From Related Parties | - | - |
| Total Current Borrowings | 12,669 | 18,934 |

Notes forming part of the Financial Statements

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.

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---------------------------------------|----------------|----------------|
| 15 Other Financial Liabilities | | |
| i Non-Current Liabilities | | |
| Deposits | - | - |
| Total Non-Current Liabilities | - | - |
| 16 Provisions | | |
| i Non Current Provisions | | |
| Leave Encashment (Refer Note 28.23) | 8 | 11 |
| Total Non Current Provisions | 8 | 11 |
| ii Current Provisions | | |
| Gratuity (Refer Note 28.23) | 27 | 23 |
| Proposed Equity Dividend | - | - |
| Tax on Proposed Dividend | - | - |
| Total Current Provisions | 27 | 23 |

(₹ Lakhs)

| Particulars | Balance Sheet | | Statement of Profit & Loss | |
|--|----------------|----------------|----------------------------|----------------|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| 17 Deferred tax | | | | |
| Deferred tax relates to the following: | | | | |
| Difference in WDV as per Income Tax Act and Companies Act | (462) | (474) | (13) | 93 |
| Revaluations of land and buildings and Intangible Assets to fair value | - | (14) | - | - |
| Revaluations of FVTOCI investments to fair value | - | - | - | - |
| Provision for diminution of investments | - | - | - | 12 |
| Deferred tax expense/(income) | | | (13) | 105 |
| Net deferred tax assets/(liabilities) | (462) | (488) | | |
| Reflected in the balance sheet as follows: | | | | |
| Deferred tax assets | - | - | | |
| Deferred tax liabilities | (462) | (488) | | |
| Deferred tax liabilities (net) | (462) | (488) | | |
| Reconciliation of deferred tax liabilities (net): | | | | |
| Opening Balance | (621) | (502) | | |
| Tax income/(expense) during the period recognised in profit or loss | 13 | (105) | | |
| Tax income/(expense) during the period recognised in OCI | - | (14) | | |
| Closing Balance | (608) | (621) | | |

Notes forming part of the Financial Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| 18 Trade Payables | | |
| Trade Payables | 3,716 | 3,642 |
| Trade Payables to Related Parties | - | - |
| | 3,716 | 3,642 |
| 19 Other Current Liabilities | | |
| Unpaid Dividends | 8 | 11 |
| Loans from Subsidiary Companies | - | - |
| Advances from Customers | 1,454 | 993 |
| Other Payable | 478 | 452 |
| Creditors - Statutory | 148 | 170 |
| Total Current Liabilities | 2,088 | 1,626 |
| 20 Current Tax Liabilities | | |
| Provision For Income Tax | 26 | 32 |
| Total | 26 | 32 |
| 21 Revenue from Operations | | |
| Sales of Products (Refer Note 28.11) | 785 | 3,703 |
| Sale of Services | 98 | 99 |
| Total | 883 | 3,802 |
| 22 Other Income | | |
| Rent Received | 9 | 10 |
| Guarantee Commission Fees | - | - |
| Others | 1 | 16 |
| Total | 9 | 26 |
| 23 Finance Income | | |
| Interest income | | |
| From Banks | 5 | 9 |
| From Subsidiaries | - | - |
| Total | 5 | 9 |
| 24 Cost Of Raw Materials And Components Consumed | | |
| Cost Of Traded Goods Sold | | |
| Inventory at the beginning of the year | 2,649 | 6,172 |
| Add: Purchases | 889 | 452 |
| | 3,538 | 6,624 |
| Less: Inventory at the end of the year | 362 | 2,649 |
| Cost Of Traded Goods Sold | 3,176 | 3,975 |
| 25 Employee Expense | | |
| Salaries and Wages | 317 | 514 |
| Contribution to Provident and Other Funds | 16 | 29 |
| Staff Welfare Expenses | 7 | 1 |
| Total | 340 | 544 |
| 26 Finance Costs | | |
| Interest | 54 | 1,016 |
| Bank Charges | 4 | 31 |
| Total | 58 | 1,047 |

Notes forming part of the Financial Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| 27 Other Expenses | | |
| Advertisement | 2 | 22 |
| Auditor's Remuneration | 14 | 14 |
| Business Promotion | 12 | 14 |
| Communication | 21 | 25 |
| Directors' Sitting Fees | 2 | 5 |
| Net (Gain) / Loss on Exchange Fluctuation | 49 | - |
| Insurance | 5 | 18 |
| Legal And Professional | 96 | 234 |
| Membership & Subscription | 1 | 1 |
| Power and Fuel | 26 | 33 |
| Printing And Stationery | 3 | 8 |
| Rates And Taxes | 6 | 21 |
| Rent and Compensation | 154 | 183 |
| Repairs And Maintenance - Buildings | - | - |
| Repairs And Maintenance - Machinery | 2 | 2 |
| Repairs And Maintenance - Others | 1 | 6 |
| Training & Seminar | - | 2 |
| Travelling And Conveyance | 28 | 62 |
| Sundry Balance Written off (Net) | 3,291 | 13,851 |
| Miscellaneous Expenses | 17 | 24 |
| Total | 3,731 | 14,524 |
| Auditor's Remuneration | | |
| Payments to the auditors comprises (net of service tax input credit/GST, where applicable): | | |
| As Auditors - Statutory Audit | 14 | 14 |
| For Other Services | - | - |
| Total | 14 | 14 |

28.1 (i) 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 (ii) 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.

Notes forming part of the Financial Statements

(₹ 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 | | | |
| ₹ In Crore | 47 | | | |

(₹ Lakhs)

| 28.2 Contingent Liabilities | March 31, 2019 | March 31, 2018 |
|--|-----------------------|-----------------------|
| Guarantees issued by Bank (Gross) | 60 | 64 |
| Standby Letter of Credit (SBLC) # | - | - |
| Corporate Guarantee and Indemnities | 76,632 | 68,049 |
| Indirect Tax Matters | - | 47 |
| Income Tax Matters | 129 | 217 |
| Claim Lodged by Customers Not Acknowledged as Debt | 889 | 5 |

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).

Future minimum lease payments under non cancellable operating lease: (₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|-----------------------|-----------------------|
| Not later than one year | 170 | 149 |
| Later than one year and not later than five years | 4 | 143 |
| Later than five years | Nil | Nil |
| Lease Payment for the year recognised in the Statement of Profit and Loss | 154 | 183 |

28.4 Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force from October 02, 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.

Notes forming part of the Financial Statements

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 21,024,312 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 |
|-----------------------|-------------------------------|
| IDBI Bank | 8,773,111 |
| Bank of Baroda | 6,446,723 |
| Union Bank of India | 3,258,475 |
| Central Bank of India | 1,883,327 |
| Allahabad Bank | 662,676 |

Further, in terms of SEBI Circular, bearing no. SEBI-NRO/OIAE/GN/2015-16/003 dated May 05, 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.

28.6 Related Party Transactions

Details of related parties:

| Names of related parties | Description of relationship |
|---|--------------------------------|
| 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 (upto February 11, 2019) | Key Management Personnel (KMP) |
| Mr. Ayalin Nadar (from February 12, 2019) | Key Management Personnel (KMP) |
| Ms. Kunjan Trivedi | Key Management Personnel (KMP) |
| Note: Related parties have been identified by the Management. | |

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

(₹ Lakhs)

| Particulars | Subsidiaries | | KMP | |
|--|----------------|----------------|----------------|----------------|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| Transactions during the year | | | | |
| Purchase | 11 | 252 | Nil | Nil |
| Sale | 15 | 1,150 | Nil | Nil |
| Corporate Guarantee | 4,727 | (2,443) | Nil | Nil |
| Loans repaid | Nil | Nil | Nil | 163 |
| Loans / advance given | Nil | 1,791 | Nil | Nil |
| Remuneration / Salary | Nil | Nil | 67 | 100 |
| Balances outstanding at the end of the year | | | | |
| Loans and advances | 15,528 | 15,528 | Nil | Nil |
| Trade Receivables / (Payables) | (1,314) | (880) | (59) | (26) |

Notes forming part of the Financial Statements

(₹ Lakhs)

| Particulars | Group Company | | PGC / OC | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| Transactions during the year | | | | |
| Loans & Advances Given / (adjusted) | Nil | (1,106) | Nil | Nil |
| Unsecured Loan Repay | Nil | Nil | Nil | (581) |

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

| Name of the Company | As at | Maximum Balance for the Year Ended on | As at | Maximum Balance for the Year Ended on |
|---|-------|---|-------|---|
| | | March 31, 2019* | | March 31, 2018 |
| Unisafe Fire Protection Specialists LLC - Dubai | | 1,650 | 1,650 | 1,650 |
| Unisafe Fire Protection Specialists Singapore Pte Ltd., Singapore | | 7,405 | 7,405 | 7,405 |
| Zicom Security Projects Pte. Ltd., Singapore | | 6,205 | 6,205 | 6,205 |
| Unisafe Fire Protection Specialist India Pvt. Ltd. | | Nil | Nil | 65 |
| Phoenix International WLL, Qatar | | 267 | 267 | 267 |

* Provision for loss of non recoverable loans & advances given to subsidiaries

28.7 Segment Reporting:

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

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

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 28.18)

28.10 Details on unhedged foreign currency exposures

(₹ Lakhs)

| Particulars | Currency | March 31, 2019 | March 31, 2018 |
|--|----------|----------------|----------------|
| Trade Receivable, Loans, Advances & Deposits | USD | NIL | NIL |
| | QAR | NIL | NIL |
| Trade Payable and Acceptances | USD | 32 | 36 |

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Value of imports calculated on CIF basis | | |
| Raw Material | - | 693 |
| Expenditure in Foreign Currency | | |
| On Payment Basis | | |
| Travelling | 1 | 17 |

28.11 Product wise details for the year ended

Sales

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|-------------------|----------------|----------------|
| Safety Products | 6 | 9 |
| Security Products | 778 | 3,694 |
| Total | 785 | 3,703 |

Inventory

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|-------------------|----------------|----------------|
| Safety Products | 7 | 16 |
| Security Products | 355 | 2,633 |
| Total | 362 | 2,649 |

Purchase

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|-------------------|----------------|----------------|
| Safety Products | 3 | 9 |
| Security Products | 495 | 3,558 |
| Total | 498 | 3,567 |

Notes forming part of the Financial Statements

- 28.12** The Company has total outstanding Term Loan and working capital loan of ₹ 12669 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, 2019. 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 ₹ 2,794 Lakhs if the company had provided the interest on accrual basis. The Company has also reversed outstanding dues to Banks and Financial Institution amounting to ₹ 6,038.86 Lakhs as the Company is in advanced stage of negotiation with bankers for one time settlement (OTS) of its dues and in the opinion of the management, liability as reflected in the financial statement is sufficient to meet proposed OTS.
- 28.13** During the year under review, the Company continues to show Goodwill amounting to ₹ 909 lakhs in its Books which was on account of acquisition of a then subsidiary of the Company in 2010. Although there is no much future economic benefits expected from the said Goodwill, the Company is still exploring use of Brands acquired under said Goodwill for economic benefits of the Company.
- 28.14** Although the accumulated losses of the Company have reached to aggregate of ₹ 36,800 lakhs resulting in erosion of its Net Worth, the Company is still actively exploring for strategic financial investor(s) with its business infrastructure and with unbroken brand reputation; hence the accounts have been prepared on going concern basis.
- 28.15** During the year under review, the Company has written off doubtful recovery of debtors amounting to ₹ 2257.04 lakhs; advance to suppliers amounting to ₹ 1,034.08 lakhs and the Company has also identified obsolete/non-moving stock and the same has been valued at net realizable value on account of which there has been loss to the Company to an extent of ₹ 1,230.15 lakhs. The Company identified and sold its obsolete non moving/ non working condition stock costing ₹ 877.85 lakhs at scrap value leading to loss in the year under review. Further the Company in its previous year 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. The Company has in its previous year had identified 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.
- 28.16** 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.
- 28.17** The Company since previous year, on conservative approach, has not booked interest income on loans and Corporate Guarantee given to its subsidiary companies 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 networth of the said Companies have also been eroded.
- 28.18** 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)

28.19 Fair value measurements

- (a) Financial instruments by category

The carrying value of financial instruments as at March 31, 2019 is as follows:

(₹ Lakhs)

| Particulars | FVTPL | FVTOCI | Amortised cost | Total carrying value |
|--|-------|--------|----------------|----------------------|
| Financial assets | | | | |
| Trade receivables | - | - | 1,156 | 1,156 |
| Cash and cash equivalents | - | - | 16 | 16 |
| Bank Balances Other Than Cash and Cash Equivalents | - | - | 86 | 86 |
| Loans | - | - | 129 | 129 |
| Investments (Other than subsidiary) | - | - | - | - |
| Other financial assets | - | - | 1 | 1 |
| Total financial assets | - | - | 1,388 | 1,388 |
| Financial liabilities | | | | |
| Borrowings | - | - | 12,669 | 12,669 |
| Trade Payables | - | - | 3,716 | 3,716 |
| Total financial liabilities | - | - | 16,385 | 16,385 |

Notes forming part of the Financial Statements

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) | - | - | - | - |
| 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 |
| Other payable | - | - | - | - |
| Total financial liabilities | - | - | 22,576 | 22,576 |

Carrying value of all the above financial assets and financial liabilities as at March 31, 2019 and March 31, 2018 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, 2019 | 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, 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 | - | - | - | - |

Notes forming part of the Financial Statements

28.20 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.

28.21 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, 2019 | Less than 1 year | Between 1 year and 5 years | More than 5 years | Total |
|-------------------------------------|-------------------------|-----------------------------------|--------------------------|--------------|
| Financial liabilities | | | | |
| Loans from related parties | - | - | - | - |
| Trade Payable | 729 | 2,987 | - | 3,716 |
| Other financial liabilities | - | - | - | - |
| Total financial liabilities | 729 | 2,987 | - | 3,716 |
| March 31, 2018 | Less than 1 year | Between 1 year and 5 years | More than 5 years | Total |
| Financial liabilities | | | | |
| Loans from related parties | - | - | - | - |
| Creditors for supplies and services | 1,996 | 1,646 | - | 3,642 |
| Other financial liabilities | - | - | - | - |
| Total financial liabilities | 1,996 | 1,646 | - | 3,642 |

Notes forming part of the Financial Statements

28.22 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, 2019 | March 31, 2018 |
|-------------|----------------|----------------|
| Equity | (12,230) | (12,066) |

28.23 Employee Benefit Plans

An Amount of ₹ 6.30 Lakhs (2018: ₹ 9.36 Lakhs) in respect of Gratuity and ₹ Nil (2018: ₹ 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, 2019 | | March 31, 2018 | |
|--|----------------|------------------|----------------|------------------|
| | Gratuity | Leave Encashment | Gratuity | Leave Encashment |
| Change in defined benefit obligations (DBO) during the year | | | | |
| Present value of DBO at beginning of the year | 36 | 11 | 50 | 16 |
| Interest cost | 2 | 1 | 3 | 1 |
| Current service cost | 5 | 5 | 3 | 5 |
| Past Service Cost -(vested benefits) | - | - | 10 | - |
| Actuarial (gains) / losses | (2) | (9) | (6) | (11) |
| Benefits paid | (8) | - | (24) | - |
| Present value of DBO at the end of the year | 33 | 8 | 36 | 11 |
| Change In Fair Value Of Assets During The Year | | | | |
| Plan assets at beginning of the year | 14 | - | 34 | - |
| Adjust. to Opening fair value of plan assets | - | - | - | - |
| Expected return on plan assets excluding interest income | - | - | - | - |
| Interest Income | 1 | - | 2 | - |
| Actual company contributions | - | - | 1 | - |
| Benefits paid | (8) | - | (24) | - |
| Actuarial gain / (loss) | - | - | - | - |
| Plan assets at the end of the year | 6 | - | 14 | - |
| Amount Recognised in Statement of Profit and Loss | | | | |
| Current service cost | 5 | 5 | 3 | 5 |
| Interest cost | 2 | 1 | 1 | 1 |
| Past service cost (vested benefits) | - | - | 10 | - |
| Expected return on plan assets | - | - | - | - |
| Actuarial losses/(gains) | - | (9) | - | (11) |
| Expense recognised in the Statement of Profit and Loss | 6 | (3) | 15 | (5) |
| Other Comprehensive Income (OCI) | | | | |
| Actuarial gain / (loss) recognised for the period | 2 | - | (6) | - |
| Asset limit effect | - | - | - | - |
| Return on Plan Assets excluding net interest | - | - | - | - |
| Unrecognized Actuarial (Gain)/Loss from previous period | - | - | - | - |
| Total Actuarial (Gain)/Loss recognized in (OCI) | 2 | - | (6) | - |
| Net asset / (liability) recognised in the Balance Sheet | | | | |
| Opening Net Liability | 23 | 11 | 15 | 16 |
| Expenses as above | 6 | (3) | 15 | (5) |
| Contribution paid | - | - | (1) | - |
| Other Comprehensive Income (OCI) | (2) | - | (6) | - |
| Net asset / (liability) recognised in the Balance Sheet | 27 | 8 | 23 | 11 |
| Actuarial assumptions | | | | |
| Discount rate | 7.64% | 7.64% | 7.67% | 7.67% |
| 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. |

Notes forming part of the Financial Statements

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)

| | March 31, 2019 | March 31, 2018 |
|-----------------------------------|----------------|----------------|
| 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

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Employer's Contribution to Provident Fund | 2 | 4 |
| Employer's Contribution to Pension Fund | 5 | 8 |

28.24 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, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Profit attributable to equity holders of the parent: | | |
| Continuing operations | (165) | (36,788) |
| Discontinued operation | - | - |
| Profit attributable to equity holders of the parent for basic earnings | (165) | (36,788) |
| Interest on convertible preference shares | - | - |
| Profit attributable to equity holders of the parent adjusted for the effect of dilution | (165) | (36,788) |
| Weighted average number of Equity shares for basic EPS | 412 | 412 |
| Effect of dilution: | - | - |
| Share options | - | - |
| Convertible preference shares | - | - |
| Weighted average number of Equity shares adjusted for the effect of dilution | 412 | 412 |
| Earnings per share (Basic) (₹) | (0.40) | (89) |
| Earnings per share (Diluted) (₹) | (0.40) | (89) |

For S M M P & Associates
Chartered Accountants

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Sonal Parekh
Partner
Place : Mumbai
Date : May 28, 2019

Ayalin Nadar
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 on the Standalone Financial Results

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(₹ 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 | 897.02 | 897.02 |
| | 2. | Total Expenditure | 1,060.50 | 10,802.59 |
| | 3. | Net Profit / (Loss) | (163.48) | (9,905.57) |
| | 4. | Earnings Per Share | (0.40) | (24.03) |
| | 5. | Total Assets | 6,671.55 | 5,762.55 |
| | 6. | Total Liabilities | 18,901.34 | 27,734.43 |
| | 7. | Net Worth | (12,229.79) | (21,971.88) |
| | 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 and reversal of Borrowing from Banks
2. Non-provisioning of Goodwill despite of no economic benefit
3. Company's inability to continue as a Going Concern

b. Type of Audit Qualification : Qualified Opinion

c. Frequency of qualification:

1. Second Time
2. First Time
3. 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 ₹ 2,794.23 lakhs on outstanding Bank loans. The Company is in advanced stage of negotiation / closure with its Lenders for One Time Settlement (OTS) of its entire dues. Therefore in the opinion of the management, liability as reflected in the financial statement is sufficient to meet proposed OTS.
2. The Company continues to show Goodwill amounting to ₹ 909 lakhs in its Books which was on account of acquisition of a then subsidiary of the Company in 2010. Although there is no much future economic benefits expected from the said Goodwill, the Company is still exploring use of Brands acquired under said Goodwill for economic benefits of the Company.

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 Quantifiable

(ii) If management is unable to estimate the impact, reasons for the same:

Although the accumulated losses of the Company have reached to aggregate of ₹ 36,800 lakhs resulting in erosion of its Net Worth, the Company is still actively exploring for strategic / financial investor(s) with its business infrastructure and with unbroken brand reputation; hence the accounts have been prepared on going concern basis.

(iii) Auditors' Comments on (i) or (ii) above:

The Company has been incurring constant losses, the Company's accumulated losses aggregate to ₹ 36,800 Lakhs resulting in complete erosion of its net worth. Further, as of March 31, 2019, company's liabilities exceeded its assets. These factors along with other matters as set forth in said note raise substantial doubt about the company's ability to continue as a going concern in the foreseeable future. However, the company's financial statement has been prepared on going concern basis.

III. Signatories:**For Zicom Electronic Security Systems Limited****For Zicom Electronic Security Systems Limited**

Pramoud Rao
Managing Director

Ayalin Nadar
Chief Financial Officer

For Zicom Electronic Security Systems Limited

For S M M P & Associates
Chartered Accountants

Anil Khanna
Audit Committee Chairman

Sonal Parekh
Partner
Membership No. 139852

Place: Mumbai
Date: May 28, 2019

Independent Auditor's Report

To the Members of

Zicom Electronic Security Systems Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the 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, 2019, 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 and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements"). Subject to,

Basis for Our Qualified Opinion

- 1) Refer Note No. 27.6 of Audited Consolidated Financial Statement of the Group which states that the Company and one of its Indian Subsidiary Company has not provided for interest amounting to ₹ 2,794.23 Lakhs and ₹ 1,154.92 Lakhs respectively for the year on its outstanding loans from Banks. The Company has also reversed outstanding dues from Banks amounting to ₹ 6,038.86 Lakhs as the Company is in advanced negotiation with bankers for one time settlement (OTS) of its dues and in the opinion of the management, liability as reflected in the financial statement is sufficient to meet proposed OTS. However, there are no signed documents from the lenders confirming OTS amount thereby having consequential impact on Loss of the Company and Borrowings to the above extent.
- 2) Refer Note No. 27.7 of Audited Consolidated Financial Statement of the Company which states that the group continues to show goodwill in its books which was on account of acquisition of a then subsidiary of the Holding Company in 2010 amounting to ₹ 909 Lakhs. In our opinion there are no future economic benefits expected from the said goodwill, the same may lead to consequential impact on the Loss of the Group and Goodwill to the above extent.
- 3) Refer Note No. 27.8 of Audited Consolidated Financial Statement of the Group which states that the Holding Company has been incurring constant losses, the Holding Company's accumulated losses aggregate to ₹ 36,800 Lakhs resulting in complete erosion of its net worth. Further, as of that date, company's liabilities exceeded its assets. These factors along with other matters as set forth in said note raise substantial doubt about the company's ability to continue as a going concern in the foreseeable future. However, the Group financial statement has been prepared on going concern basis.
- 4) Refer Note No. 27.9 of Audited Consolidated Financial Statement of the Group which states that in respect of one of the Indian Subsidiary Company balance appearing under the head Capital Work in Progress amounting to ₹ 7,824 Lakhs that consists of assets which 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 longtime pending advances and performance which are pending adequate documentation, confirmation & subsequent reconciliation it may have consequential impact on Loss of the Group and Capital Work in Progress to the extent which is presently unascertainable.
- 5) Refer Note No. 27.14 of Audited Consolidated Financial Statement of one of the Indian Subsidiary Company which states that certain balances under the heads Trade Receivables, Trade Payables, Other Current Assets and Other Current Liabilities are subject to confirmations from the respective parties and consequential reconciliation, if any the impact of the same which may arise in future is presently unascertainable.
- 6) We did not audit the financial statements of any of the subsidiaries, included in the consolidated annual financial statements, whose annual financial statements reflect total assets of ₹ 62,603.61 Lakhs as at March 31, 2019, total revenue of ₹ 7,927.44 Lakhs and net loss of ₹ 25,220.19 Lakhs for the year ended on that date, whose annual financial statements have not been audited by us. In respect of two Indian Subsidiary Company these annual financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the management, and our opinion on the consolidated financial results, to the extent they have been derived from such annual financial statements is based solely on the reports of such auditors. In respect of Foreign Subsidiary Companies, we have been provided with Management Drawn accounts whose annual financial statements reflect total assets of ₹ 663.13 Lakhs as at March 31, 2019, total revenue of ₹ 37.58 Lakhs and net loss of ₹ 239.87 Lakhs for the year ended on that date, whose annual financial statements have not been audited by any auditor. Hence, we are unable to comment where the said financial statement may have any impact on the financial of the Group but the same is presently unascertainable. Further the same is not in line with Ind AS.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the following matter to be the Key audit matter to be communicated in our Report.

| Key Audit Matter | Auditor's Response |
|---|--|
| Refer Note No. 27.10 of Audited Consolidated Financial Statement of the Company which states that the Holding Company during the year has written off/ provided for (i) Trade Receivable and Advance to supplier amounting to ₹ 2,257.04 Lakhs and ₹ 1,034.08 Lakhs in view of doubtful of recovery/performance and one time settlement agreements with certain parties. (ii) The Holding Company 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 ₹ 1,230.15 Lakhs has been written off. (iii) The Holding Company | The Holding Company Management had been trying constantly for recovery of its Trade receivable and Advance to supplier however few of the said parties have gone into liquidation and with few the Company has agreed for one time settlement at a discounted amount as well and hence on conservative approach the Holding Company has identified such parties and Written off/ Provided their balances amounting to ₹ 2,257.04 Lakhs. The Holding Company in view of reduced sales and technological upgrades had few dead, non moving and slow moving inventory which has been valued at Net realizable |

Independent Auditor's Report

| | |
|--|--|
| identified and sold its obsolete/non moving/ non working condition stock costing ₹ 877.85 Lakhs at scrap value leading to loss in the year under review. | value leading to a loss of ₹ 1,230.15 Lakhs. The Holding Company has sold its obsolete/non moving/ non working at a scarp value there by the Holding Company has incurred a loss of ₹ 877.57 Lakhs. |
| Refer Note No.27.11 of Audited Consolidated Financial Statement of the Group which states that the Indian Subsidiary Company is carrying significantly high Trade Receivable balance amounting to ₹ 2969 lakhs. The Indian Subsidiary company has started the process of recovering the old balances and is confident of recovering the entire amount. | The management of the Indian Subsidiary Company had been trying constantly for recovery of its Trade receivable however there has been very limited progress in it. The Indian Subsidiary Company has a trade receivable amounting to ₹ 2969 Lakhs which is significantly high as compared to the Turnover of the Indian Subsidiary Company. The Indian Subsidiary Company had during the year formed a dedicated team of employees who are looking after recovery of trade receivable. The Group is confident that entire amount is good and would be recovered. We have relied on the new process set by the management for the recovery from Trade Receivable and Management representation letter in the said regards. |

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 Companies Act 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the India Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Group as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics issued by the ICAI. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise

appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act, with respect to the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance, total Comprehensive Income, changes in equity and cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement

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when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As a part of an audit in accordance with the SAs, we exercise professional judgment and maintain professional scepticism throughout the Audit.

We also:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing an opinion on whether the Group has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and

significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Group so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of accounts.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind As specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of the written representations received from the Directors as on March 31, 2019 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(6) of the Act, as amended 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 Group has disclosed the impact of pending litigations on its financial position in its consolidated financial statements.
 - ii. The Group does not have long-term contracts including

Independent Auditor's Report

derivative contracts requiring provision for material foreseeable losses.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group.

For S M M P & Associates

Chartered Accountants

Firm Registration No. 120438W

Sonal Parekh

Partner

Membership No. - 139852

Mumbai, dated May 28, 2019

Annexure A 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, 2019 and its subsidiary (collectively referred to as "the Group"), as at March 31, 2019 in conjunction with our audit of the Consolidated financial statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls :

The Group's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group 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 Group'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.

Auditor's 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 the ICAI deemed to be prescribed under section 143(10) of the Act, 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 Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting :

A Group'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 consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A Group'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 Group;
- 2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group; 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 consolidated 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 Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were not operating effectively as per the size of the Group and nature of its business in respect of as at March 31, 2019, in respect of Sales, Purchase, Inventory, Trade Receivable, Trade Payable, Advance to supplier and Advance from customer, based on the internal control over financial reporting criteria established by the Group 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 28, 2019

Consolidated Balance Sheet for the year ended March 31, 2019

(₹ Lakhs)

| Particulars | Note No. | March 31, 2019 | March 31, 2018 |
|---|----------|-----------------|-----------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| a) Property, Plant and Equipment | 2 | 4,914 | 7,100 |
| b) Capital work-in-progress | | 6,516 | 5,299 |
| c) Goodwill | 3(i) | 2,746 | 3,594 |
| d) Other Intangible Assets | 3(ii) | 116 | 65 |
| e) Investments in Subsidiaries, Joint Ventures and Associates | 4(i) | - | - |
| f) Financial Assets | | | |
| i) Investments | 4(ii) | - | - |
| ii) Loans | 5(i) | 7 | 7 |
| iii) Other financial assets | | - | - |
| g) Deferred Tax Assets (Net) | | 406 | - |
| h) Other non-current assets | | - | - |
| Total Non-Current Assets | | 14,706 | 16,066 |
| Current Assets | | | |
| a) Inventories | 6 | 2,938 | 7,481 |
| b) Financial Assets | | | |
| i) Trade Receivables | 7 | 34,305 | 41,368 |
| ii) Cash and Cash Equivalents | 8 | 179 | 663 |
| iii) Bank Balances other than Cash and Cash Equivalents | 9 | 5,370 | 5,241 |
| iv) Other Financial Assets | 10 | 10,099 | 20,422 |
| c) Current Tax Assets (Net) | 11 | 11 | 114 |
| d) Other Current Assets | 12 | 2,048 | 5,979 |
| Total Current Assets | | 54,950 | 81,267 |
| TOTAL ASSETS | | 69,656 | 97,333 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| a) Equity Share Capital | 13 | 4,122 | 4,122 |
| b) Other Equity | 14 | (35,986) | (12,927) |
| c) Non Controlling Interest | | 1,600 | 2,681 |
| d) Share Warrants | | - | - |
| Total Equity | | (30,264) | (6,124) |
| Non-Current Liabilities | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | 15(i) | 10,083 | 18,061 |
| ii) Other Financial Liabilities | 16(i) | 98 | 84 |
| b) Provisions | 17 | 156 | 647 |
| c) Deferred Tax Liabilities (Net) | 18 | - | 78 |
| Total Non-Current Liabilities | | 10,336 | 18,870 |
| Current Liabilities | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | 15(ii) | 54,583 | 52,911 |
| ii) Trade Payables | 20 | 18,943 | 19,955 |
| b) Other Current Liabilities | 19 | 15,804 | 9,221 |
| c) Provisions | 16(ii) | 254 | 2,500 |
| Total Current Liabilities | | 89,584 | 84,587 |
| Total Liabilities | | 99,920 | 1,03,458 |
| TOTAL EQUITY AND LIABILITIES | | 69,656 | 97,333 |

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

Sonal Parekh
Partner
Place : Mumbai
Date : May 28, 2019

Ayalin Nadar
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Statement of Consolidated Profit and Loss for the year ended March 31, 2019

(₹ Lakhs)

| Particulars | Note No. | March 31, 2019 | March 31, 2018 |
|--|----------|-----------------|-----------------|
| Income | | | |
| Revenue from Operations | 21 | 8,794 | 26,588 |
| Other Income | 22 | 26 | 46 |
| Finance Income | 23 | 5 | 253 |
| Total Income | | 8,824 | 26,887 |
| Expenses | | | |
| Cost of Materials Consumed | | - | - |
| Purchase of Stock-In-Trade | 24 | 4,961 | 14,879 |
| Changes in inventories of finished goods, stock-in-trade and work-in-progress | 24 | 2,287 | 3,523 |
| Employee Benefits Expense | 25 | 1,934 | 4,206 |
| Finance Costs | 26 | 4,832 | 6,216 |
| Depreciation and Amortization Expense | 2,3 | 3,431 | 3,707 |
| Other Expenses | 27 | 24,386 | 26,635 |
| Total Expenses | | 41,832 | 59,166 |
| Profit/(Loss) Before Tax & Exceptional Items | | (33,007) | (32,279) |
| Exceptional items | | (6,039) | 1,733 |
| Profit/(Loss) Before Tax | | (26,969) | (34,012) |
| Tax Expense | | | |
| 1. Current Tax | | 145 | 131 |
| 2. Deferred Tax | | (464) | 79 |
| Total Tax Expense | | (318) | 210 |
| Profit/(Loss) For The Year | | (26,650) | (34,222) |
| Minority Interest | | (1,262) | (708) |
| | | (25,388) | (33,514) |
| Other Comprehensive Income | | | |
| i) Items that will not be reclassified to profit or loss | | | |
| a) Remeasurements of defined benefit plans | | 4 | 11 |
| Income Tax Effect | | - | (1) |
| | | 4 | 10 |
| b) Revaluation of Assets | | - | 54 |
| Income Tax Effect | | - | (14) |
| | | - | 40 |
| c) Equity instruments through Other Comprehensive Income net change in fair value | | - | - |
| Income Tax Effect | | - | - |
| | | - | - |
| Total Other Comprehensive Income | | 4 | 50 |
| Total Comprehensive Income for the Year | | (25,384) | (33,464) |
| XI. Basic and Diluted Earnings Per Share (Face value ₹10) | | (61.57) | (81.30) |

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

Sonal Parekh
Partner
Place : Mumbai
Date : May 28, 2019

Ayalin Nadar
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2019

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| A. Cash Flow From Operating Activities | | |
| Net Profit / (Loss) Before Extraordinary Items And Tax | (26,969) | (34,012) |
| Adjustments For: | | |
| Depreciation And Amortisation | 3,431 | 3,707 |
| (Profit) / Loss On Sale / Write Off Of Assets | 10 | 47 |
| (Profit) / Loss On Sale Of Investment | - | - |
| Finance Costs | 4,832 | 6,216 |
| Interest Received | (5) | (9) |
| Sundry Balance Written Off / Provision for Doubtful Debt | 21,708 | 23,811 |
| Remeasurements of defined benefit plans | 4 | 11 |
| Equity instruments through Other Comprehensive Income | - | - |
| Sub Total | 29,980 | 33,783 |
| Operating Profit / (Loss) Before Working Capital Changes | 3,012 | (229) |
| Changes In Working Capital: | | |
| Adjustments For (Increase) / Decrease In Operating Assets: | | |
| Inventories | 4,543 | 8,345 |
| Trade Receivables | (14,645) | (14,631) |
| Short-Term Loans And Advances | - | - |
| Long-Term Loans And Advances | - | - |
| Other Financial Assets | 10,323 | 1,302 |
| Other Current Assets | 3,931 | 7,447 |
| Adjustments For Increase / (Decrease) In Operating Liabilities: | | |
| Trade Payables | (1,012) | 1,684 |
| Other Current Liabilities | 6,566 | 1,986 |
| Other Long-Term Liabilities | 13 | (53) |
| Short-Term Provisions | (2,246) | (95) |
| Long-Term Provisions | (492) | (241) |
| Sub Total | 6,982 | 5,745 |
| Cash Generated From Operations | 9,993 | 5,516 |
| Net Income Tax (Paid) / Refunds | (58) | (593) |
| Net Cash Flow From / (Used In) Operating Activities (A) | 9,936 | 4,923 |
| B. Cash Flow From Investing Activities | | |
| Capital Expenditure On Fixed Assets, Including Capital Advances | (1,667) | (1,438) |
| Proceeds From Sale Of Fixed Assets | (8) | 607 |
| Investments in Subsidiaries, Joint Ventures and Associates | - | - |
| Interest Received | 5 | 9 |
| Purchase Of Long-Term Investments | | |
| - Investments in Bonds | - | - |
| Net Cash Flow From / (Used In) Investing Activities (B) | (1,670) | (821) |

Consolidated Cash Flow Statement for the year ended March 31, 2019

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| C. Cash Flow From Financing Activities | | |
| Minority Interest | 181 | 6 |
| Increase in Share Capital including Securities Premium | - | - |
| Net Increase / (Decrease) In Working Capital Borrowings | 1,673 | 3,288 |
| Net Increase / (Decrease) In Of Long Term Borrowings | (7,962) | (2,876) |
| Finance Cost | (4,832) | (6,216) |
| Foreign Currency Translation Reserve | 2,271 | (140) |
| Changes in Legal Reserve | 50 | 3 |
| Dividends Paid | - | - |
| Tax On Dividend | - | - |
| Net Cash Flow From / (Used In) Financing Activities (C) | (8,619) | (5,935) |
| Net Increase / (Decrease) In Cash And Cash Equivalents (A+B+C) | (354) | (1,834) |
| Cash And Cash Equivalents At The Beginning Of The Year | 5,904 | 7,738 |
| Cash And Cash Equivalents At The End Of The Year | 5,550 | 5,904 |

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

Sonal Parekh
Partner
Place : Mumbai
Date : May 28, 2019

Ayalin Nadar
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Notes forming part of the Financial Statements

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 state.

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, 2019 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.

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

| Name of the Subsidiary Company | Country of Incorporation | March 31, 2019 |
|--|--------------------------|--|
| 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 |

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.

Notes forming part of the Financial Statements

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 lakhs (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 cost 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 cost 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

Notes forming part of the Financial Statements

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 date 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 cost 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 01, 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 cost, 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.

Notes forming part of the Financial Statements

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 April 01, 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.

Notes forming part of the Financial Statements

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

- 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 pre-tax 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.

Notes forming part of the Financial Statements

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 i Employee Benefits 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

Notes forming part of the Financial Statements

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".

(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 AS's 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 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 the Financial Statements

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 01, 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) |
| Exchange Differences | 54 | - | - | - | - | - | - | - | 54 |
| At March 31, 2018 | 1,188 | 228 | 17,893 | 1,041 | 1,015 | 614 | 204 | 5,299 | 27,483 |
| Additions | - | - | 355 | - | - | 4 | - | 1,217 | 1,576 |
| Disposals | - | - | (16) | - | - | - | - | - | (16) |
| At March 31, 2019 | 1,188 | 228 | 18,232 | 1,041 | 1,015 | 618 | 204 | 6,516 | 29,043 |

Depreciation And Impairment

| | | | | | | | | | |
|----------------------------------|----------|-----------|---------------|--------------|------------|------------|------------|----------|---------------|
| At April 01, 2017 | - | 82 | 9,697 | 805 | 547 | 485 | 188 | - | 11,804 |
| Depreciation Charge For The Year | - | 3 | 2,516 | 139 | 142 | 36 | - | - | 2,836 |
| Impairment | - | - | 494 | - | (48) | (3) | - | - | 443 |
| At March 31, 2018 | - | 86 | 12,707 | 944 | 641 | 518 | 188 | - | 15,083 |
| Depreciation Charge For The Year | - | 3 | 2,262 | 112 | 139 | 27 | - | - | 2,544 |
| Disposals | - | - | (14) | - | - | - | - | - | (14) |
| At March 31, 2019 | - | 89 | 14,955 | 1,056 | 780 | 545 | 188 | - | 17,613 |

(₹ Lakhs)

| Net Book Value | Freehold Land | Buildings | Plant and Equipment | Furniture and Fixtures | Vehicles | Office Equipment | Leasehold Improvements | CWIP | Total |
|--------------------------|---------------|------------|---------------------|------------------------|------------|------------------|------------------------|--------------|---------------|
| At March 31, 2019 | 1,188 | 139 | 3,277 | (15) | 234 | 73 | 16 | 6,516 | 11,430 |
| At March 31, 2018 | 1,188 | 143 | 5,186 | 98 | 374 | 96 | 16 | 5,299 | 12,399 |
| At April 01, 2017 | 1,134 | 146 | 7,648 | 237 | 517 | 123 | 16 | 4,610 | 14,431 |

3 Intangible Assets

(₹ Lakhs)

| Particulars | Goodwill on Consolidation | Goodwill | Computer Software | Total |
|-----------------------------|---------------------------|--------------|-------------------|---------------|
| At April 01, 2017 | 8,462 | 2,019 | 214 | 10,695 |
| Acquisition Of A Subsidiary | - | - | 32 | 32 |
| At March 31, 2018 | 8,462 | 2,019 | 246 | 10,727 |
| Acquisition Of A Subsidiary | - | - | 91 | 91 |
| At March 31, 2019 | 8,462 | 2,019 | 337 | 10,818 |

Amortisation And Impairment

| | | | | |
|--------------------------|--------------|--------------|------------|--------------|
| At April 01, 2017 | 4,929 | 1,111 | 158 | 6,197 |
| Amortisation | 848 | - | 23 | 871 |
| Revalued in OCI | - | - | - | - |
| At March 31, 2018 | 5,776 | 1,111 | 181 | 7,068 |
| Amortisation | 848 | - | 39 | 887 |
| Impairment | - | - | - | - |
| At March 31, 2019 | 6,624 | 1,111 | 220 | 7,955 |

Net Book Value

| | | | | |
|--------------------------|--------------|------------|------------|--------------|
| At March 31, 2019 | 1,838 | 909 | 116 | 2,863 |
| At March 31, 2018 | 2,685 | 909 | 65 | 3,659 |
| At April 01, 2017 | 3,533 | 909 | 56 | 4,498 |

Notes Forming part of the Financial Statements

Impairment Testing of Goodwill

The Company performed its annual impairment test for years ended March 31, 2019 and March 31, 2018 on December 12, 2018 and December 06, 2017, 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 12, 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 28.5

4. Investments in Subsidiaries, Joint Ventures and Associates.

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| 4(i) Investments at fair value through OCI (fully paid) | | |
| Unquoted equity shares | | |
| Investment in Group Company | | |
| 1.20 Lakhs (2018: 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.) | - | - |
| Total | - | - |
| Unquoted Preference Instruments | | |
| Investment in Group Company | | |
| 72.50 Lakhs (2018: 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.) | - | - |
| Total | - | - |
| Total (A) | - | - |
| 4(ii) Other Investments | | |
| Un-Quoted Equity Instrument | | |
| 0.03 Lakhs (2018: 0.03 Lakhs) Equity Shares having Face Value of ₹ 10 Per Share in Saraswat Co-op Bank Ltd. | - | - |
| Total | - | - |
| Investment in Bonds | | |
| 15200 (2018:15200) Bond's of Anka's Suluk Ltd | - | - |
| Total (B) | - | - |
| Total FVTOCI investments | - | - |
| Current | - | - |
| Non-Current | - | - |
| Aggregate amount of quoted investment (Market value: Nil (2018 - Nil) | - | - |
| Unquoted Investments | - | - |
| Aggregate amount of impairment in value of investments | - | - |

Notes Forming part of the Financial Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| 5 Loans (Unsecured considered good unless otherwise stated) | | |
| Loans to related party | | |
| Loan to subsidiaries | - | - |
| Security Deposit | | |
| Deposits | 7 | 7 |
| Total loans | 7 | 7 |
| (i) Current | - | - |
| (ii) Non-Current | 7 | 7 |
| Total | 7 | 7 |

Loans and Advances

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 on the said loans. The carrying value may be affected by changes in the credit risk of the counterparties.

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| 6. Inventories | | |
| Raw materials (at cost) | - | - |
| Work in progress (at cost) | - | - |
| Finished goods (at lower of cost and net realisable value) | 2,938 | 7,481 |
| Total inventories at the lower of cost and net realisable value | 2,938 | 7,481 |

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| 7 Trade receivables | 34,305 | 41,368 |
| Receivables from an associate | - | - |
| Receivables from other related parties | - | - |
| Total Trade receivables | 34,305 | 41,368 |
| Break-up for security details: | | |
| Trade receivables | | |
| Secured, considered good | - | - |
| Unsecured, considered good | 24,754 | 32,319 |
| Doubtful | 9,551 | 9,049 |
| Total | 34,305 | 41,368 |
| Impairment Allowance (allowance for bad and doubtful debts) | | |
| Unsecured, considered good | - | - |
| Doubtful | - | - |
| Total | - | - |
| Total Trade receivables | 34,305 | 41,368 |

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.

Notes Forming part of the Financial Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| 8 Cash and Cash Equivalent | | |
| Balance With Bank | | |
| On Current Accounts | 103 | 647 |
| Cash on Hand | 76 | 16 |
| | <u>179</u> | <u>663</u> |
| 9 Bank Balance other than Cash and Cash Equivalent | | |
| Other Bank Balance | | |
| Unpaid Dividend | 11 | 11 |
| -Deposits with original maturity of less than three months | 5,360 | 3,672 |
| Fixed Deposit Receipt - Margin Money | - | 1,558 |
| Cheques/drafts on hand | - | - |
| | <u>5,370</u> | <u>5,241</u> |

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, 2019 | March 31, 2018 |
|--------------------------------------|----------------|----------------|
| 10 Other Financial Assets | | |
| Advances recoverable in Cash or Kind | 10,099 | 20,422 |
| Total | <u>10,099</u> | <u>20,422</u> |

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|------------------------------|----------------|----------------|
| 11 Current Tax Assets | | |
| Advances Income Tax | 11 | 114 |
| Total | <u>11</u> | <u>114</u> |

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| 12 Other Current Assets | | |
| Advance Recoverable from Statutory Authority | 69 | 90 |
| Security deposits | 306 | 760 |
| Loans and advances to Employees | 32 | 28 |
| Advance to supplier | 1,551 | 4,852 |
| Prepaid Expenses | 89 | 249 |
| Total | <u>2,048</u> | <u>5,979</u> |

Notes Forming part of the Financial Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | | March 31, 2018 | |
|---|----------------|-------|----------------|-------|
| | Number | ₹ | Number | ₹ |
| 13 Equity Share Capital | | | | |
| Authorised Share Capital | | | | |
| Equity Shares | | | | |
| At 1 April 2017 | 500 | 5,000 | 500 | 5,000 |
| Increase/(decrease) during the year | - | - | - | - |
| At March 31, 2018 | 500 | 5,000 | 500 | 5,000 |
| Increase/(decrease) during the year | - | - | - | - |
| At March 31, 2019 | 500 | 5,000 | 500 | 5,000 |
| Terms/ Rights Attached To Equity Shares | | | | |
| Issued Equity Capital | | | | |
| Equity shares of INR 1 each issued, subscribed and fully paid | | | | |
| At 1 April, 2017 | 412 | 4,122 | 412 | 4,122 |
| Changes during the period | - | - | - | - |
| At March 31, 2018 | 412 | 4,122 | 412 | 4,122 |
| Changes during the period | - | - | - | - |
| At March 31, 2019 | 412 | 4,122 | 500 | 4,122 |

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

(No. Lakhs)

| | March 31, 2019 | | March 31, 2018 | |
|--|----------------|------------|----------------|------------|
| | Number | Percentage | Number | Percentage |
| IDBI Bank Limited | 87.73 | 21.28% | 87.73 | 21.28% |
| Bank of Baroda | 64.47 | 15.64% | 64.47 | 15.64% |
| Union Bank of India | 32.58 | 7.90% | 32.58 | 7.90% |
| Central Bank of India | 18.83 | 4.57% | 18.83 | 4.57% |
| Allahabad Bank | 6.63 | 1.61% | 6.63 | 1.61% |
| Baronet Properties & Investments Pvt. Ltd | 15.36 | 3.73% | 15.36 | 3.73% |
| Coronet Properties & Investments Pvt. Ltd. | 13.86 | 3.36% | 13.86 | 3.36% |
| Aark Singapore Pte. Ltd. | 10.88 | 2.64% | 10.88 | 2.64% |
| V. Raman Kumar * | 3.90 | 0.95% | 3.90 | 0.95% |
| Atim Kabra | 10.41 | 2.52% | 10.41 | 2.52% |
| Frontline Strategy Limited # | 2.24 | 0.54% | 2.24 | 0.54% |
| Sudha Darab Dubash | 0.69 | 0.17% | 0.69 | 0.17% |
| Arvind Darab Dubash | 0.71 | 0.17% | 0.71 | 0.17% |
| Darab Dubash Private Limited @ | 0.35 | 0.08% | 0.35 | 0.08% |

*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.

Notes Forming part of the Financial Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|-----------------|-----------------|
| 14. Other Equity | | |
| Other Reserves | | |
| Share Premium | 18,658 | 18,658 |
| Capital Reserve | 1,155 | 1,155 |
| General Reserve | 296 | 296 |
| Legal Reserve | 766 | 716 |
| OCI Reserve | 347 | 342.67 |
| Foreign Currency Translation Reserve | 5,462 | 3,190.50 |
| Retained Earnings | (62,669) | (37,285) |
| Total | (35,986) | (12,927) |
| Share premium | | |
| At April 01, 2017 | 18,658 | 18,658 |
| Received during the year | - | - |
| At March 31, 2018 | 18,658 | 18,658 |
| Received during the year | - | - |
| At March 31, 2019 | 18,658 | 18,658 |
| Capital Reserve | | |
| At April 01, 2017 | 1,155 | 1,155 |
| Increase in Capital reserve | - | - |
| At March 31, 2018 | 1,155 | 1,115 |
| Increase in Capital reserve | - | - |
| At March 31, 2019 | 1,155 | 1,155 |
| General Reserve | | |
| At April 01, 2017 | 296 | 296 |
| Increase in General reserve | - | - |
| At March 31, 2018 | 296 | 296 |
| Increase in General reserve | - | - |
| At March 31, 2019 | 296 | 296 |
| Legal Reserve | | |
| At April 01, 2017 | 713 | 729 |
| Increase/(decrease) in Legal reserve | 3 | (16) |
| At March 31, 2018 | 716 | 713 |
| Increase/(decrease) in Legal reserve | 50 | - |
| At March 31, 2019 | 766 | 713 |
| OCI Reserve | | |
| At April 01, 2017 | 293 | - |
| Increase in OCI reserve | 50 | 293 |
| At March 31, 2018 | 343 | 293 |
| Increase in OCI reserve | 4 | - |
| At March 31, 2019 | 347 | 293 |
| Foreign Currency Translation Reserve | | |
| At April 01, 2017 | 3,330 | 3,010 |
| Increase in FX reserve | (140) | 320 |
| At March 31, 2018 | 3,191 | 3,330 |
| Increase in FX reserve | 2,271 | - |
| At March 31, 2019 | 5,462 | 3,330 |

Notes Forming part of the Financial Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| Retained Earnings | | |
| At April 01, 2017 | (3,834) | (3,834) |
| Profit for the year | (33,514) | (33,514) |
| Realised losses/Gain through OCI | - | - |
| Proposed Dividend on Equity Share (Dividend Per Share 0.50 (2016: 1.20)) | - | - |
| Taxes of Earlier Years | (62) | - |
| Tax on Dividend | - | - |
| At March 31, 2018 | (37,285) | (37,347) |
| Profit for the year | (25,388) | - |
| Realised losses/Gain through OCI | - | - |
| Proposed Dividend on Equity Share (Dividend Per Share 0.50 (2016: 1.20)) | - | - |
| Taxes of Earlier Years | (4) | (62) |
| Tax on Dividend | - | - |
| At March 31, 2019 | (62,669) | (37,285) |
| 15 Borrowings | | |
| Non-Current Liabilities | | |
| Secured | | |
| 1. Foreign Currency Bank Loan (Secured) | 4,267.61 | 3,997.02 |
| 2. Foreign Currency Bank Loan (Secured) | - | - |
| 3. Foreign Currency Bank Loan (Secured) | 5,548.80 | 7,540.14 |
| 4. Indian Rupee Bank Loan (Secured) | - | 6,011.37 |
| 5. Vehicle Loan | 200.60 | 343.65 |
| | 10,017.01 | 17,892 |
| UnSecured from Others | | |
| 6. Loan I | 65.65 | 168.49 |
| | 65.65 | 168 |
| Total Non-Current Liabilities | 10,082.66 | 18,061 |
| Current Liabilities | | |
| Term Loan | | |
| Secured bank loan | | |
| 1. Cash Credit from Banks (Secured) | 15,429 | 18,934 |
| 2. Cash Credit from Banks (Secured) | 1,385 | 1,541 |
| 3. Cash Credit from Banks (Secured) | 28,601 | 24,984 |
| 4. Cash Credit from Banks (Secured) | 7,799 | 6,126 |
| 5. Cash Credit from Banks (Secured) | 245 | 223 |
| 6. Short Term Loan | - | - |
| 7. Short Term Loan | - | - |
| 8. Vehicle Loan | - | - |
| 8. Vehicle Loan | - | - |
| | 53,459 | 51,808 |
| From other parties | - | - |
| From Others (Unsecured) | - | - |
| From Directors & Others | - | - |
| From Related Parties | 1,124 | 1,103 |
| Long term maturities of finance lease obligation | - | - |
| Obligations under finance leases and hire purchase contracts | - | - |
| Total Current Borrowings | 54,583 | 52,911 |

Notes Forming part of the Financial Statements

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 925,000 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 1,030,100 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 500,000 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, 2019 | March 31, 2018 |
|--|----------------|----------------|
| 16 Other Financial Liabilities | | |
| i Non-Current Liabilities | | |
| Deposits | 98 | 84 |
| Total Non-Current Liabilities | 98 | 84 |
| 17 Provisions | | |
| (i) Non Current Provisions | | |
| For Leave Encashment | 156 | 647 |
| Total Non Current Provisions | 156 | 647 |
| (ii) Current Provisions | | |
| For Gratuity | 254 | 2,500 |
| For Leave Encashment | - | - |
| For Proposed Equity Dividend | - | - |
| For Tax on Proposed Dividend | - | - |
| Total Current Provisions | 254 | 2,500 |
| 18 Deferred Tax | | |
| Deferred tax relates to the following: | | |
| Difference in WDV as per Income Tax Act and Companies Act | (349) | 121 |
| Revaluations of land and buildings and Intangible Assets to fair value | - | 14 |
| Revaluations of FVTOCI investments to fair value | - | - |
| Provision for diminution of investments | - | - |
| Business loss | (57) | (57) |
| Net deferred tax assets/(liabilities) | (406) | 78 |
| Reflected in the balance sheet as follows: | | |
| Deferred tax assets | (406) | (57) |
| Deferred tax liabilities | - | 135 |
| Deferred Tax Liabilities (Net) | (406) | 78 |

Notes Forming part of the Financial Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| 19 Other Current Liabilities | | |
| Unpaid Dividends | 8 | 11 |
| Loans from Subsidiary Companies | | |
| Advances from Customers | 726 | 683 |
| Other Payable | 14,953 | 8,428 |
| Current maturities of long-term debt | 116 | 100 |
| Creditors - Statutory | - | - |
| Total Current Liabilities | 15,804 | 9,221 |
| 20 Trade Payables | | |
| Trade payables | 18,943 | 19,955 |
| Trade payables to Related Parties | - | - |
| Total | 18,943 | 19,955 |
| 21 Current Tax Liabilities | | |
| Provision For Income Tax | - | - |
| Total | - | - |
| 21 Revenue from Operation | | |
| Sales of Products (Refer Note 25.18) | 4,508 | 21,944 |
| Sale of Services | 4,286 | 4,644 |
| Total | 8,794 | 26,588 |
| 22 Finance Income | | |
| Interest income | | |
| From Banks | 5 | 9 |
| From Subsidiary | - | 244 |
| Total | 5 | 253 |
| 23 Other Income | | |
| Other Non-Operating Income | | |
| Rent Received | 9 | 10 |
| Guarantee Commission Fees | - | - |
| Dividend from Subsidiary | - | - |
| Other | 17 | 37 |
| Total | 26 | 46 |
| Other Comprehensive Income | 4 | 50 |
| 24 Cost Of Raw Material And Components Consumed | | |
| Cost Of Traded Goods Sold | | |
| Inventory at the beginning of the year | 2,649 | 6,328 |
| Add: Purchases | 4,961 | 14,879 |
| | 7,611 | 21,207 |
| Less: inventory at the end of the year | 362 | 2,805 |
| Cost Of Traded Goods Sold | 7,248 | 18,402 |
| 25 Employee Expense | | |
| Salaries and Wages | 1,825 | 4,091 |
| Contribution to Provident and Other Funds (Refer Note No. 25.3) | 71 | 72 |
| Staff Welfare Expenses | 38 | 43 |
| Total | 1,934 | 4,206 |

Notes Forming part of the Financial Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| 26 Finance Costs | | |
| Interest | 4,710 | 5,837 |
| Bank Charges | 73 | 377 |
| Net (Gain) / Loss on Exchange Fluctuation | 49 | 2 |
| Total | 4,832 | 6,216 |
| 27 Other Expenses | | |
| Advertisement | 19 | 68 |
| Auditor's Remuneration | 40 | 35 |
| Business Promotion | 73 | 29 |
| Communication | 206 | 197 |
| Directors' Sitting Fees | 2 | 5 |
| Donations And Contributions | - | 9 |
| Insurance | 38 | 144 |
| Legal And Professional | 247 | 717 |
| Membership & Subscription | 1 | 1 |
| Power and Fuel | 77 | 180 |
| Printing And Stationery | 120 | 49 |
| Rates And Taxes | 21 | 41 |
| Rent and Compensation | 1,006 | 2,049 |
| Repairs And Maintenance - Buildings | - | - |
| Repairs And Maintenance - Machinery | 7 | 57 |
| Repairs And Maintenance - Others | 8 | 18 |
| Training & Seminar | 3 | 7 |
| Travelling And Conveyance | 332 | 756 |
| Sundry Balance Written off (Net) | 3,659 | 15,906 |
| Provision for Doubtful Debt | 18,049 | 7,906 |
| Profit/(Loss) on Sale/Discard of Fixed Assets | 10 | 47 |
| Loss on Sale/Discard of Investments | - | - |
| Miscellaneous Expenses | 468 | 149 |
| Total | 24,386 | 28,369 |
| Auditor's Remuneration | | |
| Payments to the auditors comprises (net of service tax input credit, where applicable): | | |
| As Auditors - Statutory Audit | 34 | 30 |
| For Other Services | 9 | 9 |
| Total | 43 | 39 |

27 Additional information to the Consolidated Financial Statements

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| 27.1 Contingent liabilities and commitments (to the extent not provided for) | | |
| (a) Letters of Credit by Bank | - | |
| (b) Bank Guarantee | 174 | 178 |
| (c) Sales Tax Matters | - | 340 |
| (d) Income Tax Matters | 129 | 217 |
| (e) Claim Lodged by Customers Not Acknowledged as Debt | 889 | 5 |
| (f) Corporate Guarantee and Indemnities | 76,632 | 68,049 |

SBLC is secured by first charge by way of hypothecation of moveable Machinery and other Fixed Assets and Equitable Mortgage of properties situated at Mumbai and Bengaluru and second charge on the Current Assets of the Company. It is further secured by pledge of 500,000 Equity Shares of the Company held by Promoter Group Company.

27.2 Earnings Per Share (EPS): Equity Shares of Rs 10, fully paid-up

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| A. Profit / (Loss) as per Statement of Profit and Loss | | |
| Basic | (25,388) | (33,514) |
| Diluted | (25,388) | (33,514) |
| B. Weighted Average No of Equity Shares | | |
| Basic | 412 | 412 |
| Diluted | 412 | 412 |
| C. Earning Per share | | |
| Basic | (62) | (81) |
| Diluted | (62) | (81) |

27.3 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 |
| Promoter Group Companies (PGC) | GSD Properties & Trading Pvt Ltd |
| Promoter Group Companies (PGC) | 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 (upto 11th February 2019) |
| Key Management Personnel (KMP) | Mr. Ayalin Nadar (from 12th February 2019) |
| Key Management Personnel (KMP) | Ms. Kunjan Trivedi |

Note: Related parties have been identified by the Management.

Additional information to the Consolidated Financial Statements

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

| Particulars | OGC | | KMP | |
|--|----------------|----------------|----------------|----------------|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| Transactions during the year | | | | |
| Sale | Nil | Nil | Nil | Nil |
| Rent | Nil | Nil | Nil | Nil |
| Advances | Nil | Nil | Nil | Nil |
| Loans taken | Nil | Nil | Nil | Nil |
| Loans repaid/adjusted | Nil | (1,106) | Nil | 163 |
| Remuneration Paid | Nil | Nil | 67 | 100 |
| Balances outstanding at the end of the year | | | | |
| Unsecured Loans | Nil | Nil | Nil | Nil |
| Advances | Nil | Nil | Nil | Nil |
| Trade Receivables / Payable | Nil | Nil | Nil | -26 |

PGC

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|--|----------------|----------------|
| Transactions during the year | | |
| Loans & Advances | Nil | (581) |
| Balances outstanding at the end of the year | | |
| Loans & Advances | Nil | Nil |

27.4 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 Schedule 26).

Future minimum lease payments under non cancellable operating lease:

(₹ Lakhs)

| Particulars | March 31, 2019 | March 31, 2018 |
|---|----------------|----------------|
| Not later than one year | 353 | 407 |
| Later than one year and not later than five years | 69 | 391 |
| Later than five years | Nil | Nil |
| Lease Payment made during the year recognised in the statement of profit and loss account | 404 | 668 |

27.5 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.

27.6 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, 2019. The Group has provided the interest on payment basis. The interest expenses for current year would have been higher by ₹ 3,949 Lakhs if the Group had provided the interest on accrual basis.

Additional information to the Consolidated Financial Statements

- 27.7 During the year under review, the Holding Company continues to show Goodwill amounting to ₹ 909 lakhs in its Books which was on account of acquisition of a then subsidiary of the Company in 2010. Although there is no much future economic benefits expected from the said Goodwill, the Company is still exploring use of Brands acquired under said Goodwill for economic benefits of the Company.
- 27.8 Although the accumulated losses of the Holding Company have reached to aggregate of ₹ 36,800 lakhs resulting in erosion of its Net Worth, the Company is still actively exploring for strategic financial investor(s) with its business infrastructure and with unbroken brand reputation; hence the accounts have been prepared on going concern basis.
- 27.9 In respect of one of the Indian Subsidiary Company, balance appearing under the head "Capital Work in Progress" amounting to ₹ 7,824 Lakhs consists of assets which are scattered across the country, therefore it is practically not possible to carry out physical verification of the said assets. However, Company is in process of documenting the entire process, its valuation and ageing.
- 27.10 During the year under review, the Holding Company has written off doubtful recovery of debtors amounting to ₹ 2257.04 lakhs; advance to suppliers amounting to ₹ 1,034.08 lakhs and the Holding Company has also identified obsolete / non-moving stock and the same has been valued at net realizable value on account of which there has been loss to the Holding Company to an extent of ₹ 1,230.15 lakhs. The Holding Company identified and sold its obsolete / non moving / non working condition stock costing ₹ 877.85 lakhs at scrap value leading to loss in the year under review. Further the Holding Company in its previous year 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. The Holding Company has in its previous year had identified 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.
- 27.11 One of the Indian Subsidiary Company is carrying high receivable balance of ₹ 2969 lakhs. It has started the process of recovering the old balances and is confident of recovering the entire amount.
- 27.12 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.
- 27.13 The Company has provided for its Trade Receivables and Advance to suppliers amounting to ₹ 18,049 Lakhs in view of doubtful of recovery and one time settlement agreements with certain parties.
- 27.14 Certain balances under the heads Sundry Debtors, Loans & Advances, Sundry Creditors are subject to confirmations from the respective parties and consequential reconciliation, if any.

In terms of our report attached.

For and on behalf of the Board of Directors

For S M M P & Associates
Chartered Accountants

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Sonal Parekh
Partner
Place : Mumbai
Date : May 28, 2019

Ayalin Nadar
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2019 on the Consolidated Financial Results

[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

(₹ 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 | 8,824 | 8,824 |
| | 2. | Total Expenditure | 34,208 | 27,457 |
| | 3. | Net Profit / (Loss) | (25,384) | (36,281) |
| | 4. | Earnings Per Share | (61.57) | (88.00) |
| | 5. | Total Assets | 69,250 | 68,341 |
| | 6. | Total Liabilities | 99,514 | 1,10,411 |
| | 7. | Net Worth | (30,264) | (42,070) |
| | 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 and reversal of Borrowing from Banks
2. Non-provisioning of Goodwill despite of no economic benefit
3. Company's inability to continue as a Going Concern
4. Unaudited Financial Results of Foreign Subsidiary Companies

b. Type of Audit Qualification : Qualified Opinion

c. Frequency of qualification:

1. Second Time
2. First Time
3. First Time
4. First Time

d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

1. The Company and its Indian Subsidiary, during the year under review, has not provided for interest amounting to ₹ 2,794.23 lakhs and ₹ 1,154.92 lakhs, respectively, on its outstanding loans from Banks. Further, the Company has also reversed outstanding dues from Banks amounting to ₹ 6,038.86 lakhs as the Company is in advanced stage of negotiation / closure with the Company's and its subsidiary Lenders for One Time Settlement (OTS) of their entire dues. Therefore in the opinion of the management, liability as reflected in the financial statements is sufficient to meet proposed OTS.
2. During the year under review, the Company continues to show Goodwill amounting to ₹ 909 lakhs in its Books which was on account of acquisition of a then subsidiary of the Company in 2010. Although there is no much future economic benefits expected from the said Goodwill, the Company is still exploring use of Brands acquired under said Goodwill for economic benefits of the Company.

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 Quantifiable

(ii) If management is unable to estimate the impact, reasons for the same:

Although the accumulated losses of the Company have reached to aggregate of ₹ 36,800 lakhs resulting in erosion of its Net Worth, the Company is still actively exploring for strategic / financial investor(s) with its business infrastructure and with unbroken brand reputation; hence the accounts have been prepared on going concern basis.

(iii) Auditors' Comments on (i) or (ii) above:

The Company has been incurring constant losses, the Company's accumulated losses aggregate to ₹ 36,800 Lakhs resulting in complete erosion of its net worth. Further, as of March 31, 2019, company's liabilities exceeded its assets. These factors along with other matters as set forth in said note raise substantial doubt about the company's ability to continue as a going concern in the foreseeable future. However, the company's financial statement has been prepared on going concern basis.

III. Signatories:**For Zicom Electronic Security Systems Limited****For Zicom Electronic Security Systems Limited**

Pramoud Rao
Managing Director

Ayalin Nadar
Chief Financial Officer

For Zicom Electronic Security Systems Limited

For S M M P & Associates
Chartered Accountants

Anil Khanna
Audit Committee Chairman

Sonal Parekh
Partner
Membership No. 139852

Place: Mumbai
Date: May 28, 2019

[illegible]

[illegible]

[illegible]



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]

25th Annual General Meeting (AGM) - September 30, 2019

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 Fifth Annual General Meeting of the Company, to be held on Monday, September 30, 2019 at 3:30 p.m. at Registered Office of the Company at 501, Silver Metropolis, Western Express Highway, Goregaon (East), Mumbai 400063 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, 2019; and b. the Audited Consolidated Financial Statements of the Company and Auditors Report for the financial year ended March 31, 2019. | | |
| 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. Dhaval Mehta as an Independent Director of the Company. | | |

Signed this _____ day of _____ 2019.

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 Fifth 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 (on poll) in the manner as he / she may deem appropriate.

* Applicable for Members holding shares in electronic form.



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



ATTENDANCE SLIP

25th Annual General Meeting (AGM) - September 30, 2019

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 Fifth Annual General Meeting of the Company held on Monday, September 30, 2019, at 3:30 p.m. at Registered Office of the Company at 501, Silver Metropolis, Western Express Highway, Goregaon (East), Mumbai 400063.

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.

Tel. : +91 22 4290 4290 | Fax. : +91 22 4290 4291