



Independent Auditors' Report

TO THE MEMBERS OF ZICOM SAAS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **ZICOM SAAS PRIVATE LIMITED** ('the Company') which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, as specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



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

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

Opinion

Attention is invited to Note No. 22.13 of the Notes forming part of financial statements which reads as follows :

"...regarding non provision of Interest on Term Loans from Banks amounting to Rs.6.30 Crores because the loans have become NPA for Banks."

In our opinion, in view of the non-provision of interest on term loans from banks of Rs.6.30 Crores, the loss for the year is stated lower to that extent and Reserves & Surplus are stated higher to that extent in the financial statements.

Subject to above, in our opinion, and to the best of our information and according to the explanations given to us, the financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, its loss, and its cash flows for the year ended on that date.

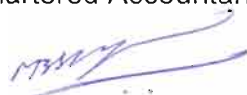
Report on Other Legal and Regulatory Requirements

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 company so far as it appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;



- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of written representations received from the Directors, as on March 31, 2017, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017 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 2" to this report;
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
- ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in its financial statements as to holding as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. The disclosures are in accordance with books of account maintained by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For MITUL B. SHAH & ASSOCIATES
Chartered Accountants



MITUL B. SHAH
Proprietor
Membership No.: 42162
Firm Regn. No. 106462W



Mumbai
Dated : 25th May, 2017

ZICOM SAAS PRIVATE LIMITED**ANNEXURE '1' REFERRED TO IN PARAGRAPH 2 UNDER THE HEADING
"REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS" OF
OUR REPORT OF EVEN DATE**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situations of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property.
- (ii) The inventories were physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, clauses (iii)(a) & (iii)(b) of the Order are not applicable to the company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors / to a company in which the Directors is interested to which provisions of Section 185 of the Companies Act 2013 apply and hence not commented upon and the provisions of Section 186 of the Companies Act 2013 are not applicable to the Company.
- v) The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March,31,2017 and therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.
- vi) The Central Government has specified the maintenance of cost records under section 148(1) of the Act. The Company during the year under review has not used its manufacturing facility and hence the said clause is not applicable.
- vii(a)The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, income-tax, sales tax, Service Tax, Value Added Tax, Custom Duty, Excise Duty, Cess and material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, income-tax, sales tax, Service Tax, Value Added Tax, Custom Duty, Excise Duty, Cess and other material statutory dues were outstanding, at the year end , for a period of more than six months from the date they became payable.



- (c) There are no dues of sales tax / income tax / customs duty / service tax / value added tax/ excise duty / cess, which have not been deposited on account of any dispute.
- viii) The Company has defaulted in repayment of dues to Banks. The details of the defaults are as per Annexure attached herewith.
- ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer or further public offer (including debt instrument), hence not commented upon.
- Further, monies raised by the Company by way of Term Loans were applied for the purposes for which those were raised.
- x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- xi) No managerial remuneration has been paid by the Company.
- xii) The Company is not a nidhi company and hence reporting under clause 3(xii) of the Order is not applicable.
- xiii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year .
- xv) The Company has not entered into any non-cash transactions with directors or persons connected with him.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For MITUL B. SHAH & ASSOCIATES
Chartered Accountants



MITUL B. SHAH
Proprietor
Membership No.:42162
Firm Regn. No. 106462W

Mumbai
Dated : 25th May, 2017



ANNEXURE '2' TO THE INDEPENDENT AUDITORS' REPORT OF GIVEN DATE ON THE FINANCIAL STATEMENTS OF ZICOM SAAS PRIVATE LIMITED.**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

To the members of Zicom Saas Private Limited

We have audited the internal financial controls over financial reporting of Zicom Saas Private Limited ("the Company") as of March 31, 2017, in conjunction with our audit of the financial statements of the company for the ended on that date.

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 accounts of India. 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 it's 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.

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 standards on auditing prescribed under Section 143(10) of the Act and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") to the extent applicable to an audit of internal financial control, both applicable to an audit of Internal Financial Controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 internal financial control 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 exist, 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 judgement, including the assessment of the risk 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 produce a basis for our audit opinion on the 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention of 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 controls 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, to the best of our information and according to the explanations given to us, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 MITUL B. SHAH & ASSOCIATES
Chartered Accountants


MITUL B. SHAH

Proprietor

Membership No.:42162

Firm Regn. No. 106462W

Mumbai

Dated : 25th May,2017



ANNEXURE OF DEFAULTS IN REPAYMENT OF BANK LOAN

BANK NAME	AMOUNT OF DEFAULT (Rs)	PERIOD OF DEFAULT
Central Bank of India	13,94,05,277	June 2016
Central Bank of India	10,40,53,328	July 2016
Central Bank of India	1,18,72,122	October 2016
Central Bank of India	10,04,60,000	September 2016
Punjab National Bank	11,20,37,738	September 2016
Punjab National Bank	4,09,67,929	September 2016
Union Bank of India	10,12,01,921	October 2016
Union Bank of India	11,24,00,000	October 2016
Union Bank of India	4,20,53,783	October 2016



ZICOM SaaS PRIVATE LIMITED
Balance Sheet as at March 31, 2017

Particulars	Note No.	March 31, 2017 Rs	March 31, 2016 Rs
A EQUITY AND LIABILITIES			
1 Shareholders' Funds			
Share Capital	1	200,000,000	200,000,000
Reserves And Surplus	2	42,979,911	90,905,988
		<u>242,979,911</u>	<u>290,905,988</u>
2 Non-Current Liabilities			
Long-Term Borrowings	3	676,780,496	499,954,473
Other Long-Term Liabilities	4	3,797,500	2,857,500
Long-Term Provisions	5	1,318,915	695,490
		<u>681,896,911</u>	<u>503,507,463</u>
3 Current Liabilities			
Short-Term Borrowings	6	115,162,457	33,845,456
Trade Payables	7	128,008,729	55,167,461
Other Current Liabilities	8	68,945,671	281,791,045
Short-Term Provisions	9	1,200,329	989,283
		<u>313,317,186</u>	<u>371,793,245</u>
	TOTAL	<u><u>1,238,194,008</u></u>	<u><u>1,166,206,696</u></u>
B Assets			
1 Non-Current Assets			
Fixed Assets			
Tangible Assets	10	448,677,723	515,052,069
Intangible Assets		4,298,573	4,398,317
Capital Work-In-Progress		460,977,118	449,822,803
		<u>913,953,414</u>	<u>969,273,189</u>
Non-Current Investments		-	-
Deferred Tax Assets	11	42,811,769	15,201,999
Long-Term Loans And Advances	12	-	428,283
Other Non-Current Assets		-	-
		<u>956,765,183</u>	<u>984,903,471</u>
2 Current Assets			
Inventories		-	-
Trade Receivables	13	207,368,887	120,209,066
Cash And Cash Equivalents	14	308,101	9,671,520
Short-Term Loans And Advances	15	73,751,837	51,422,639
Other Current Assets		-	-
		<u>281,428,825</u>	<u>181,303,225</u>
	TOTAL	<u><u>1,238,194,008</u></u>	<u><u>1,166,206,696</u></u>

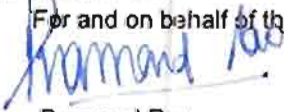
See accompanying notes forming part of the financial statements

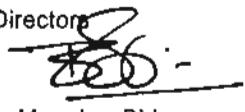
As per our attached report of even date

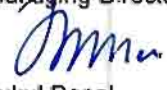
For Mitul B. Shah & Associates

Chartered Accountants

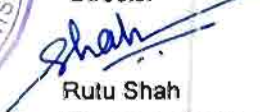
For and on behalf of the Board of Directors


Pramoud Rao
Managing Director



Manohar Bidaye
Director


Mukul Desai
Director


K D Hodavdekar
Director


Rutu Shah
Company Secretary


Hemendra Paliwal
Chief Financial Officer


Mitul B. Shah
Proprietor
Membership No. 42162
Firm Reg No : 106462W
Mumbai
Date : May 25, 2017



ZICOM SaaS PRIVATE LIMITED

Statement of Profit and Loss for the Year ended March 31, 2017

Particulars	Note No	March 31, 2017 Rs	March 31, 2016 Rs
1 Revenue From Operations	16	509,785,769	481,950,121
2 Other Income	17	289,748	36,893
3 Total Revenue		510,075,517	481,987,014
4 Expenses			
Cost Of Materials Consumed		-	-
Purchases & Material Related Expenses	18	162,316,942	65,935,027
Changes In Inventories		-	-
Employee Benefits Expense	19	59,336,268	38,603,805
Finance Costs	20	45,694,900	120,971,690
Depreciation And Amortisation Expense	10	203,985,535	166,603,206
Other Expenses	21	109,277,719	46,940,823
Total Expenses		580,611,364	439,054,551
5 Profit / (Loss) Before Tax		(70,535,847)	42,932,463
6 Tax Expense:			
Current Tax Expense		5,000,000	22,182,000
Deferred Tax		(27,609,770)	(11,040,918)
		(22,609,770)	11,141,082
7 Profit / (Loss) For The Year		(47,926,077)	31,791,381
8 Earnings Per Share (Of Rs 10/- Each):			
Basic		(2.40)	0.68
Diluted		(2.40)	0.68

See accompanying notes forming part of the financial statements

As per our attached report of even date

For Mitul B. Shah & Associates

Chartered Accountants

Mitul B. Shah



Mitul B. Shah
Proprietor
Membership No. 42162
Firm Reg No : 106462W
Mumbai
Date : May 25, 2017

For and on behalf of the Board of Directors

Framoud Rao

Framoud Rao
Managing Director

Manohar Bidaye

Manohar Bidaye
Director

Mukul Dasai

Mukul Dasai
Director

K D Hodavdekar

K D Hodavdekar
Director

Rutu Shah

Rutu Shah
Company Secretary

Hemendra Paliwal

Hemendra Paliwal
Chief Financial Officer

ZICOM SaaS PRIVATE LIMITED
Cash Flow Statement for the year ended March 31, 2017

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Rs	Rs	Rs	Rs
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		(70,535,847)		42,932,463
<u>Adjustments for:</u>				
Depreciation and amortisation	203,985,535		166,603,206	
Provisions	834,471		372,410	
(Profit) / Loss on Sale / Discard of Fixed assets	(72,479)		6,341,329	
Sundry Balance Written off (Net)	42,090,204		186,424	
Finance costs	45,694,900		120,971,690	
	292,532,631		288,133,730	
Operating profit / (loss) before working capital changes		221,996,784		
<u>Changes in working capital:</u>				
<u>Adjustments for (increase) / decrease in operating assets:</u>				
Trade receivables	(129,250,025)		(25,631,577)	
Short-term loans and advances	(22,329,198)		7,897,354	
Other Current Assets	-		2,250,000	
Long-term loans and advances	428,283		2,974,201	
	(151,150,940)		(12,510,022)	
<u>Adjustments for increase / (decrease) in operating liabilities:</u>				
Trade payables	72,841,268		(21,741,860)	
Other Current Liabilities	28,644,439		78,463,676	
Other Long-Term Liabilities	940,000		-	
	102,425,707		56,721,816	
		(48,725,233)		44,211,794
Cash generated from operations		173,271,551		375,277,987
Net income tax (paid) / refunds		5,635,187		(9,184,167)
Net cash flow from / (used in) operating activities (A)		178,906,738		366,093,820
B. Cash flow from investing activities				
Sale of fixed Assets	605,165		46,576,787	
Capital expenditure on fixed assets, including capital advances	(149,198,446)		(311,368,026)	
Net cash flow from / (used in) Investing activities (B)		(148,593,281)		(264,791,239)
C. Cash flow from financing activities				
Increase / (decrease) from long-term borrowings	(75,298,977)		(9,854,264)	
Net increase / (decrease) in working capital borrowings	81,317,001		31,409,121	
Finance cost	(45,694,900)		(120,971,690)	
	(39,676,876)		(99,416,833)	
Net cash flow from / (used in) financing activities (C)		(39,676,876)		(99,416,833)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(9,363,419)		1,885,748
Cash and cash equivalents at the beginning of the year		9,671,520		7,785,772
Cash and cash equivalents at the end of the year		308,101		9,671,520

See accompanying notes forming part of the financial statements
As per our attached report of even date
For Mitul B. Shah & Associates
Chartered Accountants

Mitul B. Shah
Proprietor
Membership No. 42162
Firm Reg No : 106462W
Mumbai
Date : May 25, 2017



Pramod Rao
Managing Director

Mukul Desai
Director

Rutu Shah
Company Secretary

For and on behalf of the Board of Directors

Manohar Bidaye
Director

K D Hodavdekar
Director

Hemendra Pallwal
Chief Financial Officer

ZICOM SaaS PRIVATE LIMITED

Notes forming part of the Financial Statements

1 Corporate information

Zicom SaaS Pvt. Ltd. is a private limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It's wholly owned Subsidiary of Zicom Electronic Security Systems Ltd. a listed company. The company is in business of providing Security as a Service. The company offers security managed services with four levels of security – security hardware, remote monitoring, remote response and insurance cover – all built into a holistic end-to-end security solution.

2 Significant accounting policies

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribe by central government in consultation and recommendation for the National Financial Reporting Authority, the existing Accounting Standards Notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211 (3C) of Companies Act,1956 (Companies (Accounting Standards) Rules, 2006, as amended) and other relevant provisions of the Companies Act, 2013.

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months for the purpose of current- non current classification of assets and liabilities.

2.1 Basis of Accounting:

The Financial Statements are prepared in accordance with the historical cost convention.

2.2 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

2.3 Fixed Assets, including Intangible Assets / Capital Work-in-Progress:

Fixed assets including intangible assets are stated at cost less accumulated depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes, incidental expenses and financing cost of borrowed funds relating to acquisition of fixed assets up to the date of commissioning/commercial exploitation of assets.

Capital Work-in-Progress is carried at cost, comprising direct cost related incidental expenses and interest on borrowings there against.

2.4 Depreciation / Amortisation

Tangibles:

Depreciation on fixed assets is provided on useful life in accordance with the rates specified in Schedule II of the Companies Act, 2013.

Leasehold improvements incurred on rented premises are written off over a period of three years.



Intangibles:

Cost of software is amortised over a period of five years Goodwill purchased is amortised on a pro-rata basis from the month of acquisition over a period of ten years.

2.5 Investments

Investments are stated at 'cost'. A provision for diminution is made to recognise a decline, other than temporary, in the value of long term investments. Current investments are valued at lower of cost or net fair value.

2.6 Valuation of Inventories:

Materials, Stores and Spares are valued at cost on First In First Out Basis.

Work-in-Progress, finished goods and trading goods are valued at cost or realizable value whichever is lower.

Goods-in-transit are valued at cost. In respect of goods undergoing customs clearance, no provision has been made for the customs duty liability. However, this practice does not have any impact on the Loss for the period.

2.7 Foreign Exchange Fluctuations :

Transactions in Foreign Currency are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities relating to foreign currency transactions remaining unsettled at the end of the year are translated at the year-end rates. The differences in translation of monetary assets and liabilities and realised gains and losses on foreign exchange transactions are recognised in the Statement of Profit and Loss.

2.8 Revenue recognition:

Sales are recognised when goods are supplied in accordance with the terms of sale and are recorded net of trade discounts, rebates and sales tax. Revenue for goods supplied under service contract and services is recognised as per the terms of relevant agreement.

Income and Expenditure are accounted on an accrual basis. Dividend income is recognised when the right to receive dividend is established by the reporting date.

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.

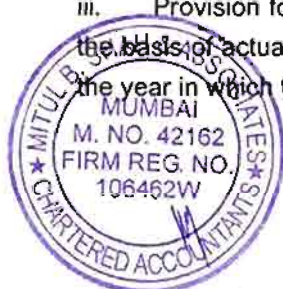
Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "Other Income" in the Statement of Profit and Loss.

2.9 Retirement Benefits:

i. Contribution to defined contribution schemes such as Provident Fund and Employer's Pension Scheme is charged to the Statement of Profit and Loss.

ii. Payments to the employees' Gratuity Trust Fund, after taking into account the funds available with the trustees of the Gratuity Fund, is based on actuarial valuation carried out at the end of the year. Actuarial gains or losses arising from such valuation are charged to revenue in the year in which they arise.

iii. Provision for leave encashment has been accrued and provided for at the end of the financial year, on the basis of actuarial valuation. Actuarial gains or loss arising from such valuation are charged to revenue in the year in which they arise.



2.10 Taxation :

Provision for Income Tax is made under the liability method after availing exemptions and deductions at the rates applicable under the Income Tax Act, 1961.

Deferred tax is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods is accounted for using the tax rates and laws that has been enacted as of the Balance Sheet date.

Deferred Tax Assets are recognized on unabsorbed depreciation and carried forward of losses based on virtual certainty that sufficient future taxable income will be available against which such Deferred Tax Assets can be realized.

2.11 Impairment of Assets:

The carrying amount of assets is reviewed periodically for any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.

2.12 Borrowing Costs

Interest and other costs in connection with the borrowing of the funds to the extent related / attributed to the acquisition / construction of qualifying fixed assets are capitalised upto the date when such assets are ready for its intended use and other borrowing costs are charged to the Statement of Profit and Loss.

2.13 Provisions for Contingencies:

A provision is recognised when:

- i. The company has a present obligation as a result of a past event;
- ii. It is probable that an outflow of resources embodying economic benefits which will be required to settle the obligation; and
- iii. A reliable estimate can be made of the amount of the obligation

The Company provides for warranty cost based on a technical estimate of the costs required to be incurred for repairs, replacement, material cost, servicing and past experience in respect of warranty costs. It is expected that this expenditure will be incurred over the contractual warranty period.

2.14 Leases

- i. Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless there is another systematic basis which is more representative of the time pattern of the Lease.
- ii. Assets given under operating leases are included in Fixed Assets. Lease income is recognised in the Statement of Profit and Loss on Straight Line basis over the lease term, unless there is another systematic basis which is more representative of the time pattern of the Lease.



ZICOM SaaS PRIVATE LIMITED
Notes forming part of the financial statements

Note 1 Share capital

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Authorised: 20,000,000 (2016: 20,000,000) Equity shares of Rs 10 each with voting rights	200,000,000	200,000,000
Issued, Subscribed and Paid up 20,000,000 (2016: 20,000,000) Equity shares of Rs 10 each with voting rights	200,000,000	200,000,000
Total	200,000,000	200,000,000

(i) No. of Equity shares and amount outstanding at the beginning and at the end of the year.

	2017		2016	
	Number	Rs	Number	Rs
Per last Balance sheet	20,000,000	200,000,000	20,000,000	200,000,000
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	20,000,000	200,000,000	20,000,000	200,000,000

Shares held by each shareholder holding more than 5% of equity share capital

Particulars	March 31, 2017	March 31, 2016
Zicom Electronic Security Systems Ltd	100.00%	100.00%

Note 2 Reserves and Surplus

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
(a) Securities Premium Account	50,000,000	50,000,000
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	40,905,988	9,114,607
Add: Profit / (Loss) for the year	(47,926,077)	31,791,381
Closing balance	(7,020,089)	40,905,988
Total	42,979,911	90,905,988

Note 3 Long-term borrowings

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Term loans		
From banks (Secured)		
Loan - I	285,512,388	155,658,447
Loan - II	153,005,667	117,657,561.00
Loan - III	213,601,921	194,130,919
From Others (Unsecured)		
Loan I	24,660,520	32,507,546
Total	676,780,496	499,954,473

Term Loan I, II and III are secured by the first charge on Fixed Assets of the Company and Corporate Guarantee of the Holding Company along with the Personal Guarantee of one of the Directors. Term Loan II is further secured by pledge of 6,000,000 equity shares of the Company held by the Holding Company and pledge of 100,000 equity share of Holding Company held by Promoter. Term Loan III is further secured by pledge of 3,000,000 equity shares of the Company held by the Holding Company



Note 4 Other Long-Term Liabilities

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Deposit from Customers	3,797,500	2,857,500
Total	3,797,500	2,857,500

Note 5 Long-term provisions

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Provision for Employee Benefits		
(i) For Leave Encashment	1,318,915	695,490
Total	1,318,915	695,490

Note 6 Short-term borrowings

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
From banks		
Secured	112,332,122	14,122,631
From Others		
Unsecured	2,830,335	19,722,825
Total	115,162,457	33,845,456

Working Capital Loan is secured by First Charge by way of Hypothecation on the entire Current Assets & Receivables of the Company and Second Charge on Movable Fixed Assets of the Company. Further, it is also secured by Corporate Guarantee of the Holding Company along with the Personal Guarantees of two Directors and pledge of 3,000,000 equity shares of the Company held by the Holding Company.

Note 7 Trade Payables

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Trade payables:		
Acceptances	-	-
Other than Acceptances	128,008,729	55,167,461
Total	128,008,729	55,167,461

Note 8 Other Current Liabilities

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
(i) Statutory Dues - Direct Tax	(1,039,838)	9,595,349
(ii) Statutory Dues - Others	34,359,498	-
(iii) Other payables	22,468,136	3,572,475
(iv) Advance from Customer	13,157,875	16,498,221
(v) Current Maturities of Long Term Debt	-	252,125,000
Total	68,945,671	281,791,045

Note 9 Short-term provisions

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Provision for Employee Benefits		
(i) For Gratuity	1,200,329	989,283
Total	1,200,329	989,283



Note 11 Deferred Tax Asset

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Deferred Tax Assets		
Impact of difference between depreciation under Income Tax and Company Law	42,811,769	15,201,999
Net deferred tax (liability) / asset	42,811,769	15,201,999

Note 12 Long-Term Loans and Advances

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Unsecured, Considered Good		
VAT credit entitlement	-	428,283
Total	-	428,283

Note 13 Trade receivable

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Unsecured, Considered Good		
Debts outstanding for more than six months	17,053,407	12,046,382
Other Debts	190,315,480	108,162,684
Total	207,368,887	120,209,066

Note 14 Cash and Cash Equivalents

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
(a) Cash on hand	50,065	2,786,730
(b) Balances with banks		
(i) In current accounts	(1,814,362)	4,224,363
(ii) In Deposits	2,072,398	2,660,427
Total	308,101	9,671,520

Note 15 Short Term Loan & Advances

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Unsecured, Considered Good		
(a) Amount Recoverable from Statutory Authority	35,129,955	-
(b) Advance to Supplier	22,314,824	47,919,218
(c) Deposits	16,282,057	3,480,000
(d) Other Advances	25,001	23,421
Total	73,751,837	51,422,639



ZICOM SaaS PRIVATE LIMITED
Notes forming part of the financial statements

Note 16 Revenue from Operations

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Sale of services (refer Note 22.11)	509,785,769	481,950,121
Total	509,785,769	481,950,121

Note 17 Other Income

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Miscellaneous Income	289,748	36,893
Total	289,748	36,893

Note 18 Purchases & Material Related Expenses

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Purchases & Material Related Expenses	162,316,942	65,935,027
Total	162,316,942	65,935,027

Note 19 Employee benefits expense

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Salaries and wages	54,957,138	35,264,745
Contributions to provident and other funds	2,052,762	1,247,637
Staff welfare expenses	2,326,368	2,091,423
Total	59,336,268	38,603,805

Note 20 Finance costs

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Interest	45,200,889	113,449,282
Bank Charges	494,011	7,522,408
Total	45,694,900	120,971,690



Note 21 Other expenses

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
Advertisement	10,540,477	6,621,865
Auditor's Remuneration (Refer Note (i) below)	95,500	150,000
Business promotion	960,237	679,015
Communication	4,367,038	1,192,078
General Office Expenses	4,073,498	2,347,966
Insurance	322,329	1,863,873
Legal and professional	18,885,453	13,140,808
Power Fuel and Water	2,032,091	645,401
Printing and stationery	1,677,616	1,353,736
Rates and taxes	431,021	263,079
Rent	5,093,200	4,737,664
Repairs and maintenance - Others	2,610,839	904,530
Repairs and maintenance - Equipments	1,005,794	2,180,094
Staff Training & Recruitment	328,806	531,247
Travelling and conveyance	14,836,095	3,801,715
Profit/(Loss) on Sale/Discard of Fixed Assets	(72,479)	6,341,329
Bad Debts Written off (Net)	42,090,204	186,424
Total	109,277,719	46,940,823
Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	95,500	95,500
Certification	-	54,500
Total	95,500	150,000



Note 11 Fixed assets

A. Tangible assets	Gross Block				Depreciation			Net Block		
	Balance as at April 01, 2016	Additions	Deletion	Balance as at March 31, 2017	Balance as at April 01, 2016	For the year	Adjustment	Balance as at March 31, 2017	Balance as at March 31, 2017	Balance as at March 31, 2016
	Rs	Rs	Rs	Rs	Rs	Rs		Rs	Rs	Rs
Equipment (at National Operating Centre)	291,457,310	-	-	291,457,310	79,550,826	40,100,408	-	119,651,234	171,806,076	211,906,484
Equipment (at Customer site)	556,223,655	136,030,415	2,366,557	689,887,513	258,036,593	159,367,365	1,833,871	415,570,087	274,317,428	298,187,062
Furniture and Fixtures	594,995	-	-	594,995	158,683	61,838	-	220,521	374,474	436,312
Vehicles	1,041,465	-	-	1,041,465	414,184	137,014	-	551,198	490,267	627,281
Office equipment	8,088,384	393,716	-	8,482,100	4,878,310	1,914,310	-	6,792,620	1,689,480	3,210,074
Leasehold improvements	4,462,290	-	-	4,462,290	3,777,434	684,856	-	4,462,290	-	684,856
Total	861,868,099	136,424,131	2,366,557	995,925,873	346,816,030	202,265,791	1,833,871	547,247,950	448,677,723	515,052,069
Capital WIP incl. Capital Advances									480,977,118	389,927,993

B. Intangible assets	Gross Block				Depreciation			Net Block		
	Balance as at April 01, 2016	Additions		Balance as at March 31, 2017	Balance as at April 01, 2016	For the year		Balance as at March 31, 2017	Balance as at March 31, 2017	Balance as at March 31, 2016
	Rs	Rs		Rs	Rs	Rs		Rs	Rs	Rs
Computer software	8,302,374	1,620,000	-	9,922,374	3,904,057	1,719,744	-	5,623,801	4,298,573	832,743
Total	8,302,374	1,620,000	-	9,922,374	3,904,057	1,719,744	-	5,623,801	4,298,573	832,743
Grand Total	870,170,473	138,044,131	2,366,557	1,005,848,047	350,720,087	203,985,535	1,833,871	552,871,751	452,976,296	515,884,812
Previous year	7,553,595	748,779		8,302,374	719,240	1,517,838		2,237,078	6,065,296	832,743



ZICOM SaaS PRIVATE LIMITED

Note 22 Additional information to the financial statements

	Rs.	Rs.
	March 31, 2017	March 31, 2016
22.1 Contingent liabilities and commitments (to the extent not provided for)		
(a) Guarantees issued by Bank (Gross)	9,469,909	10,041,509

22.2 Disclosure pursuant to Accounting Standard – 15 (revised) 'Employee Benefits':

Defined contribution plans

Particulars	March 31, 2017	March 31, 2016
Employer's Contribution to Provident Fund	727,720	377,842
Employer's Contribution to Pension Fund	1,161,772	687,382

Employee benefit plans

Amount of Rs.211,046 (2016 Rs 163,533) in respect of Gratuity and Rs. 623,425 (2016 Rs. 208,877) in respect of leave is recognised as expense and included in Employee Benefits Expense (Note No. 19) in the Statement of Profit and Loss.

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

Amount in Rs.

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Gratuity	Leave Enacshment	Gratuity	Leave Enacshment
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	989,283	695,490	825,750	486,613
Interest cost	79,143	55,639	64,409	37,956
Current service cost	371,149	668,805	248,417	369,950
Actuarial (gains) / losses	(239,246)	(101,019)	(149,293)	(199,029)
Benefits paid	Nil	Nil	Nil	Nil
Present value of DBO at the end of the year	1,200,329	1,318,915	989,283	695,490
Change In Fair Value Of Assets During The Year				
Plan assets at beginning of the year	Nil	Nil	Nil	Nil
Expected return on plan assets	Nil	Nil	Nil	Nil
Actual company contributions	Nil	Nil	Nil	Nil
Benefits paid	Nil	Nil	Nil	Nil
Actuarial gain / (loss)	Nil	Nil	Nil	Nil
Plan assets at the end of the year	Nil	Nil	Nil	Nil
Amount Recognised in Statement of Profit and Loss				
Current service cost	371,149	668,805	248,417	369,950
Interest cost	79,143	55,639	64,409	37,956
Expected return on plan assets	Nil	Nil	Nil	Nil
Actuarial losses/(gains)	(239,246)	(101,019)	(149,293)	(199,029)
Expense recognised in the Profit and Loss	211,046	623,425	163,533	208,877
A/c				
Net asset / (liability) recognised in the Balance Sheet				
Present value of defined benefit obligation	(1,200,329)	(1,318,915)	989,283	695,490
Fair value of plan assets	Nil	Nil	200,000	Nil
Funded status (Surplus / (Deficit))	(1,200,329)	(1,318,915)	(789,283)	(695,490)
Net asset / (liability) recognised in the Balance Sheet	(1,200,329)	(1,318,915)	(789,283)	(695,490)



Actuarial assumptions				
Discount rate	7.44%	7.44%	8.00%	8.00%
Expected return on plan assets				
Withdrawal Rates				
Age up to 44	2.00%	2.00%	2.00%	2.00%
45 and above	1.00%	1.00%	2.00%	2.00%
Annual Increase in Salary Cost	4.00%	4.00%	4.00%	4.00%

General Description of significant defined plans

I. 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.

II. 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.

22.3 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 (Disclosed under Note 21).

Future minimum lease payments under non cancellable operating lease:

Particulars	March 31, 2017	March 31, 2016
Not later than one year	45,385,779	5,940,000
Later than one year and not later than five years	53,105,878	25,596,276
Later than five years	Nil	Nil
Lease payment made during the year recognised in the Statement of Profit and Loss	32,935,352	4,737,664

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

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

Particulars	March 31, 2017	March 31, 2016
	Rs	Rs
A. Net Profit for		
Basic	(47,926,077)	31,791,381
Diluted	(47,926,077)	31,791,381
B. Weighted Average No of Equity Shares		
Basic	20,000,000	20,000,000
Diluted	20,000,000	19,623,288
C. Earning Per share		
Basic	(2.40)	0.68
Diluted	(2.40)	0.68



22.6 Related Party Transactions

Details of related parties:

Description of relationship	Names of related parties
Holding Company	Zicom Electronic Security Systems Ltd.
Key Management Personnel (KMP)	Pramoud Rao (Managing Director)
Key Management Personnel (KMP)	Manohar Bidaye (Director)

Note: Related parties have been identified by the Management.

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

	Holding Company	KMP	Holding Company	KMP
	March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2016
Transactions during the year				
Purchase / Sale	138,041,404	Nil	86,108,866	Nil
Balances outstanding at the end of the year				
Purchase / Sale (Gross)	62,297,239	Nil	10,215,763	Nil

22.7 Segment Reporting: The Company has only one reportable segment namely "Security Systems and Automation".

22.8 The company offers security managed services with four levels of security – security hardware, remote monitoring, remote response and insurance cover – all built into a holistic end-to-end security solution.

22.9 The Company is of the view that there are no indications of material impairment and the carrying amount of its fixed assets or where applicable, the cash generating unit to which these assets belong, do not exceed their recoverable amounts (i.e., the higher of the assets' net selling price and value in use). Hence, no impairment had arisen during the year as per the recommendations of AS 28 - "Impairment of Assets".

22.10 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 know liabilities.

22.11 Product wise details

Sales & Services

Particulars	March 31, 2017	March 31, 2016
Monitoring and Maintenance Services	110,443,671	134,393,549
Surveillance Services	399,342,098	347,556,572
Total	509,785,769	481,950,121

Particulars	For the year ended	
	March 31, 2017	March 31, 2016
Value of imports calculated on CIF basis		
Raw Material	Nil	Nil

22.13 The Company has total outstanding Term Loan of Rs. 789.6 million. Out of this Rs. 185.2 million which was due for payment till March 31, 2017. The term loan from Central Bank of India, Punjab National Bank and Union Bank of India 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, 2017. The company has provided the interest on payment basis. The interest expenses would have been higher by Rs. 63.0 million if the company had provided the interest on accrual basis.



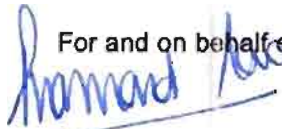
22.14 Specified Bank Notes (SBN) disclosure:


Details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 as provided in the Table below:-

Particulars	SBNs		Other denominations notes	
	Denomination	Rs.	Rs.	Total Rs.
Closing cash in hand as on November 08, 2016	Nil	Nil	51,676	51,676
Transactions between November 9, 2016 and December 30, 2016	Nil	Nil	Nil	Nil
Add: Withdrawal from bank accounts	2,000	90,000	-	90,000
Add: Receipts for permitted transactions	Nil	Nil	36,003	36,003
Add: Receipts for non-permitted transactions	Nil	Nil	Nil	Nil
Less: Paid for permitted transactions	2,000	90,000	49,140	139,140
Less: Paid for non-permitted transactions	Nil	Nil	Nil	Nil
Less: Deposited on bank accounts	Nil	Nil	24,510	24,510
Closing cash in hand as on December 30, 2016	Nil	Nil	14,029	14,029

22.15 Certain balances under the heads Trade Receivables, Loans & Advances, Trade Payables are subject to confirmations from the respective parties and consequential reconciliation, if any.

As per our attached report of even date
For Mitul B. Shah & Associates
Chartered Accountants


For and on behalf of the Board of Directors
Pramoud Rao
Managing Director



Manohar Bidaye
Director


Mukul Desai
Director

Rutu Shah
Company Secretary


K D Hodavdekar
Director

Hemendra Paliwal
Chief Financial Officer


Mitul B. Shah
Proprietor
Membership No. 42162
Firm Reg No : 106462W
Mumbai
Date : May 25, 2017

