Polixel Security Systems Private Limited

Audited Financial Statement for the Year Ended March 31, 2019

OSWAL SUNIL & COMPANY
CHARTERED ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Members of **Polixel Security Services Private Limited**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Polixel Security Services Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2019, the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Sr. No.	Key Audit Matter	Auditor's Response
1	**Customer contracts – accuracy of revenue recognition, work in progress (WIP), trade and other receivables** For the year ended March 31, 2019, revenue from customer contracts amounts to INR 17.88 Crores. Following the first-time application of the new revenue recognition standard (Ind AS 115, Revenue from Contracts with Customers), the Company adopted its accounting policies. The application of the new revenue accounting standard involves certain key judgements	Our procedures included, among others, obtaining an understanding of the project execution processes and relevant controls relating to the accounting for customer contracts. With regard to the implementation of Ind AS115 we verified management's conclusion on assessing different types of contracts and the accuracy of the Company's revised accounting policies in light of the industry specific circumstances and our understanding of the business. We tested the appropriateness of the accounting treatment

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	relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, new revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date. During order fulfillment, contractual obligations may need to be reassessed. In addition, change orders or cancelations have to be considered. As a result, total estimated contract costs may exceed total contract revenues and therefore require write-offs of contract assets, receivables and the immediate recognition of the expected loss as a provision. Regarding the revenue recognized at a point in time (PIT), the risks include inappropriate revenue recognition from revenue being recorded in the wrong accounting period or at amounts not justified as well as overstated WIP that requires impairment adjustments.	on a sample basis and recalculated the resulting adjustments recorded in the opening balance. In addition, we verified the accuracy of Ind AS115 related disclosures. For the revenue recognized throughout the year, we tested selected key controls, including results reviews by management, for their operating effectiveness and performed procedures to gain sufficient audit evidence on the accuracy of the accounting for customer contracts and related financial statement captions. These procedures included reading significant new contracts to understand the terms and conditions and their impact on revenue recognition. We performed enquiries with management to understand their risk assessments relating to customer contracts. We further performed testing on a sample basis to confirm the appropriate application of revenue recognition policies and to verify valuation of WIP balances. This included reconciling accounting entries to supporting documentation. We further reviewed samples of contracts with unbilled revenues to identify possible delays in achieving milestones, which require change in estimated efforts to complete the remaining performance obligations. Based on our knowledge gained through contract and project reviews, we assessed the need for and the accuracy of provisions and deductions in revenue for variable consideration for expected liquidated damages. Performed analytical procedures and test of details for reasonableness of incurred and estimated efforts. Our procedures did not identify any material exceptions.

Other Information

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate

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Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon. The other information comprising the above documents is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read the other information comprising the above documents, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.

Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit

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, the statement of profit and loss including other comprehensive income, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

(e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended, 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.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 34 to the financial statements;

ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 34 to the 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: 07 MAY 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditors' Report of even date to the Members of **POLIXEL SECURITY SERVICES PRIVATE LIMITED** on the financial statements for the year ended 31st March, 2019, we report that:

1) (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 tittle deeds are required to be held in name of the Company.

2) 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.

3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3 (iii) (a) to (c) of the Order are not applicable to the Company.

4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013, with respect to the loans and investments.

5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

6) 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.

7) 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.

8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans and borrowing to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

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9) 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.

10) According to the information and explanations given to us and based on our examination, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

11) 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.

12) In our opinion, the Company is not a nidhi company. Therefore, the provisions of paragraph 3 (xii) of the Order are not applicable to the Company.

13) According to the information and explanations given to us and based on our examination of the records of the Company, in our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

16) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of paragraph 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

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

(Sunil Bhansali)
Partner
Membership No: 054645

Place: New Delhi
Date: 07 MAY 2019

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 SERVICES PRIVATE LIMITED

We have audited the internal financial controls over financial reporting of **POLIXEL SECURITY SERVICES PRIVATE LIMITED** ("the Company") as of 31st March, 2019 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

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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, 2019, 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: 07 MAY 2019

Polixel Security Systems Private Limited
Balance Sheet as at 31st March, 2019
(All amounts are in Rs.)

Particulars	Note No.	As at March 31, 2019	As at March 31, 2018
Non-current Assets			
(a) Property, Plant and Equipment	3	1,594,999	1,655,336
(b) Other intangible assets	4	728,835	1,015,683
(c) Financial Assets			
(i) Trade Receivables	5	-	6,547,831
(ii) Others	6	-	4,630,000
(d) Deferred tax assets (net)	7	836,629	706,558
		3,160,463	**14,555,408**
Current Assets			
(a) Inventories	8	25,169,880	19,771,293
(b) Financial Assets			
(i) Trade Receivables	9	102,733,447	192,687,403
(ii) Cash & cash equivalents	10	1,025,808	2,928,054
(iii) Bank balances other than (ii) above	11	18,865,546	35,328,859
(iv) Loans	12	72,172,326	30,337,908
(iv) Others	13	5,632,230	5,616,343
(c) Current Tax Assets (Net)	14	12,272,505	8,964,854
(d) Other current assets	15	2,689,832	2,071,060
		240,561,574	**297,705,774**
Total Assets		**243,722,037**	**312,261,182**
Equity and Liabilities			
Equity			
(a) Equity Share capital	16	1,808,560	1,808,560
(b) Other Equity	16	110,607,820	102,230,030
		112,416,380	**104,038,590**
Liabilities			
Non-current Liabilities			
(a) Provisions	17	2,329,505	3,444,300
		2,329,505	**3,444,300**
Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	18	33,234,262	42,443,724
(ii) Trade Payables	19		
- total outstanding dues of micro and small enterprises		-	-
- total outstanding dues to other than micro and small enterprises		80,169,842	54,896,016
(iii) Other financial liabilities	20	7,888,868	10,438,585
(b) Other current liabilities	21	6,295,954	96,609,490
(c) Provisions	22	1,387,626	390,477
		128,976,152	**204,778,292**
Total Liabilities		**131,305,657**	**208,222,592**
Total equity and liabilities		**243,722,037**	**312,261,182**

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
Date: 07 MAY 2019

For and on behalf of the Board

Kamal Kumar Sharma
Director

Gurdial Singh Khandpur
Director

Polixel Security Systems Private Limited
Statement of Changes in Equity for the period ended 31st March, 2019

Equity Share Capital

(Figures in Rs.)

Particulars	Amount
As at March 31, 2017	1,808,560
Changes in equity share capital	-
As at March 31, 2018	1,808,560
Changes in equity share capital	-
As at March 31, 2019	1,808,560

Other equity

Particulars	Reserves and Surplus				Other Comprehensive Income	Total
	Share application money pending allotment	Equity component of compound financial instruments	Securities Premium	Retained Earnings	Re-measurement of Defined Benefit Plan -Other Comprehensive Income	
Balance as at March 31, 2017	-	-	58,400,000	31,315,934	2,158,117	91,874,051
Converted to Equity Share Capital	-		-	-	-	-
Total Comprehensive Income for the year	-	-	-	9,813,709	542,270	10,355,979
Balance as at March 31, 2018	-	-	58,400,000	41,129,643	2,700,387	102,230,030
Total Comprehensive Income for the year	-	-	-	8,078,547	299,244	8,377,791
Balance as at March 31, 2019	-	-	58,400,000	49,208,189	2,999,631	110,607,820

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

OSWAL SUNIL & COMPANY * Chartered Accountants * FRN-016520N NEW DELHI

CA Sunil Bhansali
Partner
M.No.: 054645

Place: New Delhi
Date: 07 MAY 2019

For and on behalf of the Board

Kamal Kumar Sharma
Director

Gurdial Singh Khandpur
Director

Polixel Security Systems Private Limited *

Polixel Security Systems Private Limited
Statement of Profit and loss for the year ended 31st March, 2019
(All amounts are in Rs.)

	Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
I.	**INCOME**			
	Revenue from operations	23	178,789,654	219,667,279
	Other Income	24	8,829,202	5,760,703
	Total Revenue (I)		**187,618,856**	**225,427,982**
II.	**EXPENSE**			
	Purchase of goods for resale		100,630,527	96,669,823
	Change in inventories of finished goods, work-in progress and stock-in trade	25	(5,398,587)	5,469,153
	Other Direct cost	26	10,116,685	18,055,348
	Employee benefits expense	27	29,963,635	38,340,573
	Finance Cost	28	7,343,800	9,611,799
	Depreciation	3,4	926,938	1,457,238
	Other Expenses	29	32,829,364	45,000,396
	Total Expenses (II)		**176,412,362**	**214,604,330**
III	**Profit / (loss) before exceptional items and income tax (I-II)**		**11,206,494**	**10,823,652**
IV	Exceptional item (net of tax)		-	-
V	**Profit / (Loss) before tax (III - IV)**		**11,206,494**	**10,823,652**
VI	**Tax expense**			
	Current tax		3,258,018	3,147,360
	Deferred Tax		(130,071)	(2,100,563)
	Income tax for earlier years		-	(36,854)
VII	**Profit/(loss) for the period (V - VI)**		**8,078,547**	**9,813,709**
VIII	Other Comprehensive Income			
	A.) Items that will not be reclassified to profit or loss			
	(i) remeasurement of defined benefit plans;		299,244	542,270
	Other comprehensive income for the year after tax		**299,244**	**542,270**
IX	**Total comprehensive income for the year (VII + VIII)**		**8,377,791**	**10,355,979**
	Basic earnings per share	30	**44.67**	**54.26**
	Diluted earnings per share	30	**44.67**	**54.26**

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

For and on behalf of the Board

CA Sunil Bhansali
Partner
M.No.: 054645

Kamal Kumar Sharma
Director

Gurdial Singh Khandpur
Director

Place: New Delhi
Date: 07 MAY 2019

OSWAL SUNIL & COMPANY CA FRN-016520N NEW DELHI Chartered Accountants

Polixel Security Systems Limited

Polixel Security Systems Private Limited
Statement of Cash Flow for the year ended 31st March, 2019
(All amounts are in Rs.)

	Note	For the year ended March 31, 2019	For the year ended March 31, 2018
Cash flows from operating activities Profit before Tax		**11,206,494**	**10,823,652**
Adjustments for:			
Depreciation, Amortization and Impairment		926,938	1,457,238
Finance Costs		7,343,800	9,611,799
Interest Income		(7,991,441)	(5,760,220)
Bad debts and written off		1,020,913	17,636,016
Operating cash flow before changes in assets and liabilites		**12,506,704**	**33,768,484.98**
Decrease/(increase) in inventory		(5,398,587)	5,469,153
Decrease/(increase) in trade receivables		95,480,874	15,197,948
Decrease/(increase) in other financial and non-financial assets		(23,855,328)	(22,829,081)
Increase/(decrease) in trade payable		25,273,626	(9,009,884)
Increase/(decrease) in other financial and non-financial liabilites		(92,981,099)	(11,527,709)
Cash generated from operations		**11,026,189**	**11,068,912**
Income tax paid/(refund)		6,266,425	8,516,285
Net cash inflow from operating activities		**4,759,764**	**2,552,627**
Cash flows from investing activities			
Purchase of intangible assets			-
Property, Plant and equipment & Capital Work-in-Progress		(604,093)	(52,850)
Disposal of property, plant and equipment		24,341	2,678.00
Decrease/(increase) in Fixed deposit with Bank		4,630,000	(4,630,000)
Interest Income		5,841,006	4,668,378
Net cash flow from investing activities		**9,891,254**	**(11,794)**
Cash flows from financing activities			
Repayment of borrowings		(9,209,462)	3,678,090
Interest & other borrowing costs paid		(7,343,800)	(9,611,799)
Net cash flow from financing activities		**(16,553,263)**	**(5,933,709)**
Net increase/(decrease) in cash and cash equivalents during the year		**(1,902,245)**	**(3,392,877)**
Cash and cash equivalents at beginning of the financial year	10	2,928,054	6,320,930
Effect of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at end of the financial year	10	**1,025,808**	**2,928,054**

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

Particulars		March 31, 2019	March 31, 2018
Cash and cash equivalents as per above comprise of the following			
Cash and cash equivalents (note 10)		1,025,808	2,928,054
Bank overdrafts		-	-
Balances per statement of cash flows		**1,025,808**	**2,928,054**

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: 07 MAY 2019

For and on behalf of the Board

Kamal Kumar Sharma
Director

Gurdial Singh Khandpur
Director

Polixel Security Systems Private Limited
Notes to the Financial Statements for the year ended March 31, 2019
(All amounts are in Rupees unless otherwise stated)

1. Corporate information

Polixel Security Systems Private Limited is a private company incorporated under the provision of the Companies Act, 2013. The Company came into existence on 15thFebruary, 2010. The Company is a subsidiary company of Himachal Futuristic Communications Limited.

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 following:

- certain financial assets and liabilities and contingent consideration 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.New and Amended Standard adopted by Company

The Company has applied the following standard and amendments for the first time for the annual reporting period commencing April 01, 2018:

- Ind AS 115, *Revenue from Contracts with Customers*
- Appendix B, Foreign Currency Transactions and Advance Consideration to Ind AS 21, *The Effects of Changes in Foreign Exchange Rates*
- Amendment to Ind AS 12, *Income Taxes*
- Amendment to Ind AS 40, *Investments Property*
- Amendment to Ind AS 28, *Investment in Associates and Joint Ventures and Ind AS 112, Disclosure of Interests in Other Entities*

Most of amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

2.1.4.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 Taxes 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 (PPE) and intangible assets are not depreciated or amortized once classified as held for sale.

Freehold Land is carried at the actual cost. All other items of 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 includes 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
Freehold Buildings	Office Building : 60 years Factory Building : 30 years
Leasehold Improvements	Over the period of lease
Plant & Machinery	7.5 - 15 years
Furniture & Fixtures	10 years
Electrical Installations	10 years
Computers	3 – 6 years
Office Equipments	5 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

a. ***Intangible assets:***
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible asset arising from development activity is recognised at cost on demonstration of its technical feasibility, the intention and ability of the Company to complete, use or sell it, only if, it is probable that the asset would generate future economic benefit and to use or sell of the asset, adequate resources to complete the development are available and the expenditure attributable to the said assets during its development can be measured reliably.

An item of Intangible assets is derecognized 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 Intangible assets are determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss.

Research cost: Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate all the following: -

- 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 adequate resources to complete the development and to use or sell of the asset
- The ability to measure reliably the expenditure attributable to the intangible asset during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on straight line basis over the period of expected future benefit, i.e. the estimated useful life of the intangible asset. Amortisation expense is recognised in the statement of profit and loss.

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

Amortization periods and methods: Intangible assets are amortised on straight line basis over their estimated useful lives ranging between 2-5 years.

b. **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 off as Product 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, that does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

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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 115
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.

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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 or net realizable value. 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.

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

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that company expects to receive in exchange for those products or services.

The Company recognizes revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness. Revenue is the transaction price company expects to be entitled to.

If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative standalone selling prices. If stand-alone selling prices are not observable then Company reasonably estimates those. Revenue is recognized for each performance obligation either at a point in time or over time. Determining the timing of the transfer of control at a point in time or over time requires judgment.

If the Company has recognised revenue, but not issued a bill, then the entitlement to consideration is recognised as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

The Company presents revenues net of indirect taxes in its statement of Profit and loss.

Interest income is recognised as interest accrues using the effective interest method ("EIR") that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

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

2.13. 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.

2.14. Foreign currency transactions

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

Transactions in currencies other than the Company's functional currency 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.

Effective April 1, 2018 the company has adopted Appendix B to Ind AS 21- Foreign Currency Transactions and Advance Consideration which clarifies the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income when an entity has received or paid advance consideration in a foreign currency. The effect on account of adoption of this amendment was insignificant.

2.15. Employee Benefits

Short term employee benefits:-

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

Long-Term employee benefits

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

2.16. Borrowing Costs

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

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

2.17. Provisions, Contingent Liabilities and Contingent Assets

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

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

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.

2.18. Cash Flow Statement

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

2.19. 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.

2.20. 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.

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Notes forming part of the Financial Statements for the year ended March 31, 2019
(All amounts are in Rs.)

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

Costs	End use Devices Desktops, Laptops	Laboratory Equipments	Mobile Phones	Furniture and Fittings	Server and Networks	Vehicles	Total
As at April 1, 2017	4,128,354	939,711	194,450	333,694	879,150	25,000	6,500,359
Additions	52,850	-	-		-		52,850
Disposals / Adjustments	53,550	-	-		-		53,550
As at March 31, 2018	**4,127,654**	**939,711**	**194,450**	**333,694**	**879,150**	**25,000**	**6,499,659**
Additions	509,700	-	94,393		-		604,093
Disposals / Adjustments	328,068	-	-		-		328,068
As at March 31, 2019	**4,309,286**	**939,711**	**288,843**	**333,694**	**879,150**	**25,000**	**6,775,684**
Accumulated depreciation and impairment							
As at April 1, 2017	2,568,432	712,426	139,880	42,097	358,986	3,076	3,824,896
Depreciation for the year	854,942	49,232	12,552	31,704	119,493	2,375	1,070,299
Disposals / Adjustments	50,872	-	-	-	-	-	50,872
Transfer to retained earning	-	-	-	-	-	-	-
As at March 31, 2018	**3,372,501**	**761,658**	**152,432**	**73,801**	**478,479**	**5,451**	**4,844,323**
Depreciation for the year	523,678	49,232	33,101	31,704	-	2,375	640,090
Disposals / Adjustments	303,727	-	-	-	-	-	303,727
Transfer to retained earning	-	-	-	-	-	-	-
As at March 31, 2019	**3,592,453**	**810,890**	**185,533**	**105,505**	**478,479**	**7,826**	**5,180,686**
Net Book Value							
As at April 1, 2017	1,559,922	227,286	54,570	291,597	520,164	21,924	2,675,463
As at March 31, 2018	755,153	178,053	42,018	259,893	400,671	19,549	1,655,336
As at March 31, 2019	716,833	128,821	103,310	228,189	400,671	17,174	1,594,999

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Notes forming part of the Financial Statements for the year ended March 31, 2019
(All amounts are in Rs.)

4 Intangible Assets

Particulars	As at March 31, 2019		As at March 31, 2018	
Application software				
Cost or deemed cost				
Opening balance	1,980,953		1,980,953	
Additions during the year	-		-	
Disposals/ adjustments / transfer	-	1,980,953	-	1,980,953
Less:Accumulated amortisation and impairment				
Accumulated amortization				
Opening balance	965,270		578,330	
Additions during the year	286,848		386,940	
Disposal / adjustment / transfer	-	1,252,118	-	965,270
		728,835		**1,015,683**

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Notes forming part of the Financial Statements for the year ended March 31, 2019
(All amounts are in Rs.)

5 **Non-Current Financial Assets**

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables		
Unsecured, considered good;	-	6,547,831
	-	**6,547,831**

6 **Non-Current Financial Assets - Others**

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposits with Bank (Maturity more than 12 months)*	-	4,630,000
	-	**4,630,000**

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

7 **Deferred Tax Assets**

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred Tax Assets	836,629	706,558
	836,629	**706,558**

8 **Inventories**

Particulars	As at March 31, 2019	As at March 31, 2018
Inventories (As certified and valued by the management)		
Stock-in-trade Goods	25,169,880	19,771,293
	25,169,880	**19,771,293**

9 **Current Financial Assets - Trade Receivables**

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Receivables		
Unsecured, considered good;	69,216,475	192,687,403
Unsecured, which have significant increase in Credit Risk;	33,516,972	
	102,733,447	**192,687,403**

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, 2019	As at March 31, 2018
Cash & Cash Equivalents		
Balance with banks;	1,015,523	2,917,769
Cash on hands;	10,285	10,285
	1,025,808	**2,928,054**

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11 Current Financial Assets - Other Bank Balances

Particulars	As at March 31, 2019	As at March 31, 2018
Fixed Deposits with Bank (Maturity less than 12 months)*	18,865,546	35,328,859
	18,865,546	**35,328,859**

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

12 Current Financial Assets - Loans

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Other Loans	72,172,326	30,337,908
	72,172,326	**30,337,908**

13 Current Financial Assets -Other Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Advances other than capital advances;		
- Security Deposits	1,079,976	1,373,476
- Advances to related parties		
- Other advances	1,242,136	3,083,185
Interest Receivables	3,310,118	1,159,682
	5,632,230	**5,616,343**

14 Current Tax Assets (Net)

Particulars	As at March 31, 2019	As at March 31, 2018
Advance Income Tax / TDS Recoverable	15,530,523	12,112,214
Less: Provisions for Current Tax	- 3,258,018	- 3,147,360
	12,272,505	**8,964,854**

15 Other Current Assets

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Taxes Recoverable	1,736,802	834,358
Prepaid Expenses	953,030	1,236,702
	2,689,832	**2,071,060**

17 **Non-Current Liabilities - Provisions**

Particulars	As at March 31, 2019	As at March 31, 2018
Provisions		
Provisions for Employee Benefits	2,329,505	3,444,300
	2,329,505	**3,444,300**

18 **Current Financial Liabilities - Borrowings**

Particulars	As at March 31, 2019	As at March 31, 2018
Financial Liabilities		
Borrowings		
a.) Loans repayable on demands		
(i) from Banks *	13,234,262	22,443,724
(ii) from other parties	20,000,000	20,000,000
	33,234,262	**42,443,724**

* 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

19 **Current Financial Liabilities - Trade Payables**

Particulars	As at March 31, 2019	As at March 31, 2018
Trade Payables		
Micro and Small Enterprises	-	-
Others	80,169,641.53	54,896,016.00
	80,169,641.53	**54,896,016.00**

20 **Current Financial Liabilities - Other Liabilities**

Particulars	As at March 31, 2019	As at March 31, 2018
Other Financial Liabilities		
Expenses Paybles	7,888,668	10,438,585
	7,888,668	**10,438,585**

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21 Other Current Liabilities

Particulars	As at March 31, 2019	As at March 31, 2018
Other Current Liabilities		
Advances from Customers	790,718	86,498,220
Statutory Liabilities	5,505,236	10,111,270
	6,295,954	96,609,490

22 Current Liabilities - Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
Provisions		
Provisions for Employee Benefits (refer note no. 32)	1,387,626	390,637
Provisions - Others	-	- 160
	1,387,626	390,477

16 **Total Authorised Share Capital**

(In Rupees)

	No of Shares	Amount
As at March 31, 2017	410,000	4,100,000
Increase during the year	-	-
As at March 31, 2018	410,000	4,100,000
Increase during the year	-	-
As at March 31, 2019	410,000	4,100,000

Total Authorised Share Capital includes as at 31.03.2017, 200000 Equity shares of Rs. 10 each (as at 31.03.2018, 20000 Equity shares of Rs. 10 each) and 210000 Preference shares of Rs. 10 each (as at 31.03.2018, 210000 Preference shares of Rs. 10 each).

(a) Equity Share Capital

Movement in Equity Share Capital

	No of shares	Equity Share Capital par value
As at April 1, 2017	180,856	1,808,560
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	180,856	1,808,560
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2019	180,856	1,808,560

Reconciliation of Equity Shares Outstanding

Particulars	As at 31.03.2019	As at 31.03.2018
Number of shares at the beginning	180,856	180,856
Add: Shares Converted during the year	-	-
Number of shares at the end of the year	180,856	180,856

Equity Shareholder Holding more than 5% Shares

Particulars	As at 31.03.2019 No. of Shares	As at 31.03.2018 No. of Shares
Himachal Futuristic Communications Limited *	180,856 (100%)	180,856 (100%)

* *including its nominees*

(b) Other Equity

	As at March 31, 2019	As at March 31, 2018
(ii) Securities Premium*	58,400,000	58,400,000
(iii) Retained Earnings	49,208,189	41,129,643
(iii) Components of Other Comprehensive inome: Re-measurement of Defined Benefit Plan	2,999,631	2,700,387
	110,607,820	102,230,030

* 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.

Movement in Other Equity

	Security Premium	Retained Earnings	Components of Other Comprehensive Inome
As at April 1, 2017	58,400,000	31,315,934	2,158,117
Increase during the year	-	9,813,709	542,270
As at March 31, 2018	58,400,000	41,129,643	2,700,387
Increase during the year	-	8,078,547	299,244
As at March 31, 2019	58,400,000	49,208,189	2,999,631

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Notes forming part of the Financial Statements for the year ended March 31, 2019
(All amounts are in Rs.)

23 Revenue from operations

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Sale of products	103,616,904	100,371,292
Sale of services	75,172,750	119,295,987
	178,789,654	219,667,279

24 Other Income

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Other non-operating income		
Interest Income	7,991,441	5,760,220
Miscellaneous income	837,761	483
	8,829,202	5,760,703

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

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Balance		
Stock In Trade	19,771,293	25,240,446
Less: Closing Stock		
Stock In Trade	25,169,880	19,771,293
	(5,398,587)	5,469,153

26 Other Direct Cost

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Cost of Site Survey, installation and commissioning services	10,116,685	18,055,348
	10,116,685	18,055,348

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27 **Employee benefits expenses**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, bonus and allowances	28,520,675	36,240,660
Contribution to Provident and other funds	1,159,881	1,510,963
Staff welfare expenses	283,079	588,750
	29,963,635	38,340,573

28 **Finance costs / Finance Income (Net)**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Finance Costs:		
Bank Loan Interest	2,646,242	2,298,331
Other Interest	2,767,650	3,511,985
Bank Charges	1,929,908	3,801,483
	7,343,800	9,611,799

29 **Other expenses**

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Rates and Taxes	933,865	214,727
Auditors' Remuneration	500,000	500,000
Legal and Professional Charges	6,131,901	12,742,295
Communication Expenses	441,721	958,237
Travelling and Conveyance Expenses	4,261,914	7,744,547
Repairs and Maintenance	586,377	560,820
Freight and Insurance Expenses	1,253,591	2,512,427
Exchange Fluctuation Loss (Net)	-	41,664
Loss on Sale of Asset	2,622	-
Balances Write Off	290,725	143,818
Bad debts, Loans and Advances, other balances written off (net)	730,189	17,492,198
Liquidated Damages on Sales	15,668,701	-
Security Charges	461,810	-
Printing and stationery	190,279	284,435
Marketing Expenses	312,836	917,252
Tender Fees	100,300	50,911
Warehousing Expenses	964,533	837,065
	32,829,364	45,000,396

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

		Year ended March 31, 2019	Year ended March 31, 2018
(a)	Basic & Diluted Earnings per share before extra ordinary items	Rs.	Rs.
	Profit /(Loss) after tax	8,078,547	9,813,709
	Less: Preference dividend		
	Profit attributable to ordinary shareholders	8,078,547	9,813,709
	Weighted average number of ordinary shares (used as denominator for calculating basic EPS)	180,856	180,856
	Weighted average number of ordinary shares (used as denominator for calculating diluted EPS)	180,856	180,856
	Nominal value of ordinary share	Rs.10	Rs.10
	Earnings per share basic	44.67	54.26
	Earnings per share diluted	44.67	54.26

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, 2019	For the year ended March 31, 2018
Employer's Contribution to Provident Fund	1,159,881	1,510,963

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, 2019	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2018
Discount rate (per annum)	7.75%	7.75%	7.75	7.75
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)	20.8	22.7	20.8	22.7

Table showing changes in present value of obligations :

Present value of obligation as at the beginning of the year	2,364,318	1,944,167	1,470,619	1,428,696
Acquisition adjustment	Nil	Nil	Nil	Nil
Interest Cost	183,235	150,673	113,973	110,724
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Current Service Cost	402,212	479,324	208,342	334,497
Curtailment cost / (Credit)	Nil	Nil	Nil	Nil
Settlement cost /(Credit)	Nil	Nil	Nil	Nil
Benefits paid	(345,761)	-	(380,562)	(70,874)
Actuarial (gain)/ loss on obligations	(44,635)	(209,846)	(254,609)	(332,424)
Present value of obligation as at the end of the period	2,559,369	2,364,318	1,157,763	1,470,619

Actuarial Gain / loss recognised

Actuarial (gain) / loss for the period - Obligation			-	-
Actuarial (gain)/ losses from changes in financial assumptions	(14,836)	(66,453)	(3,533)	(36,204)
Experience Adjustment (gain) / loss for plan liabilities	(29,799)	(143,393)	(251,076)	(296,220)
Unrecognised actuarial (gains) / losses at the end of the period	Nil	Nil	Nil	Nil
Total amount recognized in Other Comprehensive Income	(44,635)	(209,846)	(254,609)	(332,424)

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	2,559,369	2,364,318	1,157,763	1,470,619
Fair value of plan assets as at the end of the period	Nil	Nil	Nil	Nil
Funded Status	(2,559,369)	(2,364,318)	(1,157,763)	(1,470,619)
Unrecognised actuarial (gains) / losses	Nil	Nil	Nil	Nil
Net asset / (liability) recognised in Balance Sheet	2,559,369	2,364,318	1,157,763	1,470,619

Expenses recognised in Statement of Profit and Loss :

Current service cost	402,212	479,324	208,342	334,497
Past service cost (Vested Benefit)	Nil	Nil	Nil	Nil
Interest Cost	183,235	150,673	113,973	110,724
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	585,447	629,997	322,315	445,221

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	As at March 31, 2019	As at March 31, 2018
(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, 2019	As at March 31, 2018
(i)	Unexpired Letters of Credit (Margin Money kept Rs. 1,68,65,546 Previous Year Rs. 39,958,859)	20,728,495	24,416,024
(ii)	Guarantees given by banks on behalf of the Company (Margin Money was also kept for this)	50,436,244	61,411,093
(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, 2019 the Company did not have any outstanding term derivative contracts.

(b) **Capital Commitments**

	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-

35 The Company has reviewed the outstanding receivables and has written off a sum of Rs. 7,30,189/-(Previous year Rs.17,492,198/-) during the year as bad, which in the opinion of the Management is adequate.

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

	For the year ended March 31, 2019	For the year ended March 31, 2018
Not later than one year	1,050,000	117,040
Later than one year but not later than five years	-	-
More than five years	-	-

37 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)
MN Ventures Private Limited (Associate Company)

Following are the transactions with the related parties:

Nature of Transaction	Holding Company		Associate Company	
	31-Mar-19	31-Mar-18	31-Mar-19	31-Mar-18
Sale of Goods/Services -HFCL	112,439,286	23,265,504	-	-
Expenses Recovered - HFCL	51,764	9,071	-	-
Purchase of Goods/Services - HFCL	176,628	6,814,665	1,296,000.00	-
Balance-Payable - HFCL	27,470,306	85,835,019	-	-
Balance Receivable - MN Ventures			1,296,000.00	

38 **Deferred Tax**

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

Particulars	Deferred Tax Asset as at 31.03.2018	Charge/(Credit) during the year	Adjustment due to Transitional Provision	Deferred Tax Asset as at 31.03.2019
Depreciation	(280,938)	151,113	-	(129,825)
Deferred Tax Liability in Total (A)	**(280,938)**	**151,113**	-	**(129,825)**
Provision for Gratuity	576,163	56,624	-	632,787
Provision for Leave Encashment	411,333	(77,666)	-	333,667
Deferred Tax Asset in Total (B)	**987,496**	**(21,042)**	-	**966,454**
Net Deferred Tax Asset / (Liability) (A+B)	**706,558**	**130,071**	-	**836,629**

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 78% (31/03/2018 - 68%) are derived from Two (31/03/2018 – Four) 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 risk management objectives and policies**
The Company's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

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

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, 2019					
Trade payables					
Deposits (Retention Money)	19	80,169,642	80,169,642	-	80,169,642
Obligations under finance lease		-	-	-	-
Other liabilities	17,19	41,122,930	41,122,930	-	41,122,930
As at March 31, 2018					
Trade payables					
Deposits (Retention Money)	19	54,896,017	54,896,017	-	54,896,017
Obligations under finance lease		-	-	-	-
Other liabilities	17,19	52,882,310	52,882,310	-	52,882,310

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 2019 and 31 March 2018.

POTENTIAL IMPACT OF RISK	MANAGEMENT POLICY	SENSITIVITY TO RISK
1. Price Risk		
The company is mainly exposed to the price risk due to its investment in equity instruments. The price risk arises due to uncertainties about the future market values of these investments. Equity Price Risk is related to the change in market reference price of the investments in equity securities. The company doesn't hold any equity instruments as on the balance sheet date.	In order to manage its price risk arising from investments, the Company diversifies its portfolio in accordance with the limits set by the risk management policies.	The company doesn't hold any equity instruments as on the balance sheet date.
2. INTEREST RATE RISK		
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. Company has Fixed deposits with Banks amounting to Rs. 1.88 Cr as at March 31st, 2019 (Rs.3.99 Cr as at March 31st, 2018) Interest Income earned on fixed deposit for year ended March 31st, 2019 is Rs. 0.13 Cr (Rs.0.23 Cr as at March 31st, 2018)	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. 0.0047 Cr. gain for year ended March 31st, 2019 (Rs.0.0099 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.

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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

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 2019, the Company had top10 customers (31 March 2018: top 10 customers) that owed the Company more than INR 8.13Cr (31 March 2018: 16.70 Cr) and accounted for approximately 79.22% (31 March 2018: 83.83%) of all the receivables outstanding.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in **Note 9.** The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Financial instruments and cash deposits

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

The Company's maximum exposure to credit risk for the components of the balance sheet at 31 March 2019 and 31 March 2018 is the carrying amounts as illustrated in **Note 9** except for financial guarantees.

Capital management

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

Particulars	31-Mar-19 INR	31-Mar-18 INR
Borrowings (Except preference shares)(Note 18)	33,234,262	42,443,724
Redomable preference shares	-	-
Trade Payables (Note 19)	80,169,642	54,896,017
Other Payables (Note 17,20,21,22)	17,901,753	110,882,853
Less : Cash and Cash equivalents (Note 10)	(1,025,808)	(2,928,054)
Deposits	-	-
Total Debt	**130,279,848**	**205,294,540**
Convertible preference shares	-	-
Equity	112,416,380	104,038,890
Total Capital	112,416,380	104,038,590
Capital and Total debt	242,696,229	309,333,130
Gearing ratio	53.68%	66.37%

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

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018

42 **Financial Instruments by category**

Particulars	Mar-19			Mar-18		
	FVTPL	FVTOCI	Amortised Cost	FVTPL	FVTOCI	Amortised Cost
1) Financial Assets						
I)Investments						
a) Bank deposits	-	-	-	-	-	4,630,000
II) Trade receivables	-	-	102,733,447	-	-	199,235,234
III) Cash and Cash equivalents	-	-	1,025,808	-	-	2,928,054
IV) Other Bank balances			18,865,546	-		35,328,859
V) Security deposit for utilities and premises	-	-	1,079,976	-	-	1,373,476
VI) Other receivables	-	-	4,552,254	-	-	34,580,775
Total financial assets	-	-	**128,257,030**	-	-	**278,076,399**
2) Financial liabilities						
I) Borrowings						
A) From Banks	-	-	-	-	-	-
B) From Others	-	-	13,234,262	-	-	22,443,724
C) Preference Shares	-	-	20,000,000	-	-	20,000,000
II) Obligations under Finance Lease	-	-	-	-	-	-
III) Deposits	-	-	-	-	-	-
IV) Trade payables	-	-	80,169,642	-	-	54,896,017
V) Other liabilities	-	-	7,888,668	-	-	10,438,585
Total Financial liabilities	-	-	**121,292,571**	-	-	**107,778,326**

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 2019

Assets and Liabilities which are measured at Amortised Cost for which fair value are disclosed at 31-03-2019	Note No.	Level 1	Level 2	Level 3
Financial Assets				
Investments				
Debentures and bonds				
Bank Deposits		-	-	-
Security deposit for utilities and premises	5,10,11	--	-	19,881,069
	12	-	1,079,976	-
Total Financial Assets		-	1,079,976	19,881,069

B) 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		-	-	-
Security deposit for utilities and premises	5,10,11	-	-	44,794,459
	12	-	1,373,476	-
Total Financial Assets		-	1,373,476	44,794,459.03

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.

43 Tax Rconciliation

	Year Ended 31.03.2019	Year Ended 31.03.2018
Net Profit as per Profit and Loss Account (before tax)	11,206,494	10,823,652
Current Tax rate @ 27.82%		
Adjustment:	3,117,646	3,578,624
Provision for employee Benefit/others		
Depreciation	50,521	(274,830)
Expenses /deductions	69,524	(67,267)
	20,326	(89,167)
Tax Provision as per Books	3,258,018	3,147,360

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

CA Sunil Bhansali
Partner
M.No.: 064645

Place: New Delhi
Dated: 07 MAY 2019

OSWAL SUNIL & COMPANY
FRN-016520N
NEW DELHI
Chartered Accountants

For and on behalf of the Board

Kamal Kumar Sharma
Director

Gurdial Singh Khandpur
Director

Polixel Security Systems Private Limited