

## i3 Security Private Limited

CIN U74120TN2011PTC082965

Registered Office:

26 (Old 14) 5th Cross Street

RV Nagar Anna Nagar (East)

Chennai - 600 102, India

T/F +91 44 26210003

E info@i3security.co.in



### DIRECTORS' REPORT

The Directors take pleasure in presenting the Eight Annual Report of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2019 and the Auditors' Report thereon.

#### FINANCIAL RESULTS:

Your Company's performance during the year is summarized below:

Particulars	(Amount in Rs.)	
	Year ended 31.03.2019	Year ended 31.03.2018
Total Income	290,323,062	147,753,142
Total Expenses	278,549,650	144,072,719
Profit / (Loss) before Tax	117,73,412	36,80,423
Current Tax	33,65,731	8,80,140
Deferred Tax	(4,09,564)	(36,983)
Profit / (Loss) After Tax	88,17,245	2,837,266
Amount transferred to reserves, if any	Nil	Nil

#### DIRECTOR PERCEPTION OF FUTURE OF COMPANY:

The Company is confident of expanding the business over the coming years as the economic conditions are improving in the Country. Further the company is confident of acquiring new clients.

#### Merger of Oasis Ventures Private Limited and Rayce Electronic Intelligence Private Limited with i3 Security Private Limited:

Hon'ble NCLT, Chennai, vide its Order in Form CAA-7 dated 03-May-2019 was pleased to sanction the Scheme of Amalgamation of Oasis Ventures Private Limited and Rayce Electronic Intelligence India Private Limited with our company. Accordingly, the affairs of both the Companies have merged with I3 Security Private Limited as a single entity.

Consequent to the receipt of the Merger Order being effective from 1 April 2018, the financials have been prepared for the merged entity.

#### SHARE CAPITAL:

Consequent to merger, the authorized share capital of your company have been increased to Rs.4.69 Crore and the paid up equity share capital of your Company is Rs.3.90 Crores. Your Company is a 100% subsidiary of Mercantile Ventures Limited. Your company has issued 39,07,800 Equity shares of Rs.10/- each pursuant to the scheme of amalgamation.

#### RESERVES:

Your company has not transferred any amount to General Reserves during the financial Year ended 31<sup>st</sup> March, 2019

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### **DIVIDEND:**

Your Directors do not recommend any dividend for this financial year as the profits are conserved to fund the future plans of the company.

### **EXTRACT OF ANNUAL RETURN:**

The Extract of Annual Return of company in Form MGT-9 pursuant to Section 92 of the Companies Act, 2013, is enclosed.

### **NO. OF BOARD MEETING:**

The Board of Directors met 5 times on 26 April, 2018, 30 July, 2018, 08 October 2018, 30 January, 2019 and 08 March, 2019 respect of which meetings, proper notices were given and the proceedings were properly recorded and signed in the Minutes Book maintained for the purpose.

SN	Quarter	Date of Meeting	Board Strength	No. of Directors Present
1.	April-June	26 <sup>th</sup> April ,2018	3	3
2.	July-September	30 <sup>th</sup> July,2018	3	3
3.	October-December	08 <sup>th</sup> October,2018	3	3
4.	January-March	30 <sup>th</sup> January ,2019	3	3
5.		08 <sup>th</sup> March,2019	3	3

### **Details of Meetings Attended by each Director for the Financial Year 2018-2019:**

DIRECTORS	DIN	NUMBER OF BOARD MEETINGS ATTENDED	NUMBER OF GENERAL MEETINGS ATTENDED
D.Nagarajan	03639191	5	1
B.A.Mani Moli Arasu	05147610	5	1
Narendran Bhim Singh	01159394	5	0

### **DIRECTOR RESPONSIBILITY STATEMENT 134(5):**

Your Directors state:

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures,





- (ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and
- (iv) the directors had prepared the annual accounts on a going concern basis;
- (v) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

#### **COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND DISCHARGE OF THEIR DUTIES**

The provisions of Section 178(1) relating to constitution of Nomination and Remuneration Committee are not applicable to the Company

#### **AUDITORS:**

M/s. Venkatesh & Co, Chartered Accountants, Chennai, was appointed as Statutory Auditors for a period of 5 years in the Annual General Meeting held on 30<sup>th</sup> September, 2016. to hold office from the conclusion of the Annual General Meeting for the FY ended 31.03.2016 till the conclusion of the Annual General Meeting for the FY ended 31.03.2021 subject to ratification in the Annual General Meeting every year in terms of first proviso to section 139 (1) of the Companies Act 2013.

#### **EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR FRAUDS AS PER SEC 143(12) OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS**

There are no qualifications, reservations or adverse remarks or frauds or disclaimers made by Venkatesh & Co, Statutory Auditors, in their report and by Mr.R.Kannan, Company Secretary in Practice, in his secretarial audit report.

#### **SECRETARIAL AUDITORS / SECRETARIAL AUDIT REPORT**

Pursuant to provisions of Regulation 24A of SEBI ( Listing Obligations and Disclosure Requirements)regulations, 2015 your Company engaged the services of Mr.R.Kannan., Company Secretary in Practice, Chennai to conduct the Secretarial Audit of the Company for the financial year ended March 31, 2019. The Secretarial Audit Report in Form MR-3 as per Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given in Annexure – II, forming part of this report.

#### **PARTICULAR OF LOAN & INVESTMENTS:**

The Company has not made investments or provided any guarantees/security to other body corporate, during the financial year under review.



**DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

The Company has entered into contracts or arrangements with Related Parties Transactions as defined under Section 188 of the Companies Act, 2013 during the year under review. Further all the necessary details of transaction entered with the related parties are enclosed herewith in Form no. AOC-2.

**MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate on the date of this report

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE DEALING: RULE 8(3):**

**(A & B) CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION**

The Company has always been conscious about the need for conservation measures and the same have been implemented in all the offices of the Company. These measures are aimed at effective management and utilization of energy resources.

**(C) Foreign exchange earnings and Outgo:**

Foreign Exchange income - Nil

Foreign Exchange outgo - INR 38,113/- (USD 530)

**STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY.**

The Company has formulated a Risk Management policy to identify, assess, monitor and mitigate various risks to the Company. Identified risks and the mitigation plans are discussed at the meetings of the Board of Directors of the Company.

**ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS**

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weaknesses in the design or operation were observed.

**DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

**DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM**





The provisions of Section 177 of the Companies Act, 2013 read with Rule 6 and 7 of the Companies (Meetings of the Board and its Powers) Rules, 2013 is not applicable to the Company.

**INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has not received any complaint during the financial year.

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint venture or Associate Company during the year under review.

**DIRECTORS:**

Your company's directors as on date are:

1. Mr.D.Nagarajan,
2. Mr.Narendran Bhim Singh and
3. Mr.B.A.Mani Moli Arasu.

Mr.D.Nagarajan retires by rotation and offer himself for re-appointment There was no change in directorships during the year under review.

**DECLARATION OF INDEPENDENT DIRECTORS**

The provisions of Section 149 for appointment of Independent Directors do not apply to the company.

**FIXED DEPOSITS:**

Your Company has not accepted any fixed deposits or PublicDeposits covered under chapter V of the Companies Act, 2013and, as such, no amount of principal or interest was outstandingon the date of the Balance Sheet.

**ACKNOWLEDGEMENT:**

Your Directors wish to place on record their grateful appreciation of the valuable assistance and support extended by the buyers, suppliers, corporate and other statutory authorities. Your Directors also wish to place on record their appreciation for the services rendered by the employees at all levels.

For and on Behalf of the Board

  
B.A.Mani Moli Arasu  
WHOLE-TIME DIRECTOR  
DIN: 05147610

  
D.NAGARAJAN  
DIRECTOR  
DIN: 03639191

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2019**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

<b>I. REGISTRATION &amp; OTHER DETAILS:</b>		
1	CIN	U74120TN2011PTC082965
2	Registration Date	02.11.2011
3	Name of the Company	I3 SECURITY PRIVATE LIMITED
4	Category/Sub-category of the Company	Company limited by Shares Non-govt company
5	Address of the Registered office & contact details	# 14, 5th Cross Street, R.V. Nagar, Anna Nagar East, Chennai - 600102
6	Whether listed company	NA
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA

<b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b>			
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Security Guard Service	8010	59.61
2	Electronic Intelligence	80200	3.58
3	House Keeping & Man Power Supply	811	36.81

<b>III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES</b>					
SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Mercantile Ventures Limited.	L65191TN1985PLC 037309	Holding Company	100	2(46)

**IV. SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-April-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF			-	0.00%		-	-	0.00%	0.00%
b) Central Govt			-	0.00%			-	0.00%	0.00%
c) State Govt(s)			-	0.00%			-	0.00%	0.00%
d) Bodies Corp. *		8,52,000	8,52,000	100.00%		3907800	39,07,800	100.00%	358.66%
e) Banks / FI			-	0.00%			-	0.00%	0.00%
f) Any other			-	0.00%			-	0.00%	0.00%
<b>Sub Total (A) (1)</b>	-	8,52,000	8,52,000	100.00%	-	39,07,800	39,07,800	100.00%	358.66%
	*(including beneficial ownership of ten shares)								
<b>(2) Foreign</b>									
a) NRI Individuals			-	0.00%			-	0.00%	0.00%
b) Other Individuals			-	0.00%			-	0.00%	0.00%
c) Bodies Corp.			-	0.00%			-	0.00%	0.00%
d) Any other			-	0.00%			-	0.00%	0.00%
<b>Sub Total (A) (2)</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>TOTAL (A)</b>	-	8,52,000	8,52,000	100.00%	-	39,07,800	39,07,800	100.00%	358.66%
<b>B. Public</b>									
<b>1. Institutions</b>									
a) Mutual Funds			-	0.00%			-	0.00%	0.00%
b) Banks / FI			-	0.00%			-	0.00%	0.00%
c) Central Govt			-	0.00%			-	0.00%	0.00%
d) State Govt(s)			-	0.00%			-	0.00%	0.00%
e) Venture Capital Funds			-	0.00%			-	0.00%	0.00%
f) Insurance			-	0.00%			-	0.00%	0.00%
g) FIIs			-	0.00%			-	0.00%	0.00%
h) Foreign Venture Capital Funds			-	0.00%			-	0.00%	0.00%
i) Others (specify)			-	0.00%			-	0.00%	0.00%
<b>Sub-total (B)(1):-</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%



<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian			-	0.00%			-	0.00%	0.00%
ii) Overseas			-	0.00%			-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh			-	0.00%			-	0.00%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh			-	0.00%			-	0.00%	0.00%
c) Others (specify)									
Non Resident			-	0.00%			-	0.00%	0.00%
Overseas Corporate Bodies			-	0.00%			-	0.00%	0.00%
Foreign Nationals			-	0.00%			-	0.00%	0.00%
Clearing Members			-	0.00%			-	0.00%	0.00%
Trusts			-	0.00%			-	0.00%	0.00%
Foreign Bodies - D			-	0.00%			-	0.00%	0.00%
<b>Sub-total (B)(2):-</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Total Public (B)</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>			-	0.00%				0.00%	0.00%
<b>Grand Total</b>	-	8,52,000	8,52,000	100.00%	-	39,07,800	39,07,800	100.00%	358.66%

**(ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Oasis Ventures Private Limited *	8,52,000	100.00%	-	-	0.00%	-	-100.00%
2	Mercantile Ventures Limited*	-	0.00%	0	39,07,800	100.00%	0	100.00%

\*(Shares transferred to the Ultimate Holding consequent upon Merger)



**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	<b>Oasis Ventures Private Limited</b>						
	At the beginning of the			8,52,000	100.00%		0.00%
	Changes during the year	<b>Scheme of Amalgamation</b>					
	At the end of the year			-	0.00%	-	0.00%

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
2	<b>Mercantile Ventures Limited</b>						
	At the beginning of the			-	0.00%		0.00%
	Changes during the year	<b>Scheme of Amalgamation</b>					
	At the end of the year			39,07,800	100.00%	39,07,800	100.00%

\*(Shares transferred to the Ultimate Holding consequent upon Merger)

**(iv) Shareholding Pattern of top ten Shareholders: Nil**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Name						
	At the beginning of the				0.00%		0.00%
	Changes during the				0.00%		0.00%
	At the end of the year				0.00%		0.00%

**(v) Shareholding of Directors and Key Managerial Personnel: Nil**

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1							
	At the beginning of the				0.00%		0.00%
	Changes during the				0.00%		0.00%
	At the end of the year			-	0.00%	-	0.00%

**V. INDEBTEDNESS: Nil**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount				-
ii) Interest due but not paid				-
iii) Interest accrued but not due				-
<b>Total (i+ii+iii)</b>	-	-	-	-
<b>Change in Indebtedness during the financial year</b>				
* Addition				-
* Reduction				-
<b>Net Change</b>	-	-	-	-
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount				-
ii) Interest due but not paid				-
iii) Interest accrued but not due				-
<b>Total (i+ii+iii)</b>	-	-	-	-

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name	B.A.Mani Mozhi Arasu	(Rs/Lac)
	Designation	Whole-time Director	
1	Gross salary	43,21,420.00	43.21
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		-
2	Stock Option		-
3	Sweat Equity		-
4	Commission		-
	- as % of profit		-
	- others, specify		-
5	Others, please specify		-
	<b>Total (A)</b>	43,21,420.00	43.21
	Ceiling as per the Act		



**B. Remuneration to other Directors: Nil**

SN.	Particulars of Remuneration	Name of Directors			Total Amount
					(Rs/Lac)
1	Independent Directors				
	Fee for attending board committee				-
	Commission				-
	Others, please specify				-
	Total (1)	-	-	-	-
2	Other Non-Executive Directors				-
	Fee for attending board committee				-
	Commission				-
	Others, please specify				-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration				-
	Overall Ceiling as per the Act				43.21


**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: Nil**

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
					(Rs/Lac)
	Name				
	Designation	CEO	CFO	CS	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961				-
	(b) Value of perquisites u/s 17(2)				-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				-
2	Stock Option				-
3	Sweat Equity				-
	Commission				-
4	- as % of profit				-
	- others, specify				-
5	Others, please specify				-
	Total	-	-	-	-


**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL**

Type	Section of the Companies	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

Place: Chennai  
Date: 06.05.2019

  
B.A. MANI MOLARASU  
WHOLE-TIME DIRECTOR  
DIN: 05147610

for and on behalf of the Board

  
D. NAGARAJAN  
DIRECTOR  
DIN: 03639191



**FORM NO. AOC -2**

**(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014**

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis: Nil
2. Details of contracts or arrangements or transactions at Arm's length basis:

SL. No.	Particulars	Details
a)	Name (s) of the related party & nature of relationship	Mercantile Venture Limited - Holding Company
b)	Nature of contracts/arrangements/transaction	Service
c)	Duration of the contracts/arrangements/transaction	In the Normal course of Business
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	Not applicable
e)	Date of approval by the Board	26.04.2018
f)	Amount paid as advances, if any	Nil

Place: Chennai  
Date: 06.05.2019

For and on Behalf of the Board

  
**B.A.MANI MOLIL ARASU**  
**WHOLE-TIME DIRECTOR**  
**DIN: 05147610**

  
**D.NAGARAJAN**  
**DIRECTOR**  
**DIN: 03639191**



## **INDEPENDENT AUDITOR'S REPORT**

To the members of **i3 Security Private Limited**  
Report on the Audited Financial Statements

### **Opinion**

We have audited the accompanying standalone financial statements of **i3 Security 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 ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

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 Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone 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 (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

### **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 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 Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements 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.

Those Board of Directors are 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 evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.







From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication

### **Report on Other Legal and Regulatory Requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable

1. As required by Section 143(3) of the Act, based on our audit 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, Statement of Changes in Equity and the Statement of Cash Flow 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 Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.







**VENKATESH & CO**  
Chartered Accountants

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, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The company does not have any pending litigations which would impact its financial position.
- ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. No amounts were required to be transferred, to the Investor Education and Protection Fund by the Company

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**FOR VENKATESH & CO.,**

Chartered Accountants

F.R No 004636S

**CA Dasaraty V**

M No 026336

Partner



Place: Chennai

Date: 06/05/2019



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **i3 Security Private Limited** of even date)

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

We have audited the internal financial controls over financial reporting of **i3 Security Private Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered 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 respective 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 internal financial controls over financial reporting of the Company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 judgement, 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 of the Company.







### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (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.

### **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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 VENKATESH & CO.,**

Chartered Accountants

F.R No 004636S

**CA Dasaraty V**

M No 026336

Partner



Place: Chennai

Date: 06/05/2019





**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **i3 Security Private Limited** of even date)

- i. In respect of the Company's fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) As explained to us, all the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
  - (c) As per information provided to us, there are no immovable properties held in the name of the company hence clause (c) is not applicable.
- ii. In our opinion and according to information provided to us, the inventories have been physically verified during the year by the Management and no material discrepancies were not noticed during the physical verification.
- iii. The Company has not granted loans to the parties covered in the register maintained under section 189 of the Companies act of 2013:
  - (a) In the light of above we do not comment on the interest or other conditions or security of loans.
  - (b) In the light of above we do not comment on the Payment of principal or interest.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, and other material statutory dues applicable to it with the appropriate authorities.
  - (b) According to the records of the Company and according to the information and explanations given to us, there are no dues of Income tax and Goods and Service Tax.
- viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.





**VENKATESH & CO**  
Chartered Accountants

- x. We had not noticed any fraud by the company or any fraud on the Company by its officers or employees to be reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the company.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**FOR VENKATESH & CO.,**

Chartered Accountants

F.R No 004636S



**CA Dasaraty V**

M No 026336

Partner

Place: Chennai

Date: 06/05/2019



**M/s. i3 SECURITY PRIVATE LIMITED**  
**Balance Sheet as at 31/03/2019**

#25 (Old 14), 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI - 600 102

CIN: U74120TN2011PTC082965

Particulars	Notes	31-Mar-19	31-Mar-18
<b>ASSETS</b>			
<b>A) Non - Current Assets</b>			
a) Property Plant and Equipment	2.1	4,76,588	6,54,874
b) Goodwill		2,19,59,340	-
c) Financial Assets			
--- (i) Loans and Advances	2.2	1,03,500	-
d) Deferred tax assets	2.3	15,68,042	67,289
<b>B) Current Assets</b>			
a) Inventories		1,24,721	-
b) Financial Assets			
--- (i) Trade Receivables	2.4	5,71,37,389	2,65,70,293
--- (ii) Cash and cash Equivalents	2.5	1,92,25,381	1,74,03,671
--- (iii) Loans & Advances	2.6	8,74,700	9,07,229
c) Other Current Assets	2.7	90,27,630	37,49,382
<b>Total Assets</b>		<b>11,04,97,291</b>	<b>4,93,62,737</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>A) Equity</b>			
a) Equity Share Capital	3.1	3,90,78,000	85,20,000
b) Other Equity	3.2	3,08,98,435	1,70,59,040
<b>B) LIABILITIES</b>			
<b>Current Liabilities</b>			
a) Financial Liabilities			
--- (i) Trade Payables	3.3	11,30,064	7,92,563
b) Other Current Liabilities	3.4	85,55,149	55,38,686
c) Provisions	3.5	3,08,35,643	1,74,52,348
<b>Total Equity &amp; Liabilities</b>		<b>11,04,97,291</b>	<b>4,93,62,737</b>

The accompanying notes form an integral part of the financial statements ( Note No. 1 )

As per our report of even date attached

for Venkatesh & Co.

Chartered Accountants

FR No 004636S

CA Dasaraty V

M No 026336

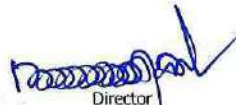
Partner

Place: Chennai

Date: 06/05/2019



For On Behalf of Board

  
Director  
DIN: 05147610

  
Director  
DIN: 03639191

**M/s. i3 SECURITY PRIVATE LIMITED**

**Statement of Profit and Loss for the year ended 31/03/2019**

(Amount in Rs.)

#26 (Old 14), 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI - 600 102

CIN: U74120TN2011PTC082965

S.No	Particulars	Notes	31-Mar-19	31-Mar-18
I	Revenue from Operations	4.1	28,98,40,770	14,73,49,336
II	Other Income	4.2	4,82,292	4,03,806
III	<b>Total Income</b>		<b>29,03,23,062</b>	<b>14,77,53,142</b>
IV	<b>Expenses</b>			
	Cost of Services / Material Consumed	5.1	10,34,09,045	4,89,685
	Employee Benefit Expense	5.2	15,80,50,577	13,20,93,920
	Finance Cost	5.3	16,150	14,635
	Depreciation and amortization expense	2.1	3,72,103	3,55,021
	Other expenses	5.4	1,67,01,775	1,11,19,458
	<b>Total Expenses</b>		<b>27,85,49,650</b>	<b>14,40,72,719</b>
V	Profit / (loss) before exceptional items and tax		<b>1,17,73,412</b>	<b>36,80,423</b>
VI	Exceptional Items		-	-
VII	Profit / (loss) before tax		1,17,73,412	36,80,423
VIII	<b>Tax Expense:</b>			
	(1) Current Tax		33,65,731	8,80,140
	(2) Deferred Tax		(4,09,564)	(36,983)
IX	Profit (Loss) for the period from continuing operations		88,17,245	28,37,266
X	Profit (Loss) for the period from discontinued operations			
XI	Profit (Loss) for the period		88,17,245	28,37,266
XII	Earnings Per Share:			
	(1) Basic		2.26	3.33
	(2) Diluted		2.26	3.33

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

for Venkatesh & Co.,

Chartered Accountants

F.R No 004636S

CA Dasarthy V

M No 026336

Partner

Place: Chennai

Date: 06/05/2019



For On Behalf of Board

*[Signature]*  
Director  
DIN: 05147610

*[Signature]*  
Director  
DIN: 03639191



**i3 SECURITY PRIVATE LIMITED**

#26(Old 14), 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI- 600 102

CIN: U74120TN2011PTC082965

**Cash Flow Statement for the year ended 31.03.2019**

Amount In Rs

Particulars	31-Mar-19	31-Mar-18
<b>Cash Flows From Operating Activities:</b>		
Net Profit before Taxation	1,17,73,412	36,80,423
<b>Adjustments:</b>		
Depreciation & Amortisation Expenses	3,72,103	3,55,021
Interest received	(24,876)	(64,514)
Dividend received	(2,94,783)	(3,32,720)
Merger adjustments	1,23,72,654	-
<b>Cash Flow Before Working Capital changes:</b>	<b>2,41,98,510</b>	<b>36,38,210</b>
(Increase) / Decrease in Current Assets	(3,02,26,817)	(34,08,501)
Increase / (Decrease) in Current Liabilities	1,33,71,429	10,85,686
Less: Tax paid	57,10,720	8,80,139
<b>Net Cash Flow From Operating Activities</b>	<b>16,32,402</b>	<b>4,35,256</b>
<b>Cash Flow from Investing Activities:</b>		
Interest received	24,876	64,514
Dividend received	2,94,783	3,32,720
Purchase of Fixed Assets	(26,850)	(3,31,504)
(Increase) / Decrease in Non Current Assets	(1,03,500)	-
<b>Net Cash flow used in Investing Activities</b>	<b>1,89,309</b>	<b>65,730</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents:</b>		
Opening Balance	1,74,03,671	1,69,02,684
Net Cash Flow during the year	18,21,711	5,00,986
<b>Closing Balance</b>	<b>1,92,25,381</b>	<b>1,74,03,671</b>

1. The cash flow statement has been prepared in accordance with the requirements of Indian Accounting Standards issued by the Institute of Chartered Accountants of India.

2. Cash flows have been reported using the indirect method, whereby the net profit is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments, segregating between cash flows.

3. Significant cash and cash equivalent balances held by the enterprise are available for use by the company.

for Venkatesh & Co.,

Chartered Accountants

F.R.No.0046365

CA Dasaraty V

M.No.026336

Partner



For on Behalf of Board

*[Signature]*  
Director  
DIN: 05147610

*[Signature]*  
Director  
DIN: 03639191

Place: Chennai

Date: 06/05/2019

## **i3 SECURITY PRIVATE LIMITED**

#14, 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI-600102

CIN: U74120TN2011PTC082965

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### **Note: 1**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **1. Basis of preparation of financial statements:**

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 ('the Act') (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or are vision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### **2. Use of Estimates**

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period.

##### **3. Inventories: ( Ind AS 2 )**

Inventories are valued in accordance with the method of valuation prescribed by The Institute of Chartered Accountants of India at lower of cost or net realizable value.

##### **4. Cash Flow Statement: ( Ind AS 7 )**

Cash flows are reported using the indirect method, where by profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents





## **i3 SECURITY PRIVATE LIMITED**

#14, 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI-600102

CIN: U74120TN2011PTC082965

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### **5. Taxes on Income: ( Ind AS 12 )**

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the Statement of Profit and Loss except to the extent that it relates to items recognize directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

### **6. Property Plant & Equipment: ( Ind AS 16 )**

Property, plant and equipment are part of the fixed assets 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 under residual value method. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. 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.

### **7. Revenue recognition: ( Ind AS 18)**

#### **Sale of Services:**

Revenue from security services recognized as per agreements entered on accrual basis. Revenue from any other services has been accounted on accrual basis.

#### **Sale of Products:**

Revenue from sale of products recognized as and when the products are delivered to the customer.

#### **Other Income:**

Other income is comprised primarily of interest income, dividend income. Interest income is recognized using the effective interest method. Dividend income is recognized when the right to receive payment is established.

#### **Expenditure:**

Expenses are accounted on accrual basis and provisions are made for all known losses and liabilities



**i3 SECURITY PRIVATE LIMITED**

#14, 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI-600102

CIN: U74120TN2011PTC082965

**8. Employee Benefits: ( Ind AS 19 )**

a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related services are rendered.

The entity is operating through i3 Employees Group Gratuity fund for all payments related to gratuity and the trust accounts are being audited on regular basis.

- (i) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances of i3 Employees Group Gratuity fund policy with LIC is as follows:

Particulars		As at 31 Mar 2019
1	Present value of obligation at the beginning of the year	47,20,991
2	Interest cost	3,54,074
3	Current service cost	20,68,698
4	Benefits paid	(4,52,116)
5	Actuarial (gain) / loss on obligation	8,08,065
6	Present value of obligation at the end of year	74,99,712

- (ii) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars		As at 31 Mar 2019
1	Fair value of plan assets at the beginning of the year	1,01,31,788
2	Expected return on plan assets	8,73,767
3	Contributions	25,69,250
4	Benefits paid	(4,52,116)
5	Actuarial gain / (loss) on plan assets	NIL
6	Fair value of plan assets at the end of year	1,31,22,690





## **i3 SECURITY PRIVATE LIMITED**

#14, 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI-600102

CIN: U74120TN2011PTC082965

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### **9. Impairment of Assets: ( Ind AS 36)**

Property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU (Cash Generating Unit) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

### **10. Business Combinations: ( Ind AS 103 )**

The Company i3 Security Private Limited is the transferee Company in a scheme of amalgamation with Oasis Ventures Private Limited (Transferor Company 1) engaged in facility management services and Rayce Electronic Intelligence India Limited (Transferor Company 2) engaged in the business of trading, supply, installation, commissioning and service of integrated electronic security solution systems. The said scheme has been submitted and approved by NCLT, with the appointed date being 01/04/2018 and the scheme is made effective w.r.t 06/05/2019 on filing the order copy of National Company law tribunal with Registrar Of Companies. All the assets and liabilities, Income and Expenses of both the transferor companies have been merged with i3 Security Private Limited during the current financial year as per the scheme filed with NCLT.

### **11. Financial Instruments: ( Ind AS 107 )**

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

### **12. Segment Reporting ( Ind AS 108 )**

The company is operating in three different type of segments and the risk and reward differs from segment to segment. The summary of segment wise revenue and expenditure is tabulated below:



**i3 SECURITY PRIVATE LIMITED**

#14, 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI-600102

CIN: U74120TN2011PTC082965

Particulars	Security Services	Electronic Intelligence	Housekeeping & Manpower Supply	Total
Revenue from operations	17,30,53,725	1,03,95,662	10,68,73,675	29,03,23,062
Identifiable operating expenses	15,68,09,141	72,76,731	9,60,84,314	26,01,70,186
Allocated expenses	1,28,97,478	46,59,763	4,50,119	1,80,07,360
Segment operating income – PBDT	33,47,106	(15,40,832)	1,03,39,242	1,21,45,516
Depreciation	3,08,628	63,475	-	3,72,103
<b>PBT</b>	<b>30,38,478</b>	<b>(16,04,307)</b>	<b>1,03,39,242</b>	<b>1,17,73,413</b>

**Client Individually accounted for more than 10% of Turnover during the year**

Name of the Party	Security Services	Electronic Intelligence	Housekeeping & Manpower Supply	Total
Greenstar Fertilizers Limited	2,51,89,245	-	5,21,20,665	7,73,01,910
Tamilnadu Petroproducts Limited	3,11,68,058	-	-	3,11,68,058
Lucas-TVS Limited	-	29,10,450	-	29,10,450
Cenotaph Developers LLP	-	13,65,929	-	13,65,929
NLC Tamilnadu Power Limited	-	13,30,294	-	13,30,294
Southern Petrochemical Industries Corporation Limited	-	-	3,83,89,874	3,83,89,874

**for Venkatesh & Co.,**

Chartered Accountants

F.R No 004636S

**CA Dasaraty V**

M No 026336

Partner

Place: Chennai

Date: 06/05/2019



For On Behalf of Board

*[Signature]*  
Director

DIN: 05147610

*[Signature]*  
Director

DIN: 03639191



**IS SECURITY PRIVATE LIMITED**  
 #26 (3rd 14), 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI - 600 102  
 CIN: U74120TN2011PTC082965

**Note annexed to and forming part of Balance Sheet for the year ended 31.03.2019**

**2.1) Fixed Assets**

S No	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As on 01.04.2018	Additions through BC	Additions	Deletion	As on 31.03.2019	As on 01.04.2018	Additions through BC	% For the period 2018-19	Deletions	As on 31.03.2019	As on 31.03.2018
1	Furniture and Fittings	3,29,093	75,000	-	-	4,04,093	2,14,038	18,779	25.89%	-	2,77,160	1,26,933
2	Office Equipments	8,12,700	1,67,600	26,850	-	10,07,150	4,05,678	86,270	45.07%	-	7,17,253	2,89,957
3	Computer & Peripherals	6,18,701	1,72,570	-	-	7,91,271	4,75,905	1,53,152	63.16%	-	7,31,512	59,759
<b>Total</b>		<b>17,60,494</b>	<b>4,15,170</b>	<b>26,850</b>	<b>-</b>	<b>22,02,514</b>	<b>10,95,621</b>	<b>2,58,202</b>		<b>-</b>	<b>17,25,925</b>	<b>4,76,588</b>
												<b>6,64,874</b>



**i3 SECURITY PRIVATE LIMITED**  
**Notes on accounts \_ ASSETS**

#26(Old 14), 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI- 600 102

CIN: U74120TN2011PTC082965

<b>2.2) Loans and Advances</b>		<b>31/03/2019</b>	<b>31/03/2018</b>
<b>Particulars</b>			
Rent - Security Deposit		1,03,500	-
<b>Total</b>		<b>1,03,500</b>	<b>-</b>
<b>2.4) Trade Receivables</b>		<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Particulars</b>			
<b>Unsecured Considered Good:</b>			
Receivables outstanding for less than 6 months		5,67,68,529	2,65,70,293
Receivables outstanding for more than 6 months		3,68,860	-
<b>Total</b>		<b>5,71,37,389</b>	<b>2,65,70,293</b>
<b>2.5) Cash and cash equivalents</b>		<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Particulars</b>			
Cash in Hand		61,439	20,853
Balances with Banks		1,91,63,942	1,73,82,818
<b>Total</b>		<b>1,92,25,381</b>	<b>1,74,03,671</b>
<b>2.6) Loans &amp; Advances</b>		<b>31-Mar-19</b>	<b>31-Mar-18</b>
<b>Particulars</b>			
Rent Deposit		6,94,700	7,99,000
NSC Certificate		1,15,000	32,500
Staff Advance		20,000	35,729
Advance for Guards Accomadation And Facility		45,000	40,000
<b>Total</b>		<b>8,74,700</b>	<b>9,07,229</b>





**I3 SECURITY PRIVATE LIMITED**  
**Notes on accounts \_ ASSETS**

#25(Old 14), 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI- 600 102

CIN: U74120TN2011PTC082965

<b>2.7) Other Current Assets</b>			
<b>Particulars</b>		<b>31-Mar-19</b>	<b>31-Mar-18</b>
IGST Credit		36,000	18,900
CGST Credit		1,01,828	1,23,526
SGST Credit		1,01,828	1,23,526
CGST Interest Recoverable		68,517	-
SGST Interest Recoverable		71,871	-
Income Tax Advance		23,957	-
Investment Advance		1,00,000	-
Salary Advance		19,000	-
TDS-Receivables 2016-17		6,62,546	6,62,546
TDS-Receivables 2017-18		19,29,254	25,26,567
TDS Receivables 2018-19		57,10,720	-
Interest accrued but not due		-	9,217
EMD		42,000	-
Rental Deposit		1,43,000	-
Security Deposit		-	3,600
Prepaid expense		7,500	7,500
Travel Advance		9,000	-
Advance paid to Suppliers		611	2,74,000
<b>Total</b>		<b>90,27,630</b>	<b>37,49,382</b>



**i3 SECURITY PRIVATE LIMITED**  
**Notes on accounts \_ EQUITY & LIABILITIES**

#26(Old 14), 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI- 600 102

CIN: U74120TN2011PTC082965

3.1) Share Capital		31-Mar-19		31-Mar-18
Particulars				
Authorised Capital				
46,00,000 (Previous Year 10,00,000) Equity Shares of Rs.10/- each		4,60,00,000		1,00,00,000
Total		4,60,00,000		1,00,00,000
Issued, Subscribed & Paid-up Capital				
39,07,800 (Previous Year 8,52,000) Equity Shares of Rs.10/- each fully paid up		3,90,78,000		85,20,000
Total		3,90,78,000		85,20,000
Number of Equity Shares at the beginning and end of the reporting year				
Particulars	31-Mar-19		31-Mar-18	
	No. of shares	Amount	No. of shares	Amount
Shares outstanding at the beginning of the year	8,52,000	85,20,000	8,52,000	85,20,000
Shares cancelled as per the Scheme of Merger	(8,52,000)	-85,20,000	-	-
Shares issued during the year*	39,07,800	3,90,78,000	-	-
Shares outstanding at the close of the year	39,07,800	3,90,78,000	8,52,000	85,20,000
* The shares are to be issued as per the scheme of merger approved by NCLT w.e.f 06/05/2019 with appointed date being 01/04/2018.				
Details of Shareholders holding more than 5% shares in the company				
Name of Shareholder	31-Mar-19		31-Mar-18	
	No. of shares	% of Holding	No. of shares	% of Holding
Oasis Ventures Private Limited	-	-	8,52,000	100.00%
Mercantile Ventures Private Limited	39,07,800	100.00%	-	-
3.2) (a) Other Equity				
Particulars	Reserves and Surplus		Other Comprehensive Income - P/(L)	Total as on 31/03/2019
	Security Premium *	Retained Earnings		
Balance at the Beginning of the Reporting Period	2,27,000	2,18,54,190	-	2,20,81,190
Additions during the period	-	88,17,245	-	88,17,245
Total Comprehensive Income for the year	-	-	-	-
Dividends	-	-	-	-
Transfer to General Reserve	-	-	-	-
Premium on Equity Shares issued during the year	-	-	-	-
Balance at the End of the Current Reporting Period	2,27,000	3,06,71,435	-	3,08,98,435
3.2) (b) Other Equity				
Particulars	Reserves and Surplus		Other Comprehensive Income - P/(L)	Total as on 31/03/2018
	Security Premium *	Retained Earnings		
Balance at the Beginning of the Reporting Period	2,27,000	1,39,94,774	-	1,42,21,774
Additions during the period	-	28,37,265	-	28,37,265
Total Comprehensive Income for the year	-	-	-	-
Dividends	-	-	-	-
Transfer to General Reserve	-	-	-	-
Premium on Equity Shares issued during the year	-	-	-	-
Balance at the End of the Previous Reporting Period	2,27,000	1,68,32,040	-	1,70,59,040
* Balance in Security Premium is on account of Shares issued at Premium.				
3.4) Other Current Liabilities		31-Mar-19		31-Mar-18
Particulars				
Revenue received in advance		-		37,493
Advance from customers		979		-
Statutory Dues		68,08,742		42,85,799
Audit Fee Payable		2,47,500		2,25,000
Other Liabilities		14,97,927		9,90,394
Total		85,55,149		55,38,686
3.5) Provisions				
Particulars		31-Mar-19		31-Mar-18
Provision for Employee Benefits		2,74,69,912		1,65,72,208
Others - Provision for Tax		33,65,731		8,80,140
Total		3,08,35,643		1,74,52,348





<b>I3 SECURITY PRIVATE LIMITED</b> <b>Notes on accounts _ PROFIT &amp; LOSS</b> #26(Old 14), 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI-600102 CIN: U74120TN2011PTC082965		
<b>4.1) REVENUE FROM OPERATIONS</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Particulars		
Sale of Services	28,22,37,033	14,68,33,846
Sale of Products	76,03,737	5,15,490
<b>Total</b>	<b>28,98,40,770</b>	<b>14,73,49,336</b>
<b>4.2) OTHER INCOME</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Particulars		
Interest Receipts	24,876	64,514
Dividend	2,94,783	3,32,720
Sundry Income	1,62,633	6,572
<b>Total</b>	<b>4,82,292</b>	<b>4,03,806</b>
<b>5.1) COST OF SERVICES / MATERIAL CONSUMED</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Particulars		
Cost of Services	9,60,84,314	-
Cost of Material Consumed	73,24,731	4,89,685
<b>Total</b>	<b>10,34,09,045</b>	<b>4,89,685</b>
<b>5.2) EMPLOYEE BENEFITS</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Particulars		
Salary & Allowance	13,61,42,034	11,34,41,442
Contribution to Provident Fund and other funds	1,60,43,018	1,53,31,153
Staff Welf. Expenses	3,66,542	1,73,126
Other Allowances Paid	54,98,983	31,48,199
<b>Total</b>	<b>15,80,50,577</b>	<b>13,20,93,920</b>
<b>5.3) FINANCE COSTS</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Particulars		
Bank Charges	16,150	14,635
<b>Total</b>	<b>16,150</b>	<b>14,635</b>
<b>5.4) OTHER EXPENSES</b>	<b>31-Mar-19</b>	<b>31-Mar-18</b>
Particulars		
Auditors Remuneration	3,75,000	2,50,000
Director Remuneration *	70,21,420	41,92,700
Electricity Charges & Fuel	87,004	60,479
Printing and Stationary	1,30,529	1,34,826
Professional Charges	46,77,500	35,05,200
Rates and taxes	2,06,120	19,723
Rent	16,89,670	14,39,408
Repairs & Maintenance	3,38,848	3,18,119
Telephone expenses	1,70,555	1,33,707
Travelling expenses	10,68,834	6,61,372
Miscellaneous Expenditure	9,36,295	4,03,923
<b>Total</b>	<b>1,67,01,775</b>	<b>1,11,19,458</b>

\* Director Remuneration includes amount of Rs. 27,00,000/- paid to One of the Directors of Merged Entities



**i3 SECURITY PRIVATE LIMITED**

#14, 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI-600102

CIN: U74120TN2011PTC082965

**Note: 6 Related party transaction disclosure: (Ind AS 24)**

Relationship Chart – April 1, 2018 to March 31, 2019

S No	Name of the Related Party	Relationship
1	Mercantile Ventures Ltd	Holding Company
2	Mani Moli Arasu	Key Management Personnel

**Related Party transactions for the period April 1, 2018 to March 31, 2019**

Type of Service	Relation	Mercantile Ventures Limited	Amount
Security Services	Ultimate Holding Company	9,440/- (9,440/-)	-
Director Remuneration	Key Management Personnel	-	43,21,420/- (41,92,700/-)
Remuneration Payable #	Key Management Personnel	-	1,96,793/-

# Closing balance as on 31/03/2019

**Note: 7 Earnings Per Share and Diluted Earnings Per Share: ( Ind AS 33)**

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

The following is a reconciliation of the equity shares used in the computation of basic and diluted earnings per equity share

**Amount in Rs.**

Particulars	2018-19	2017-18
Opening No. of Shares	8,52,000	8,52,000
Shares Cancelled	(8,52,000)	-
New Issue of Shares*	39,07,800	-





### **i3 SECURITY PRIVATE LIMITED**

#14, 5TH CROSS STREET, R.V.NAGAR, ANNA NAGAR EAST, CHENNAI-600102

CIN: U74120TN2011PTC082965

Particulars	2018-19	2017-18
Total No. of shares	39,07,800	8,52,000
Weighted Average No. of Shares	-	8,52,000
Profit After Tax	88,17,245	28,37,266
Earnings Per Shares	2.26	3.33
Diluted Earnings per Share	2.26	3.33

\* New issue of shares is as per the Merger order received from NCLT with the appointed date being 01/04/2018 and the allotment of shares is pending.

#### **Note: 8 Note on Merger**

The Company i3 Security Private Limited is the transferee Company in a scheme of amalgamation with Oasis Ventures Private Limited (Transferor Company 1) engaged in facility management services and Rayce Electronic Intelligence India Limited (Transferor Company 2) engaged in the business of trading, supply, installation, commissioning and service of integrated electronic security solution systems. The said scheme has been approved by NCLT, with the appointed date being 01/04/2018 and the scheme is made effective w.r.t 06/05/2019 on filing the order copy of National Company law tribunal with Registrar Of Companies. All the assets and liabilities, Income and Expenses of both the transferor companies have been merged with i3 Security Private Limited during the current financial year as per the scheme filed with NCLT.

The above stated merger resulted in a Goodwill value of Rs. 2,19,59,340/- which will be tested for impairment on yearly basis as per Ind AS 103.

Purchase consideration as per the scheme approved will be discharged in form of allotment of shares in the swap ratio of 167 for every 100 shares to the Share Holders of Transferor Company No 1 viz., Mercantile Ventures Limited, which is the Ultimate Holding Company of the transferee company. However the allotment of shares will be done during the financial year 2019-20 as the merger order becomes effective from 06/05/2019 with the appointed date being 01/04/2018. Hence the quantity of new shares (39,07,800) amounting to Rs. 3,90,78,000/- is shown under Share Capital as the same will be allotted as per the scheme of Merger approved by NCLT.

#### **Note: 9**

Previous year figures are regrouped where ever required and the same can't be compared since the current year figures are related to merged entity.

