KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

BRANCH OFFICE :
GF- 8 & 9, HANS BHAWAN
1, BAHADUR SHAH ZAFAR MARG,
NEW DELHI-110 002

Tel : 23370091, 23378795
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INDEPENDENT AUDITOR'S REPORT

To the Members of
POLIXEL SECURITY SYSTEMS PRIVATE LIMITED

1. Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Polixel Security Systems Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flows and the statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed 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 provisions of the Act for safeguarding 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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

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

KHANDELWAL JAIN & CO. Chartered

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Tel. :4311 6000 (MULTIPLE LINES) FAX : (91-22) 4311 6060 E-MAIL : kjco@vsnl.com

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31st March,2017 and its financial performance including other comprehensive income , its cash flows and changes in equity for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

A. 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" statement on the matters specified in paragraphs 3 and 4 of the Order.

B. 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

(d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Companies Act 2013, 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, 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 subsection (2) of Section 164 of the Companies Act, 2013.

(f) With respect to the adequate internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report in "Annexure-B"; and

(g) With respect to the other matters to be included in the Auditor's report in accordance with the 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, if any, of pending litigations on its financial position in its Ind AS financial statements-Refer note 35 to the Ind AS financial statements;

ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses -Refer note 35 to the Ind AS financial statements;

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 Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 41 to the Ind AS financial statements.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No: 105049W

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

Manish Kumar Singhal
Partner
Membership No.502570
Place: New Delhi
Date: 09 MAY 2017

KHANDELWAL JAIN & CO.
CHARTERED ACCOUNTANTS

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ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph 5A of the Independent Auditors' Report of even date to the Members of **Polixel Security Systems Private Limited** on the Ind AS financial statements for the year ended 31st March, 2017, we report that;

I. (a)The Company is maintaining proper records showing full particulars, including quantitative details and situations of its Fixed Assets.

(b)All fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets and as informed, no material discrepancies were noticed on such verification.

(c) The tittle deeds of all the immovable properties are held in the name of the Company.

II. As per the information furnished, the Inventories have been physically verified by the management at reasonable intervals during the period. In our opinion, having regard to the nature and location of stocks, the frequency of physical verification is reasonable.

III. As per the information furnished, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii) (a) and (b) of the Order are not applicable.

IV. In our opinion and according to the information and explanations given to us, the Company has, in respect of loans, investments, guarantees, and security, where applicable, complied with the provisions of section 185 and 186 of the Companies Act, 2013.

V. According to the information and explanation given to us, the Company has not accepted any deposits within the meaning of the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under .Hence provision of clause- 3(v) are not applicable to the Company.

KHANDELWAL JAIN & CO. Chartered Accountants

VI. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for the products of the Company.

VII. (a) According to the information and explanations given to us and records examined by us, the Company is generally regular in depositing, with the appropriate authorities, undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues wherever applicable, *though there have been slight delay in few cases.* According to information and explanation given to us, and as per the records examined by us, no undisputed arrears of statutory dues outstanding as at 31st March, 2017 from the date they became payable *other than TDS as stated below*:

S.No.	Particulars	Outstanding for more than 6 months(Rs.)
1.	TDS	9,41,410/-

(b)According to the information and explanation given to us and records examined by us, there are no dues of income tax, sales-tax, service tax, custom duty, excise duty & cess or any other statutory dues which have not been deposited on account of any dispute.

VIII. According to the information and explanations given to us and records examined by us, as at the Balance Sheet date the Company has not defaulted in repayment of dues to financial institution or banks or debenture holders.

IX. Based on our examinations of the records and information given to us, no money was raised by way of initial public offer or further public offer (including debt instruments) and no term loan has been taken during the year by the Company.

X. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

XI. According to the information and explanation given to us and the books of accounts verified by us, the Managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197, where applicable read with the Schedule V to the Companies Act.

XII. The Company is not a Nidhi Company .Accordingly, paragraphs 3(xii) of the order is not applicable.

XIII. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

XIV. According to information and explanations given to us, the Company during the year has not made any preferential allotment as private placement of shares or fully or partly convertible debentures. Accordingly, paragraph 3(xiv) is not applicable.

XV. According to the information and explanation given to us and certified by the management the Company has not entered into any non-cash transaction with directors or persons connected with him and hence provision of clause 3(xv) are not applicable to the company.

XVI. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence the provision of clause 3(xvi) are not applicable to the company.

For Khandelwal Jain & Co.
Chartered Accountants
Firm Registration No: 105049W

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

Manish Kumar Singhal
Partner
Membership No. 502570

Place: New Delhi
Date: 19 MAY 2017

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

BRANCH OFFICE :
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1, BAHADUR SHAH ZAFAR MARG,
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ANNEXURE "B" TO THE AUDITOR'S REPORT

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

To the Members of
Polixel Security Systems Private Limited

We have audited the internal financial controls over financial reporting of **Polixel Security Systems Private Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year 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 control over Financial Reporting issued by the Institute of Chartered Accountants 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 its business, including adherence to the 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 Guidance Note on audit of Internal financial controls over financial reporting (the "Guidance Note") and the standards on auditing as specified 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 Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial 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 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 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 Ind AS 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, 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 Ind AS financial statements in accordance with the 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; (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31,2017, 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 KHANDELWAL JAIN & CO.
Chartered Accountants
Firm Registration No. 105049W

Manish Kumar Singhal
Partner
Membership No. 502570
Place: New Delhi
Date: 09 MAY 2017

Polixel Security Systems Private Limited - Financial Statements
(All amounts are in Rs.)
Balance Sheet as on 31st March, 2017

Assets	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-current Assets				
(a) Property, Plant and Equipment	4	26,75,463	32,65,680	11,63,249
(b) Other Intangible assets	5	14,02,623	2,51,806	2,17,859
(c) Financial Assets				
(i) Others	6	-	192,85,028	178,61,076
(d) Deferred tax assets (net)	7	6,69,704	9,49,159	11,47,441
Total non-current assets		**47,47,790**	**237,51,673**	**203,89,625**
Current Assets				
(a) Inventories	8	252,40,446	361,38,068	204,66,211
(b) Financial Assets				
(i) Trade Receivables	9	2319,25,381	1579,31,598	2369,80,000
(ii) Cash & cash equivalents	10	63,20,930	67,52,563	2,70,177
(iii) Bank balances other than (ii) above	11	408,20,224	149,72,732	152,37,208
(iv) Others	12	72,48,289	566,99,472	72,36,908
(c) Current Tax Assets (Net)	13	74,84,946	238,43,976	224,21,798
(d) Other current assets	14	13,64,734	13,49,925	20,18,458
Total current assets		**3204,04,950**	**2976,88,334**	**3046,30,760**
Total Assets		**3251,52,740**	**3214,40,007**	**3250,20,385**
Equity and Liabilities	**Note No.**	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 1, 2015**
Equity				
(a) Equity Share capital	15	18,08,560	2,08,560	2,08,560
(b) Other Equity	15	918,74,051	804,37,532	667,34,713
Total Equity		**936,82,611**	**806,46,092**	**669,43,273**
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	16	-	630,00,000	630,00,000
(b) Provisions	17	33,05,528	39,63,389	35,63,399
Total non-current liabilities		**33,05,528**	**669,63,389**	**665,63,399**

Polixel Security Systems Private Limited - Financial Statements
(All amounts are in Rs.)
Balance Sheet as on 31st March, 2017

Equity and Liabilities	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	18	387,65,635	706,05,750	885,84,389
(ii) Trade Payables	19			
(a) total outstanding dues of micro enterprises and small enterprises; and		-	-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises."		639,05,900	818,11,245	784,26,701
(iii) Other financial liabilities	20	-	7,806	1,51,544
(b) Other current liabilities	21	1194,36,311	145,35,114	138,59,759
(c) Provisions	22	67,175	72,612	39,556
(d) Current Tax Liabilities (Net)	23	59,89,580	67,98,000	104,51,764
Total current liabilities		**2281,64,601**	**1738,30,527**	**1915,13,713**
Total Liabilities		**2314,70,129**	**2407,93,915**	**2580,77,112**
Total equity and liabilities		**3251,52,740**	**3214,40,007**	**3250,20,385**

As per our report of even date attached

For Khandelwal Jain & Co.
Firm Reg. No. 105049W
Chartered Accountants

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

(Manish Kumar Singhal)
Partner
M.No. 502570

Place: New Delhi
Dated: 9 MAY 2017

For and on behalf of the Board

Kamal Kumar Sharma
Director

Gurdial Singh Khandpur
Director

Place: New Delhi
Dated: 9 MAY 2017

Polixel Security Systems Private Limited - Financial Statements
(All amounts are in Rs.)
Statement of Profit and loss for the year ended 31st March, 2017

	Particulars	Note No.	For the year ended March 31, 2017	For the year ended March 31, 2016
I.	**INCOME**			
	Revenue from operations	24	2840,00,928	2871,54,640
	Other Income	25	40,14,836	29,93,017
	Total Revenue (I)		**2880,15,764**	**2901,47,657**
II.	**EXPENSE**			
	Other Direct cost	27	89,09,902	125,73,212
	Purchase of goods for resale		1404,47,829	1628,12,599
	(Increase) / Decrease in stock	26	108,97,623	(156,71,857)
	Employee benefits expense	28	461,60,256	497,82,794
	Finance Cost	29	114,04,012	112,96,506
	Depreciation		13,50,100	8,28,225
	Other Expenses	30	497,64,300	485,24,636
	Total Expenses (II)		**2689,34,022**	**2701,46,115**
III	**Profit / (loss) before exceptional items and income tax (I-**		**190,81,742**	**200,01,542**
IV	Exceptional item (net of tax)		-	-
V	**Profit / (Loss) before tax (III - IV)**		**190,81,742**	**200,01,542**
VI	**Tax expense**			
	Current tax		59,89,580	67,98,000
	MAT Credit (Entitlement)/utilized		12,36,747	-
	Deferred Tax		2,79,455	1,98,282
VII	Profit/(loss) for the period (V - VI)		**115,75,960**	**130,05,260**
	Particulars	**Note No.**	**For the year ended 'March 31, 2017**	**For the year ended 'March 31, 2016**
VIII	Other Comprehensive Income			
	A.) Items that will not be reclassified to profit or loss			
	(i) remeasurement of defined benefit plans;		14,60,559	6,97,558
	Other comprehensive income for the year after tax (VIII)		**14,60,559**	**6,97,558**
	Particulars	**Note No.**	**For the year ended**	**For the year ended**
IX	**Total comprehensive income for the year (VII + VIII)**		**130,36,519**	**137,02,818**
	Basic earnings per share	31	**72.08**	**75.77**
	Diluted earnings per share	31	**72.08**	**75.77**

As per our report of even date attached

For Khandelwal Jain & Co.
Firm Reg. No. 105049W
Chartered Accountants

Khandelwal Jain & Co. NEW DELHI Chartered Accountants

(Manish Kumar Singhal)
Partner
M.No. 502570

Place: New Delhi
Dated: 09 MAY 2017

For and on behalf of the Board

Kamal Kumar Sharma
Director

Gurdial Singh Khandpur
Director

Place: New Delhi
Dated: 09 MAY 2017

Name of the Company : Polixel Security Systems Private Limited - Financial Statements
Statement of Changes in Equity for the period ended 31st March, 2017

Equity Share Capital

(Figures in Rs.)

Particulars	Amount
As at April 1, 2015	2,08,560
Changes in equity share capital	-
As at March 31, 2016	2,08,560
Changes in equity share capital	16,00,000
As at March 31, 2017	18,08,560

Other equity

	Reserves and Surplus						Other Comprehensive Income	
	Share application money pending allotment	**Equity component of compound financial instruments**	**Capital Reserve**	**Securities Premium Reserve**	**Other Reserves (specify nature)**	**Retained Earnings**	**Re-measurement of Defined Benefit Plan - Other Comprehensive Income (specify)**	**Total**
Balance as at April 1, 2015	-	16,00,000	-	584,00,000	-	67,34,713	-	667,34,713
Total Comprehensive Income for the year	-	-	-	-	-	130,05,261	6,97,558	137,02,819
Balance as at March 31, 2016	-	16,00,000	-	584,00,000	-	197,39,974	6,97,558	804,37,532
Total Comprehensive Income for the year	-	-	-	-	-	115,75,960	14,60,559	130,36,519
Converted to Equity Share Capital	-	(16,00,000)	-	-	-	-	-	(16,00,000)
Balance as at March 31, 2017	-	-	-	584,00,000	-	313,15,934	21,58,117	918,74,051

As per our report of even date attached

For Khandelwal Jain & Co.
Firm Reg. No. 105049W
Chartered Accountants

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

(Manish Kumar Singhal)
Partner
M.No. 502570

Place: New Delhi
Dated: 09 MAY 2017

For and on behalf of the Board

Kamal Kumar Sharma

Director

Gurdial Singh Khandpur

Director

Place: New Delhi
Dated: 09 MAY 2017

Polixel Security Systems Private Limited - Financial Statements
(All amounts are in Rs.)
Statement of Cash Flow for the year ended 31st March, 2017

	Note	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)
Cash flows from operating activities Profit before Tax		**190,81,742**	**200,01,542**
Adjustments for:			
Depreciation, Amortization and Impairment		13,50,100	8,28,225
Finance Costs		114,04,012	112,96,506
Interest Income		(11,36,908)	(27,56,017)
Profit on sale of fixed assets		(7,975)	-
Operating cash flow before changes in assets and liabilites		**306,90,971**	**293,70,256.47**
Decrease/(increase) in inventory		108,97,623	(156,71,857)
Decrease/(increase) in trade receivables		(739,93,784)	790,48,402
Decrease/(increase) in other financial and non-financial assets		235,29,657	(484,55,819)
Increase/(decrease) in trade payable		(179,05,345)	33,84,544
Increase/(decrease) in other financial and non-financial liabilites		1056,98,458	18,05,960
Cash generated from operations		**789,17,581**	**494,81,485.89**
Income tax paid/(refund)		(83,24,283)	118,73,942
Net cash inflow from operating activities		**872,41,863**	**376,07,543.89**
Cash flows from investing activities			
Purchase of intangible assets		(13,94,287)	(1,34,115)
Property, Plant and equipment & Capital Work-in-Progress		(5,25,938)	(28,30,487)
Disposal of property, plant and equipment		17,500	-
Decrease/(increase) in Fixed deposit with Bank		192,85,028	(14,23,952)
Interest Income		11,96,133	26,82,280
Net cash flow from investing activities		**185,78,436**	**(17,06,274)**
Cash flows from financing activities			
Increase in Equity Share Capital			
Share Premium Received			
Share Application Money			
Proceeds from borrowings		-	-
Repayment of borrowings		(948,40,115)	(179,78,640)
Interest & other borrowing costs paid		(114,11,818)	(114,40,244)
Net cash flow from financing activities		**(1062,51,933)**	**(294,18,884)**
Net increase/(decrease) in cash and cash equivalents during the year		**(4,31,633)**	**64,82,386**
Cash and cash equivalents at beginning of the financial year	21	67,52,563	2,70,177
Effect of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at end of the financial year	21	**63,20,930**	**67,52,563**

Reconciliation of cash and cash equivalents as per the cash flow statement

Particulars		March 31, 2017	March 31, 2016
Cash and cash equivalents as per above comprise of the following			
Cash and cash equivalents (note 10)		63,20,930	67,52,563
Bank overdrafts		-	-
Balances per statement of cash flows		**63,20,930**	**67,52,563**

For and on behalf of the Board

For Khandelwal Jain & Co.
Firm Reg. No. 105049W
Chartered Accountants

KHANDELWAL JAIN & CO. NEW DELHI Chartered Accountants

(Manish Kumar Singhal)
Partner
M.No. 502570

Place: New Delhi
Dated: 09 MAY 2017

Kamal Kumar Sharma
Director

Gurdial Singh Khandpur
Director

Place: New Delhi
Dated: 09 MAY 2017

Notes to the Standalone Financial Statements for the year ended March 31, 2017

(All amounts are Rs. in Crores unless otherwise stated)

1. Corporate information

Polixel Security Systems Private Limited ('PSSPL' or 'the Company') is a private limited company domiciled and incorporated in India having its registered office at D-7, Dhawandeep Appartment 6, Jantar Mantar Road, New Delhi-110001. Established in 2010, Polixel Security Systems Private Limited (PSSPL) is a subsidiary of Himachal Futuristics Communications Limited. At Polixel India, core activity is to provide comprehensive security and safety solutions and integration of products, systems and services. Services are backed by a highly skilled software R&D team adept in software application development in advance technology domain of Security Surveillance. The Company has PAN india operations handled through the states of Maharashtra, Haryana, Delhi, Karnataka, Bihar, Orissa, Rajasthan, UP, West Bengal with the head office in Gurgaon (NCR).

2. Application of new and revised Ind -AS

All the Indian Accounting Standards issued and notified by the Ministry of Corporate Affairs under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with Section 133 of the Companies Act, 2013 to the extent applicable have been considered in preparing these financial statements.

Recent accounting pronouncements:-

<u>Standards issued but not yet effective</u>

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the company from April 1, 2017.

<u>Amendment to Ind AS 7:</u>

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and its effect on the financial statements.

<u>Amendment to Ind AS 102:</u>

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

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It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The company is evaluating the requirements of the amendment and its impact on the financial statements is being evaluated.

3. Significant accounting policies

3.1. Basis of preparation

3.1.1. Compliance with Ind AS

In accordance with the notification ***dated 16th February, 2015***, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016.

The Standalone Financial Statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. These are the Company's first Ind AS Standalone Financial Statements. The date of transition to Ind AS is April 1, 2015. Refer Note 46 for details of First-time adoption - mandatory exceptions and optional exemptions availed by the Company.

Up to the year ended March 31, 2016, the Company had prepared the Standalone Financial Statements under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles (Previous GAAP) applicable in India and the applicable Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

Reconciliations and descriptions of the effect of the transition has been summarized in note 47.

3.1.2. Historical Cost Convention

The Standalone Financial Statements have been prepared on the historical cost basis except for the followings:

- certain financial assets and liabilities and contingent consideration that is measured at fair value;
- assets held for sale measured at fair value less cost to sell;
- defined benefit plans plan assets measured at fair value; and

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Standalone Financial Statements are presented in Indian Rupees except where otherwise stated.

3.2. Current versus non-current classification

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:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle
b) Held primarily for the purpose of trading, or
c) Expected to be realised within twelve months after the reporting period other than for (a) above, or
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelvemonths after the reporting period

All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in normal operating cycle
b) It is held primarily for the purpose of trading
c) It is due to be settled within twelve months after the reporting period other than for (a) above, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

3.3. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company categorizes assets and liabilities measured at fair value into one of three levels as follows:

- Level 1 — Quoted (unadjusted)

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This hierarchy includes financial instruments measured using quoted prices.

- Level 2

  Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

  Level 2 inputs include the following:

  a) quoted prices for similar assets or liabilities in active markets.
  b) quoted prices for identical or similar assets or liabilities in markets that are not active.
  c) inputs other than quoted prices that are observable for the asset or liability.
  d) Market – corroborated inputs.

- Level 3

  They are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

3.4. Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

3.5. Property Plant and Equipment

Property, Plant and Equipment and intangible assets are not depreciated or amortized once classified as held for sale.

For transition to Ind AS, the Company has elected to continue with the carrying value of its Property, Plant and Equipment (PPE) recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date.

PPE are stated at actual cost less accumulated depreciation and impairment loss. Actual cost is inclusive of freight, installation cost, duties, taxes and other incidental expenses for bringing the asset to its working conditions for its intended use (net of CENVAT) and any cost directly attributable to bring the asset into the location and condition necessary for it to be capable of operating in the manner intended by the Management. It include professional fees and borrowing costs for qualifying assets.

Significant Parts of an item of PPE (including major inspections) having different useful lives & material value or other factors are accounted for as separate components. All other repairs and maintenance costs are recognized in the statement of profit and loss as incurred.

Depreciation of these PPE commences when the assets are ready for their intended use.

The estimated useful lives and residual values are reviewed on an annual basis and if necessary, changes in estimates are accounted for prospectively.

Depreciation on subsequent expenditure on PPE arising on account of capital improvement or other factors is provided for prospectively over the remaining useful life.

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The useful life of property, plant and equipment are as follows: -

Asset Class	Useful Life
End use Devices- Desktops, Laptops etc.	3 Years
Laboratory Equipments	10 years
Mobile Phones	5 years
Furniture & Fixtures	10 years
Server and Networks	6 Years
Vehicles	8 years

An item of PPE is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

3.6. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its investment properties recognized as at April 1, 2015 measured as per the previous Indian GAAP and use that carrying value as the deemed cost of investment properties.

3.7. Intangible Assets

(i) Deemed cost on transition to Ind AS

For transition to Ind AS, the Company has elected to continue with the carrying value of intangible assets recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and use that carrying value as its deemed cost as on the transition date.

(ii) Intangible assets

➢ **Recognition of intangible assets**

a. ***Computer software***

Purchase of computer software used for the purpose of operations is capitalized. However, any expenses on software support, maintenance, upgrade etc. payable periodically is charged to the Statement of Profit & Loss.

Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends& has ability to complete the software and use or sell it
- software will be able to generate probable future economic benefits
- software are available, and the expenditure attributable to the software during its development can be reliably measured.

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Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use. Intangible assets are amortized over a period of five years or remaining life of the product considered at the end of each financial year whichever is earlier.

- **De-recognition of intangible assets**

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in the Statement of Profit and Loss when the asset is derecognized.

3.8. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

3.8.1. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories based on business model of the entity:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments are measured at fair value. Equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. This amount is not recycled from OCI to P & L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Cash and Cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

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De-recognition

A financial asset is de-recognized only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognized.

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

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of Impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b) Financial assets that are debt instruments and are measured as at FVTOCI
c) Lease receivables under Ind AS 17
d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
e) Loan commitments which are not measured as at FVTPL
f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L).

Financial liabilities

Classification as debt or equity

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Initial recognition and measurement

Financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

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Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

Financial guarantee contracts

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

3.9. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

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Impairment losses of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

A previously recognized impairment loss (except for goodwill) is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited to the carrying amount of the asset.

3.10. Inventories

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

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

- 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 Weighted Average Cost Method.

- 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 Weighted Average Cost Method.

- 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.

- Contract Work in Progress : It is valued at cost

- Loose Tools (Consumable) : It is valued at cost after write-off at 27.82% p.a.

Net realizable 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.

3.11. Revenue recognition

- **Sale of Goods**

  Revenue from the sale of goods is recognized 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.

- **Rendering of services**

  Revenue from the installation and commissioning services recognized by reference to the stage of completion.

- **Interest income**

  For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR).

3.12. Excise and custom duty

Excise duty payable on production is accounted for on accrual basis. Provision is made in the books of accounts for customs duty on imported items on arrival and lying in bonded warehouse and awaiting clearance.

3.13. Leases

As a lessee

Leases of property, plant and equipment and land where the Company, as lessee, has substantially transferred all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other financial liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

3.14. Foreign currency transactions

The functional currency of the Company is Indian Rupees which represents the currency of the economic environment in which it operates.

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. Monetary items denominated in foreign currency at the year end and not covered under forward exchange contracts are translated at the functional currency spot rate of exchange at the reporting date.

Any income or expense on account of exchange difference between the date of transaction and on settlement or on translation is recognized in the profit and loss account as income or expense.

Non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation difference on such assets and liabilities carried at fair value are reported as part of fair value gain or loss.

In case of forward exchange contracts, the premium or discount arising at the inception of such contracts is amortized as income or expense over the life of the contract. Further exchange difference on such contracts i.e. difference between the exchange rate at the reporting /settlement date and the exchange rate on the date of inception of contract/the last reporting date, is recognized as income/expense for the period.

3.15. Employee Benefits

Short term employee benefits:-

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Long-Term employee benefits

Compensated expenses which are not expected to occur within twelve months after the end of period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

Post-employment obligations

i. **Defined contribution plans**

Provident Fund and employees' state insurance schemes

All employees of the Company are entitled to receive benefits under the Provident Fund, which is a defined contribution plan. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (presently 12%) of the employees' basic salary. These contributions are made to the fund administered and managed by the Government of India. In addition, some employees of the Company are covered under the employees' state insurance schemes, which are also defined contribution schemes recognized and administered by the Government of India.

The Company's contributions to both these schemes are expensed in the Statement of Profit and Loss. The Company has no further obligations under these plans beyond its monthly contributions.

ii. **Defined benefit plans**

Gratuity

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity Plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuations in accordance with Indian Accounting Standard 19 (revised), "Employee Benefits " The Company makes annual contributions to the HDFC Standard Life Insurance Company Ltd for the Gratuity Plan in respect of employees. The present value of obligation under gratuity is determined based on actuarial valuation using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Defined retirement benefit plans comprising of gratuity, un-availed leave, post-retirement medical benefits and other terminal benefits, are recognized based on the present value of defined benefit obligation which is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted either as current employee cost or included in cost of assets as permitted.

Leave Encashment

The company has provided for the liability at period end on account of un-availed earned leave as per the actuarial valuation as per the Projected Unit Credit Method.

Actuarial gains and losses are recognized in OCI as and when incurred.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest as defined above),are recognized in other comprehensive income except those included in cost of assets as permitted in the period in which they occur and are not subsequently reclassified to profit or loss.

The retirement benefit obligation recognized in the Financial Statements represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

Termination benefits

Termination benefits are recognized as an expense in the period in which they are incurred.

3.16. Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying asset are capitalized as part of cost of such asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.17. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable.

Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

3.18. Cash Flow Statement

Cash flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Company are segregated.

3.19. Cenvat Credit

The CENVAT credit available on purchase of raw materials, other eligible inputs and capital goods is adjusted against excise duty payable on clearance of goods produced. The unadjusted CENVAT credit is shown under the head "short term loans and advances".

3.20. Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.21. Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses, if any.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 Restated Consolidated Financial Information. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

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The carrying amount of deferred tax assets are reviewed at the end of each reporting period and are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, branches and associates and interest in joint arrangements where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets are not recognized for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interest in joint arrangements where it is not probable that the differences will reverse in the foreseeable future and taxable profit will not be available against which the temporary difference can be utilized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Dividend distribution tax paid on the dividends is recognized consistently with the presentation of the transaction that creates the income tax consequence.

Polixel Security Systems Private Limited - Financial Statements
(All amounts are in Rs.)
Notes to Financial Statements for the year ended March 31, 2017

4 Property, Plant and equipment & Capital Work-in-Progress

(`in Rs.)

Costs	End use Devices Desktops, Laptops	Laboratory Equipments	Mobile Phones	Furniture and Fittings	Server and Networks	Vehicles	Total
As at April 1, 2015 (Deemed Cost)	21,36,873	9,39,711	82,500	-	1,75,350	-	33,34,434
Additions	17,34,993	-	33,000	3,33,694	7,03,800	25,000	28,30,487
Disposals / Adjustments	-	-	-		-		-
As at March 31, 2016	**38,71,866**	**9,39,711**	**1,15,500**	**3,33,694**	**8,79,150**	**25,000**	**61,64,921**
Additions	4,46,988	-	78,950		-		5,25,938
Disposals / Adjustments	1,90,500	-	-		-		1,90,500
As at March 31, 2017	**41,28,354**	**9,39,711**	**1,94,450**	**3,33,694**	**8,79,150**	**25,000**	**65,00,359**
Accumulated depreciation and impairment	**End use Devices Desktops, Laptops**	**Laboratory Equipments**	**Mobile Phones**	**Furniture and Fittings**	**Server and Networks**	**Vehicles**	**Total**
As at April 1, 2015 (Deemed Cost)	13,83,517	6,13,938	27,162	-	1,46,568	-	21,71,185
Depreciation for the year	5,33,159	49,232	41,644	10,396	92,925	701	7,28,057
Disposals / Adjustments	-	-	-	-	-	-	-
Transfer to retained earning	-	-	-	-	-	-	-
As at March 31, 2016	**19,16,676**	**6,63,170**	**68,806**	**10,396**	**2,39,493**	**701**	**28,99,241**
Depreciation for the year	8,32,731	49,256	71,074	31,701	1,19,493	2,375	11,06,630
Disposals / Adjustments	1,80,975	-	-	-	-	-	1,80,975
Transfer to retained earning	-	-	-	-	-	-	-
As at March 31, 2017	**25,68,432**	**7,12,426**	**1,39,880**	**42,097**	**3,58,986**	**3,076**	**38,24,896**
Net Book Value	**End use Devices Desktops, Laptops**	**Laboratory Equipments**	**Mobile Phones**	**Furniture and Fittings**	**Server and Networks**	**Vehicles**	**Total**
As at April 1, 2015 (Deemed Cost)	7,53,356	3,25,773	55,338	-	28,782	-	11,63,249
As at March 31, 2016	19,55,190	2,76,541	46,694	3,23,298	6,39,657	24,299	32,65,680
As at March 31, 2017	15,59,922	2,27,286	54,570	2,91,597	5,20,164	21,924	26,75,463

1. The Company has elected to continue with the carrying value of its Property Plant & Equipment (PPE) recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date except for decommissioning liabilities included in the cost of other Property Plant & Equipment (PPE) which has been adjusted in terms of para D 21 of Ind AS 101

2. **Significant estimate: Useful life of intangible assets**

The Company has estimated the useful life of the tangible assets based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than the life taken, depending on technical innovations and competitor actions.

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5 Intangible Assets

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Application software						
Cost or deemed cost						
Opening balance	5,86,666		4,52,551		2,34,503	
Additions during the year	13,94,287		1,34,115		2,18,048	
Disposals/ adjustments / transfer	-	19,80,953	-	5,86,666	-	4,52,551
Less:Accumulated amortisation and impairment						
Accumulated amortization						
Opening balance	3,34,860		2,34,692		2,34,503	
Additions during the year	2,43,470		1,00,168		189	
Disposal / adjustment / transfer	-	5,78,330	-	3,34,860	-	2,34,692
		14,02,623		**2,51,806**		**2,17,859**

1. The Company has elected to continue with the carrying value of its Intangible Assets, recognized as of April 1, 2015 (transition date) measured as per the Previous GAAP and used that carrying value as its deemed cost as on the transition date.

2. Significant estimate: Useful life of intangible assets

The Group estimates the useful life of the software to be 4 years based on the expected technical obsolescence of such assets. However, the actual useful life may be shorter or longer than 4 years, depending on technical innovations and competitor actions.

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6 Non-Current Financial Assets-Others

Particulars	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)	As at April 1, 2015 (in Rs.)
Other Financial Assets			
Fixed Deposits with Bank (Maturity more than 12 months)	-	192,85,028	178,61,076
Others	-	-	-
	-	192,85,028	178,61,076

7 Deferred Tax Assets

Particulars	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)	As at April 1, 2015 (in Rs.)
Deferred Tax Assets	6,69,704	9,49,159	11,47,441
	6,69,704	9,49,159	11,47,441

8 Inventories

Particulars	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)	As at April 1, 2015 (in Rs.)
Inventories (As Certified and valued by the management)			
Stock-in-trade Goods	252,40,446	361,38,069	204,66,212
	252,40,446	361,38,068	204,66,211

9 Current Financial Assets - Trade Receivables

Particulars	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)	As at April 1, 2015 (in Rs.)
Trade Receivables			
(a) Unsecured, considered good;	2319,25,381	1579,31,598	2369,80,000
	2319,25,381	1579,31,598	2369,80,000

10 Current Financial Assets - Cash & cash equivalents

Particulars	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)	As at April 1, 2015 (in Rs.)
Cash & Cash Equivalents			
Balance with banks;	63,10,645	67,46,278	2,68,505
Cash on hands;	10,285	6,285	1,672
	63,20,930	67,52,563	2,70,177

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11 Current Financial Assets - Other Bank Balances

Particulars	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)	As at April 1, 2015 (in Rs.)
Fixed Deposits with Bank (Maturity less than 12 months)	408,20,224	149,72,732	152,37,208
	408,20,224	**149,72,732**	**152,37,208**

12 Current Financial Assets -Other Assets

Particulars	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)	As at April 1, 2015 (in Rs.)
Other Financial Assets			
A.) Advances other than capital advances;			
a.) Security Deposits			
(i) Unsecured, considered good;	13,63,836	37,07,622	17,83,899
b.) Advances to related parties			
(i) Unsecured, considered good;	5,58,488	9,31,557	2,42,489
c.) Other advances			
(i) Unsecured, considered good;	53,25,965	520,60,293	52,10,519
	72,48,289	**566,99,472**	**72,36,908**

13 Current Tax Assets (Net)

Particulars	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)	As at April 1, 2015 (in Rs.)
Advance tax/TDS(net of tax)	74,84,946	226,07,229	186,72,784
MAT credit entitlement	-	12,36,747	37,49,014
	74,84,946	**238,43,976**	**224,21,798**

14 Other Current Assets

Particulars	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)	As at April 1, 2015 (in Rs.)
Other Current Assets			
Interest recievable	67,840	1,27,065	53,328
Prepaid Expenses	12,96,894	12,22,860	19,65,130
	13,64,734	**13,49,925**	**20,18,458**

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15 **Total Authorised Share Capital** (In Rupees)

	No of Shares	Amount
As at April 1, 2015	2,50,000	25,00,000
Increase during the year	-	-
As at March 31, 2016	2,50,000	25,00,000
Increase during the year	1,60,000	16,00,000
As at March 31, 2017	4,10,000	41,00,000

Total Authorised Share Capital includes as at 31.03.2017, 200000 Equity shares of Rs. 10 each (as at 31.03.2016, 40000 Equity shares of Rs. 10 each and as at 01.04.2015, 40000 Equity shares of Rs. 10 each) and 210000 Preference shares of Rs. 10 each (as at 31.03.2016, 210000 Preference shares of Rs. 10 each and as at 01.04.2015, 210000 Preference shares of Rs. 10 each).

(a) Equity Share Capital
Movement in Equity Share Capital

	No of shares	Equity Share Capital par value
As at April 1, 2015	20,856	2,08,560
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2016	20,856	2,08,560
Add: Shares issued during the year	1,60,000	16,00,000
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2017	1,80,856	18,08,560

Reconciliation of Equity Shares Outstanding

Particulars	As at 31.03.2017	As at 31.03.2016
Number of shares at the beginning	20,856	20,856
Add: Shares Converted during the year	1,60,000	-
Number of shares at the end of the year	1,80,856	20,856

Equity Shareholder Holding more than 5% Shares

Particulars	As at 31.03.2017 No. of Shares	As at 31.03.2016 No. of Shares
Polixel Spolka Z.o.o. (Formerly Polixel S.A., Poland)	-	10,856 (52.05%)
Himachal Futuristic Communications Limited	180,856 (100%)	10,000 (47.95%)

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(b) Other Equity

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity component of compound financial instruments	-	16,00,000	16,00,000
Securities Premium	584,00,000	584,00,000	584,00,000
Retained Earnings	334,74,051	204,37,532	67,34,713
	918,74,051	804,37,532	667,34,713

Equity component of compound financial instruments

	Amount
As at April 1, 2015	16,00,000
Increase during the year	-
As at March 31, 2016	16,00,000
Increase during the year	-
Converted to Equity Share Capital	(16,00,000)
As at March 31, 2017	-

Equity component of compound financial instruments comprises 160000 Preference shares of Rs. 10 each as at 31.03.2016 and as at 01.04.2015. 0.01% Compulsorily Convertible Preference Shares of Rs. 10 each will be compulsorily converted into equity shares after 10 years from the date of allotment at book value or face value of equity shares on the day of conversion, which ever is higher. Pursuant to Shareholders' Resolution in Extraordinary General Meeting held on 12th May, 2016, above terms were changed to the effect that the 0.01% Compulsorily Convertible Preference Shares be converted into equity shares at par and the equity shares be allotted latest by June 30, 2016. The said 1,60,000 Equity shares were transferred in the name of M/s Himachal Futuristic Communications Limited (HFCL) on August 09, 2016, thereby making the Company a subsidiary Company of M/s HFCL.

Reconciliation of Preference Shares Outstanding

Particulars	As at 31.03.2017	As at 31.03.2016
Number of shares at the beginning	1,60,000	1,60,000
Add: Shares issued during the year	-	-
Less : Shares Converted During the year	1,60,000	-
Number of shares at the end of the year	-	1,60,000

Preference Shareholder Holding more than 5% Shares

Particulars	As at 1,60,000	As at 1,60,000
	No. of Shares	No. of Shares
Infotel Business Solutions Limited	-	160,000 (100%)

Security Premium

	Amount
As at April 1, 2015	584,00,000
Increase during the year	-
As at March 31, 2016	584,00,000
Increase during the year	-
As at March 31, 2017	584,00,000

Retained Earning

	As at March 31, 2017	As at March 31, 2016
Opening Balance	204,37,532	67,34,713
Net profit for the period	115,75,960	130,05,261
Items of Other Comprehensive Income recognised directly in Retained Earnings		
Remeasurement of Defined benefit plans	14,60,559	6,97,558
Equity Instruments measured at Fair value		-
Closing Balance	334,74,051	204,37,532

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16 Non-Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)	As at April 1, 2015 (in Rs.)
Financial Liabilities			
Borrowings			
a.) Bonds and debentures	-	630,00,000	630,00,000
	-	**630,00,000**	**630,00,000**

17 Provisions

Particulars	As at March 31, (in Rs.)	As at March 31, (in Rs.)	As at April 1, (in Rs.)
Provisions			
a.) Provisions for Employee Benefits	33,05,528	39,63,389	35,63,399
	33,05,528	**39,63,389**	**35,63,399**

18 Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)	As at April 1, 2015 (in Rs.)
Financial Liabilities			
Borrowings			
a.) Loans repayable on demands			
(i) from Banks	137,65,635	236,48,491	510,34,389
(ii) from other parties	250,00,000	469,57,259	375,50,000
	387,65,635	**706,05,750**	**885,84,389**

19 Current Financial Liabilities - Trade Payables

Particulars	As at March 31, (in Rs.)	As at March 31, (in Rs.)	As at April 1, (in Rs.)
Trade Payables			
Others	639,05,900	818,11,245	784,26,701
	639,05,900	**818,11,245**	**784,26,701**

20 Current Financial Liabilities - Other Liabilities

Particulars	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)	As at April 1, 2015 (in Rs.)
Other Financial Liabilities			
a) interest accrued	-	7,806	1,51,544
	-	**7,806**	**1,51,544**

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21 Other Current Liabilities

Particulars	As at March 31, 2017 (in Rs.)	As at March 31, 2016 (in Rs.)	As at April 1, 2015 (in Rs.)
Other Current Liabilities			
a) Advances from Customers;	920,36,742	16,88,350	13,80,200
b) Others			
Unearned Revenue	-	-	8,682
Expenses Paybles	42,80,789	54,00,410	79,99,406
Other Employees related liabilities	54,77,597	53,89,226	20,19,455
Statutory Liabilities	176,41,183	20,57,128	24,52,016
	1194,36,311	**145,35,114**	**138,59,759**

22 Provisions

Particulars	As at March 31, (in Rs.)	As at March 31, (in Rs.)	As at April 1, (in Rs.)
Provisions			
a.) Provisions for Employee Benefits	67,335	72,424	39,556
b.) Provisions - Others	(160)	188	-
	67,175	**72,612**	**39,556**

23 Current Tax Assets (Net)

Particulars	As at March 31, (in Rs.)	As at March 31, (in Rs.)	As at April 1, (in Rs.)
Provision for Current Tax	59,89,580	67,98,000	104,51,764
	59,89,580	**67,98,000**	**104,51,764**

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24 Revenue from operations

Particulars	For the year ended March 31, 2017 (in Rs.)	For the year ended March 31, 2016 (in Rs.)
Sale of products	1955,24,595	1676,82,017
Sale of services	884,76,333	1194,72,623
	2840,00,928	**2871,54,640**

25 Other Income

Particulars	For the year ended March 31, 2017 (in Rs.)	For the year ended March 31, 2016 (in Rs.)
Other non-operating income		
Interest Income		
On Fixed Deposit	21,60,148	27,56,017
On Others	10,23,240	-
Others		
Profit on sale of assets (net)	7,975	-
Foreign Fluctuation	6,46,044	-
Miscellaneous income	1,77,429	2,37,000
	40,14,836	**29,93,017**

26 Increase/ Decrease in Stock

Particulars	For the year ended March 31, 2017 (in Rs.)	For the year ended March 31, 2016 (in Rs.)
Opening Balance		
Stock In Trade	361,38,068	204,66,211
Less: Closing Stock	252,40,446	361,38,068
Stock In Trade		
	108,97,623	**(156,71,857)**

27 Other Direct Cost

Particulars	For the year ended March 31, 2017 (in Rs.)	For the year ended March 31, 2016 (in Rs.)
Cost of Site Survey, installation and commissioning services	89,09,902	121,42,985
Consumption of stores and spares parts	-	4,30,227
	89,09,902	**125,73,212**

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28 Employee benefits expenses

Particulars	For the year ended March 31, 2017 (in Rs.)	For the year ended March 31, 2016 (in Rs.)
Salaries, bonus and allowances	426,89,864	454,04,741
Contribution to Provident and other funds	19,01,771	27,77,772
Staff welfare expenses	15,68,621	16,00,281
	461,60,256	**497,82,794**

29 Finance costs / Finance Income (Net)

Particulars	For the year ended March 31, 2017 (in Rs.)	For the year ended March 31, 2016 (in Rs.)
Finance Costs:		
Bank Loan Interest	15,86,400	15,86,400
Other Interest	55,65,163	49,62,925
Bank Charges	42,52,449	47,46,965
Dividend on redeemable preference shares	-	216
	114,04,012	**112,96,506**

30 Other expenses

Particulars	For the year ended March 31, 2017 (in Rs.)	For the year ended March 31, 2016 (in Rs.)
Rent	51,21,932	23,29,338
Rates and Taxes	1,42,291	2,61,488
Auditors' Remuneration	5,75,085	3,76,434
Legal and Professional Charges	194,76,136	186,60,367
Communication Expenses	10,81,544	13,27,428
Travelling and Conveyance Expenses	87,68,692	148,24,957
Repairs and Maintenance	3,06,684	4,77,372
Freight and Insurance Expenses	43,57,576	29,38,236
Exchange Fluctuation Loss (Net)	-	6,66,841
Office and General Expenses	3,70,573	24,09,400
Balances Write Off	2,72,863	3,88,318
Bad debts, Loans and Advances, other balances written off (net)	58,70,939	11,03,165
Provision for doubtful Debts	-	2,64,727
Printing and stationery	5,28,599	4,57,904
Marketing Expenses	18,28,546	9,21,165
Tender Fees	2,18,654	2,26,181
Custom Duty Expenses	-	44,441
Warehousing Expenses	8,44,185	8,46,874
	497,64,300	**485,24,636**

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31 **Earning per Share (EPS)- In accordance with the Indian Accounting Standard (Ind AS-33)**

		Year ended March 31, 2017	Year ended March 31, 2016
(a)	Basic & Diluted Earnings per share before extra ordinary items	Rs.	Rs.
	Profit /(Loss) after tax	130,36,519	137,02,818
	Less: Preference dividend		
	Profit attributable to ordinary shareholders	130,36,519	137,02,818
	Weighted average number of ordinary shares (used as denominator for calculating basic EPS)	1,80,856	1,80,856
	Weighted average number of ordinary shares (used as denominator for calculating diluted EPS)	1,80,856	1,80,856
	Nominal value of ordinary share	Rs.10	Rs.10
	Earnings per share basic	72.08	75.77
	Earnings per share diluted	72.08	75.77
(b)	Basic & Diluted Earnings per share after extra ordinary items		
	Profit /(Loss) after tax	130,36,519	137,02,818
	Less: Preference dividend		
	Profit attributable to ordinary shareholders	130,36,519	137,02,818
	Weighted average number of ordinary shares (used as denominator for calculating basic EPS)	1,80,856	1,80,856
	Weighted average number of ordinary shares (used as denominator for calculating diluted EPS)	1,80,856	1,80,856
	Nominal value of ordinary share	Rs.10	Rs.10
	Earnings per share basic	72.08	75.77
	Earnings per share diluted	72.08	75.77

32 **Critical accounting estimates and judgments**

The preparation of restated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgments are:

1. Estimation of useful life of tangible asset **Note 4**
2. Estimation of useful life of intangible asset **Note 5**
3. Estimation of defined benefit obligation **Note 33**
4. Estimation of contingent liabilities refer **Note 35**

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

33 During the year, Company has recognised the following amounts in the financial statements as per Accounting Standard 15 (Revised) "Employees Benefits" issued by the ICAI :

a) Defined Contribution Plan

Contribution to Defined Contribution Plan,
recognised are charged off for the year as under :

	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015
Employer's Contribution to Provident Fund	19,01,771	20,87,897	19,94,678

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b) Defined Benefit Plan

The Company provides for gratuity obligations through a defined benefit retirement plan (the 'Gratuity plan') covering all employees. The Gratuity Plan provides a lump sum payment to vested employees at retirement or termination of employment based on the respective employee salary and years of employment with the Company. The Company provides for the Gratuity Plan based on actuarial valuation in accordance with Accounting Standard 15 (revised),"Employee benefits" The present value of obligation under gratuity is determined based on actuarial valuation at period end using Project Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build the final obligations

	In Rupees Gratuity		In Rupees Leave Encashment	
Actuarial assumptions	**For the year ended March 31, 2017**	**For the year ended March 31, 2016**	For the year ended March 31, 2017	**For the year ended March 31, 2016**
Discount rate (per annum)	7.00%	8.00%	7.50%	8.00%
Rate of increase in Compensation levels	8.00%	8.00%	8.00%	8.00%
Rate of Return on plan assets	Nil	Nil	Nil	Nil
Average remaining working lives of employees (Years)	23.4	23	23.4	23

Table showing changes in present value of obligations :

Present value of obligation as at the beginning of the year	22,30,236	20,60,242	18,05,577	15,42,713
Acquisition adjustment	Nil	Nil	Nil	Nil
Interest Cost	1,67,268	1,64,819	1,35,418	1,23,417
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Current Service Cost	4,38,485	5,92,636	3,56,453	5,06,561
Curtailment cost / (Credit)	Nil	Nil	Nil	Nil
Settlement cost /(Credit)	Nil	Nil	Nil	Nil
Benefits paid	(49,287)	-	(2,50,728)	(2,57,017)
Actuarial (gain)/ loss on obligations	(8,42,535)	(5,87,461)	(6,18,024)	(1,10,097)
Present value of obligation as at the end of the period	19,44,167	22,30,236	14,28,696	18,05,577

Actuarial Gain / loss recognised

Actuarial (gain) / loss for the period - Obligation		-	-	-
Actuarial (gain)/ losses from changes in financial assumptions	95,009	-	65,561	-
Experience Adjustment (gain) / loss for plan liabilities	(9,37,544)	(5,87,461)	(6,83,585)	(1,10,097)
Unrecognised actuarial (gains) / losses at the end of the period	Nil	Nil	Nil	Nil
Total amount recognized in Other Comprehensive Income	(8,42,535)	(5,87,461)	(6,18,024)	(1,10,097)

The amounts to be recognized in Balance Sheet and Statement of Profit and Loss:

Present value of obligation as at the end of the period	19,44,167	22,30,236	14,28,696	18,05,577
Fair value of plan assets as at the end of the period	Nil	Nil	Nil	Nil
Funded Status	(19,44,167)	(22,30,236)	(14,28,696)	(18,05,577)
Unrecognised actuarial (gains) / losses		Nil	Nil	Nil
Net asset / (liability) recognised in Balance Sheet	19,44,167	22,30,236	14,28,696	18,05,577

Expenses recognised in Statement of Profit and Loss :

Current service cost	4,38,485	5,92,636	3,56,453	5,06,561
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Interest Cost	1,67,268	1,64,819	1,35,418	1,23,417
Expected return on plan assets	Nil	Nil	Nil	Nil
Curtailment and settlement cost /(credit)	Nil	Nil	Nil	Nil
Expenses recognised in the Statement of Profit and Loss	6,05,753	7,57,455	4,91,871	6,29,978

Note-1: The estimates of rate of escalation in salary considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the Actuary.

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34 **Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows :**

	Particulars	As at March 31, 2017	As at March 31, 2016
a.	Principal amount due	Nil	Nil
	Interest due on above	Nil	Nil
b.	Interest paid during the period beyond the appointed day	Nil	Nil
c.	Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	Nil	Nil
d.	Amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
e.	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprises for the purpose of disallowance as a deductible expenditure under Sec.23 of the Act	Nil	Nil

Note: The above information and that given in Note No. 19 ' Trade Payables' regarding Micro, Small and Medium Enterprises has been determined on the basis of information available with the Company and has been relied upon by the auditors.

35 **Commitments and Contingencies**

(a) Contingent Liabilities not provided for in respect of :

		As at March 31, 2017 (Rs)	As at March 31, 2016 (Rs)
(i)	Unexpired Letters of Credit (Margin Money kept Rs. 34,257,760 Previous Year Rs. 32,966,893)	551,93,082	242,40,235
(ii)	Guarantees given by banks on behalf of the Company (Margin Money was also kept for this)	440,67,634	362,71,930
(iii)	Claims against the Company towards sales tax, income tax and others in dispute not acknowledged as debt	Nil	Nil

(a) The Company's pending litigations comprise of claims against the Company and proceedings pending with Tax Authorities . The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a material impact on its financial position.

(b) The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.

(c) As at 31st March, 2017 the Company did not have any outstanding term derivative contracts.

(b) Capital Commitments

	As at March 31, 2017 (Rs)	As at March 31, 2016 (Rs)
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-

36 The Company has reviewed the outstanding receivables and has written off a sum of Rs. 58,70,939/-(Previous year Rs.11,03,165) during the year as bad, which in the opinion of the Management is adequate.

37 Lease payments under cancellable operating leases have been recognized as an expense in the Statement of profit & loss. Maximum obligation on lease amount payable as per rentals stated in respective agreements are as follows:-

	For the year ended March 31, 2016	For the year ended March 31, 2015
Not later than one year	56,62,400	26,74,000
Later than one year but not later than five years	103,35,680	23,85,580
More than five years	-	-

38 Related Party Disclosures

Related parties as identified by the Management and Relied upon by the Auditors:

Himachal Futuristic Communications Limited (Holding Company w.e.f from 09-08-2017) (HFCL)
Infotel Business Solutions limited (Ceased to be Holding Companyw.e.f 09-08-2017) (IBSL)
Polixel SpolkaZ.o.o. (Ceased to be Fellow Subsidiaryw.e.f 09-08-2017)
Benefitplus Media Private Limited (Ceased to be Fellow Subsidiaryw.e.f 09-08-2017)
Oneclick Technologies Private Limited (Ceased to be Fellow Subsidiaryw.e.f 09-08-2017)
NextwaveDigitechnologies Private Limited (Ceased to be Fellow Subsidiaryw.e.f 09-08-2017)
SkyblueBuildwell Private Limited (Ceased to be Fellow Subsidiaryw.e.f 09-08-2017)

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Following are the transactions with the related parties:

PARTICULAR	Holding Company		Fellow Subsidiary	
Nature of Transaction	**31-Mar-17**	**31-Mar-16**	**31-Mar-17**	**31-Mar-16**
Sale of Goods/Services				
-HFCL	297,81,442.73	-	-	-
Payment made			-	-
-IBSL	2775851	27497091.5		
- Polixel SA	-	-	-	36,904
Interest on OFCDs - IBSL	-	6,300	-	-
Payments received				
- HFCL	745,61,016.00	-	-	-
- IBSL	-	10,00,000.00	-	-
Expenses Recovered - HFCL	2,59,302	-	-	-
Expenses Reimbursed				
- HFCL	50,40,000	-	-	-
- IBSL	25,16,000	17,68,114	-	-
- Benefitplus Media Private Limited	-	-	-	36,904
Purchase of Goods/Services				
- HFCL	2,81,227	-	-	-
- IBSL	-	113,76,148		
Balance-Receivable - Polixel SA	-	-	-	2,94,169
Balance-Payable				
- HFCL	906,14,595	-	-	-
- IBSL	-	2,66,151	-	-

39 **Deferred Tax**

The break up of net Deferred Tax Asset is as under:

Particulars	Deferred Tax Asset as at 31.03.2016	Charge/(Credit) during the year	Adjustment due to Transitional Provision	Deferred Tax Asset as at 31.03.2017
Depreciation	(3,60,260)	(85,206)	-	(4,45,466)
Deferred Tax Liability in Total (A)	**(3,60,260)**	**(85,206)**	-	**(4,45,466)**
Provision for Gratuity	7,23,600	(1,13,449)	-	6,10,151
Provision for Leave Encashment	5,85,819	(80,800)	-	5,05,019
Deferred Tax Asset in Total (B)	**13,09,419**	**(1,94,249)**	-	**11,15,170**
Net Deferred Tax Asset / (Liability) (A+B)	**9,49,159**	**(2,79,455)**	-	**6,69,704**

40 **Segment Reporting**

a) Primary Segment Information (by Business Segments)
The Company's operations predominantly relate to Trading, Installation & AMC Services of Security Systems. Thus there is only one reportable business segment.
b) Secondary Segment Reporting (by Geographical Segments)
The Company caters mainly to the needs of the domestic market, hence there are no reportable geographical segments.

Revenue of approximately 36% (31/03/2016 - 49.40%) are derived from two (31.03.2016 – Two) external customer which individually accounted for more than 10%.

41 **Disclosure of Specified Bank Notes (SBNs)**
During the year the Company had specified bank notes or other denomination note as defined in MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other Denomination notes	Total
		10*8=80	
Closing cash in hand as on November 8, 2016	500*6 = 3,000	5*1= 5	3,085
(+) Permitted receipts	Nil	2000*10= 20000	20,000
(-) Permitted payents	Nil	Nil	-
(-) Amount deposited in Banks	500*6 = 3,000	Nil	3,000
	Nil	2000*10= 20,000	
		10*8= 80	
Closing cash in hand on December 30, 2016		5*1=5	20,085

* For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance,

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42 Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

	Notes Nos.	Carrying amount	Less than 12 months	More than 12 months	Total
As at March 31, 2017					
Trade payables	19	639,05,900	639,05,900		639,05,900
Deposits (Retention Money)		-	-		-
Obligations under finance lease		-			-
Other liabilities	18,20	387,65,635	387,65,635		387,65,635
As at March 31, 2016					
Trade payables	19	818,11,245	818,11,245		818,11,245
Deposits (Retention Money)		-	-	-	-
Obligations under finance lease					-
Other liabilities	18,20	706,13,556	706,13,556		706,13,556
As at April 1, 2015					
Trade payables	19	784,26,701	784,26,701		784,26,701
Deposits (Retention Money)					-
Obligations under finance lease					-
Other liabilities	18,20	887,35,933	887,35,933		887,35,933

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings, deposits, FVTOCI investments.

The sensitivity analyses in the following sections relate to the position as at 31 March 2017 and 31 March 2016.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. Price Risk		
The company is mainly exposed to the price risk due to its investment in equity instruments. The price risk arises due to uncertainties about the future market values of these investments. Equity Price Risk is related to the change in market reference price of the investments in equity securities. The company doesn't hold any equity instruments as on the balance sheet date.	In order to manage its price risk arising from investments, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.	The company doesn't hold any equity instruments as on the balance sheet date.
2. INTEREST RATE RISK		
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. Company has Fixed deposits with Banks amounting to Rs. 4.08 Cr as at March 31st, 2017 (Rs.1.50 Cr as at March 31st , 2016) Interest income earned on fixed deposit for year ended March 31st , 2017 is Rs. 0.22 Cr (Rs.0.27 Cr as at March 31st , 2016)	In order to manage its interest rate risk The Company diversifies its portfolio in accordance with the risk management policies.	As an estimation of the approximate impact of the interest rate risk, with respect to financial instruments, the Company has calculated the impact of a 0.25% change in interest rates. A 0.25% increase in interest rates would have led to approximately an additional Rs. 0.20 Cr gain for year ended March 31st, 2017 (Rs.0.004 Cr gain for year ended March 31st 2016) in interest income. A 0.25% decrease in interest rates would have led to an equal but opposite effect.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

Trade Receivables

Customer credit risk is managed by each business unit subject to the Company established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. At 31 March 2017, the Company had top10 customers (31 March 2016: top 10 customers, 1 April 2015: top 10 customers) that owed the Company more than INR 15.40 Cr(31 March 2016: 11.09 Cr, 1 April 2015: 18.96 Cr) and accounted for approximately 66.43% (31 March 2016: 69.41%, 1 April 2015: 79.45 %) of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 14. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the management in accordance with the Company's policy. Counterparty credit limits are reviewed by the management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2017 and 31 March 2016 is the carrying amounts as illustrated in Note 9 except for financial guarantees.

Capital management

Capital includes issued equity capital and share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

Particulars	31-Mar-17 INR	31-Mar-16 INR	01-Apr-15 INR
Borrowings (Excl preference shares)(Note 16)	387,65,635	1336,05,750	1515,84,389
Redemable preference shares	-	-	-
Trade Payables (Note 19)	639,05,900	818,11,245	784,26,701
Other Payables (Note 18,20)	1228,09,014	185,78,921	176,14,258
Less : Cash and Cash equivalents (Note 10)	(63,20,930)	(67,52,563)	(2,70,177)
Deposits	-	-	-
Total Debt	2191,59,619	2272,43,353	2473,55,171
Convertible preference shares	-	-	-
Equity	936,82,611	806,46,092	669,43,273
Total Capital	936,82,611	806,46,092	669,43,273
Capital and Total debt	3128,42,230	3078,89,444	3142,98,444
Gearing ratio	70.05%	73.81%	78.70%

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017, 31 March 2016 and 31 March 2015.

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43 Financial Instruments by category

Particulars	Mar-17			Mar-16			Apr-15		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
1) Financial Assets									
I)Investments									
a) Bank deposits	-	-	-	-	-	192,85,028	-	-	178,61,076
II) Trade receivables	-	-	2319,25,381	-	-	1579,31,598	-	-	2369,80,000
III) Cash and Cash equivalents	-	-	63,20,930	-	-	67,52,563	-	-	2,70,177
IV) Other Bank balances			408,20,224	-		149,72,732	-	-	152,37,208
V) Security deposit for utilities and premises	-	-	13,63,836	-	-	37,07,622	-	-	17,83,899
VI) Other receivables	-	-	58,84,453	-	-	529,91,850	-	-	54,53,009
Total financial assets	-	-	**2863,14,824**	-	-	**2556,41,393**	-	-	**2775,85,369**
2) Financial liabilities									
I) Borrowings	-	-	-	-	-	-	-	-	-
A) From Banks	-	-	137,65,635	-	-	236,48,491	-	-	510,34,389
B) From Others	-	-	250,00,000	-	-	1099,57,259	-	-	1005,50,000
C) Preference Shares	-	-	-	-	-	-	-	-	-
II) Obligations under Finance Lease	-	-	-	-	-	-	-	-	-
III) Deposits	-	-	-	-	-	-	-	-	-
IV) Trade payables	-	-	639,05,900	-	-	818,11,245	-	-	784,26,701
V) Other liabilities	-	-	-	-	-	7,806	-	-	1,51,544
Total Financial liabilities	-	-	**1026,71,534**	-	-	**2154,24,800**	-	-	**2301,62,635**

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1. Fair Value measurement

Fair Value Hierarchy and valuation technique used to determine fair value :

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 are categorized into Level 1 , Level 2 and Level 3 inputs.

A) Year Ending 31st March 2017

Financial Assets measured at Fair Value recurring fair Value measurements at 31-03-2017	Note No.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
Mutual Funds		-	-	-
FVTOCI				
Structured entity		-	-	-
Total Financial Assets		-	-	-

Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 31-03-2017	Note No.	Level 1	Level 2	Level 3
Financial Assets				
Investments				
Debentures and bonds		-	-	-
Bank Deposits		-	-	-
Security deposit for utilities and premises	12	-	13,63,836	-
Total Financial Assets		-	13,63,836	-

B) Year Ending 31st March 2016

Financial Assets measured at Fair Value recurring fair Value measurements at 31-03-2016	Note No.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
Mutual Funds		-	-	-
FVTOCI				
Structured entity		-	-	-
Total Financial Assets		-	-	-

Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 31-03-2016	Note No.	Level 1	Level 2	Level 3
Financial Assets				
Investments				
Debentures and bonds		-	-	-
Bank Deposits	6	-	192,85,028	-
Security deposit for utilities and premises	12	-	37,07,622	-
Total Financial Assets		-	229,92,650	-

C) As on 1st April 2015

Financial Assets measured at Fair Value recurring fair Value measurements at 01-04-2015	Note No.	Level 1	Level 2	Level 3
Financial Assets				
FVTPL				
Mutual Funds		-	-	-
FVTOCI				
Structured entity		-	-	-
Total Financial Assets		-	-	

Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 01-04-2015	Note No.	Level 1	Level 2	Level 3
Financial Assets				
Investments				
Debentures and bonds		-	-	-
Bank Deposits	6	-	178,61,076	-
Security deposit for utilities and premises	12	-	17,83,899	-
Total Financial Assets		-	196,44,975	-

Significant estimates
The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of the changes to these assumptions.

44 **Tax Rconciliation**

	31.03.2017 Ind AS	31.03.2016 Ind AS
Net Profit as per Profit and Loss Account (before tax)	190,81,742	200,01,542
Current Tax rate @ 33.063%	63,08,996	66,13,110
Adjustment:		
Provision for employee Benefit/others	(2,19,191)	2,28,093
Depreciation	(93,197)	(3,27,684)
Expenses /deductions	(4,89,929)	53,847
Ind AS Impact	4,82,905	2,30,634
Tax Provision as per Books	59,89,584	67,98,000

45 **Overall Principles:**
The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying certain items from Previous GAAP to Ind AS as required under the Ind AS, and applying Ind AS in the measurement of recognized assets and liabilities. However, this principle is subject to certain mandatory exceptions and certain optional exemptions availed by the Company as detailed below.

46 **First time adoption of Ind AS**
The accounting policies set out in Note 3 have been applied in preparing the Financial statements for the year ended March 31, 2017 and 2016,

Exemptions and exceptions availed
Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS as at the transition date, i.e. April 1, 2015.

A.1 Ind- AS optional exemptions

A.1.1 Deemed cost
Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP 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 and Investment Property covered by Ind AS 40 Investment Properties.

Accordingly, the Company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their Previous GAAP carrying value.

A.1.2 Designation of previously recognized financial instruments
Ind AS 101 allows an entity to designate investments in equity instruments at FVOCI on the basis of the facts and circumstances at the date of transition to Ind AS.

The Company has elected to apply this exemption for its investment in equity instruments.

A.1.3 Leases
Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The Company has elected to apply this exemption for such contracts/arrangements.

A.1.4 Impairment of financial assets
The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

A.2 Ind AS mandatory exceptions

A.2.1 Estimates
An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made in for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

A.2.2 Classification and measurement of financial assets
Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly, classification and measurement of financial asset has been based on the facts and circumstances that exist at the date of transition to Ind AS.

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Polixel Security Systems Private Limited - Financial Statements

47 Reconciliation of IGAAP with Ind AS Statement

a Reconciliation of total equity

Standalone

(Amount in Rs.)

Particulars	Note No.	As at 31.03.2016	As at 31.03.2015
Total equity under previous GAAP		807,28,278	669,72,843
Less: Changes in accounting policy or prior period errors		(82,158)	(29,758)
		806,46,120	**669,43,085**
Adjustments:			
Dividends and related distribution tax not recognised as liability until declared under Ind AS	1	(28)	188
Fair value of debtors assigned for more than 12 months	3	-	-
Total adjustment to equity		**(28)**	**188**
Total equity under Ind AS		**806,46,092**	**669,43,273**

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b Reconciliation of Profits as previously reported under IGAAP to IND AS Standalone

(Amount in Rs.)

Particulars	Note No.	For the year ended 31.03.2016
Net Profit as per IGAAP		137,55,623
Add : Changes in accounting policy or prior period errors		(52,588)
		137,03,035
Adjustments During the year:		
Dividends and related distribution tax not recognised as liability until declared under Ind AS		(216)
Impact of Reclassification of Leave encashment expenses	1	(1,10,097)
Impact of Reclassification of Gratuity	1	(5,87,461)
Impact of Non-Current Investment sold at loss		
Deferred Tax Impact on above changes		
Total adjustment to equity		**(6,97,774)**
Net Profit as per IND-AS		130,05,260
Other Comprehensive Incomes		
A.) Items that will not be reclassified to profit or loss		
(i) Changes in revaluation surplus;		
(i) remeasurement of defined benefit plans;	1	6,97,558
(i) Equity Instruments through OCI;		
Total of Other Comprehensive Incomes		**6,97,558**
Total Comprehensive income as per Ind-AS		137,02,818

Note to Reconciliation Statement

1 Under Ind AS, re-measurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the Previous GAAP, these re-measurements were forming part of the profit or loss for the year

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Polixel Security Systems Private Limited
(All amounts are in Rs.)
c-1 **Reconciliation of Equity as at March 31, 2016**

Assets	Note No	31-Mar-16			
		Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Non-current Assets					
(a) Property, Plant and Equipment		32,65,681	-	-	32,65,681
(b) Capital work-in-progress		-	-	-	-
(c) Other Intangible assets		2,51,806	-	-	2,51,806
(d) Intangible assets under development		-	-	-	-
(e) Investment in associates/ joint venture accounted for using the equity method				-	-
(f) Financial Assets					
(i) Investments		-	-	-	-
(ii) Others		-	-	192,85,028	192,85,028
(i) Deferred tax assets (net)		9,49,159	-	-	9,49,159
(g) Other non-current assets		192,85,028	-	(192,85,028)	-
Total non-current assets		**237,51,674**	**-**	**-**	**237,51,673**
Current Assets					
(a) Inventories		362,20,415	-	(82,346)	361,38,069
(b) Financial Assets					
(i) Investments		-	-	-	-
(ii) Trade Receivables		1579,31,598	-	-	1579,31,598
(iii) Cash & cash equivalents		218,52,360	-	(150,99,797)	67,52,563
(iv) Bank balances other than (iii) above		-	-	149,72,732	149,72,732
(v) Loans		930,05,718	-	(930,05,718)	-
(vi) Others			-	566,99,472	566,99,472
(c) Current Tax Assets (Net)			-	238,43,976	238,43,976
(c) Other current assets		18,26,766	-	(4,76,841)	13,49,925
Total current assets		**3108,36,857**	**-**	**(131,48,522)**	**2976,88,335**
Total Assets		**3345,88,531**	**-**	**(131,48,522)**	**3214,40,008**

Equity and Liabilities	Note No	31-Mar-16			
		Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Equity					
(a) Equity Share capital		18,08,560	-	-	18,08,560
(b) Other Equity		789,19,719	160	(82,346)	788,37,532
Total Equity		**807,28,279**	**160**	**(82,346)**	**806,46,092**
Liabilities					
Non-current Liabilities					
(a) Financial Liabilities					
(i) Borrowings		630,00,000	-	-	630,00,000
(iii) Other financial liabilities			-	-	-
(b) Provisions		39,63,389	-	-	39,63,389
Total non-current liabilities		**669,63,389**	**-**	**-**	**669,63,389**
Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings		706,05,750	-	-	706,05,749.69
(ii) Trade Payables					
(a) total outstanding dues of micro		-			-
(b) total outstanding dues of creditors		818,11,245	-	-	818,11,244.77
(iii) Other financial liabilities		-	-	7,806	7,806.00
(b) Other current liabilities		145,42,920	-	(7,806)	145,35,114.20
(c) Provisions		199,36,948	(160)	(198,64,176)	72,612.00
(d) Current Tax Liabilities (Net)		-		67,98,000	67,98,000.00
Total current liabilities		**1868,96,863**	**(160)**	**(130,66,176)**	**1738,30,527**
Total Liabilities		**2538,60,252**	**(160)**	**(130,66,176)**	**2407,93,916**
Total equity and liabilities		**3345,88,531**	**-**	**(131,48,522)**	**3214,40,008**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

NEW DELHI
Chartered Accountants

Polixel Security Systems Private Limited
(All amounts are in Rs.)
c-2 **Reconciliation of Equity as at March 31, 2015**

Assets	31-Mar-15			
	Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Non-current Assets				
(a) Property, Plant and Equipment	11,63,250	-	-	11,63,249.51
(b) Capital work-in-progress	-	-	-	-
(c) Investment Property		-	-	-
(c) Goodwill		-	-	-
(b) Other Intangible assets	2,17,859	-	-	2,17,858.51
(e) Intangible assets under development	-	-	-	-
(g) Biological Asset other than beared plants				-
(f) Investment in associates/ joint venture accounted for using the equity method	-		-	-
(c) Financial Assets				-
(i) Investments	-	-	-	-
(ii) Trade Receivables				-
(iii) Loans & Advances		-		-
(ii) Others	-	-	178,61,076	178,61,076.00
(d) Deferred tax assets (net)	11,47,441			11,47,441.00
(h) Other non-current assets	178,61,076	-	(178,61,076)	-
Total non-current assets	**203,89,625**	**-**	**-**	**203,89,625**
Current Assets				
(a) Inventories	204,95,970	-	(29,758)	204,66,212
(b) Financial Assets				
(i) Investments	-	-	-	-
(i) Trade Receivables	2369,80,000	-	-	2369,80,000
(ii) Cash & cash equivalents	155,07,385	-	(152,37,208)	2,70,177
(iii) Bank balances other than (ii) above	-	-	152,37,208	152,37,208
(iv) Loans	322,73,116	-	(322,73,116)	0
(iv) Others		-	72,36,908	72,36,908
(c) Current Tax Assets (Net)			224,21,798	224,21,798
(d) Other current assets	20,18,458	-	-	20,18,458
			-	
Total current assets	**3072,74,928**	**-**	**(26,44,168)**	**3046,30,760**
Total Assets	**3276,64,553**	**-**	**(26,44,168)**	**3250,20,385**

Equity and Liabilities	31-Mar-15			
	Previous GAAP	Ind-AS Adjustments		Ind - AS
Equity				
(a) Equity Share capital	18,08,560	-	-	18,08,560
(b) Other Equity	651,64,283	188	(29,758)	651,34,713
Total Equity	**669,72,843**	**188**	**(29,758)**	**669,43,273**
Liabilities				
Non-current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	630,00,000	-	-	630,00,000
(iii) Other financial liabilities		-		-
(b) Provisions	35,67,858	-	(4,459)	35,63,399
Total non-current liabilities	**665,67,858**	**-**	**(4,459)**	**665,63,399**
Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings	885,84,389			885,84,389
(ii) Trade Payables				-
(a) total outstanding dues of micro	-			-
(b) total outstanding dues of creditors	784,26,701	-	-	784,26,701
(iii) Other financial liabilities	-	-	1,51,544	1,51,544
(b) Other current liabilities	140,11,303	-	(1,51,544)	138,59,759
(c) Provisions	131,01,460	(188)	(130,61,716)	39,556
(d) Current Tax Liabilities (Net)			104,51,764	104,51,764
Total current liabilities	**1941,23,853**	**(188)**	**(26,09,952)**	**1915,13,713**
Total Liabilities	**2606,91,711**	**(188)**	**(26,14,411)**	**2580,77,112**
Total equity and liabilities	**3276,64,554**	**-**	**(26,44,169)**	**3250,20,385**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Polixel Security Systems Private Limited
(All amounts are in Rs.)
d **Reconciliation of Statement of Profit & Loss as at March 31, 2016**

Assets	31-Mar-16			
	Previous GAAP	Ind-AS Adjustments	Reclassification	Ind - AS
Income				
Revenue from Operation	2871,54,640	-	-	2871,54,640
Other Income	29,93,017	-		29,93,017
Total Income	**2901,47,657**	-	-	**2901,47,657**
Expenses				
Cost of Material Consumed	-	-	-	-
Other Direct cost	-	-	125,73,212	125,73,212
Purchase of goods for resale	1628,12,599	-	-	1628,12,599
(Increase) / Decrease in stock	(157,24,445)	-	82,346	(156,42,099)
Employee benefits expense	493,73,472	4,09,322	-	497,82,794
Finance Cost	110,08,054	2,88,452	-	112,96,506
Depreciation	8,28,225	-		8,28,225
Other Expenses	610,97,848	-	(125,73,212)	485,24,636
Total Expenses (II)	2693,95,753	6,97,774	82,346	2701,75,873
Profit / (loss) before exceptional items and income tax (I-II)	207,51,905	(6,97,774)	(82,346)	199,71,784
Exceptional item (net of tax)	-	-	-	-
Profit / (Loss) before tax (III - IV)	**207,51,905**	**(6,97,774)**	**(82,346)**	**199,71,784**
Tax expense				
Current tax	67,98,000	-	-	67,98,000
MAT Credit entitelment	-			-
Deferred Tax	1,98,282	-	-	1,98,282
Profit/(loss) for the year	**137,55,623**	**(6,97,774)**	**(82,346)**	**129,75,502**
Other Comprehensive Income				
A.) Items that will not be reclassified to profit or loss				
(i) remeasurement of defined benefit plans;	-	6,97,558		6,97,558
(ii) Equity Instruments through OCI;		-		-
B.) Items that will be reclassified to profit or loss;	-			
Other comprehensive income for the year after tax	-	6,97,558	-	6,97,558
Total comprehensive income for the year	137,55,623	(216)	(82,346)	136,73,060

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

As per our report of even date attached

For and on behalf of the Board

For Khandelwal Jain & Co.
Firm Reg. No. 105049W
Chartered Accountants

Khandelwal Jain & Co. NEW DELHI Chartered Accountants

(Manish Kumar Singhal)
Partner
M.No. 502570

Kamal Kumar Sharma

Director

Gurdial Singh Khandpur

Director

Place: New Delhi
Dated: 19 MAY 2017

Place: New Delhi
Dated: 19 MAY 2017