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May 28, 2019

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

Stock Code: 531404

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: ZICOM

Ref: ISIN INE 871B01014

Dear Sir / Madam,

Sub: Statement of Impact under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016, we enclose herewith the Statement of Impact of Audit Qualifications on the Audited Financial Results, both standalone and consolidated, for the year ended March 31, 2019.

Kindly take 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

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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]

(Rs. in lakhs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	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		

Zicom Electronic Security Systems Ltd.
501, Silver Metropolis, Western Express Highway, Goregaon (E), Mumbai - 400 063.
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CIN : L32109MH1994PLC083391

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	d.	**For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
		1. The Bank has classified the Company as Non Performing Assets (NPA) as per Reserve Bank of India circular on assets classification. As a result, the Company, during the year under review, has not provided for interest amounting to Rs. 2,794.23 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 Rs. 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 Rs. 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 Rs 36,800 Lacs resulting in complete erosion of its net worth. Further, as of 31st March 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.

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III.	Signatories:	
	For **Zicom Electronic Security Systems Limited** **Pramoud Rao** **Managing Director**	For **Zicom Electronic Security Systems Limited** **Ayalin Nadar** **Chief Financial Officer**
	For **Zicom Electronic Security Systems Limited** **Anil Khanna** **Audit Committee Chairman**	For **S M M P & Associates** **Chartered Accountants** **Sonal Parekh** **Partner** **Membership No. 139852**
Place: **Mumbai**		
Date: **May 28, 2019**		

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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]

(Rs. in lakhs)

I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	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		

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CIN : L32109MH1994PLC083391

	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 Rs. 2,794.23 lakhs and Rs. 1,154.92 lakhs, respectively, on its outstanding loans from Banks. Further, the Company has also reversed outstanding dues from Banks amounting to Rs. 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 Rs. 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.
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	(i)	**Management's estimation on the impact of audit qualification:** Not Quantifiable
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	(iii)	**Auditors' Comments on (i) or (ii) above:** The Company has been incurring constant losses, the Company's accumulated losses aggregate to Rs 36,800 Lacs resulting in complete erosion of its net worth. Further, as of 31st March 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.

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	For **Zicom Electronic Security Systems Limited** ***Anil Khanna*** **Audit Committee Chairman**	For **S M M P & Associates** **Chartered Accountants** **Sonal Parekh** **Partner** **Membership No. 139852**
Place: **Mumbai**		
Date: **May 28, 2019**		