

Polixel Security Systems Private Limited

**Audited Financial Statement for the
Year Ended March 31, 2018**



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 Indian Accounting Standards (Ind AS) financial statements of **Polixel Security Systems Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018 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 (herein after referred to as "Ind AS financial statements").

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 relevant rules issued thereunder.

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.

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, 2018 and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

5. Other Matter

The comparative financial statements of the Company for the year ended March 31, 2017 were audited by predecessor auditor. The report of the predecessor auditor on comparative financial statements for the year ended 31st March, 2017 dated 09th May, 2017 expressed an unqualified opinion. Our opinion is not modified in respect of this matter.

6. Report on Other Legal and Regulatory Requirements

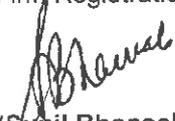
- A. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure "A" statement on the matters specified in paragraphs 3 and 4 of the Order.
- B. As required 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;
 - (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
 - (e) On the basis of the written representations received from the directors as on 31ST March, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on 31ST March, 2018, 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 34 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 34 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.

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No. 016520N


(Sunil Bhansali)
Partner

Membership No: 054645



Place: New Delhi
Date: 26-04-2018

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph 6A 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, 2018, 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 Company has no immovable properties, in respect of which the title deeds are required to be held in 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.
- 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, service tax, custom duty, excise duty, value added tax, goods and services tax, cess and other material statutory dues wherever applicable.

(b) According to the information and explanation given to us and records examined by us, there are no dues of income tax, service tax, custom duty, excise duty, value added tax, goods and services tax & 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.

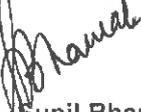


- X. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.
- XI. According to the information and explanation given to us and the books of account verified by us, no Managerial remuneration has been paid or provided by the Company.
- 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.
- 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 them 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 Oswal Sunil & Company

Chartered Accountants

Firm Registration No. 016520N



Sunil Bhansali)

Partner

Membership No: 054645



Place: New Delhi

Date: 26-04-2018

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 31st March, 2018 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.

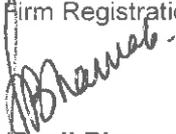
Opinion

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 31st March, 2018, 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 Oswal Sunil & Company

Chartered Accountants

Firm Registration No. 016520N


(Sunil Bhansali)
Partner
Membership No: 054645



Place: New Delhi

Date: 26-04-2018

Polixel Security Systems Private Limited
Balance Sheet as at 31st March, 2018

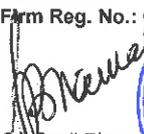
Notes forming part of the Financial Statements for the year ended March 31, 2018

Particulars	Note No.	As at March 31, 2018	As at March 31, 2017
Non-current Assets			
(a) Property, Plant and Equipment	3	16,55,336	26,75,463
(b) Intangible assets (other than Goodwill)	4	10,15,683	14,02,623
(c) Financial Assets			
(i) Trade Receivables	5	65,47,831	-
(ii) Others	6	46,30,000	-
(d) Deferred tax assets (net)	7	7,06,558	6,69,704
		145,55,408	47,47,790
Current Assets			
(a) Inventories	8	197,71,293	252,40,446
(b) Financial Assets			
(i) Trade Receivables	9	1926,87,403	2319,25,381
(ii) Cash & cash equivalents	10	29,28,054	63,20,930
(iii) Bank balances other than (ii) above	11	353,28,859	408,20,224
(iv) Others	12	359,54,251	45,80,825
(c) Current Tax Assets (Net)	13	121,12,214	74,84,946
(d) Other current assets	14	20,71,060	40,32,198
		3008,53,134	3204,04,950
Total Assets		3154,08,542	3251,52,740
Equity			
(a) Equity Share Capital	15	18,08,560	18,08,560
(b) Other Equity	15	1022,30,030	918,74,051
		1040,38,590	936,82,611
Liabilities			
Non-current Liabilities			
(a) Provisions	16	34,44,300	33,05,528
		34,44,300	33,05,528
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	17	424,43,724	387,65,635
(ii) Trade Payables	18		
- total outstanding dues of micro and small enterprises		-	-
- total outstanding dues to other than micro and small enterprises.		548,96,016	639,05,900
(iii) Other financial liabilities	19	104,38,585	97,58,386
(b) Other current liabilities	20	966,09,490	1096,77,925
(c) Provisions	21	3,90,477	67,175
(d) Current Tax Liabilities (Net)	22	31,47,360	59,89,580
		2079,25,652	2281,64,601
Total Liabilities		2113,69,952	2314,70,129
Total equity and liabilities		3154,08,542	3251,52,740

The accompanying notes form an integral part of the standalone financial statement

As per our report of even date attached
For Oswal Sunil & Company
Chartered Accountants

Firm Reg. No.: 16520N



CA Sunil Bhansali
Partner
M.No.: 054645

For and on behalf of the Board



Kamal Kumar Sharma
Director



Gurdial Singh Khandpur
Director

Place: New Delhi
Dated: 26 APR 2018

Polixel Security Systems Private Limited
Statement of Profit and loss for the year ended 31st March, 2018
(All amounts are in Rs.)

Particulars		Note No.	For the year ended March 31, 2018	For the year ended March 31, 2017
I.	INCOME			
	Revenue from operations	23	2196,67,279	2840,00,928
	Other Income	24	57,60,703	40,14,836
	Total Revenue (I)		2254,27,982	2880,15,764
II.	EXPENSE			
	Purchase of goods for resale		966,69,823	1404,47,829
	Change in inventories of finished goods, work-in progress and stock-in trade	25	54,69,153	108,97,623
	Other Direct cost	26	180,55,348	89,09,902
	Employee benefits expense	27	383,40,573	461,60,256
	Finance Cost	28	96,11,799	114,04,012
	Depreciation	3,4	14,57,238	13,50,100
	Other Expenses	29	450,00,396	497,64,300
	Total Expenses (II)		2146,04,330	2689,34,022
III	Profit / (loss) before exceptional items and income tax (I-II)		108,23,652	190,81,742
IV	Exceptional item (net of tax)		-	-
V	Profit / (Loss) before tax (III - IV)		108,23,652	190,81,742
VI	Tax expense			
	Current tax		31,47,360	59,89,580
	Tax Credit (Entitlement)/utilized		(21,00,563)	12,36,747
	Deferred Tax		(36,854)	2,79,455
VII	Profit/(loss) for the period (V - VI)		98,13,709	115,75,960
VIII	Other Comprehensive Income			
	A.) Items that will not be reclassified to profit or loss			
	(i) remeasurement of defined benefit plans;		5,42,270	14,60,559
	B.) Items that will be reclassified to profit or loss;		-	-
	(i) Changes in fair value of FVOCI equity instruments;		-	-
	Other comprehensive Income for the year after tax		5,42,270	14,60,559
IX	Total comprehensive income for the year (VII + VIII)		103,55,979	130,36,519
	Basic earnings per share	30	57.26	72.08
	Diluted earnings per share	30	57.26	72.08

The accompanying notes form an integral part of the standalone financial statements

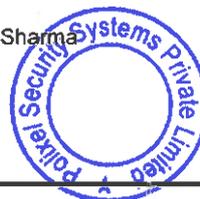
As per our report of even date attached
For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No.: 016520N

(Signature)
CA Sunil Bhansali
Partner
M.No.: 054645



For and on behalf of the Board

(Signature)
Kamal Kumar Sharma
Director



(Signature)
Gurdial Singh Khandpur
Director

Place: New Delhi
Dated: 26 APR 2018

Polixel Security Systems Private Limited
Statement of Cash Flow for the year ended 31st March, 2018
(All amounts are in Rs.)

	For the year ended March 31, 2018	For the year ended March 31, 2017
Cash flows from operating activities		
Profit before Tax	108,23,652	190,81,742
Adjustments for:		
Depreciation, Amortization and Impairment	14,57,238	13,50,100
Finance Costs	96,11,799	114,04,012
Interest Income	(57,60,220)	(11,36,908)
Profit on sale of fixed assets	-	(7,975)
Bad debts and written off	176,36,016	-
Operating cash flow before changes in assets and liabilities	337,68,485	306,90,971
Decrease/(increase) in inventory	54,69,153	108,97,623
Decrease/(increase) in trade receivables	151,97,948	(739,93,784)
Decrease/(increase) in other financial and non-financial assets	(228,29,081)	235,29,657
Increase/(decrease) in trade payable	(90,09,884)	(179,05,345)
Increase/(decrease) in other financial and non-financial liabilities	(115,27,709)	1056,98,458
Cash generated from operations	110,68,912	789,17,581
Income tax paid/(refund)	85,16,285	(83,24,283)
Net cash inflow from operating activities	25,52,627	872,41,863
Cash flows from investing activities		
Purchase of intangible assets	-	(13,94,287)
Property, Plant and equipment & Capital Work-in-Progress	(52,850)	(5,25,938)
Disposal of property, plant and equipment	2,678	17,500
Decrease/(increase) in Fixed deposit with Bank	(46,30,000)	192,85,028
Interest Income	46,68,378	11,96,133
Net cash flow from investing activities	(11,794)	185,78,436
Cash flows from financing activities		
Repayment of borrowings	36,78,090	(948,40,115)
Interest & other borrowing costs paid	(96,11,799)	(114,11,818)
Net cash flow from financing activities	(59,33,709)	(1062,51,933)
Net increase/(decrease) in cash and cash equivalents during the year	(33,92,877)	(4,31,633)
Cash and cash equivalents at beginning of the financial year	63,20,930	67,52,563
Effect of exchange rate changes on cash and cash equivalents	-	-
Cash and cash equivalents at end of the financial year	29,28,053	63,20,930

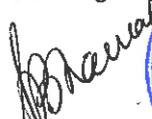
Notes:

- The Statement of Cash flow has been prepared under the indirect method as set-out in the Ind AS - 7 "Statement of Cash Flow" as specified in the Companies (Indian Accounting Standards) Rules, 2015
- Figures in bracket indicate cash outflow.
- Reconciliation of cash and cash equivalents as per the cash flow statement

Particulars	March 31, 2018	March 31, 2017
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents (note 10)	29,28,054	63,20,930
Bank overdrafts	-	-
Balances per statement of cash flows	29,28,054	63,20,930

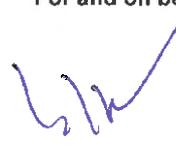
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For **Oswal Sunil & Company**
Chartered Accountants
Firm Reg. No.: 016520N


Sunil Bhansali
Partner
M.No.: 054645

Place: New Delhi
Dated: 26 APR 2018

For and on behalf of the Board


Kamal Kumar Sharma
Director


Gurdial Singh Khandpur
Director



Poixel Security Systems Private Limited
Statement of Changes in Equity for the period ended 31st March, 2018

Equity Share Capital	
(Figures in Rs.)	
Particulars	Amount
As at March 31, 2016	2,08,560
Changes in equity share capital	16,00,000
As at March 31, 2017	18,08,560
Changes in equity share capital	-
As at March 31, 2018	18,08,560

Particulars	Reserves and Surplus					Total
	Share application money pending allotment	Equity component of compound financial instruments	Securities Premium Reserve	Retained Earnings	Other Comprehensive Income Re-measurement of Defined Benefit Plan -Other Comprehensive Income	
Balance as at April 1, 2016	-	16,00,000	584,00,000	197,39,974	6,97,558	804,37,532
Converted to Equity Share Capital	-	(16,00,000)	-	-	-	(16,00,000)
Total Comprehensive Income for the year	-	-	-	115,75,960	14,60,559	130,36,519
Balance as at March 31, 2017	-	-	584,00,000	313,15,934	21,58,117	918,74,051
Total Comprehensive Income for the year	-	-	-	98,13,709	5,42,270	103,55,979
Balance as at March 31, 2018	-	-	584,00,000	411,29,643	27,00,387	1022,30,030

Other equity

As per our report of even date attached
For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No.: 016520N



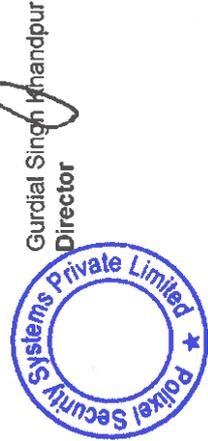
Sunil Bhansali
Partner
M.No.: 054645

Place: New Delhi

Dated: 26 APR 2018

For and on behalf of the Board

Kamal Kumar Sharma
Director



Gurdeep Singh Khandpur
Director

Polixel Security Systems Private Limited

Notes forming part of Financial Statements for the year ended March 31, 2018

(All amounts are in Rupees)

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, Dhawandee Apartment 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, Bihar, Orissa, Rajasthan, UP, West Bengal with the head office in Gurgaon (NCR).

The financial statements have been approved by the Board of Directors of the Company at its meeting held on April 26, 2018.

2. Significant accounting policies

2.1. Basis of preparation

2.1.1. Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time

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

2.1.3. Use of estimates and judgements

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

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



2.2. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or OCI, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, then the gain is recognized in OCI and accumulated in equity as capital reserve.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses..

Goodwill is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Any impairment loss for goodwill is recognized in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

2.3. 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 twelve months 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.



2.4. 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)

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 un-observable 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.

2.5. Investments in subsidiaries, associates and joint ventures

The Company records the investments in subsidiaries, associates and joint ventures at cost.

When the Company issues financial guarantees on behalf of subsidiaries, initially it measures the financial guarantees at their fair values and subsequently measures at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognized less cumulative amortization.

The Company records the initial fair value of financial guarantee as deemed investment with a corresponding liability recorded as deferred revenue. Such deemed investment is added to the carrying amount of investment in subsidiaries.

Deferred revenue is recognized in the Statement of Profit and Loss over the remaining period of financial guarantee issued.



2.6. Non-current assets held for sale

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

2.7. Property Plant and Equipment

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

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 eligible input taxes) 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.

Depreciation is provided for on Buildings (including buildings taken on lease) and Plant & Machinery on straight line method and on other PPE on written down value method on the basis of useful life. On assets acquired on lease (including improvements to the leasehold premises), amortization has been provided for on Straight Line Method over the period of lease.

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.

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or over the shorter of the assets useful life and the lease term if there is an uncertainty that the company will obtain ownership at the end of the lease term.

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.

2.8. Intangible Assets

(i) Intangible assets

➤ Recognition of intangible assets



a. Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

b. Research and development

Research expenditure and development expenditure that do not meet the criteria as below, are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

The Company initially recognizes development expenses as intangible assets when The Company can demonstrate that:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use.

It is amortized over the period of expected future benefit. Amortization expense is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

c. 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 and Loss.

➤ **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.

(ii) Intangible assets under development

All costs incurred in development, are initially capitalized as Intangible assets under development - till the time these are either transferred to Intangible Assets on completion or expensed as Software Development cost (including allocated depreciation) as and when determined of no further use.

2.9. 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



2.9.1. 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.

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 Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

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).

2.9.2. Financial liabilities

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.

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.

2.10. 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 group 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.

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.

2.11. 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.

2.12. Revenue recognition

➤ Sale of Goods and Rendering of Service

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.

Revenue in respect of services is recognized on completed contract method provided following conditions are satisfied:

- when the right to receive such income is established as per the terms of the contract.
- significant risks and rewards of ownership of the goods & services are transferred to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company.

Revenue is reported net of indirect taxes and adjustments made towards deduction and price variation wherever applicable. Escalation and other claims, which are not ascertainable/acknowledged by customers are not taken into account. Amounts billed for work performed but yet to be paid by the customer are disclosed in the Balance Sheet as trade receivables.

➤ 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).



➤ **Dividends**

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

➤ **Rental income**

Rental income arising from operating leases or on investment properties is accounted for on a straight-line basis over the lease terms and is included in other non-operating income in the statement of profit and loss.

➤ **Insurance Claims**

Insurance claims are accounted for as and when admitted by the concerned authority.

2.13. 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.

2.14. Leases

As a lessee

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.

2.15. 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 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 Statement of profit and loss 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.



2.16. 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 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.



iii. 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.

Re-measurement, 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.

2.17. 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.

2.18. 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.

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.

2.19. 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.

2.20. GST/Cenvat Credit

The GST/CENVAT credit available on purchase of materials, other eligible inputs and capital goods is adjusted against taxes payable. The unadjusted GST/CENVAT credit is shown under the head "Other Current Assets".



2.21. 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.

2.22. 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 Standalone Financial Statement. 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.

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.



Poixel Security Systems Private Limited
Notes forming part of the Financial Statements for the year ended March 31, 2018
(All amounts are in Rs.)

3 Property, Plant and Equipment

Gross Carrying Value	End use Devices Desktops, Laptops	Laboratory Equipments	Mobile Phones	Furniture and Fittings	Server and Networks	Vehicles	Total
Balance as at April 1, 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
Balance 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
Additions	52,850	-	-	-	-	-	52,850
Disposals / Adjustments	53,550	-	-	-	-	-	53,550
Balance as at 31, 2018	41,27,654	9,39,711	1,94,450	3,33,694	8,79,150	25,000	64,99,659
Accumulated depreciation and impairment							
Balance as at April 1, 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	-	-	-	-	-	-	-
Balance as at March 31, 2017	25,68,432	7,12,426	1,39,880	42,097	3,58,986	3,076	38,24,896
Depreciation for the year	8,54,942	49,232	12,552	31,704	1,19,493	2,375	10,70,299
Disposals / Adjustments	50,872	-	-	-	-	-	50,872
Transfer to retained earning	-	-	-	-	-	-	-
Balance as at March 31, 2018	33,72,502	7,61,658	1,52,432	73,801	4,78,479	5,451	48,44,323
Net Carrying Value							
Balance as at April 1, 2016	19,55,190	2,76,541	46,694	3,23,298	6,39,657	24,299	32,65,680
Balance as at March 31, 2017	15,59,922	2,27,286	54,570	2,91,597	5,20,164	21,924	26,75,463
Balance as at March 31, 2018	7,55,152	1,78,053	42,018	2,59,893	4,00,671	19,549	16,55,336

Note:

1. Refer note no. 17 for details of assets pledged.



Polixel Security Systems Private Limited
Notes forming part of the Financial Statements for the year ended March 31, 2018
 (All amounts are in Rs.)

4 Intangible assets (other than Goodwill)

Particulars	As at March 31, 2018		As at March 31, 2017	
Computer Softwares				
Cost or deemed cost				
Opening balance	19,80,953		5,86,666	
Additions during the year	-		13,94,287	
Disposals/ adjustments / transfer	-	19,80,953	-	19,80,953
Less: Accumulated amortisation and impairment				
Accumulated amortization				
Opening balance	5,78,330		3,34,860	
Additions during the year	3,86,940		2,43,470	
Disposal / adjustment / transfer	-	9,65,270	-	5,78,330
		10,15,683		14,02,623



Polixel Security Systems Private Limited
Notes forming part of the Financial Statements for the year ended March 31, 2018
 (All amounts are in Rs.)

5 Non-Current Financial Assets - Trade Receivables

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Receivables		
Unsecured, considered good;	65,47,831	-
	65,47,831	-

6 Non-Current Financial Assets - Others

Particulars	As at March 31, 2018	As at March 31, 2017
Fixed Deposits with Bank (Maturity more than 12 months)*	46,30,000	-
	46,30,000	-

* Above fixed deposit held as margin money/securities with banks.

7 Deferred Tax Assets

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Tax Assets	7,06,558	6,69,704
	7,06,558	6,69,704

8 Inventories (at cost or net realisable value whichever is lower)

Particulars	As at March 31, 2018	As at March 31, 2017
Inventories (As Certified and valued by the management)		
Stock-in-trade Goods	197,71,293	252,40,446
	197,71,293	252,40,446

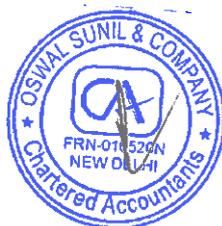
9 Current Financial Assets - Trade Receivables

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Receivables		
Unsecured, considered good;	1926,87,403	2319,25,381
	1926,87,403	2319,25,381

9.1 The credit period towards trade receivables generally ranges between down to achievement of specified milestones (execution based) and average project execution cycle is around 6 to 24 months. General payment terms include process time with the respective customers ranging between 30 to 60 days from the date of invoices / achievement of specified milestones .

10 Current Financial Assets - Cash & cash equivalents

Particulars	As at March 31, 2018	As at March 31, 2017
Cash & Cash Equivalents		
Balance with banks;	29,17,769	63,10,645
Cash on hands;	10,285	10,285
	29,28,054	63,20,930



11 **Current Financial Assets - Other Bank Balances**

Particulars	As at March 31, 2018	As at March 31, 2017
Fixed Deposits with Bank (Maturity less than 12 months)*	353,28,859	408,20,224
	353,28,859	408,20,224

* Above fixed deposit held as margin money/securities with banks.

12 **Current Financial Assets -Other Assets**

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Advances other than capital advances;		
- Security Deposits	13,73,476	13,63,836
- Advances to related parties		-
- Other advances	334,21,093	31,49,149
Interest Receivables	11,59,682	67,840
	359,54,251	45,80,825

13 **Current Tax Assets (Net)**

Particulars	As at March 31, 2018	As at March 31, 2017
Advance Income Tax / TDS Recoverable	121,12,214	74,84,946
	121,12,214	74,84,946

14 **Other Current Assets**

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured, considered good		
Indirect Taxes Recoverable	8,34,358	27,35,304
Prepaid Expenses	12,36,702	12,96,894
	20,71,060	40,32,198



Polixel Security Systems Private Limited - Financial Statements
Notes forming part of the Financial Statements for the year ended March 31, 2018
(All amounts are in Rs.)

15 (A) Equity Share Capital

Total Authorised Share Capital		
	No of Shares	Amount
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
Increase during the year	-	-
As at March 31, 2018	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).

Movement in Equity Share Capital		
	No of shares	Equity Share Capital par value
As at April 1, 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
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2018	1,80,856	18,08,560

Reconciliation of Equity Shares Outstanding		
Particulars	As at 31.03.2018	As at 31.03.2017
Number of shares at the beginning	1,80,856	20,856
Add: Shares Converted during the year	-	1,60,000
Number of shares at the end of the year	1,80,856	1,80,856

Equity Shareholder Holding more than 5% Shares		
Particulars	As at 31.03.2018	As at 31.03.2017
	No. of Shares	No. of Shares
Himachal Futuristic Communications Limited <i>(including its nominees)</i>	180,856 (100%)	180,856 (100%)



Polixel Security Systems Private Limited - Financial Statements
Notes forming part of the Financial Statements for the year ended March 31, 2018
(All amounts are in Rs.)

15 (B) Other Equity

	As at March 31, 2018	As at March 31, 2017
(i) Equity component of compound financial instruments	-	-
(ii) Securities Premium*	584,00,000	584,00,000
(iii) Retained Earnings	438,30,030	334,74,051
	1022,30,030	918,74,051

* Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provision of the Companies Act, 2013.

(i) Equity component of compound financial instruments

	Amount
As at April 1, 2016	16,00,000
Increase during the year	-
Converted to Equity Share Capital	(16,00,000)
As at March 31, 2017	-
Increase during the year	-
Converted to Equity Share Capital	-
As at March 31, 2018	-

Equity component of compound financial instruments comprises 160000 Preference shares of Rs. 10 each as at 31.03.2016. 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 31.03.2018	As at 31.03.2017
Number of shares at the beginning	-	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	-	-

(ii) Security Premium

	Amount
As at April 1, 2016	584,00,000
Increase during the year	-
As at March 31, 2017	584,00,000
Increase during the year	-
As at March 31, 2018	584,00,000

(iii) Retained Earning

	As at March 31, 2018	As at March 31, 2017
Opening Balance	334,74,051	204,37,532
Net profit for the period	98,13,709	115,75,960
<i>Items of Other Comprehensive Income recognised directly in Retained Earnings</i>		
- Remeasurement of Defined benefit plans	5,42,270	14,60,559
- Equity Instruments measured at Fair value	-	-
Closing Balance	438,30,030	334,74,051



Polixel Security Systems Private Limited
Notes forming part of the Financial Statements for the year ended March 31, 2018
(All amounts are in Rs.)

16 Non-Current Liabilities - Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Provisions		
Provisions for Employee Benefits	34,44,300	33,05,528
Provisions - Others	-	-
	34,44,300	33,05,528

17 Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2018	As at March 31, 2017
Financial Liabilities		
Borrowings		
a.) Loans repayable on demands		
(i) from Banks *	224,43,724	137,65,635
(ii) from other parties	200,00,000	250,00,000
	424,43,724	387,65,635

* The loan is secured against hypothecation of Inventory cum Book Debts and all current assets of the company. The loan is further secured against corporate guarantee and pledge of shares by other Body Corporates

18 Current Financial Liabilities - Trade Payables

Particulars	As at March 31, 2018	As at March 31, 2017
Trade Payables		
Micro and Small Enterprises	-	-
Others	548,96,017	639,05,900
	548,96,017	639,05,900

19 Current Financial Liabilities - Other Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Other Financial Liabilities		
Expenses Paybles	104,38,585	97,58,386
	104,38,585	97,58,386

20 Other Current Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
Other Current Liabilities		
Advances from Customers	864,98,220	920,36,742
Statutory Liabilities	101,11,270	176,41,183
	966,09,490	1096,77,925

21 Current Liabilities - Provisions

Particulars	As at March 31, 2018	As at March 31, 2017
Provisions		
Provisions for Employee Benefits (refer note no. 33)	3,90,637	67,335
Provisions - Others	(160)	160
	3,90,477	67,175

22 Current Tax Liabilities (Net)

Particulars	As at March 31, 2018	As at March 31, 2017
Provision for Current Tax	31,47,360	59,89,580
	31,47,360	59,89,580



Polixel Security Systems Private Limited
Notes forming part of the Financial Statements for the year ended March 31, 2018
 (All amounts are in Rs.)

23 Revenue from operations

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Sale of products	1003,71,292	1955,24,595
Sale of services	1192,95,987	884,76,333
	2196,67,279	2840,00,928

24 Other Income

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Other non-operating income		
Interest Income	57,60,220	31,83,388
Miscellaneous income	483	8,31,448
	57,60,703	40,14,836

25 Change in inventories of finished goods, work-in progress and stock-in trade

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Balance		
Stock In Trade	252,40,446	361,38,069
Less: Closing Stock		
Stock In Trade	197,71,293	252,40,446
	54,69,153	108,97,623

26 Other Direct Cost

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Cost of Site Survey, installation and commissioning services	180,55,348	89,09,902
	180,55,348	89,09,902



27 Employee benefits expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, bonus and allowances	362,40,860	426,89,864
Contribution to Provident and other funds	15,10,963	19,01,771
Staff welfare expenses	5,88,750	15,68,621
	383,40,573	461,60,256

28 Finance costs / Finance Income (Net)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Finance Costs:		
Bank Loan Interest	22,98,331	30,20,953
Other Interest	35,11,985	41,30,610
Bank Charges	38,01,483	42,52,449
	96,11,799	114,04,012

29 Other expenses

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Rent	-	51,21,932
Rates and Taxes	2,14,727	1,42,291
Auditors' Remuneration	5,00,000	5,75,085
Legal and Professional Charges	127,42,295	194,76,136
Communication Expenses	9,58,237	10,81,544
Travelling and Conveyance Expenses	77,44,547	87,68,693
Repairs and Maintenance	5,60,820	3,06,684
Freight and Insurance Expenses	25,12,427	43,57,576
Exchange Fluctuation Loss (Net)	41,664	-
Office and General Expenses	-	3,70,573
Balances Write Off	1,43,818	2,72,863
Bad debts, Loans and Advances, other balances written off (net)	174,92,198	58,70,939
Printing and stationery	2,84,435	5,28,599
Marketing Expenses	9,17,252	18,28,546
Tender Fees	50,911	2,18,654
Warehousing Expenses	8,37,065	8,44,185
	450,00,396	497,64,300



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

Particulars	Year ended March	Year ended March
	31, 2018	31, 2017
Basic & Diluted Earnings per share	Rs.	Rs.
Total Comprehensive income for the year	103,66,979	130,36,519
Less: Preference dividend	-	-
Profit attributable to ordinary shareholders (A)	103,66,979	130,36,519
Weighted average number of ordinary shares (B) (used as denominator for calculating basic EPS)	1,80,856	1,80,856
Weighted average number of ordinary shares (C) (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 (A/B)	57.26	72.08
Earnings per share - Diluted (A/C)	57.26	72.08

31 Critical accounting estimates and judgments

The preparation of 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 following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Useful lives of property, plant and equipment and Intangible Assets

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

2. Recoverability of Intangible asset and Intangible assets under development

Capitalization of cost in intangible assets under development is based on management's judgement that technological and economic feasibility is confirmed and asset under development will generate economic benefits in future. Based on evaluations carried out, the management has determined that there are no factors which indicates that these assets have suffered any impairment loss.

3. Employee benefits

Defined benefit plans and other long-term benefits are evaluated with reference to uncertain events and based upon actuarial assumptions including among others discount rates, expected rates of return on plan assets, expected rates of salary increases, estimated retirement dates, mortality rates. The significant assumptions used to account for Employee benefits are described in Note 33.

4. Contingencies

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies and obligations. Obligations relating to Project Executions is largely depends upon performance of services by respective contractors. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognised until the contingency has been resolved and amounts are received or receivable.

5. Fair Value of Unquoted equity Investments:

Fair value is derived on the basis of income approach, in this approach the discounted cash flow method is used to capture the present value of the expected future economic benefits to be derived from the ownership of these investments.

32 During the year, Company has recognised the following amounts in the financial statements as per Accounting Standard on "Employees Benefits" :

a) Defined Contribution Plan

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Employer's Contribution to Provident Fund	15,10,963	19,01,771



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

Actuarial assumptions	Gratuity		Leave Encashment	
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2017
Discount rate (per annum)	7.75%	7.50	7.75	7.50%
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)	22.7	23.4	22.7	23.4

Table showing changes in present value of obligations :

Present value of obligation as at the beginning of the year	19,44,167	22,30,236	14,28,696	18,05,577
Acquisition adjustment	Nil	Nil	Nil	Nil
Interest Cost	1,50,673	1,67,268	1,10,724	1,35,418
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Current Service Cost	4,79,324	4,38,485	3,34,497	3,56,453
Curtailment cost / (Credit)	Nil	Nil	Nil	Nil
Settlement cost / (Credit)	Nil	Nil	Nil	Nil
Benefits paid	-	(49,287)	(70,874)	(2,50,728)
Actuarial (gain)/ loss on obligations	(2,09,846)	(8,42,535)	(3,32,424)	(6,18,024)
Present value of obligation as at the end of the period	23,64,318	19,44,167	14,70,619	14,28,696

Actuarial Gain / loss recognised

Actuarial (gain) / loss for the period - Obligation				
Actuarial (gain)/ losses from changes in financial assumptions	(66,453)	95,009	(36,204)	66,561
Experience Adjustment (gain) / loss for plan liabilities	(1,43,393)	(9,37,544)	(2,96,220)	(6,83,585)
Unrecognised actuarial (gains) / losses at the end of the period	Nil	Nil	Nil	Nil
Total amount recognised in Other Comprehensive Income	(2,09,846)	(8,42,535)	(3,32,424)	(6,18,024)

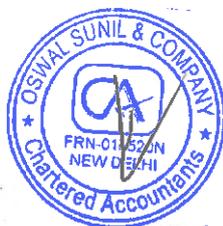
The amounts to be recognized in Balance Sheet and Statement of Profit and Loss:

Present value of obligation as at the end of the period	23,64,318	19,44,167	14,70,619	14,28,696
Fair value of plan assets as at the end of the period	Nil	Nil	Nil	Nil
Funded Status	(23,64,318)	(19,44,167)	(14,70,619)	(14,28,696)
Unrecognised actuarial (gains) / losses	Nil	Nil	Nil	Nil
Net asset / (liability) recognised in Balance Sheet	23,64,318	19,44,167	14,70,619	14,28,696

Expenses recognised in Statement of Profit and Loss :

Current service cost	4,79,324	4,38,485	3,34,497	3,56,453
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Interest Cost	1,50,673	1,67,268	1,10,724	1,35,418
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	6,29,997	6,06,753	4,45,221	4,91,871

Note: 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.



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

Particulars	Current Year	Previous Year
(i) Principal amount due	Nil	Nil
Interest due on above	Nil	Nil
(ii) Interest paid during the period beyond the appointed day	Nil	Nil
(iii) Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the Act.	Nil	Nil
(iv) Amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
(v) 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.

34 Commitments and Contingencies

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

	As at March 31, 2018	As at March 31, 2017
(i) Unexpired Letters of Credit (Margin Money kept Rs. 39,958,859 Previous Year Rs. 34,257,760)	244,16,024	551,93,082
(ii) Guarantees given by banks on behalf of the Company (Margin Money was also kept for this)	614,11,093	440,67,634
(iii) Claims against the Company towards sales tax, income tax and others in dispute not acknowledged as debt	Nil	Nil

Note:

(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, 2018 the Company did not have any outstanding term derivative contracts.

(b) Capital Commitments

	As at March 31, 2018	As at March 31, 2017
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. 17,492,198/- (Previous year Rs.56,70,939) during the year as bad, which in the opinion of the Management is adequate.

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

	For the year ended March 31, 2018	For the year ended March 31, 2017
Not later than one year	1,17,040	56,62,400
Later than one year but not later than five years	-	103,35,680
More than five years	-	-

37 As required by Ind AS - 24 "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 09-08-2016) (HFCL)
 Infotel Business Solutions limited (Ceased to be Holding Company w.e.f 09-08-2016) (IBSL)
 Polixel Spolka z o.o. (Ceased to be Fellow Subsidiary w.e.f 09-08-2016)
 Benefitplus Media Private Limited (Ceased to be Fellow Subsidiary w.e.f 09-08-2016)
 Oneclick Technologies Private Limited (Ceased to be Fellow Subsidiary w.e.f 09-08-2016)
 Nextwave Digitechnologies Private Limited (Ceased to be Fellow Subsidiary w.e.f 09-08-2016)
 Skyblue Buildwell Private Limited (Ceased to be Fellow Subsidiary w.e.f 09-08-2016)



Following are the transactions with the related parties:

Nature of Transaction	Holding Company	
	31-Mar-18	31-Mar-17
Sale of Goods/Services - HFCL	232,85,504	297,81,443
Payments received - HFCL	115,00,000	745,61,015
Expenses Recovered - HFCL	9,071	2,59,302
Expenses - HFCL	-	50,40,000
Purchase of Goods/Services - HFCL	68,14,665	2,81,227
Balance-Payable - HFCL	858,35,019	906,14,595

38 Deferred Tax

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

Particulars	Deferred Tax Asset as at 31.03.2017	Charge/(Credit) during the year	Adjustment due to Transitional Provision	Deferred Tax Asset as at 31.03.2018
Depreciation	(4,45,466)	1,64,528	-	(2,80,938)
Deferred Tax Liability in Total (A)	(4,45,466)	1,64,528	-	(2,80,938)
Provision for Gratuity	6,10,151	(33,988)	-	5,76,163
Provision for Leave Encashment	5,05,019	(93,686)	-	4,11,333
Deferred Tax Asset in Total (B)	11,15,170	(1,27,674)	-	9,87,496
Net Deferred Tax Asset / (Liability) (A+B)	6,69,704	36,854	-	7,06,558

39 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 68% (31/03/2017 - 36%) are derived from Four (31.03.2017 - Two) external customer which individually accounted for more than 10%.

40 In the opinion of the Board, all assets other than fixed assets and non-current investments, have a realisable value in the ordinary course of business which is not significantly differ from the amount at which it is stated.



41 Financial Instruments and risk management

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.

41.1 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, 2018					
Trade payables	19	548,96,017	548,96,017	-	548,96,017
Deposits (Retention Money)		-	-	-	-
Obligations under finance lease		-	-	-	-
Other liabilities	18,20	528,82,310	528,82,310	-	528,82,310
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	485,24,021	485,24,021	-	485,24,021

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 2018 and 31 March 2017.

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.	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	The company doesn't hold any equity instruments as on the balance sheet date.
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.		
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. 3.99 Cr as at March 31st, 2018 (Rs.4.08 Cr as at March 31st, 2017) Interest Income earned on fixed deposit for year ended March 31st, 2018 is Rs. 0.23 Cr (Rs.0.22 Cr as at March 31st, 2017)	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, 2018 (Rs.0.004 Cr gain for year ended March 31st 2017) 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 2018, the Company had top10 customers (31 March 2017: top 10 customers) that owed the Company more than INR 16.70 Cr(31 March 2017: 15.40 Cr) and accounted for approximately 83.83% (31 March 2017: 66.43%) of all the receivables outstanding.

None of the Company's financial assets are either impaired or past due, and there were no indications that defaults in payment obligations would occur.

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.

None of the Company's financial assets are either impaired or past due, and there were no indications that defaults in payment obligations would occur.



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. The following table provides detail of the debt and equity at the end of the reporting period :

Particulars	31-Mar-18	31-Mar-17
	INR	INR
Borrowings (Excl preference shares)(Note 16)	424,43,724	387,65,635
Redeemable preference shares	-	-
Trade Payables (Note 19)	548,96,017	639,05,900
Other Payables (Note 18,20)	1108,82,853	1228,09,014
Less : Cash and Cash equivalents (Note 10)	(29,28,054)	(63,20,930)
Deposits	-	-
Total Debt	2052,94,540	2191,59,619
Convertible preference shares	-	-
Equity	1040,38,590	936,82,611
Total Capital	1040,38,590	936,82,611
Capital and Total debt	3093,33,130	3128,42,230
Gearing ratio	66.37%	70.05%

41.2 Financial Instruments by category

Particulars	Mar-18			Mar-17		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
1) Financial Assets						
I) Non-Current						
a) Bank deposits	-	-	46,30,000	-	-	-
II) Trade receivables	-	-	1992,35,234	-	-	2319,25,381
III) Cash and Cash equivalents	-	-	29,28,054	-	-	63,20,930
IV) Other Bank balances	-	-	353,28,859	-	-	408,20,224
V) Security deposit for utilities and premises	-	-	13,73,476	-	-	13,63,836
VI) Other receivables	-	-	345,80,775	-	-	32,16,989
Total financial assets	-	-	2780,76,398	-	-	2836,47,360
2) Financial liabilities						
I) Borrowings						
A) From Banks	-	-	224,43,724	-	-	137,65,635
B) From Others	-	-	200,00,000	-	-	250,00,000
C) Preference Shares	-	-	-	-	-	-
II) Obligations under Finance Lease	-	-	-	-	-	-
III) Deposits	-	-	-	-	-	-
IV) Trade payables	-	-	548,96,017	-	-	639,05,900
V) Other liabilities	-	-	104,38,585	-	-	97,58,386
Total Financial liabilities	-	-	1077,78,326	-	-	1124,29,921



I) 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 2018

Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 31-03-2018	Note No.	Level 1	Level 2	Level 3
Financial Assets				
Investments		-	-	-
Debentures and bonds		-	-	-
Bank Deposits		-	-	447,94,459
Security deposit for utilities and premises	12	-	13,73,476	-
Total Financial Assets		-	13,73,476	447,94,459

B) Year Ending 31st March 2017

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	6	-	-	471,30,869
Security deposit for utilities and premises	12	-	13,63,836	-
Total Financial Assets		-	13,63,836	471,30,869

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.

42 Tax Reconciliation

	Year Ended 31.03.2018	Year Ended 31.03.2017
Net Profit as per Profit and Loss Account (before tax)	108,23,652	190,81,742
Current Tax rate @ 33.063%	35,78,624	63,08,996
Adjustment:		
Provision for employee Benefit/others	(1,52,776)	(2,19,191)
Depreciation	(67,287)	(93,197)
Expenses /deductions	(89,167)	(4,89,829)
Other Adjustments	(1,22,054)	4,82,905
Tax Provision as per Books	31,47,360	59,89,584

43 Figures for the previous year has been regrouped/rearranged wherever necessary to confirm current year classification / presentation.

44 Recent Indian Accounting Standards (Ind AS)

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and

- (i) Ind AS 115 Revenue from Contracts with Customers
- (ii) Ind AS 21 The effect of changes in Foreign Exchange rates

The Company is evaluating the impact of these amendments on its financial statements.

As per our report of even date attached

For Oswal Sunil & Company
Chartered Accountants
Firm Reg. No.: 016520N

CA Sunil Bhansali
Partner
M.No.: 054645

Place: New Delhi

Dated: 26 APR 2019



For and on behalf of the Board

Kamal Kumar Sharma
Director



Gurdial Singh Khandpur
Director