



*Feel Safe*

an  
**eye**  
for the  
**world**



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#### Forward looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes', and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



## The world needs an ever watchful eye for enduring safety, security and peace of mind.

Zicom's unique concepts, technological solutions and array of services are geared to protect what people value most. We align our responses with the customers' evolving security needs, while performing with clockwork precision across multiple geographies and varied workplace environment globally. Our reliable solutions have made us the trusted and dependable face of security and safety for people in need.

Our aim is to drive innovations in products and services to attain unrivalled business leadership in the global security and safety domain. We are on high alert to help ensure a safer and more secured world.

# SECURITY THAT NEVER SLEEPS

Zicom has emerged as one of India's largest and geographically diverse security solutions provider. We are a pioneer and leader in providing comprehensive electronic security services, offering state-of-the-art customised security solutions to the most complex projects in India and abroad.

Our pan-India sales and services network offers reliable and advanced CCTV Surveillance System, Access Control System, Fire Alarm System, Intruder Alarm System, Multi-Apartment Video Door Phones, Fingerprint Locks, Video Door Phones, among others.



## VISION

To be the Company you Trust the most

To Protect what you Value the most

## MISSION STATEMENT

Zicom is committed to provide safety to customers by continuously developing and delivering/offering new technologies, innovative products, solutions and delightful services, by abiding all its commitments to customers. We will nurture our channel partners by providing profitable avenues of growth and fulfil responsibilities towards shareholders by achieving consistent growth in shareholder's value and adhering to fair practices in all its dealings with employees and business partners.



## MANUFACTURING FACILITY

The manufacturing plant in Parwanoo assembles high-tech security products.

Investor information:

First Security Company listed on the BSE and

NSE in the field of electronic security

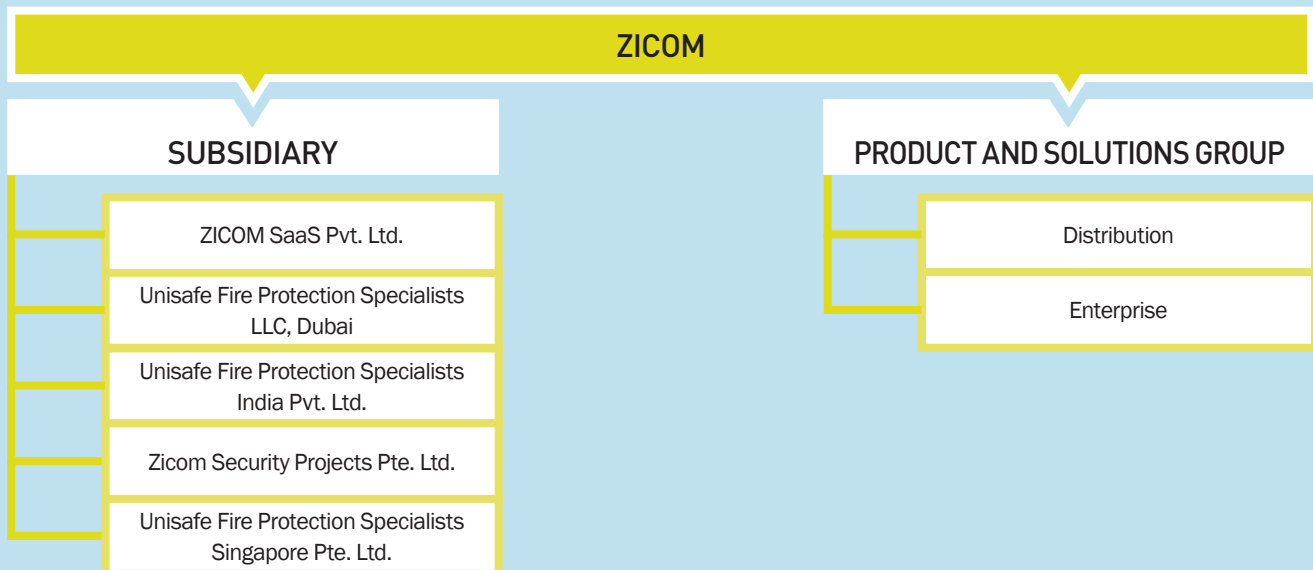
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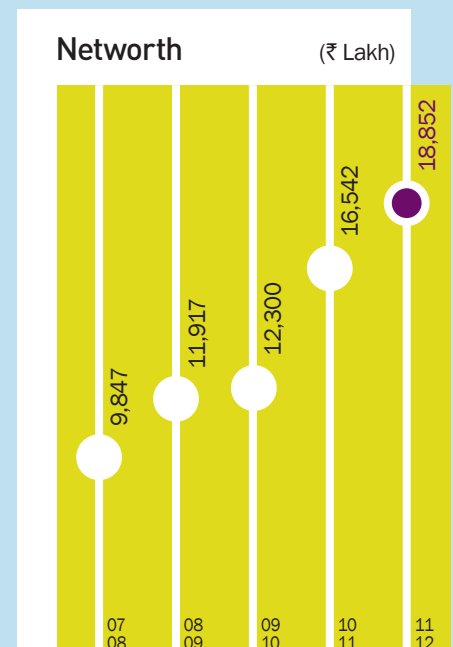
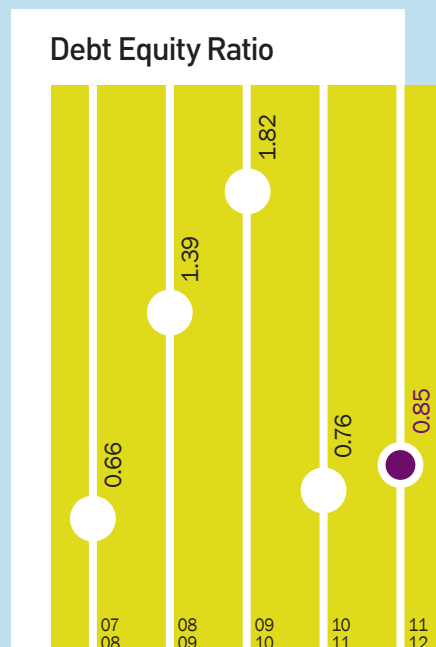
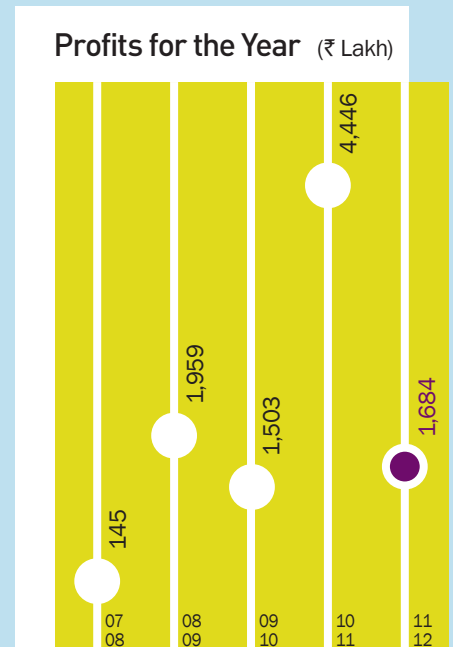
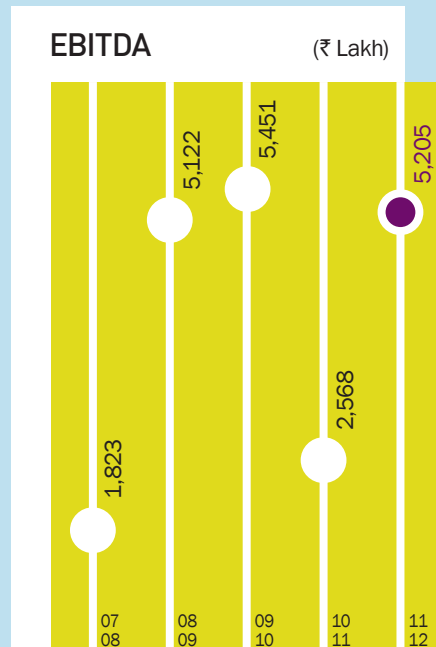
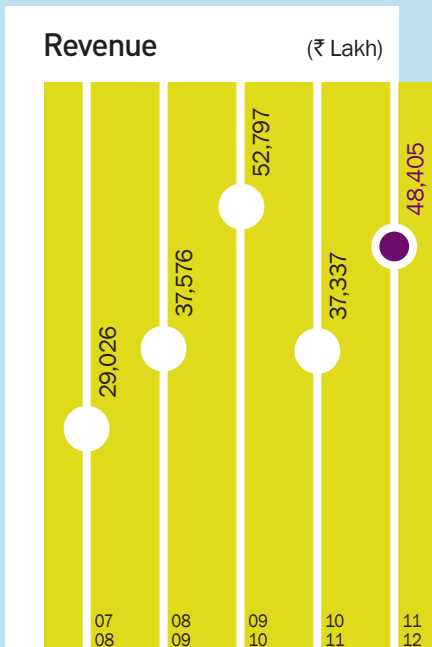
## PIONEERED

- the concept of Electronic Security
- the concept of Central Monitoring Station
- the notion of Electronic Security Shops
- the idea of wireless security equipment in the home and retail segment
- the concept of home security with insurance cover

## ZICOM CORPORATE STRUCTURE



# PERFORMANCE SNAPSHOT



Note: Zicom transferred its BSG & SPG Division to Schneider in 2010-11, resulting in higher profitability due to extraordinary income. Hence, figures are incomparable.

## OPERATIONS

Acquired Phoenix International WLL, the leading fire protection brand of Qatar, at USD 15 mn (₹ 82.50 crore)

Commenced operations at Brazil through its joint venture company, CIAO-ZICOM Security Systems SA

Opened a new office in San Francisco, USA

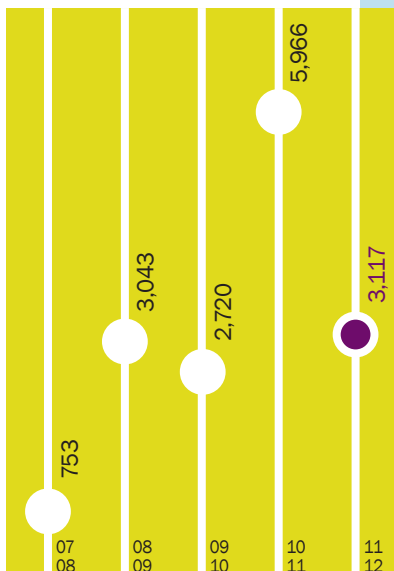
Increased accessibility by displaying products in various e-commerce sites and large format retail stores

Launched the MMS-campaign (Make Mumbai Safe) as a part of our security awareness drive

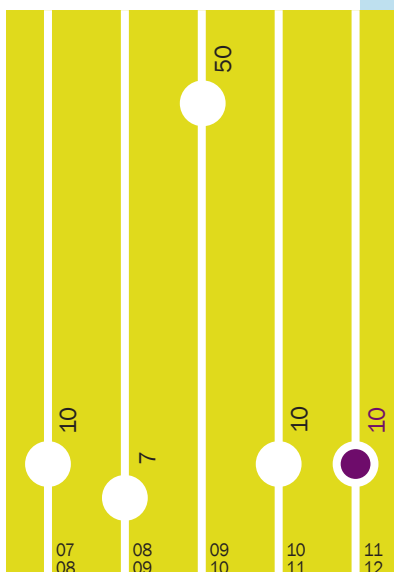
Underwent organisational restructuring by creating individual SBUs

Launched student education programs in Physical Security, Electronic Security and Fire Safety through ASTM

Cash Profits (₹ Lakh)



Dividend (%)



# CHAIRMAN'S MESSAGE



**Manohar Bidaye**  
Chairman

Safety is a big concern in today's world, as unforeseen security threats are endangering the life and property of people across the world. Zicom's advanced security concepts and solutions help address this growing social concern. Our objective is to strengthen our innovative capabilities in the security domain to emerge as a one-stop solutions provider.



Growing security perceptions among all sections of the society has increased the demand for video surveillance in public transport, hospitality, airports, retail outlets, banking, financial services, insurance and education sectors. Many organisations today are prioritising and integrating real-time security surveillance into their IT security plans. The industry is slowly maturing. With an unwavering focus on technology and smart solutions, we aim to provide a safe and secured environment to our customers.

As one of the pioneers of India's electronic security systems, we are equipped to address the growing security needs of our country. In addition to security guards, people are now opting for additional security measures, such as CCTV, other video monitoring systems and intruder alarms, which act as an EYE. Our products have met wide acceptance in the Indian market, and we are gradually transforming into an Indian MNC by foraying into the international markets.

We have already made our presence felt in the Middle Eastern markets through our acquisition of Dubai-based Unisafe Fire Protection Specialists LLC. We further made inroads into Qatar and Brazil. Our establishment in Qatar will enable us to develop our fire protection business across MENA and Saudi Arabian regions. Besides, Qatar is among the world's fastest growing economies with high levels of awareness on fire hazards in commercial and residential establishments.

We are also optimistic of our success in Brazil owing to two key reasons. Firstly, Brazil is a developing economy with a tremendous potential for socio-economic growth. Hence,

the demand for security products will be significant. Secondly, Brazil will be hosting the 2014 FIFA World Cup and 2016 Olympics, which will translate into an additional demand for surveillance systems.

We also provide holistic security solutions to counter rising security threats. We shall enhance our focus on managed security services through Zicom SaaS Private Limited. This will not only help us in capturing additional market share, but will also enable us to improve our margins. Besides, our technological prowess helps us deliver customised offerings, enhancing our competitiveness.

We continuously focus on training and development of our employees for business sustainability. Senior management personnel are regularly imparted entrepreneurship training to enable them to drive their teams towards achieving the Company's growth objectives. We also run several awareness programmes across schools, corporate houses and housing societies, as a part of our corporate social responsibility.

I would like to thank the entire management, employees, customers, business associates and the family of stakeholders to steer the organization to greater heights by virtue of ideas, energies and the courage to envision a safer world.

Best wishes,

**Manohar Bidaye**  
Chairman

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# EYEING BORDERLESS GROWTH

At Zicom, we realised the overseas demand for security and safety products beyond India. To capitalise on those opportunities, Zicom evaluated various acquisition and tie-up opportunities and made successful inroads into the markets of U.A.E., Qatar and Brazil.

## UAE

We acquired 80% economic stake in Unisafe Fire Protection Specialists LLC (UNISAFE) Dubai, a leading fire protection company in UAE, in 2007. The Company possesses over 15-year rich experience in the areas of project execution and servicing in the domain of fire detection and protection infrastructure projects. It offers services in the areas of designing, supplying, installing and maintaining integrated fire protection systems.

### Rationale for acquisition

- Operations span seven Emirates of U.A.E., Qatar and Oman
- Managed by experienced professionals of fire business
- Successful track record of executing big-ticket projects for clients across government and commercial sectors
- 24x7 service capabilities
- ISO certified company
- Impeccable safety record during installation and servicing
- Projects across government and commercial sectors

### Product offerings

- Fire Detection and Voice Evacuation System
- Highly sensitive Smoke Detection System
- Emergency & Exit Lights
- Standpipe & Hose Systems
- Fire Mains & Hydrant System
- Sprinkler Systems
- Water Spray Fixed Systems
- Deluge Foam Water Sprinkler & Foam Water Spray System
- Low, Medium & High Expansion Foam System
- Clean Agent Fire Extinguishing Systems

- Argonite & FM-200
- Carbon Dioxide Extinguishing Systems
- Dry and Wet Chemical Extinguishing Systems
- Water Mist Fire Extinguishing Systems

### Landmark projects

#### Government

- Engineer's Office of his Highness Sheikh Mohammed
- Dubai Civil Aviation Authority (DCA)
- DEWA (Dubai Electric and Water Authority)
- Dubai Police
- Dubai Health Authority (DHA)
- Dubai Customs and Port Authority
- Etisalat
- ENOC
- Abudhabi Investment Authority (ADIA)

#### Commercial

- Arabtec Constructions LLC
- Voltas International
- Emirates Trading Agencies (ETA)
- Samsung
- Hitachi
- Conspel
- BMTS
- Penguin
- Al Nabooda
- TYCO International

## QATAR

We acquired Phoenix International WLL, a leading fire brand ('A' category) that is licensed to carry out contracting and trading business in safety and security services domain, in 2012. The Company undertakes fire protection, security and building management system on turnkey basis which includes design, supply, erection, testing and commissioning through a co-ordination between the direct customer and MEP contractor.

### Rationale for acquisition

- License to operate in petrochemical sector like Qatar Petroleum and Rasgas
- Exclusive tie-ups with leading equipment suppliers
- Robust order book position
- Efficient and experienced talent pool

### Landmark projects

- Nobu Restaurant
- Birla Public School
- Villagio Mall
- Samrya Tower
- Tatweer al Reemrower
- Safari Mall
- Civil Defense Building
- Sultan Plaza
- The Mall



## BRAZIL

We entered the Brazilian market in 2012 through a joint venture (JV) with CIAO Telecom Inc known as Ciao-Zicom Security Systems SA. The JV aims at setting up complete communication network and surveillance system solutions for cities, stadiums, airports, home, retail security and corporate security solutions. The JV shall further leverage Zicom's expertise in security products and services and CIAO Telecom's expertise in communication technologies, marketing, building relationships and channels in Brazil. Ciao-Zicom shall distribute its products through the CIAO Telecom Channel Partners. Besides, the JV is also setting up a manufacturing plant and intends to invest in a Design & Estimation Center to cater to large infrastructure projects in Brazil.

### Targeted offerings

- Delivering complete state-of-the-art security system solutions (hardware, software, installation and maintenance services)
- Providing best-in-class customer support services
- Providing 24x7 monitoring services
- Positioning ourselves as a premier electronic security solutions provider to government, corporate, commercial and consumer segments





# EYEING AN EXTENSIVE SERVICE SPECTRUM

A product sale does not terminate a customer relationship at Zicom. Our customers have varied security needs and we work closely with them to deliver outstanding security service solutions.



Zicom SaaS Private Limited offers managed security services by way of Security Resource Planning (SRP) on easy-pay monthly service charge basis, the first of its kind in India. We identify the customer needs and analyse the customer site to determine the surveillance areas and the type of product needed. We undertake the installation and keep a track of all the activities through our command-and-control station infrastructure.

**Service offerings**

- Security hardware and software installations
- 24x7 service network and response management team
- Remote monitoring services
- Insurance cover
- Scale up of facilities
- AMC and PMC

**Customer benefits**

- Low cost solutions for security related needs
- 24x7 access to latest technology, without the need for constant management
- Easy scale-up without any capital intensive investments



Video surveillance



Time and attendance on the cloud



Fire alarm monitoring



Remote alert management

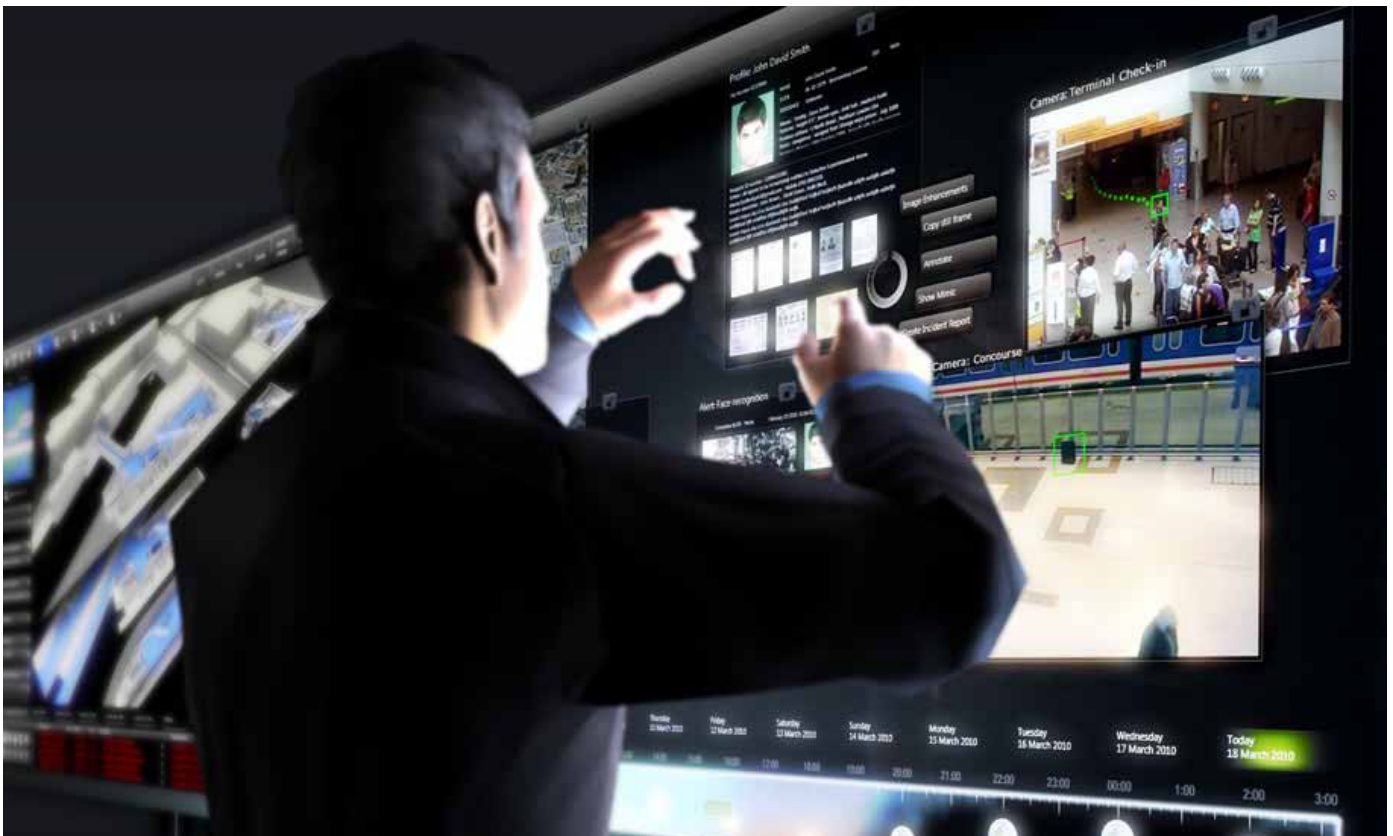
# EYEING CONSISTENT TECHNOLOGICAL ADVANCEMENTS



At Zicom, technology has played a pivotal role in shaping our business, countering competition and helping deliver better value to our customers in the form of customised services and prompt response systems.

During 2011-12, our technological advancements comprised the following:

- Implemented the state-of-the-art alarm monitoring software in Zicom Command Centre (ZCC) to provide enhanced services to the evolving needs of customers and facilitate ease of reporting, using e-mails and SMSes
- Introduced online technical support, requiring help with configuration of products and solutions remotely using web-based tools
- Introduced a new category in security industry – MAaaS Managed Alert as a Service to monitor the alerts transmitted by our products at customer premises; it enables us to ensure that the security systems deployed at the customers end is working efficiently and safeguarding their vital interests
- Introduced online time and attendance services
- Employed cloud computing to deploy applications, such as T&A on the cloud platform, achieving almost 100% availability
- Implemented a 'Download Centre' for easy access to latest software and documentation
- Provided various solutions in the video analytics sphere to cater to verticals, such as retail, banking and NBFCs, among others
- Upgraded the internet connectivity; increased the capacity of internet leased lines to support business growth
- Implemented a new ERP based on Oracle Apps with installation of two new servers for Oracle database
- Advanced the ZCC with IP phones and new call center application for enhanced features for monitoring and reporting on the customer calls
- Upgraded to a new data storage box of capacity 24 TB for all data storage and back-up needs
- Launched the futuristic video monitoring and PSIM software (2020) with a design to create a user interface and an operation platform to deal with the explosion of data generated by modern video and sensor systems; redefining the future in complex data management in the area of command and control



# EYEING GROWTH THROUGH SECURITY TRAINING AND EDUCATION



**We impart professional and structured training and education in the fields of security.**

**We provide holistic security solutions to our customers – right from security equipment and state-of-the-art service infrastructure mechanism to professionally trained security guards, supervisors, officers and managers.**

We offer this comprehensive course through our Group Company - Institute of Advanced Security Training and Management Pvt. Ltd. (ASTM) - first of its kind premium security training institute in India. The faculty members comprise renowned security experts, who impart physical training, technical know-how of security systems and best practices in security management. Our best-in-class high quality training programs for security professionals and students have redefined careers in security and safety. Besides, our social objectives further focus on educating and employing the underprivileged sections of the society.

## VISION

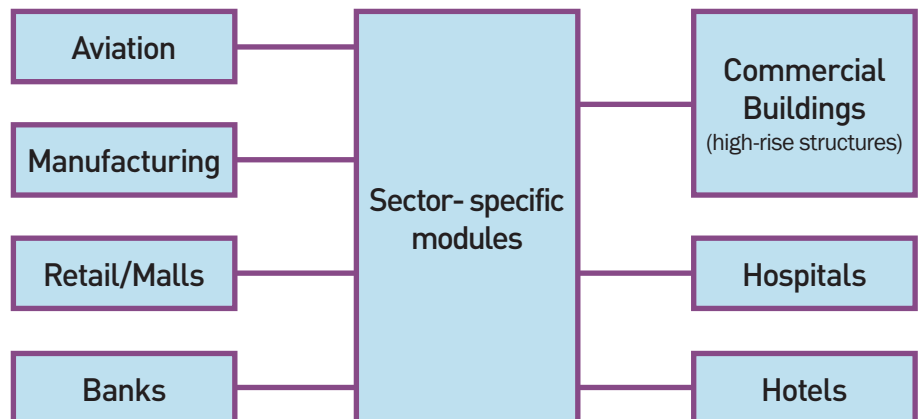
To foster a secure environment in India by imparting internationally accredited world-class quality training and education in Security, Safety and Loss Prevention





**Courses offered**

- Corporate training for working professionals
- Vocational training for students
- Management development programmes



# DIRECTORS' PROFILE



**MANOHAR BIDAYE**  
Promoter and Chairman

- Masters in Commerce from the University of Mumbai
- Apart from completing his professional curriculum in Company Secretary, his academic credentials include a degree in Law
- Co-founded Zicom in 1994 after establishing himself as a successful consultant in Corporate Law and Finance
- Proud recipient of the prestigious 'Yashashree 2008 Award' given by The Maharashtra Times, in recognition and honour of his achievements across various industry segments and 'Marathi Bhushan Udyog Award 2012' given by Marathi Vyapari Mitra Mandal
- His vision is to make a difference in the world of social security by virtue of innovative products and technologies



**PRAMOUD RAO**  
Promoter and Managing Director

- Over 23 years of business experience
- Science graduate
- Responsible for strategic planning, local and international partnerships, acquisitions, marketing & sales, technical and branding functions of Zicom
- His vision is to make security solutions, technology driven and affordable so that every home and every office in India will 'Feel Safe'
- Recipient of many national and international honours



**MUKUL DESAI**  
Director

- On the Board of Directors of Zicom since 1996
- Chairman of the Audit Committee
- Practising Chartered Accountant since 1982 and has varied experience in the field of Audit & Taxation
- Developed expertise in Corporate Law matters, Direct and Indirect Taxation Laws, Corporate Finance Structuring, etc
- Partner of M/s Sundarlal Desai and Kanodia, Chartered Accountants; he is responsible for looking after the overall conduct of audits and representations before tax authorities



**VIJAY KALANTRI**  
Director

- G.C.D. and Diploma holder in textile, industrialist with 40 years of experience
- Actively involved with various industries and government bodies in different capacities which include President of All India Association of Industries, Indian Council of Foreign Trade and other such prestigious institutions
- Served as a Director of many institutions such as the Maharashtra Small Scale Industries Development Corporation Limited, Dena Bank and Canara Bank
- Honoured with various prestigious awards by institutions and organisations representing industry, government bodies and socio-economic institutions



**ACHYUT GODBOLE**  
Director

- A chemical engineer from IIT Mumbai with over 30 years of experience in the field of software development in India, UK and USA
- Worked with globally renowned companies like IBM, Hindustan Lever, L&T Infotech, to name a few, and has been awarded thrice by IBM World Trade Corporation for performance excellence
- Instrumental in designing and implementing ERP packages in many companies globally; awarded twice by the Prime Minister for excellent export performance of his Company, Softexcel Consultancy Services; also been awarded for his contribution to information technology and music



**K. D. HODAVDEKAR**  
Director

- A certified associate of Indian Institute of Bankers along with Masters in Commerce and Bachelor in Law from University of Mumbai
- Veteran banker, with more than 33 years experience in varied areas such as banking, finance and management, retired from IDBI Bank Ltd. as a Chief General Manager
- Formerly, he was Chief General Manager at United Western Bank, handling its Strategic Business Unit, which was reorganised and merged with IDBI Bank in the shortest possible time under his able leadership and guidance
- Specialised in project appraisal, project monitoring, corporate investments and resolution and management of NPAs
- Attended many national level and international training programs and seminars as participant and faculty

# EYEING A WIDER SOCIAL RESPONSIBILITY

Social responsibility remains at the heart of our business strategy. As a part of our social endeavour, we launched the unique campaign of MMS – Make Mumbai Safe – in association with Fire and Security Association of India. The campaign aimed at creating basic security awareness levels among school students, housing societies, corporate houses and senior citizens.







**Make Mumbai Safe campaign at:**

- 1) St. Mary's School, Mazgaon, Mumbai
- 2) Om Shanti Housing Society, Powai, Mumbai
- 3) Maneckji Cooper School, Juhu, Mumbai

# Notice

**NOTICE** is hereby given that the Eighteenth Annual General Meeting of the Members of ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED will be held on Friday, August 24, 2012, at 3.00 p.m. at Mumbai Cricket Association Recreation Centre, RG – 2, G – Block, Bandra Kurla Complex, Mumbai 400051, to transact the following business:

## **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Statement of Profit & Loss for the year ended March 31, 2012; the Balance Sheet as at that date, together with the Reports of the Board of Directors and the Auditors' thereon.
2. To declare dividend on Equity Shares of the Company for the financial year ended March 31, 2012.
3. To appoint a Director in place of Mr. Manohar Bidaye, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Vijay Kalantri, who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, and to fix their remuneration; and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** M/s. Malpani & Associates, Chartered Accountants, Mumbai, bearing Firm Registration No. 120438W, the retiring Statutory Auditors of the Company, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting, on a remuneration (including terms of payment) to be fixed by the Board of Directors / Audit Committee of the Company, plus service tax and such other tax(es), as may be applicable, and reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company.”

## **SPECIAL BUSINESS:**

6. To consider and if thought fit to pass with or without modification(s), the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the provisions of other statutes as applicable and Rules, Regulations and Guidelines framed thereunder; and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities, the existing Articles of Association of the Company be amended as under:

The following Article be inserted after the existing Article 153A as Article 153B:

### **Participation at the meeting(s) and Service of Notice through Electronic or any other permissible Mode:**

- 153B.** Notwithstanding anything contrary contained in these Articles of Association, subject to the provisions of the Companies Act, 1956 and rules framed thereunder or any other such legal or statutory or regulatory provisions as applicable to the Company from time to time, the Company may provide video conference facility and / or any other permissible electronic or virtual facilities, that are existing or may be invented in future, for communication / participation; to enable the Directors / Committee Members / Shareholders / Security holders / Stakeholders to participate in any Meetings of the Board or any Committees thereof or General Meetings, or any Class Meetings of the Company. Such participation at the said meetings of the Company through video conference facility and / or use of other permissible electronic or virtual facilities for communication shall be considered valid as such participant has remained personally present at such meeting; and such participation shall be governed by such legal or regulatory provisions as may be applicable to them or the Company for time being in force.

Provided Further That a Director, Shareholder, or other Class of Security holder or Stakeholder participating in their respective meetings through use of video conference facility and / or virtual facilities, or any other permissible electronic mode of communication shall be counted for the purpose of quorum, notwithstanding anything contrary contained in these Articles of Association.

Notwithstanding anything contrary contained in these Articles of Association, any documents, notices, reports etc, that are required to be served to the Members of the Board, Committee of Directors, Shareholders, Security holders, or other Stakeholders of the Company from time to time, may be served by the Company by any electronic mode (including email), or any other permissible mode of communication that may be in existing or may be invented in future; and in such manner as is / may be permitted by applicable statutes, rules, regulations and guidelines framed thereunder. Where a document is served by any such mode, the service thereof shall be deemed to have been effected in the manner as prescribed."

#### **By Order of the Board of Directors**

**Kunjan Trivedi**

*Company Secretary*

Place: Mumbai

Date: May 17, 2012

#### **Registered Office:**

501, Silver Metropolis,  
Western Express Highway,  
Goregaon (East), Mumbai 400063.

#### **NOTES:**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF; AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE FORM OF PROXY FOR THE ANNUAL GENERAL MEETING IS ENCLOSED. PROXY IN ORDER TO BE VALID MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- Corporate Members intending to send their authorised representative to attend the Meeting are requested to send a duly certified copy of the Board Resolution authorising such representative to attend and vote on their behalf at the ensuing Annual General Meeting.
- Members / Proxies should bring with them the attendance slip duly filled in for attending the Annual General Meeting and produce the same at the entrance of the meeting hall. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 18, 2012 to Friday, August 24, 2012 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.
- The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of Special Business to be transacted at the Meeting as mentioned at Item No. 6 of the Notice, is annexed herewith and forms part of this Notice.
- Dividend, for the year ended March 31, 2012, as recommended by the Directors, if declared at the Annual General Meeting, will be paid / dispatched on September 14, 2012 to those Members, whose names appear on the Register of Members of the Company at the close of business hours on August 17, 2012; and in

case of shares held in dematerialised form, to those Members whose names appear as beneficial owners as at the close of business hours on August 17, 2012 as per details to be furnished by the Depositories, viz. National Securities Depository Limited and Central Depository Services (India) Limited.

7. In order to protect the Members from fraudulent encashment of dividend demand drafts, the Members are requested to furnish their Bank Account Number, the name of the Bank and Branch where they would like to deposit the dividend demand drafts for encashment, whenever dividend is declared by the Company.

These particulars will be printed on the dividend demand draft besides the name of the Members, so that these dividend demand drafts cannot be encashed by anyone other than the Member.

The above mentioned details should be furnished by the first / sole holder, directly to their respective Depository Participant (DP) in respect of shares held in electronic form and in case of shares held in physical form to the Registrar & Transfer Agent of the Company viz. M/s. Bigshare Services Pvt. Ltd. at E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (East), Mumbai 400072.

8. Effective October 1, 2009 the Reserve Bank of India has replaced National Electronic Clearing Service (NECS) for ECS, for remittance of money and mandated every bank to move to the NECS platform. The NECS system operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solution (CBS) for centralised processing of inward instruction and efficiency in handling bulk transactions. In this regard, if Members are holding shares in electronic form, they are requested to furnish new Bank Account Number allotted to them by their Bank after implementation of CBS, alongwith a photocopy of the cheque pertaining to the concerned account, to their DP at their earliest convenience. However, if the Members are holding shares in physical form they are requested to furnish their new account number alongwith photocopy of the cheque to the Company's Registrar & Transfer Agent.

9. Members are requested to notify immediately any change in Address, Signature and / or Bank details, in respect to their physical holdings, to the Registrar & Transfer Agent of the Company and to their respective DP in case of shares held in electronic mode.
10. Members must quote their Folio No. / Demat Account No. and contact details such as e-mail address, contact no. etc. in all their correspondence with the Company / Registrar & Transfer Agent.
11. Members are informed that Securities and Exchange Board of India (SEBI), has mandated to quote Permanent Account Number (PAN) in all the transactions in the securities market, which includes transfers / transmission of securities. Therefore, for any transfer / transmission of shares, the transferee(s) / legal heirs(s) are required to furnish a copy of their PAN to the Depository Participant, if shares, are held in electronic form or to the Registrar & Transfer Agent of the Company, if shares are held in physical form.
12. Pursuant to the provisions of Section 109A of the Companies Act, 1956, every Member or joint holder(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) or joint holder(s) holding shares in demat form may contact their respective DP for availing this facility.
13. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the amount of dividend which remains unpaid / unclaimed for a period of 7 years is to be compulsorily transferred to the "Investor Education and Protection Fund (IEPF)", constituted by the Central Government. Consequent to such transfer, Member(s) would not be able to claim any amount of dividend so transferred to IEPF in accordance with the aforesaid provision. Member(s) who have not yet encashed their dividend is / are requested, in their own interest; to immediately write to the Registrar & Transfer Agent of the Company or to the Company for claiming their outstanding dividend for the Financial Year 2004-05 and subsequent years. The dividend for the aforesaid years shall be paid only on receipt of request and satisfactory compliance of the requisite procedure.



14. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection by the Members at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m., upto the date of the Annual General Meeting and during the time of the Meeting.

15. With respect to agenda Item Nos. 3 and 4 in the Notice of Annual General Meeting, proposing re-appointment of Directors, Mr. Manohar Bidaye and Mr. Vijay Kalantri, respectively, their brief profiles are as under:

**i) Mr. Manohar Bidaye, M.Com.; B.G.L. and Company Secretary (aged 48 years)**

Mr. Manohar Bidaye is the Chairman & co-founder of Zicom. He steers the organisation in its strategic vision to be one of the most admired organisations. He also oversees Zicom's forays into allied fields.

He is a Masters in Commerce from University of Mumbai and a senior Member of the Institute of Company Secretaries of India since 1989. He also has a Degree in General Law.

He successfully established himself as a Consultant in Corporate Laws and Finance. In 1994 he co-founded Zicom to venture into electronic security industry. It was his vision and able guidance that drove Zicom from the nascent stage of the industry to one of the leading electronic security solutions provider in India. With his vision and ambition, Zicom successfully ventured into fire security business in Gulf region, and today it is one of the most reputed fire security solutions providers in Gulf.

He is a proud recipient of the prestigious "Yashashree 2008" award given by the Maharashtra Times, in recognition and honour of his achievements across various industry segments and "Marathi Bhushan Udyog Award 2012" given by Marathi Vyapari Mitra Mandal.

**ii) Mr. Vijay Kalantri, G.C.D. and Diploma in Textile (aged 63 years)**

Mr. Vijay Kalantri, is Government Commercial Diploma and Textile Diploma holder from Sasmira. He is an industrialist and has over 40 years of experience in industry in textiles, leasing finance and infrastructure development.

He is Chairman & Managing Director of Dighi Port Ltd. He is the President of All India Association of Industries, Indian Council of Foreign Trade and Indo-Polish Chamber of Commerce & Industry. He has also served as a member of various committees of Reserve Bank of India such as Standing Committee of Small Scale Industries, Exchange Control Committee, All India Export Advisory Committee and was also a member of Steel Consumer Council, Bombay Stock Exchange Derivatives Council Board, Advisory Board of Corporate Governance Committee of SEBI and Central Council of Customs and Excise.

He was on the national advisory board of Small Industries Development Bank of India and Employees State Insurance Corporation. He also served as director of many institutions such as the Maharashtra Small Scale Industries Development Corporation Limited, Dena Bank and Canara Bank. He has been honoured with various prestigious awards by Institutions and Organisations representing industry, government bodies and socio-economic institutions. He is also recipient of Commander Cross of the Order of Merit, the highest civilian award by the Government of Poland.

Mr. Manohar Bidaye is a Promoter Director of the Company and is not related to any Directors and Senior Management Personnel. Mr. Vijay Kalantri is an Independent Director, and do not have any financial or family relationship with any other Directors, Senior Management Personnel or substantial or controlling shareholders of the Company.

Further details of both the Directors, as required under Clause 49 of the Listing Agreement, are given in the Corporate Governance Report forming part of this Annual Report.

Your Directors recommend appointments of the above Directors as proposed.

16. Members are requested to visit the website of the Company [www.zicom.com](http://www.zicom.com) for viewing the quarterly and annual financial results and other information on the Company. For investor-related queries, communication may be sent by e-mail to [investors@zicom.com](mailto:investors@zicom.com).
17. Members are requested to send their queries, if any, relating to the accounts, to reach the Company's Registered Office at least 10 days before the Annual General Meeting, so that the information could be compiled in advance.
18. In case of joint holder(s) attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
19. For the convenience of the Members, attendance slip and proxy form are annexed to the Annual Report. Members / Proxy holders / Authorised Representatives are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue of the meeting. Proxy / Authorised Representatives of Members should state on their attendance slip as 'Proxy' or 'Authorised Representative' as the case may be.
20. The Ministry of Corporate Affairs (MCA) vide its Circulars had initiated "Green Initiative in Corporate Governance" and clarified that a Company would have complied with Section 53 of the Companies Act, if the service of documents has been made through electronic mode provided that the Company has obtained e-mail addresses of its Members for sending various communications / documents (including Notice of General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report and all other documents including Postal Ballot documents) through electronic mode by giving an advance opportunity to every Member to register their e-mail address and changes therein from time to time with the Company.

Accordingly, the Members are hereby once again requested to register their e-mail address(es) and changes therein from time to time, through any of the following manner:

- i) **Company's Website:** By visiting the website [www.zicom.com](http://www.zicom.com) and following link on the Home Page → Investors Relations → Go Green
- ii) **Email Intimation:** By sending an email to [investors@zicom.com](mailto:investors@zicom.com) and mentioning the Name(s) and Folio Number / Client ID and DP ID.
- iii) **To the Company:** By a written communication addressed to the Company Secretary at the Registered Office of the Company.

Upon registration of the e-mail address(es), the Company will send Notices, Annual Report and such other documents to those Members via electronic mode/ e-mail.

Further, the communications / documents will also be made available on the Company's website [www.zicom.com](http://www.zicom.com) for download by the Members.

#### **By Order of the Board of Directors**

**Kunjan Trivedi**

*Company Secretary*

Place: Mumbai

Date: May 17, 2012

#### **Registered Office:**

501, Silver Metropolis,  
Western Express Highway,  
Goregaon (East), Mumbai 400063.

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## EXPLANATORY STATEMENT

**The following Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 (the Act), sets out all material facts relating to the business mentioned at Item No. 6 of the accompanying Notice dated May 17, 2012.**

### **Item No 6:**

The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide General Circulars No. 27/2011 and 28/2011 dated May 20, 2011 and 35/2011 dated June 6, 2011 has permitted the Companies to hold Board, Committee(s) and Shareholders' Meeting(s) through video conference facility, as part of the Green Initiatives under Corporate Governance. Further, MCA vide Circular No. 72/2011 dated December 27, 2011 made the video conferencing facility at the Shareholders' Meetings optional to the Companies. Further, MCA vide its Circular No. 17/2011 dated April 21, 2011, has also permitted for service of notices / documents to the Shareholders through electronic mode (e-mode).

In order to provide facility of participating in respective meetings by members of the Board of Directors, its Committee(s), Shareholders, other Security holders and Stakeholders through Video Conferencing or other electronic or other modes as may be available from time to time with advent of technology and may be permitted by applicable laws, Rules, Regulations and Guidelines and by appropriate authorities; as well as to permit the Company to serve notice and various documents to all the concerned through electronic or other permitted modes; it is proposed to carry out necessary amendments in the existing Articles of Association of the Company by inserting enabling provisions as set out in the Special Resolution under Item No. 6. In terms of Section 31 of the Companies Act, 1956, approval of the Members by way of Special Resolution is required to amend the Articles of Association of the Company.

Accordingly, your Board recommends passing of Resolution No. 6 as a Special Resolution.

None of the Directors is anyway interested or concerned in this Resolution.

**By Order of the Board of Directors**

**Kunjan Trivedi**

*Company Secretary*

Place: Mumbai

Date: May 17, 2012

**Registered Office:**

501, Silver Metropolis,  
Western Express Highway,  
Goregaon (East), Mumbai 400063.

# Directors' Report

*To the Members,*

Your Directors presents their Eighteenth Annual Report, together with the Audited Accounts of the Company for the Financial Year ended March 31, 2012.

## FINANCIAL HIGHLIGHTS:

(Amount in ₹)

Particulars	March 31, 2012 Consolidated	March 31, 2011 Consolidated	March 31, 2012 Standalone	March 31, 2011 Standalone
Net Sales / Income from Operations	4,840,504,463	3,733,674,533	2,194,159,063	1,157,486,088
Other Income	15,673,156	32,006,858	26,694,041	35,077,274
Total Income	4,856,177,619	3,765,681,391	2,220,853,104	1,192,563,362
Total Expenditure	4,335,706,157	3,486,096,102	1,956,700,601	1,149,649,503
Gross Profit before Interest and Depreciation	520,471,462	279,585,289	264,152,503	42,913,859
Interest and Finance Charges	138,611,350	153,880,794	73,727,745	89,839,475
Gross Profit before Depreciation and Taxation	381,860,112	125,704,495	190,424,758	-46,925,616
Depreciation	143,273,784	152,012,753	117,969,202	89,457,924
Profit Before Tax, Exceptional & Extraordinary Items	238,586,328	-26,308,258	72,455,556	-136,383,540
Exceptional Item	19,386,598	85,090,078	19,386,598	--
Extraordinary Items	--	605,258,670	--	300,190,098
Profit Before Tax	219,199,730	493,860,334	53,068,958	163,806,558
Provision for Taxation:				
Current year	5,410,000	33,000,000	5,410,000	33,000,000
Deferred	6,056,491	-3,480,431	14,637,235	-3,480,431
Taxation of earlier years	-2,508,805	-11,502,724	-2,508,805	-11,502,724
Net Profit After Taxation	210,242,044	475,843,489	35,530,528	145,789,713
Less: Minority Interest	41,838,964	31,261,843	--	--
Profit for the year	168,403,080	444,581,646	35,530,528	145,789,713
Add: Balance brought forward from previous year	836,882,789	407,110,262	426,762,190	295,781,596
Profit available for Appropriation	1,005,285,869	851,691,908	462,292,718	441,571,309
APPROPRIATIONS:				
Transfer to General Reserve	--	--	--	--
Provision for Dividend	12,699,829	12,699,829	12,699,829	12,699,829
Provision for Tax on Dividend	2,060,230	2,109,290	2,060,230	2,109,290
Balance of Profit carried forward to Balance Sheet	990,525,810	836,882,789	447,532,659	426,762,190

## OPERATIONAL PERFORMANCE

Your Directors are pleased to inform that, the year under review was a first full year of operations post business restructuring.

The Total Income in 2011-12 of your Company as standalone entity was ₹ 2,220,853,104 as against ₹ 1,192,563,362 in 2010-11. Before providing for Tax, Exceptional and Extraordinary Items, there was a Profit of ₹ 72,455,556 in 2011-12, as compared to Loss of ₹ 136,383,540 in 2010-11. After adjusting for Exceptional and Extraordinary Items and Taxation for ₹ 36,925,028 compared to ₹ 282,173,253 in 2010-11, Net Profit After Tax was ₹ 35,530,528 in 2011-12 as compared to ₹ 145,789,713 in 2010-11.

On consolidated basis, the Total Income in 2011-12 of your Company was ₹ 4,856,177,619 as against ₹ 3,765,681,391 in 2010-11. Before providing for Tax, Exceptional and Extraordinary Items there was a Profit of ₹ 238,586,328 in 2011-12, as compared to Loss of ₹ 26,308,258 in 2010-11. After adjusting for Exceptional and Extraordinary Items and Taxation for ₹ 28,344,284 compared to ₹ 502,151,747 in 2010-11, Net Profit After Tax was ₹ 210,242,044 in 2011-12 as compared to ₹ 475,843,489 in 2010-11.

However, in view of the fact that the results of your Company for the Financial Year 2010-11 were having impact of the business restructuring exercise, the standalone and consolidated results of your Company for the year under review cannot be compared with the respective results of the previous year.

The Consolidated Financial Statements (CFS) includes the financial statements of Zicom Electronic Security Systems Limited ("the Company") and its subsidiaries, namely, Zicom CNA Automation Limited ("ZCNA") and Unisafe Fire Protection Specialists LLC, Dubai ("Unisafe") and its subsidiaries. The CFS also includes the financial statements of Zicom SaaS Private Limited ("Zicom SaaS") for full financial year and Unisafe Fire Protection Specialists India Private Limited ("Unisafe India") from February 9, 2012, i.e. the date it became the subsidiary of the Company.

## BUSINESS DEVELOPMENTS AND PROSPECTS

Consequent to business restructuring exercise, your Directors have worked to build long term sustainable business model out of the remaining structure. Further, with a view to accelerate the growth, your Directors are also looking for some overseas acquisitions and joint venture opportunities in security and safety domain, and hope to conclude them soon.

With the restructuring, the Company was relieved of major debt burden of itself and of its subsidiaries. As a result, it

gained the most needed flexibility to grow the retained businesses and pursue new growth opportunities. With long term perspective in mind, your Directors decided to explore your Company's ability to build a business of services in the domain of security, such as Central Monitoring Station services, Video Monitoring Station services, and Remote Asset Monitoring services, Fire Safety Business and Education and Training in Security.

With a view to provide managed security services to protect remote assets and infrastructure through Central Monitoring Station and Video Monitoring Station facilities with special focus on Small and Medium Enterprises (SME), Banks, Retail Stores, etc.; your Company formed a wholly owned subsidiary Zicom SaaS Private Limited (Zicom SaaS).

Further, to leverage in India from the reputation and experience gained in the business of fire safety in U.A.E. through Unisafe Fire Protection Specialists LLC, Dubai (Unisafe Dubai), a successful venture of Zicom in Gulf region, Unisafe Fire Protection Specialists India Private Limited (Unisafe India) was made a wholly owned subsidiary of your Company. The subsidiary has advantage of "Unisafe" brand name, which has many prestigious projects in Gulf to its credit. This will give an edge to the subsidiary in bidding for large infrastructure projects in India. To start with, Unisafe India will act as Global Design Centre, to support design and estimate need of all our projects in Gulf region. Looking at delays in executing large infrastructure projects, it is thought prudent to proceed cautiously in taking up projects in India.

India has big challenge to provide vocational training to its large unskilled labour force, if it has to sustain its economic growth. There is a skill gap which is being experienced by all large industries in the country. On one hand, we have huge young work force and on other hand, industries are struggling to get competent workers and employees. Manpower security industry in India is the largest employer in the world. However, employees engaged in this industry lack credible knowledge and skills to perform their duties. The security personnel of tomorrow need to know about physical security, fire security and electronic security. Today all infrastructure projects, business houses, hotels, resorts and amusement places, industrial establishments, power plants etc. have huge demand for quality security manpower. To bridge this gap through vocational training and education, your Company decided to venture into training and education sector by setting up Institute of Advanced Security Training and Management Private Limited (ASTM). ASTM aims to redefine careers in security industry by building large scale educational infrastructure, curriculum and delivery modules. It also aims to drive best practices in Security Management through high quality training programs targeted at student education and corporate training. It is recognized by National Skill Development Corporation (NSDC) through financial assistance. The initial response to ASTM is quite encouraging.

Your Company has ambition to transform itself into a truly Indian Multinational Company. With expanding business worldwide, it has become necessary to control and monitor the fire detection and protection, and electronic security businesses of the subsidiary companies. Towards this end, two wholly owned subsidiaries have been formed in Singapore, viz. Unisafe Fire Protection Specialists Singapore Pte. Ltd. and Zicom Security Projects Pte. Ltd.

## DIVIDEND

With a view to conserve resources for implementing the business plans of the Company, your Directors have recommended a dividend of ₹ 1 (Rupee One only) per Equity Share of ₹ 10 each (i.e. 10%), on 12,699,829 Equity Shares of the Company for the Financial Year 2011-12. This dividend will entail a total payout of ₹ 14,760,059. In the previous year also, your Company had paid the same dividend of ₹ 1 per Equity Share on 12,699,829 Equity Shares, which entailed the total outgo of ₹ 14,809,119.

However, in view of the proposal approved by the Board at its meeting held on May 17, 2012 to issue in aggregate upto 3,300,000 Equity Shares to a foreign company and a Non-Resident Indian (NRI), and to issue in aggregate upto 1,600,000 Warrants, carrying entitlement to subscribe to equal number of Equity Shares, to Promoter Group Companies, both on preferential basis, on the terms and conditions as mentioned in the respective Special Resolutions in the Notice of the Postal Ballot seeking your approval; if approved, may create an obligation on the Company to pay dividend for the Financial Year 2011-12 @ ₹ 1 per Equity Share, on such number of Equity Shares, which may be allotted on or before the record date fixed for deciding entitlement for the said dividend.

## FINANCE

As a result of the business restructuring, your Company could substantially reduce its debt burden. This made a way to raise funds for future business plans. In this direction, already a proposal for raising fund through further issue of Equity Shares and Warrants are being put up for your approval through Postal Ballot. If approved, it would considerably help the Company by influx of non-cost bearing fund.

The present capital structure of your Company comprises of 12,699,829 Equity Shares of ₹ 10 each aggregating to ₹ 126,998,290. Assuming full allotment of Equity Shares in the proposed issue of Equity Shares and Warrants, post allotment paid-up capital is expected to be ₹ 175,998,290 comprising of 17,599,829 Equity Shares of ₹ 10 each.

## SUBSIDIARY AND JOINT VENTURE COMPANIES

As on March 31, 2012, your Company had following subsidiaries:

1. Unisafe Fire Protection Specialists LLC, Dubai;
2. Zicom SaaS Private Limited (wholly owned subsidiary);
3. Unisafe Fire Protection Specialists India Private Limited (wholly owned subsidiary);
4. Unisafe Fire Protection Specialists Singapore Pte. Ltd. (wholly owned subsidiary); and
5. Zicom CNA Automation Limited (wholly owned subsidiary)

Subsequent to the year end, on May 2, 2012, Zicom Security Projects Pte. Ltd., Singapore was formed as a wholly owned subsidiary. Further, on May 17, 2012 your Board has approved entering into a joint venture agreement with Ciao Telecom Inc., USA for setting up of a Joint Venture (JV) Company in Brazil for manufacturing, marketing, installing and servicing various security products and solutions in the name and style "Ciao-Zicom Security Systems SA". The Board has also approved venturing into fire detection, protection, safety and related services businesses in Qatar.

Information on financials of the subsidiaries for 2011-12 is provided in Annexure A hereto. In respect of foreign subsidiary companies, figures in Rupees are converted from applicable foreign currency at appropriate exchange rate.

The details of key subsidiaries are given below:

### Unisafe Fire Protection Specialists LLC, Dubai

Unisafe Fire Protection Specialists LLC, Dubai (Unisafe), is a leading fire protection company in U.A.E. having operation spread across seven Emirates, Qatar and Oman. Unisafe has strong credentials established over last 15 years in the area of project execution and servicing in the domain of fire detection and protection in infrastructure projects.

Unisafe caters to large spectrum of clientele from government to corporate, refineries, shopping malls, multi storey buildings and resorts, among others, offering comprehensive range of solutions for all fire protection needs, starting from the basic Hydrant and Sprinkler Systems to advance Analogue Addressable Fire Alarm Systems, specialized Gaseous Fire Suppression Systems, Dry and Wet Chemical Extinguishing Systems and Water Mist Fire Extinguishing Systems. Unisafe has successfully achieved milestone in terms of top line, bottom line and customer satisfaction. It has performed well and continued to enjoy unstinted confidence from its clients despite the slowdown in U.A.E. during the year.

Unisafe has posted Total Income of ₹ 2,547,386,150 (as compared to ₹ 2,096,490,799 in the previous year) and a Net Profit of ₹ 209,194,821 (as compared to ₹ 157,278,440 in the previous year) for the Financial Year ended March 31, 2012.

### **Zicom SaaS Private Limited**

Zicom SaaS Private Limited (Zicom SaaS), a wholly owned subsidiary of your Company, offers a range of Managed Security Services through various solutions for Security Resource Planning (SRP) on an Easy-Pay Monthly Service Charges. This is another pioneering concept brought in India for the first time by Zicom, leveraging its decade old experience to deliver Managed Security Services. The Security Managed Services are offered under different levels of security, all built into an end to end security solutions.

Zicom SaaS protects remotely located retail shops, retail chains, bank branches, ATMs, residencies, etc. using electronic security equipments and offering security services through state-of-the-art Command and Control Centre located in Mumbai.

It also offers security services on the monthly service charges for Housing and Commercial Co-operative Societies located in the Mumbai Region (Mumbai, Thane and Navi Mumbai). On the banking and retail side, it has received order for more than 600 locations for the CMS services.

For the Financial Year ended March 31, 2012, Zicom SaaS has posted Total Income of ₹ 2,185,301 and a Net Loss of ₹ 11,420,773. This is mainly on account of setting-up, initial team building and brand building expenses.

### **Unisafe Fire Protection Specialists India Private Limited**

Unisafe Fire Protection Specialists India Private Limited (Unisafe India), which became the wholly owned subsidiary of your Company during the year under review, was set-up to bring in India, knowledge and experience gained in Gulf market for managing fire protection needs of large infrastructure projects. Unisafe India will also act as support service to design large infrastructure projects for Gulf market.

Unisafe India has posted Total Income of ₹ 96,708,449 (as compared to ₹ Nil in the previous year) and a Net Loss of ₹ 6,445,528 (as compared to ₹ Nil in the previous year) for the Financial Year ended March 31, 2012.

## **CONSOLIDATED FINANCIAL STATEMENTS**

In accordance with the Accounting Standard (AS) 21 on Consolidated Financial Statements read with Accounting Standard (AS) 23 on Accounting for Investments in Subsidiaries, the Audited Consolidated Financial Statements are provided in the Annual Report.

The Ministry of Corporate Affairs (MCA), Government of India, has issued a Circular No. 2/2011 dated February 8, 2011 granting general exemption to Companies under Section 212 (8) of the Companies Act, 1956 from attaching the documents referred to in Section 212 (1) of the said Act pertaining to its subsidiaries, subject to approval by the Board of Directors of the Company and furnishing of certain financial information in the Annual Report.

The Board of Directors of your Company has accordingly granted its consent to the Company, dispensing with the requirement of attaching to its Annual Report, the annual audited accounts of your Company's subsidiaries.

Accordingly, the Annual Report of your Company does not contain the individual financial statements of these subsidiaries, but contains the audited consolidated financial statements of your Company and its subsidiaries. The Annual Accounts of these subsidiary companies, along with the related information, are available for inspection at the Company's Registered Office and its subsidiaries and copies of the same shall be provided on request. The statement on financials of the subsidiary and statement on subsidiaries pursuant to Section 212 (3) of the Companies Act, 1956 are attached hereto as Annexure A and Annexure B, respectively.

## **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and Article 110 of the Articles of Association, Mr. Manohar Bidaye and Mr. Vijay Kalantri are the Directors liable to retire by rotation at the ensuing Annual General Meeting. The brief profiles of the Directors retiring by rotation are given in Notice of Annual General Meeting and discussed at length in Corporate Governance Report.

The above Directors being eligible have offered themselves for re-appointment. Your Directors recommend their re-appointments for your approval.

Mr. K. D. Hodavdekar was appointed as an Additional Director on Board of the Company w.e.f. August 4, 2011 as per the provisions of Section 260 of the Companies Act, 1956. At the Annual General Meeting held on September 15, 2011 the Members appointed him as a Director of the Company liable to retire by rotation in pursuance of the notice received u/s 257 of the Companies Act, 1956.

## **AUDITORS**

M/s. Malpani & Associates, Chartered Accountants, Mumbai, holds the office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

Your Company has received necessary consent and eligibility certificate from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956.

The Board recommends their re-appointment for your approval.

## **COST AUDIT**

For the year under review, your Company was covered under the Companies (Cost Accounting Records) Rules, 2011 for maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956. This made it mandatory for your Company to obtain Compliance Certificate from a Cost Accountant as prescribed under Rule 5 of the said Rules. In compliance of the same, your Company has obtained Compliance Certificate certified by a Cost Accountant and the same does not contain any adverse remarks. The said Certificate will be submitted to the Central Government within the prescribed time.

The Ministry of Corporate Affairs (MCA) has introduced The Companies (Cost Audit Report) Rules, 2011 vide its Notification No. GSR 430(E) dated June 3, 2011. These rules make it mandatory for industries to appoint a Cost Auditor within 90 days of the commencement of the Financial Year. The Cost Audit Order No. 52/26/CAB/2010 dated January 24, 2012 covers engineering machinery (including electrical and electronic products) due to which Company's manufacturing operations will get covered w.e.f. April 1, 2012.

Based on the Audit Committee recommendations at its meeting held on May 17, 2012, the Board has approved the appointment of M/s. Pooja Bomb, Cost Accountants, as the Cost Auditors of the Company for the Financial Year 2012-13, subject to approval of the Central Government.

## **STATUTORY INFORMATION**

### **(a) Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo**

#### **Conservation of Energy**

Your Company is not required to furnish the prescribed information under Section 217 (1) (e) of the Companies Act, 1956, relating to the Conservation of Energy and Technology Absorption, as your Company does not fall under the industries included in Schedule to the relevant rules. However, your Directors report that the operations of your Company do not involve much use of energy. Your Company makes every possible effort to conserve energy at all levels of its operations.

### **Technology Absorption**

As your Company has not imported any technology, the required information to be provided in this regard is nil. Your Company is continuously working on improving its indigenous products and software.

### **Foreign Exchange Earnings and Outgo and Export Market Developments**

Your Company has earned ₹ 15,485,836 (previous year ₹ 11,429,422) in foreign currency, and has spent ₹ 318,771 (previous year ₹ 340,991) in foreign exchange during the year under review. The details of the same are available at Note No. 28.22 being Notes forming part of the Financial Statements.

During the year under review, there was no direct export of materials and services from India; however, your Company is looking for export avenues through its subsidiaries and joint ventures.

### **Particulars of Employees**

During the year under review, there was no employee under the employment of your Company, who was in receipt of remuneration of ₹ 6,000,000 or more per annum, if employed for the entire year, or a remuneration of ₹ 500,000 or more per month, if employed during any part of the said year. Hence, the information required to be furnished in this regard is nil.

### **(b) Corporate Governance**

In pursuance of Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance, together with a certificate from the Company's Auditors confirming compliance of the conditions of Corporate Governance as stipulated under the said Clause is set out separately as Annexure E forming part of this Report. While complying with Corporate Governance practices as prescribed under Clause 49 of the Listing Agreement with Stock Exchanges, your Company is already in compliance with some of the requirements under the Corporate Governance Voluntary Guidelines 2009 of Ministry of Corporate Affairs to the extent that they are in consonance with the provisions of the Clause 49.

## **DEPOSITS, LOANS AND ADVANCES**

Your Company has not accepted any deposits falling within the purview of Section 58A of the Companies Act, 1956, and as such, no principal or interest amount was outstanding on the date of the Balance Sheet. The details of loans and advances, which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the Stock Exchanges, are furnished separately as Annexure D.



## HUMAN RESOURCES

At the start of the year under review, the Human Resource (HR) Department was facing challenge to make Zi-Champs adept to the changed organization scenario, which emerged post business restructuring. To ensure this, need was felt to build and maintain a culture of "High Performance and Engagement" in the organization. For success of this, "Auspicious" Program was launched with ten point agenda, with active support of core team of managers. It had entire focus on creating a 'Change' environment in the organization. Successive sessions were conducted on the theme 'Let's Adapt with the Changing Times', which helped your Company to achieve this.

As a part of this Program, one important aspect established successfully was "Communication rhythm", which helped speedy dissemination of accurate information within the organization.

Your Company has also started hiring 'Engage-able' talent. The intent is that the talents hired are the ones who are going to be successful in the jobs assigned to them.

The employee strength of Zicom group as on March 31, 2012 stood at 279 comprising of five nationalities.

Based on the average age, Zicom has relatively younger talent base, and they require to be kept 'Enthusied and Engaged' all the time. Towards this end, your Company conducted employee engagement activities round the year. One of the events introduced was gifting a plant on the birthday of each Zi-Champ, which could be taken home. It has become a very popular practice in the organization.

Your Company is developing an inclusive culture. In this direction, family members of Zi-Champs are involved in participation in corporate programs. A "Kool Kids Day" was hosted at the office wherein kids coming and spending a day at office turned to be a fun environment. To help Zi-Champs to improve financial position and inculcate saving habits in them, a program on Wealth Management was conducted with the help of a Financial Institution. This turned out to be quiet useful for Zi-Champs.

## EMPLOYEES STOCK OPTION SCHEME

There are two Schemes of the Company viz. Employee Stock Option Scheme 2006 (ESOS 2006) and Employee Stock Option Scheme 2007 (ESOS 2007). Under these Schemes, the employees of the Company have been granted Options as per the fixed eligibility criteria. Against each of the Option, an eligible employee is entitled to acquire equal number of Equity Shares of ₹ 10 each of the Company at a grant price.

During the year under review, no Options were granted under any Schemes, nor any Options were exercised.

Necessary disclosures required to be given in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, for ESOS 2006 and ESOS 2007 forms part as Annexure C to this Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, based on the representations received from the operating management, your Directors hereby confirm that in preparation of the annual accounts for the year ended March 31, 2012:

- (i) the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have in the selection of the accounting policies, consulted the Statutory Auditors and have 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 of the Company for that period;
- (iii) proper and sufficient care was taken, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

## INSURANCE

All the assets of the Company are adequately insured.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY

Your Company sincerely believes that a corporate cannot grow without considering the environment, society and economy in which it stays. All has to grow hand in hand. Towards this end your Company is aware about its responsibility to the society in which it lives and the environment surrounding it; which also includes the employees with whose support it is able to conduct its business. Some of the activities carried out by your Company forms part of its CSR initiatives and have been briefly described below. Your Company is constantly evaluating various options to more effectively contribute to the society and sustainability.

**Social initiatives – Spreading awareness for security, protection and care:** It is said that “Prevention is better than Cure”. Zicom believes that an alert citizen can help to prevent and avert occurrence of disasters on account of casualties, accidents, theft, burglary, terrorism etc. In this direction, your Company pioneered formation of Fire and Security Association of India (FSAI), and as a founder member continued supporting various activities under the banner of FSAI, which are mainly, aimed at educating common masses on safety measures in case of fire and other casualties.

During the year, your Company along with its wholly owned subsidiary Zicom SaaS Private Limited had launched one such mass awareness movement, which has become very popular among Mumbaikars, viz. “Make Mumbai Safe”, or MMS for short. Under this Movement, we conducted various awareness and educational programs for masses with particular focus on Mumbai city. We covered wide spectrum of Mumbai city including schools, housing societies, senior citizen homes, commercial complexes, corporate parks, public gathering places like joggers parks and nana-nani parks, etc. More than 150 programs have since been conducted under this Movement. As a result, thousands of Mumbaikars have Pledged to Make Mumbai Safe. Also, there are thousands of other followers who have voted and liked the Movement on various social forums. With more and more programs being planned and conducted across the Mumbai city, MMS is getting further momentum. Enthused by the success to MMS Movement, we have decided to conduct such Movement in other adjoining cities like Pune, Thane and Navi Mumbai. Later we have plans to take it across the country.

MMS exposure has taught us how public involvement makes a noble cause a Movement. Besides, to make various festivals celebrations involving mass gathering safer and secure, like Ganesh festival, Durga Pooja festival etc. your Company held various awareness meetings with Mumbai Police and Mumbai Fire Brigade. Your Company has also held various career guidance workshops in Maharashtra through ASTM to support economically backward students in their career development.

**Employee Care and Betterment:** In post restructuring business scenario, we are now more focused on services. Human resources have therefore become a key factor for us. With a view to create and maintain a healthy workforce of highly productive Team, Zicom follows such human resource policies, which are considered best amongst industry. Our HR policies are for the benefit and betterment of our employees. This includes providing better work place and working atmosphere, practicing humanitarian and personalized approach, non-discriminating policies, endeavoring continuous development of skill and career of our employees by providing opportunities for in-house and on the job

trainings, lecture sessions and seminars. Our HR department has adopted new approach of involvement to improve lifestyle of our employees and help them to become a responsible citizen. Various steps have been taken by your Company to achieve this, which are summarized below:

- For enlightening and building team spirit, unity and involvement amongst employees vis-a-vis with the Company and its objectives through employees participation in various ways like social and occasional functions; event celebrations, picnics, participation and contribution in corporate magazines etc. are encouraged;
- For creating awareness towards pollution free environment and its protection, we have conducted programs to encourage employees to celebrate Diwali without crackers and Holi with eco-friendly colours;
- To create better understanding for nature and develop a habit of plantation and tree growing, your Company conducted inter-department plant care-taking initiative; wherein each department was given plants with responsibility to grow within a fixed period of time. At the end of the period, department with best grown plant was felicitated;
- Towards better health of employees a program “Healthy DinCharya” was organized, wherein employees were guided on yoga exercises, diet habits and food tips for better well-being;
- For creating fire safety and protection awareness among employees, a program on fire training was conducted; and
- Wealth management program was organized with the support of a Financial Institution, with a view to help employees to improve their financial position and inculcate saving habits in them.

These activities have helped your Company in improvement of morale, zeal, enthusiasm and belongingness among its employees.

**Environment and Energy Conservation:** According to an English saying, “A penny saved is a penny earned”, the same principle is applied in our business. We are in the business of providing electronic security solutions and related services, which are non-pollutive in nature. Our activities require minimum use of energy. On the contrary our business facilitates energy conservation through various advanced security systems and solutions. We have gradually introduced security equipments and gadgets which consumes substantially less energy. Not only this, when integrated with related software and building management systems, they

facilitate lot of energy saving by automatically reducing operations of various electronic and electrical equipments like air conditioners, lights etc. They sense weather conditions, level of light, temperature inside and outside premises and accordingly adjust the usage; and thereby substantially reduce electricity consumption. These security systems, equipments and gadgets are made / marketed by us and thereby helping in energy conservation at large. In our offices also, we have installed such systems, equipments and gadgets, which conserves energy and protects environment.

**Water Conservation:** Water has usage in every aspects of human life. With increasing population, urbanization and industrialization, water is becoming more and more scarce. Our activities do not involve much use of water. However, we have taken various steps for educating our employees in minimizing water usage and avoid its wastage. Employees are educated to conserve water wherever possible, by increasing awareness for water conservation. Graphics, designs and messages are displayed at various points of water usage like water coolers and dispensers, washrooms, basins and gardens.

**Efficiency in Material Usage:** Material cost is an important cost factor in our business and therefore we need to control it. Effective material usage facilitates cost controls, implementation of which differs from industry to industry and organization to organization. The same also vary with the size and scale of a unit.

In the restructured business scenario, we are now focused on Retail and SME segments and service sector. Therefore, our requirements for systems, gadgets and equipments are different, which are now aimed at meeting the needs of our new class of customer base.

With a view to have better material management, we have developed our own engineering capabilities through in-house R&D. We constantly endeavour to find out alternative sources for cost effective materials as well, to avail various benefits of economies of scale, locational tax benefits and cost cutting due to in-house making and assembling. We have now reworked our entire channel strategy, with implementation of which, we hope to save on material cost.

**Creating job opportunity:** In our last Annual Report, while discussing on the subject, we had informed on our efforts in setting-up an Institute for conducting various training courses in different areas of securities, viz. Institute of Advanced Security Training and Management Private Limited (ASTM). Since then, we have successfully scaled up these activities with support of NSDC, which can now cater to larger spectrum of the Society.

We believe that a good corporate citizen should contribute in well being and prosperity of the society and people with whom it lives. Towards this end, ASTM impart training to students by offering various security related courses, which offers them enormous job opportunities in Corporates, Hotels, Malls, Offices of Public Sector Enterprises and Places of Strategic Importance, Theatres, Stadiums, Places of Devotion and other Places of Public Gatherings. Upon successful completion of training, the students can get employment opportunities as security executive, security officer or expert advisor depending upon the type of training obtained.

We have made sizable investment in developing ASTM and our Directors are actively involved in its management and operations. We are attempting to expand activities of ASTM by setting-up more training centers across the country. To start with, we are in the process of setting-up larger training facilities in Mumbai, Noida and Patna. Further, for offering more training facilities and courses, to meet required fund for infrastructure, we have tied up with NSDC, which has supported us by agreeing to fund upto ₹ 150,000,000 financial assistance.

Through ASTM, we also help needy students by sponsoring their training, providing scholarships, finding suitable job opportunities, either at its owned establishment or that of its associates, customers and other stakeholders. We are confident that in the long run many families will be benefited with availability of job opportunities, thereby raising family income, eradication of poverty and upliftment of standard of living.

## ACKNOWLEDGMENTS

Your Directors wish to place on record their sincere appreciation and thanks for the valuable co-operation and support received from the employees of the Company at all levels, Company's Bankers, lenders, suppliers, government authorities, business partners and Members of the Company; and look forward for the same to even greater extent in the coming years.

### For and on behalf of the Board of Directors

**Manohar Bidaye**  
Chairman

Place: Mumbai  
Date: May 17, 2012

**Registered Office:**  
501, Silver Metropolis,  
Western Express Highway,  
Goregaon (East), Mumbai 400063.

# Annexure 'A' to Directors' Report

## Information on the Financials of the Subsidiary Companies:

Sr. No.	Particulars	Unisafe Fire Protection Specialists LLC, Dubai	Zicom CNA Automation Limited	Zicom SaaS Private Limited	Unisafe Fire Protection Specialists India Private Limited
	Financial year of the subsidiary company ended on	31-03-2012	31-03-2012	31-03-2012	31-03-2012
	Country	Dubai	India	India	India
	Reporting Currency	AED	INR	INR	INR
	Exchange Rate on the last day of the financial year	13.85	N.A.	N.A.	N.A.
1.	Share Capital	5,000,000	20,000,000	50,000,000	50,000,000
2.	Reserves	62,208,586	-16,497,715	-11,420,773	-6,445,528
3.	Total Assets	147,667,524	3,567,958	192,015,133	87,451,977
4.	Total Liabilities	147,667,524	3,567,958	192,015,133	87,451,977
5.	Details of Investment (except in case of investment in the subsidiaries)	Nil	Nil	Nil	Nil
6.	Turnover	195,651,778	65,500	2,185,301	96,708,449
7.	Profit Before Taxation	16,102,729	-114,254	-16,905,889	-9,541,156
8.	Provision for Taxation	Nil	Nil	-5,485,116	-3,095,628
9.	Profit After Taxation	16,102,729	-114,254	-11,420,773	-6,445,528
10.	Proposed Dividend	Nil	Nil	Nil	Nil

### Note:

The Board of Directors has consented for not attaching the financials and other related documents, for the Financial Year 2011-12 of the aforementioned subsidiary companies to the Annual Report of the Company, in accordance with the general approval given by the Ministry of Corporate Affairs (MCA) vide its Circular dated February 8, 2011.

Unisafe Fire Protection Specialists Singapore Pte. Ltd. having been incorporated on February 15, 2012, has not closed its financial year on March 31, 2012 and hence no financial information is available for the said company.

# Annexure 'B' to Directors' Report

## Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies:

Name of the subsidiary company	Unisafe Fire Protection Specialists LLC, Dubai	Zicom CNA Automation Limited	Zicom SaaS Private Limited	Unisafe Fire Protection Specialists India Private Limited
Financial year of the subsidiary company ended on	31-03-2012	31-03-2012	31-03-2012	31-03-2012
Extent of Interest of Zicom Electronic Security Systems Limited in its subsidiary companies	2,450 shares of AED 1,000 each i.e. 49%	2,000,000 Equity Shares of ₹ 10 each i.e. 100%	5,000,000 Equity Shares of ₹ 10 each i.e. 100%	5,000,000 Equity Shares of ₹ 10 each i.e. 100%
The net aggregate of profits less losses, of the subsidiary company so far as it concerns the Members of Zicom Electronic Security Systems Limited:				
i) Dealt with in the accounts of Zicom Electronic Security Systems Limited amounted to:				
(a) for the subsidiary's financial year ended March 31, 2012	Nil	Nil	Nil	Nil
(b) for previous financial years of the subsidiary since it became subsidiary of Zicom Electronic Security Systems Limited	Nil	Nil	Nil	Nil
ii) Not dealt with in the accounts of Zicom Electronic Security Systems Limited amounted to:				
(a) for the subsidiary's financial year ended March 31, 2012	₹ 167,355,857	₹ -114,254	₹ -11,420,773	₹ -6,445,528
(b) for previous financial years of the subsidiary since it became subsidiary of Zicom Electronic Security Systems Limited	₹ 474,234,578	₹ -5,541,795	Nil	Nil
Changes in the interest of Zicom Electronic Security Systems Limited between the end of the subsidiary's financial year and March 31, 2012				
Number of shares acquired	Nil	Nil	5,000,000	5,000,000
Material changes between the end of the subsidiary's financial year and March 31, 2012				
(i) Fixed Assets (net additions)	Nil	Nil	Nil	Nil
(ii) Investments	Nil	Nil	Nil	Nil
(iii) Moneys lent by the subsidiary	Nil	Nil	Nil	Nil
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Mukul Desai**  
Director

**Achyut Godbole**  
Director

**Vijay Kalantri**  
Director

**K. D. Hodavdekar**  
Director

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary

Mumbai, May 17, 2012

## Annexure 'C' to Directors' Report

### Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:

Sr. No.	Description	ESOS 2006	ESOS 2007
1.	Total number of Options under the Scheme	400,000 Options [each Option represents 1 (one) share]	300,000 Options [each Option represents 1 (one) share]
2.	Options granted during the year	Nil	Nil
3.	The pricing formula	The exercise price for the purpose of grant of Options will be decided by the Compensation Committee subject to a maximum discount of 25% on latest available closing price, one day prior to the date of the meeting of the Board of Directors / Compensation Committee in which the Options are granted, on that Stock Exchange where there is highest trading volume on the said date.	The exercise price for the purpose of grant of Options will be decided by the Compensation Committee subject to a maximum discount of 25% on latest available closing price, one day prior to the date of the meeting of the Board of Directors / Compensation Committee in which the Options are granted, on that Stock Exchange where there is highest trading volume on the said date.
4.	Options vested during the year	9,900 Options	2,700 Options
5.	Options exercised during the year	Nil	Nil
6.	Total No. of Shares arising as a result of exercise of Options	Nil	Nil
7.	Options lapsed at the end of the year	13,200 Options	13,600 Options
8.	Variation of terms of Option	No variations made	No variations made
9.	Money realized by exercise of Options	Not Applicable	Not Applicable
10.	Total number of Options in force at the end of the year	19,800 Options	5,400 Options

Sr. No.	Description	ESOS 2006	ESOS 2007
11.	<p>Employee-wise details of Options granted during the year:</p> <p>i) Senior managerial personnel</p> <p>ii) Any other employee who receives a grant in any one year of Options amounting to 5% or more of Options granted during that year.</p> <p>iii) Identified employees who were granted Options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.</p>	<p>Nil</p> <p>Nil</p> <p>Not Applicable</p>	<p>Nil</p> <p>Nil</p> <p>Not Applicable</p>
12.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with the Accounting Standard (AS) 20.	Not Applicable	Not Applicable
13.	The Company has calculated the employee compensation cost using the intrinsic value of the Stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that have been recognized if it had used the fair value of the Options, the impact of this difference on profits the impact of this difference on EPS	Not Applicable	Not Applicable
14.	Options whose exercise price either equals or exceeds or is less than the market price of the stock, weighted average exercise price weighted average fair values of Options	Not Applicable	Not Applicable
15.	<p>A description of the method and significant assumptions used to estimate the fair values of Options, including the following weighted average information:</p> <p>i. Risk free interest rate</p> <p>ii. Expected life</p> <p>iii. Expected volatility</p> <p>iv. Expected dividends</p> <p>v. The weighted average price of the underlying share in market at the time of Options granted</p>	Not Applicable	Not Applicable

# Annexure 'D' to Directors' Report

**Particulars of loans / advances and investments in its own subsidiaries by listed companies, their subsidiaries, associates etc., required to be disclosed in the Annual Accounts of the Company pursuant to Clause 32 of the Listing Agreement:**

## Loans and advances in nature of loans to subsidiaries:

(Amount in ₹)

Name of the Company	Balances as on March 31, 2012	Maximum outstanding during the year
Unisafe Fire Protection Specialists LLC, Dubai	88,713,929	138,998,665

## Loans and advances in the nature of Investments or loans to firms / companies in which Directors are interested:

(Amount in ₹)

Name of the Company	Balances as on March 31, 2012	Maximum outstanding during the year
Institute of Advanced Security Training & Management Private Limited		
<ul style="list-style-type: none"> <li>• Advance recoverable in cash or kind</li> <li>• Share Application Money Pending Allotment</li> </ul>	<p style="text-align: center;">862,404</p> <p style="text-align: center;">11,000,000</p>	<p style="text-align: center;">862,404</p> <p style="text-align: center;">21,900,000</p>



## Annexure 'E' to the Directors' Report

# Corporate Governance Report

## I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is about commitment to values and ethical business conduct. It is a set of policies, practices, processes, culture and customs affecting the way a company is directed, administered, controlled or managed; which includes the manner in which it deals with various stakeholders. Some of the important best practices of corporate governance framework are timely and accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company.

At Zicom, we firmly believe that good governance practice represents the culture and mindset of the organization and therefore in addition to the compliances with the statutory requirements, we also adhere to and constantly work towards improving integrity, fairness, transparency and accountability in our relationship with all our stakeholders, protecting their interest; and promotion of ethical practices at work place.

## II BOARD OF DIRECTORS

### A) Composition and category of the Board

The Board of Directors consists of professionals drawn from diverse fields, who bring with them a wide range of skills, expertise and experience. The Non-Executive including the Independent Directors bring external and wider perception and independence in the decision making.

As on March 31, 2012, the Board of the Company comprised of six Directors, of which four are Independent Directors. The Board is structured to maintain optimum combination of Independent and Non-Independent, as well as Executive and Non-Executive Directors in compliance with the requirements of Clause 49 (I) (A) of the Listing Agreement. The Chairman of the Board, being Promoter of the Company and a Non-Executive Director, the minimum requirement in this regard for Independent Directors on the Board is complied with. There are no Institutional / Nominee Directors on the Board of the Company.

The composition of the Board and category of Directors are given in the below table:

Name of the Director	Category
Mr. Manohar Bidaye, Chairman	Non-Executive (Promoter)
Mr. Pramoud Rao, Managing Director	Executive (Promoter)
Mr. Mukul Desai	Non-Executive Independent
Mr. Vijay Kalantri	Non-Executive Independent
Mr. Achyut Godbole	Non-Executive Independent
Mr. K. D. Hodavdekar (appointed w.e.f. August 4, 2011)	Non-Executive Independent

### B) Compensation and Disclosures of Non-Executive Directors

The Company pays sitting fees to all its Non-Executive Directors for attending the meetings of the Board, Audit Committee and other Committee of the Company, except Mr. Manohar Bidaye; who is paid monthly remuneration for rendering advisory services to the Company, as approved by the Shareholders and Central Government.

The details of remuneration paid to Mr. Manohar Bidaye and sitting fees paid to other Non-Executive Directors during the financial year are given under Para III (b) on Remuneration Committee in this Report.

Mr. Achyut Godbole, an Independent Director, is holding 5,400 Equity Shares of the Company. No other Independent Director is holding any Equity Shares in the Company.

### C) Other provisions related to Board and Committees

- Board Meetings held:** During the year under review, the Board met on four occasions, i.e. on May 19, 2011; August 4, 2011; November 10, 2011; and February 9, 2012. The maximum gap between the two meetings was not more than four months as stipulated under the Listing Agreement entered with the Stock Exchanges.
- Chairmanship / Membership:** All the Directors have confirmed to the Company that none of them is a member of more than ten committees, or is chairman of more than five committees across all companies in which they are acting as Directors. For the purpose of reckoning

the said limit, Chairmanships / Memberships of the Audit Committee and the Shareholders' Grievance Committee alone are considered.

- **Periodical review of Compliance Reports:** Reports on compliance with all statutory laws applicable to the Company have been periodically placed before the Board for review.

- During the year, there was no resignation / removal of any Independent Director from the Board, and as such there was no requirement to fill the resultant vacancy within 180 days from the day of such resignation / removal.
- None of the Directors are related to each other in any way.

**Attendance of Directors at Board Meetings, Audit Committee Meetings, last Annual General Meeting (AGM) and number of other Directorships and Chairmanships / Memberships of Committees of each Director in various companies:**

Name of Director	Particulars of other Directorships <sup>Ⓣ</sup> , Committee Chairmanships / Memberships <sup>Ⓣ</sup>			Attendance		
	Directorships	Committee Memberships <sup>Ⓣ</sup>	Committee Chairmanships	Board Meeting	Audit Committee Meeting	Last AGM
Mr. Manohar Bidaye	2	3	2	4	4	Yes
Mr. Pramoud Rao	1	1	-	4	N.A.	Yes
Mr. Mukul Desai	4	3	1	4	4	Yes
Mr. Vijay Kalantri	13	5	-	4	4	No
Mr. Achyut Godbole	-	-	-	4	N.A.	No
Mr. K. D. Hodavdekar (appointed w.e.f. August 4, 2011)	2	-	-	2	N.A.	Yes

- Ⓣ Alternate directorships, directorships / committee memberships in private companies, foreign companies, companies under Section 25 of the Companies Act, 1956, memberships in governing councils, chambers and other bodies are not included while calculating directorships in above table.
- Ⓣ Chairmanships / Memberships of only the Audit Committee and Shareholders' Grievance Committee of all public limited companies have been considered.
- Ⓣ Also includes the committees in which a Director holds position as a Chairman.

**RE-APPOINTMENT OF DIRECTORS**

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, at every Annual General Meeting (AGM) of the Company, one-third of the Directors are liable to retire by rotation. Mr. Manohar Bidaye and Mr. Vijay Kalantri, Directors of the Company, retire by rotation at the forthcoming 18<sup>th</sup> Annual General Meeting of

the Company and being eligible; have offered themselves for re-appointment at the ensuing Annual General Meeting.

As required under Clause 49 (IV) (G) of the Listing Agreement, brief portrayal of both the Directors, seeking appointment at the ensuing AGM, alongwith the list of other companies in which they hold directorships and memberships of the Committees of the Board are furnished hereunder:

<b>Name of the Director</b>	Mr. Manohar Bidaye	Mr. Vijay Kalantri
<b>Father's Name</b>	Late Shri Gopal Bidaye	Late Shri Goverdhandas Kalantri
<b>Date of Birth</b>	November 10, 1963	January 5, 1949
<b>Date of Appointment</b>	December 1, 1994	December 1, 2003
<b>Nationality</b>	Indian	Indian
<b>Expertise in specific functional areas</b>	Corporate Planning, Corporate Law, Finance, Taxation and other related areas	Industrialist
<b>Qualification</b>	M.Com, Bachelor of General Law (B.G.L.), Company Secretary (C.S.)	G.C.D. and Diploma holder in Textile
<b>Number of Directorships in other companies</b>	14	16
<b>List of outside directorships held (includes public, private, foreign companies, companies under Section 25)</b>	<ul style="list-style-type: none"> <li>• Mercator Limited</li> <li>• Progressive Equifin Private Limited</li> <li>• Success Equifin Private Limited</li> <li>• Baronet Properties &amp; Investments Private Limited</li> <li>• Coronet Properties &amp; Investments Private Limited</li> <li>• Chaitra Telenet Private Limited</li> <li>• Chaitrban Farms Private Limited</li> <li>• Unisafe Fire Protection Specialists India Private Limited</li> <li>• Zicom CNA Automation Limited</li> <li>• Institute of Advanced Security Training and Management Private Limited</li> <li>• Unisafe Fire Protection Specialists LLC, Dubai</li> <li>• Zicom SaaS Private Limited</li> <li>• Unisafe Fire Protection Specialists Singapore Pte. Ltd.</li> <li>• Zicom Security Projects Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Balaji Infra Projects Limited</li> <li>• Dighi Port Limited</li> <li>• Dighi Project Development Co. Limited</li> <li>• Dighi Rail Infrastructure Limited</li> <li>• Goenka Diamond &amp; Jewels Limited</li> <li>• Hindustan Housing Finance &amp; Development Corporation Limited</li> <li>• VIP Industries Limited</li> <li>• Vindychal Hydro Power Limited</li> <li>• SAB Industries Limited</li> <li>• Gannon Dunkerley &amp; Co. Limited</li> <li>• Courier Publications Private Limited</li> <li>• S. Kumars Nationwide Limited</li> <li>• Shree Ram Urban Infrastructure Limited</li> <li>• Dighi Terminals Private Limited</li> <li>• Dighi Logistics Private Limited</li> <li>• Brandhouse Retails Limited</li> </ul>
<b>List of other committees in which Director is member / chairman (includes all chairmanships / memberships of Audit Committee, Shareholders' Grievance Committee and Remuneration Committee of all public limited companies)</b>	<ul style="list-style-type: none"> <li>• Zicom CNA Automation Limited – Chairman of Share Transfer and Investors' Grievances Committee;</li> <li>• Mercator Limited – Chairman of Shareholders / Investor Grievance Committee</li> <li>• Mercator Limited – Member of Audit Committee</li> <li>• Mercator Limited – Member of Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Shree Ram Urban Infrastructure Ltd. – Member of Remuneration Committee</li> <li>• S. Kumars Nationwide Ltd. – Member of Audit Committee</li> <li>• VIP Industries Ltd. – Member of Audit Committee</li> <li>• VIP Industries Ltd. – Member of Share Transfer Committee</li> <li>• Goenka Diamond &amp; Jewels Ltd. – Member of Audit Committee</li> <li>• Goenka Diamond &amp; Jewels Ltd. – Member of Shareholder Grievances Committee</li> <li>• Goenka Diamond &amp; Jewels Ltd. – Member of Remuneration Committee</li> </ul>
<b>Number of shares held in the Company</b>	4,30,100	Nil

## D) Code of Conduct

The Board has laid down and adopted two separate Codes of Conduct – one for its Directors and another for its Senior Managerial Personnel for avoidance of conflicts of interest and ensuring the highest standard of honesty, dedication and professionalism in carrying out their functional responsibilities. These Codes of Conduct are posted on the Company's website [www.zicom.com](http://www.zicom.com). All the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the respective Code of Conduct as applicable to them, for the year ended March 31, 2012. A declaration signed by the Chief Executive Officer (CEO) and Managing Director to this effect is annexed to this Report.

## III BOARD COMMITTEES

The Board of Directors has constituted several committees, with adequate delegation of powers, to discharge their functions with respect to specific matters of the Company. The Committees are constituted by inclusion of Executive, Non-Executive and Independent Directors to meet the prescribed requirements, which carry out its function as per their terms of reference. The decisions taken by these Committees are noted by the Board in its minutes. The brief particulars of Audit Committee, Remuneration Committee and Share Transfer and Investors' Grievance Committee as required under Clause 49 of the Listing Agreement are given hereunder:

### a) Audit Committee

The composition, quorum, powers, role, review of information, scope etc, of the Audit Committee is in accordance with Section 292A of the Companies Act, 1956 and the provisions of Clause 49 (II) of the Listing Agreement. The Audit Committee acts as a link between the Auditors and the Board of Directors. The Audit Committee inter-alia keeps checks on the adequacy of the internal control systems, financial disclosures and statutory compliances.

**Composition:** The Audit Committee comprises of three Non-Executive Directors, all of them being financially literate and having accounts and financial management knowledge. Two-thirds of the Audit Committee members are Independent. Mr. Mukul Desai, Chairman of Audit Committee, is in practice as a Chartered Accountant since 1982 and has varied experience in the field of audit and taxation. He has developed expertise in corporate law matters, direct and indirect taxation laws, corporate finance structuring, among others. The Chief Financial Officer (CFO) and representatives of the Statutory Auditors and Internal Auditors remain present at the Meeting. The Company Secretary acts as Secretary to the Committee Meetings. The Audit Committee invites such of the executives as it deem necessary for its functioning.

The Members of the Audit Committee are as follows:

Name of Committee Member	Designation in Committee	Category
Mr. Mukul Desai	Chairman	Non-Executive Independent
Mr. Manohar Bidaye	Member	Non-Executive (Promoter)
Mr. Vijay Kalantri	Member	Non-Executive Independent

**Objective:** The Audit Committee is constituted by the Board with intent to assist the later in its oversight of - (i) the quality and integrity of the accounting, auditing and reporting practices of the Company; (ii) the integrity of the financial statements, the appointment, independence, performance and remuneration of the Statutory and Internal Auditors; (iii) the independent auditor's qualifications; (iv) the performance of the Company's internal audit function and independent auditors; and (v) the compliance with the legal and regulatory requirements.

**Meetings:** During the year under review, the Audit Committee met four times on May 19, 2011; August 4, 2011; November 10, 2011 and February 9, 2012. The maximum time gap between two meetings did not exceed a period of four months. The quorum of the Audit Committee meeting is two Independent Members. Requisite quorum was present at all the Committee meetings held during the year. The attendance of Members at the Audit Committee meetings held during the year is given in the table under Para II (C) above.

### Terms of Reference:

The terms of reference of the Audit Committee covers the following:

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommending to the Board, the appointment, re-appointment, and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- iii. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- iv. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement forming part of the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;

- b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by the management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
  - vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  - vii. Reviewing, with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
  - viii. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  - ix. Discussion with Internal Auditors, any significant findings and follow up thereon.
  - x. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
  - xi. Discussions with the Statutory Auditors before the audit commences about the nature and scope of audit as well as post audit discussions to ascertain any areas of concern.
  - xii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

- xiii. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate.
- xiv. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- xv. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.

In addition to the above, the Audit Committee mandatorily reviews and considers all the matters, prescribed under Clause 49 (II) (E) and 49 (IV) (A) as are periodically placed before it. The Committee also recommends on the appointment of the Internal Auditor and Cost Auditor to the Board.

#### b) Remuneration Committee

**Composition:** The Remuneration Committee comprises of three Independent Directors as detailed below:

Name of Committee Member	Designation in Committee	Category
Mr. Mukul Desai	Chairman	Non-Executive Independent
Mr. Vijay Kalantri	Member	Non-Executive Independent
Mr. Achyut Godbole (upto August 4, 2011)	Member	Non-Executive Independent
Mr. K. D. Hodavdekar (w.e.f. August 4, 2011)	Member	Non-Executive Independent

#### Terms of Reference:

The functioning and the terms of reference of the Committee are consistent with the recommendations as prescribed under the Listing Agreement.

The Committee governs, reviews and recommends remuneration / perquisite / commission package payable to the Managing Director, within the overall ceiling as prescribed by the Board / under the Companies Act, 1956. Further, it also reviews (i) the overall compensation structure and policies of the Company with a view to attract, retain and motivate employees; (ii) reviews compensation levels of the Company's employees vis-à-vis other companies and industry in general.

**Meetings:** During the year under review, the Remuneration Committee met two times on May 19, 2011 and February 8, 2012 at which the attendance of Directors was as under:

Name of Committee Member	No. of Meetings attended
Mr. Mukul Desai	2
Mr. Vijay Kalantri	2
Mr. Achyut Godbole (upto August 4, 2011)	1
Mr. K.D. Hodavdekar (w.e.f. August 4, 2011)	--

### Remuneration Policy:

The Remuneration Committee recommends the remuneration, including the commission based on the net profits of the Company, for the Managing Director / other Whole-Time Directors (as the case may be), for approval by the Board and Members. Prior approval of Members is obtained in case of remuneration to Non-Executive Directors. The remuneration paid is determined keeping in view the industry benchmark, the relative performance of the Company to the industry performance and review of remuneration packages of managerial personnel of other organizations. Perquisites and retirement benefits are paid according to the Company policy as applicable to senior executives of the Company, subject to prescribed statutory ceiling.

Independent Non-Executive Directors are appointed for their professional expertise in their individual capacity as independent professionals / business executives. Non-Executive Directors are paid sitting fees for attending the meetings of the Board and various other Committees, which is

determined keeping in view comparable industry and corporate standards. As the Chairman is paid monthly remuneration in accordance with approval of Members and Central Government, he is not entitled for sitting fees.

The remuneration of employees largely consists of basic salary, perquisites, bonus and performance incentives. The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification & experience / merits, performance of each employee. The main objective of the remuneration policy is to motivate each and every employee and to stimulate excellence in their performance, recognise merits / achievements in order to retain the talent in the Company and to promote the feeling of belongingness.

In addition to the above, the Directors (other than Promoters) and the employees may be granted stock options under the Employees Stock Options Scheme of the Company as may be decided by the Compensation Committee of Directors from time to time.

### Details of remuneration to Directors:

Particulars	Remuneration to Mr. Pramoud Rao, Managing Director (Executive Director)	Remuneration to Mr. Manohar Bidaye, Chairman (Non-Executive Director)												
<b>Terms of Appointment</b>	<p>The term of Mr. Pramoud Rao, as Managing Director for a period of five years expired on February 29, 2012. The Remuneration Committee and the Board of Directors at their respective meetings held on February 9, 2012 have re-appointed him as the Managing Director on same terms and conditions, for a further period of five years i.e. from March 1, 2012 to February 28, 2017 including the terms of his remuneration for a period of three years i.e. from March 1, 2012 till February 28, 2015. The said re-appointment is subject to approval of Members and Central Government (if required). The approval by Members is sought through Postal Ballot results of which will be declared on June 21, 2012. Remuneration paid to Mr. Pramoud Rao during 2011-12 is as under:</p> <table border="1"> <tr> <td>Salary (including Basic, HRA, Special Allowance, CCA)</td> <td>₹ 5,313,000</td> </tr> <tr> <td>Commission</td> <td>Nil</td> </tr> <tr> <td>Medical</td> <td>₹ 15,000</td> </tr> <tr> <td>LTA</td> <td>₹ 96,000</td> </tr> <tr> <td>PF</td> <td>₹ 9,360</td> </tr> <tr> <td><b>Total</b></td> <td><b>₹ 5,433,360</b></td> </tr> </table>	Salary (including Basic, HRA, Special Allowance, CCA)	₹ 5,313,000	Commission	Nil	Medical	₹ 15,000	LTA	₹ 96,000	PF	₹ 9,360	<b>Total</b>	<b>₹ 5,433,360</b>	<p>The Central Government has approved payment of remuneration to him, for a period of five years w.e.f. April 1, 2007, with an overall ceiling limit of ₹ 800,000 per month. During the Financial Year ended March 31, 2012, he was paid a monthly remuneration of ₹ 302,195 i.e. total remuneration of ₹ 3,626,340 for rendering his advisory services to the Company. As the period of five years has expired on March 31, 2012, the Company has made an application to the Central Government for payment of remuneration to Mr. Manohar Bidaye for a further period of five years w.e.f. April 1, 2012, approval for which was granted by the Members at their last Annual General Meeting held on September 15, 2011.</p>
Salary (including Basic, HRA, Special Allowance, CCA)	₹ 5,313,000													
Commission	Nil													
Medical	₹ 15,000													
LTA	₹ 96,000													
PF	₹ 9,360													
<b>Total</b>	<b>₹ 5,433,360</b>													

Particulars	Remuneration to Mr. Pramoud Rao, Managing Director (Executive Director)	Remuneration to Mr. Manohar Bidaye, Chairman (Non-Executive Director)
<b>Contractual basis</b>	Yes	Yes
<b>Commission &amp; Fixed Components</b>	Commission upto 2% of net profits for each financial year (as may be decided by the Board) and other fixed components which forms part of remuneration. No Commission has been paid for Financial Year 2011-12.	He is not entitled to any commission on the net profits of the Company.
<b>Notice period for severance</b>	Six months. Compensation for severance of services would be computed in accordance with applicable provision of the Companies Act, 1956.	Three months. Compensation for severance is three months remuneration.
<b>Perquisites</b>	Entitled as per the Agreement.	Entitled as per the Agreement.
<b>Sitting Fees</b>	Not entitled for sitting fees for attending meetings of the Board of Directors or any of its Committees.	Not entitled for sitting fees for attending meetings of the Board of Directors or any of its Committees.
<b>Absence or inadequacy of profits</b>	In the event of absence or inadequacy of profits in any financial year during the tenure of Managing Director, he would be entitled for the aforesaid remuneration, perquisites / benefits as the minimum remuneration, subject to the ceiling limits prescribed under Schedule XIII and other applicable provisions of the Companies Act, 1956; subject to necessary approval from the Central Government (if required).	–

#### Remuneration to other Non-Executive Directors

- Remuneration by way of sitting fees for attending Board and Committee meetings are paid to Non-Executive Directors (other than Chairman). Sitting fees vary from type of meetings attended.
- During the year, the Non-Executive Directors were paid sitting fees for attending each of the following meetings of the Company as under:

Type of Meetings	Sitting fees (in ₹)
Board Meeting	15,000
Audit Committee Meeting	5,000
Share Transfer and Investors' Grievances Committee Meeting	1,500
Other Committees Meeting	2,500

- Details of sitting fees paid to Non-Executive Directors during the year are as under:

Name of Non-Executive Directors	Sitting fees (in ₹)
Mr. Mukul Desai	106,000
Mr. Vijay Kalantri	105,000
Mr. Achyut Godbole	62,500
Mr. K.D. Hodavdekar (w.e.f. August 4, 2011)	30,000
<b>Total</b>	<b>303,500</b>

- Except Mr. Manohar Bidaye, who draws remuneration from the Company as stated above, no other Non-Executive Director has any material pecuniary relationship or transactions with the Company.
- Except for Mr. Manohar Bidaye, Promoter and Non-Executive Director, holds 430,100 Equity Shares and Mr. Achyut Godbole, Independent Non-Executive

Director, who holds 5,400 Equity Shares of the Company, no other Directors hold any Equity Shares of the Company.

- No Directors holds any Stock Options of the Company, nor any of them, was granted Stock Options.
- None of the Directors are related to each other.
- None of the Directors hold any convertible instruments in the Company.

**c) Share Transfer and Investors' Grievance Committee**

**Composition:** Share Transfer and Investors' Grievance Committee comprises of following three Directors:

Name of Committee Member	Designation in Committee	Category
Mr. Manohar Bidaye	Chairman	Non-Executive (Promoter)
Mr. Pramoud Rao	Member	Executive (Promoter)
Mr. Mukul Desai	Member	Non-Executive Independent

**Terms of Reference:** The terms of reference, inter alia, are as follows:

- i) To approve or deal with applications for transfer, transmission, transposition and mutation of share certificates including duplicate, split, sub-division or consolidation of certificates and to deal with all related matters.
- ii) To look into and redress Shareholders / investors grievances relating to:
  - a) Transfer of shares;
  - b) Non-receipt of declared dividends;
  - c) Non-receipt of annual reports;

- d) All such complaints directly concerning the Shareholders / investors as stakeholders of the Company; and
- e) Any such matters that may be considered necessary in relation to Shareholders and investors of the Company.

**Meetings:**

The Share Transfer and Investors' Grievance Committee generally meets once in a fortnight or month depending on the frequency of grievances / transfer / duplicate requests received from the Shareholders. In the Financial Year 2011-12, the Committee met 14 times. The attendance of each Member at the said Meetings is stated below:

Name of Committee Member	No. of Meetings attended
Mr. Manohar Bidaye	14
Mr. Pramoud Rao	14
Mr. Mukul Desai	14

**Compliance Officer:** Ms. Kunjan Trivedi, Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreements with the Stock Exchanges in India.

**Investor Grievance Redressal:**

The Company addresses all complaints, suggestions and grievances expeditiously and replies have normally been sent / issued within 7-10 days, except in case of dispute over facts or other impediments. During the year under review, total one investor's complaint / request was received. Break-up and the number of complaints / requests received under different category are given hereunder:

Nature of Complaint	Pending as on April 1, 2011	Received during the year	Redressed during the year	Pending as on March 31, 2012
Non-receipt of Dividend	Nil	1	1	Nil
Non-receipt of Share Certificate	Nil	Nil	Nil	Nil
Complaint received from Stock Exchange(s)	Nil	Nil	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>1</b>	<b>1</b>	<b>Nil</b>

All the complaints / requests received, during the year under report, were resolved within time to the satisfaction of the investors / members and no complaints were pending as on March 31, 2012 for more than 30 days.

**d) In addition the Board has also constituted the following Committees:**

- i) Compensation Committee comprising of the following Directors:



Mr. Manohar Bidaye, Chairman and Mr. Mukul Desai and Mr. Vijay Kalantri, Members

- ii) Preferential Issue Committee comprising of the following Directors:  
Mr. Manohar Bidaye, Chairman and Mr. Pramoud Rao, Mr. Mukul Desai and Mr. Vijay Kalantri, Members
- iii) Managing Committee comprising of the following Directors:  
Mr. Manohar Bidaye, Chairman, Mr. Pramoud Rao and Mr. Vijay Kalantri, Members

## SUBSIDIARY COMPANIES

As on March 31, 2012, the Company has following five direct subsidiaries, of which three are Indian and the other two foreign.

Sr. No.	Name of the Subsidiary	No. of Members nominated on the Board
1.	Unisafe Fire Protection Specialists LLC, Dubai	2
2.	Zicom CNA Automation Limited	3
3.	Zicom SaaS Private Limited	2
4.	Unisafe Fire Protection Specialists India Private Limited	3
5.	Unisafe Fire Protection Specialists Singapore Pte. Ltd.	4

None of the above subsidiaries were material Indian non-listed subsidiary.

Subsequent to the year end, on May 2, 2012, Zicom Security Projects Pte. Ltd., Singapore was formed as a wholly owned subsidiary. Further, on May 17, 2012 your Board has approved entering into a joint venture agreement with Ciao Telecom Inc., USA for setting up of a Joint Venture (JV) Company in Brazil for manufacturing, marketing, installing and servicing various security products and solutions in the name and style Ciao-Zicom Security Systems SA. The Board has also approved venturing into fire detection, protection, safety and related services businesses in Qatar.

Financial statements, in particular the investment made by the unlisted subsidiaries, statement containing all significant transactions and arrangements entered into by the unlisted subsidiaries forming part of the financials are being reviewed by the Audit Committee of your Company on a quarterly basis. Also, statements of all significant transactions and arrangements entered into by the unlisted subsidiary Companies are periodically brought to the attention of the Board by the Management.

Minutes of the meetings of the unlisted subsidiaries are placed before the Company's Board, as required.

## INVESTORS INFORMATION

### GENERAL BODY MEETINGS

**Details of the previous three Annual General Meetings of the Members are as under:**

Respective Financial Year	2010-11	2009-10	2008-09
<b>Date of Meeting</b>	September 15, 2011	September 29, 2010	August 29, 2009
<b>Time of Meeting</b>	3.00 p.m.	10.30 a.m.	10.30 a.m.
<b>Place of Meeting</b>	M.I.G. Cricket Club, M.I.G. Cricket Colony, Bandra East, Mumbai 400051.	Mumbai Cricket Association Recreation Centre, RG – 2, G – Block, Bandra Kurla Complex, Mumbai 400051.	Hotel The Mirador, New Link Road, Chakala, Andheri (E), Mumbai - 400099.
<b>Items of Special Resolution passed at each Meeting</b>	<ul style="list-style-type: none"> <li>Remuneration to Mr. Manohar Bidaye, Director for a further period of five years, effective from April 1, 2012 for availing his services</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration to Managing Director for the balance period of two years i.e. from March 1, 2010 to February 29, 2012</li> </ul>	Nil

**Details of Extraordinary General Meetings of the Members held in last three years are as under:**

Financial Year	2010-11
Date of Meeting	March 11, 2011
Time of Meeting	10.00 a.m.
Place of Meeting	Mumbai Cricket Association Recreation Centre, RG – 2, G – Block, Bandra Kurla Complex, Mumbai 400051.
Items of Special Resolution passed at each Meeting	<ul style="list-style-type: none"> <li>To create mortgage / charge on any moveable or immovable properties, in whole or in part, to secure any borrowings of the Company</li> <li>Investment in securities in Zicom SaaS Private Limited upto ₹ 50 crores</li> <li>Investment in securities in Institute of Advanced Security Training &amp; Management Private Limited upto ₹ 10 crores</li> <li>Appointment of Statutory Auditors jointly with existing Statutory Auditors</li> </ul>

**Details of Resolution passed through Postal Ballot:**

During the year under review, no resolution was passed through Postal Ballot. The last Postal Ballot conducted was in the Financial Year 2010-11, results of which were declared on April 16, 2010 in connection with transfer of Building Solutions Group (BSG) and Special Projects Group (SPG) of the Company, as a going concern on “Slump Sale” basis to

Schneider Electric India Private Limited, which was duly approved by the Shareholders.

The Board of Directors at its meeting held on May 17, 2012, had approved conduct of Postal Ballot for various matters as per Notice of the Postal Ballot being dispatched to the Shareholders. Results of the Postal Ballot will be declared on June 21, 2012. In aggregate total nine Special Resolutions are proposed for approval of Shareholders details are as under:

Resolution No.	Description
1.	Special Resolution under Section 372A of the Companies Act, 1956, to invest in securities of and/or place inter corporate deposits with and/or make loans or any other form of debt to and/or give guarantee(s) and/or to provide any security(ies) in connection with any loan(s) given by any other person for the benefit of Unisafe Fire Protection Specialists LLC, Dubai, upto maximum of ₹ 500 crores.
2.	Special Resolution under Section 372A of the Companies Act, 1956, to invest in securities of and/or place inter corporate deposits with and/or make loans or any other form of debt to and/or give guarantee(s) and/or to provide any security(ies) in connection with any loan(s) given by any other person for the benefit of Zicom SaaS Private Limited, upto maximum of ₹ 100 crores.
3.	Special Resolution under Section 372A of the Companies Act, 1956, to invest in securities of and/or place inter corporate deposits with and/or make loans or any other form of debt to and/or give guarantee(s) and/or to provide any security(ies) in connection with any loan(s) given by any other person for the benefit of Unisafe Fire Protection Specialists India Private Limited, upto maximum of ₹ 50 crores.
4.	Special Resolution under Section 372A of the Companies Act, 1956, to invest in securities of and/or place inter corporate deposits with and/or make loans or any other form of debt to and/or give guarantee(s) and/or to provide any security(ies) in connection with any loan(s) given by any other person for the benefit of Institute of Advanced Security Training and Management Private Limited, upto maximum of ₹ 50 crores.
5.	Special Resolution under Section 372A of the Companies Act, 1956, to invest in securities of and/or place inter corporate deposits with and/or make loans or any other form of debt to and/or give guarantee(s) and/or to provide any security(ies) in connection with any loan(s) given by any other person for the benefit of Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore, or any of its subsidiary in Qatar, U.A.E. and Saudi Arabia upto maximum of ₹ 200 crores.

Resolution No.	Description
6.	Special Resolution under Section 372A of the Companies Act, 1956, to invest in securities of and/or place inter corporate deposits with and/or make loans or any other form of debt to and/or give guarantee(s) and/or to provide any security(ies) in connection with any loan(s) given by any other person for the benefit of Zicom Security Projects Pte. Ltd., Singapore, upto maximum of ₹ 50 crores.
7.	Special Resolution under Section 198, 269, 309, 310, 311 of the Companies Act, 1956 read with Schedule XIII thereto, approving re-appointment of Mr. Pramoud Rao as the Managing Director for a period of five years and the terms of his remuneration for a period of three years, both w.e.f. March 1, 2012.
8.	Special Resolution under Section 81 (1A) of the Companies Act, 1956, read with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for issue of upto 3,300,000 Equity Shares on preferential basis at a price not less than ₹ 46 per Equity Share to Non-Promoter entities/persons.
9.	Special Resolution under Section 81 (1A) of the Companies Act, 1956, read with SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 for issue of upto 1,600,000 Warrants, carrying right to subscribe to equal number of Equity Shares, on preferential basis at a price not less than ₹ 46 per Equity Share to Promoters' Group Companies.

#### Procedure for Postal Ballot:

The Board of Directors decides the item to be passed by the Members through Postal Ballot and at its meeting approves the notice of the resolution along with the explanatory statement thereof, and the postal ballot form. Calendar of events, required to be submitted to Registrar of Companies (ROC), is considered and approved by the Board. The Board authorizes some Directors and / or Company Secretary to supervise and take necessary steps in connection with postal ballot process. The Board also appoints scrutinizer for conducting the postal ballot process in fair and transparent manner and fixes the duration of his appointment and his remuneration. The postal ballot form alongwith notice and explanatory statement thereof is sent to all the Members of the Company alongwith pre-paid self addressed business reply envelope. All the Members are requested to send their assent / dissent to the resolution by the specified time limit. A register shall be maintained by the Scrutinizer to record the consent or otherwise received from the Members including electronic media. Also, he shall maintain a record for postal ballot which are received in defaced or mutilated form. The Scrutinizer, on the basis of all the postal ballot forms received from the Members, scrutinizes the same and prepares his report and submits the same to the Chairman for announcing results of the Postal Ballot. The results are declared by the Chairman, after which the same are forwarded to all the concerned authorities for their record.

No special resolution through Postal Ballot is proposed at the ensuing Annual General Meeting.

#### INSIDER TRADING

##### Code of Conduct for prohibition of insider trading:

The Securities and Exchange Board of India (SEBI) has over the years introduced various amendments to the Insider Trading Regulations of 1992 which ordain new action steps by corporates and other market intermediaries for the purposes of prohibition of insider trading.

The Company has instituted a comprehensive Code of Conduct namely "Zicom Electronic Security Systems Limited Code of Conduct for Prohibition of Insider Trading" (Code), for its Directors and such designated employees who are expected to have access to unpublished price sensitive information relating to the Company in compliance with Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time.

The objective of this Code is to prevent purchase and / or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this Code, Directors and designated employees are completely prohibited from dealing in the Company's shares during the closure of Trading Window. Further, the Code specifies the procedures to be followed and disclosures to be made by Directors and the designated employees, while dealing with the shares of the Company and enlists the consequences of any violations. The Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the said Code.

## DISCLOSURES

1. During the year, there were no transactions of materially significant nature with the Promoters or Directors or the Management or the subsidiaries or relatives etc. that had potential conflict with the interests of the Company at large. The Company has received necessary disclosures from all the concerned in this regard. The related party transactions are duly disclosed in the Notes to the accounts.
2. No treatment different from the accounting standards, prescribed by the Institute of Chartered Accountants of India, has been followed in the preparation of financial statements.
3. In view of various business risks associated with the Company in general and certain risks specific to the Company and the nature of business of the Company and its subsidiaries, risk management policy of the Company is framed for implementation by executive management, so as to minimize such risks. The same is periodically reviewed by the Board and modified from time to time to meet the changing business scenario.
4. During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets.
5. The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, relating to Corporate Governance. Although it is not mandatory, the Board of Directors have constituted a Remuneration Committee comprising three Independent Directors, the details of which have been provided earlier in this Report, under the heading 'Remuneration Committee'.
6. The requirement relating to Whistle Blower Policy being non-mandatory in nature has not been adopted at present. However, the Company has not denied access to any personnel to approach the Audit Committee on any issue.
7. During the year, the Company did not make any public issue, right issue, preferential issue, etc. and hence it did not receive any proceeds from any such issues.

## AUDITORS' CERTIFICATE

The Statutory Auditors have certified that the Company complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and the same is annexed to this Report.

## CERTIFICATE BY CEO AND CFO

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company have certified to the Board about the financial reporting and internal controls in the Company. The said certificate was reviewed by the Audit Committee and taken on record by the Board of Directors at the respective meetings held on May 17, 2012.

## MEANS OF COMMUNICATION

The Company established procedures to disseminate, in a planned manner, relevant information to our Members, analysts, employees and the society at large.

**Press releases and presentations:** All our press and news releases are submitted to the Stock Exchanges and are also posted on the Company's website at [www.zicom.com](http://www.zicom.com). The Company did not hold any meeting / conference of investors or analysts during the year.

**Quarterly, Half-yearly and Annual results:** Our quarterly, half-yearly and annual results are published in widely circulated national newspapers such as The Business Standard (English) (all Editions) and the local daily Mumbai Lakshadeep (Marathi) (Mumbai Edition). They are also filed on websites of the Stock Exchanges through Corporate Filing Dissemination System and are also placed on the Company's website.

**Corporate Filing Dissemination System (CFDS):** The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures and communications to BSE and NSE are filed electronically through CFDS portal and hard copies of the said disclosures and correspondence are also filed with the Stock Exchanges.

**Website:** In accordance with Clause 54 of the Listing Agreement, the Company has maintained a functional website [www.zicom.com](http://www.zicom.com) containing basic information about the Company viz., details of its business, financial information,

shareholding pattern, compliance with corporate governance, contact information of designated officials of the Company who is responsible for assisting and handling investor grievances etc. The contents of the said website are updated from time to time.

**Annual Report:** Annual Report containing audited standalone and consolidated financial statements together with Directors' Report, Auditors' Report and other important information are circulated to Members and others entitled thereto.

**Stock Exchange(s):** The Company from time to time disseminates to the Stock Exchanges (i.e. BSE and NSE), wherein its equity shares are listed, all mandatory information

and price sensitive / such other information, which in its opinion, are material and / or have a bearing on its performance / operations and issues press releases, wherever necessary, for the information of the public at large.

**Members Correspondence:** For the benefit of the Members, a separate email id has been created for member correspondence viz. [investors@zicom.com](mailto:investors@zicom.com).

## MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis Report is attached to and forms part of this Report and includes discussion on various matters specified under Clause 49 (IV) (F) of the Listing Agreement.

## GENERAL SHAREHOLDERS' INFORMATION

<b>i. 18<sup>th</sup> Annual General Meeting</b>	
Venue	Mumbai Cricket Association Recreation Centre, RG – 2, G – Block, Bandra Kurla Complex, Mumbai 400051
Time	3.00 p.m.
Day	Friday
Date	August 24, 2012
<b>ii. Financial Calendar (tentative)</b>	
Audited Annual Results of previous year ended March 31, 2012	Third week of May 2012
1 <sup>st</sup> quarter results for quarter ending June 2012	Second week of August 2012
2 <sup>nd</sup> quarter results for quarter ending September 2012	Second week of November 2012
3 <sup>rd</sup> quarter results for quarter ending December 2012	Second week of February 2013
Last quarter results for quarter ending March 2013	End of May 2013
<b>iii. Financial year</b>	April 1, 2012 to March 31, 2013
<b>iv. Book closure dates</b>	Saturday, August 18, 2012 to Friday, August 24, 2012 (both days inclusive)
<b>v. Dividend payment / dispatch date for Financial Year 2011-12</b>	September 14, 2012
<b>vi. Listing of equity shares at Stock Exchanges</b>	The Bombay Stock Exchange Limited (BSE) P J Towers, Dalal Street, Fort, Mumbai 400001. National Stock Exchange of India Limited (NSE) Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400051.
<b>vii. Stock codes</b>	BSE: 531404 NSE: ZICOM
<b>viii. International Securities Identification Number (ISIN)</b>	INE871B01014
<b>ix. Corporate Identity Number (CIN)</b>	L32109MH1994PLC083391

The Company paid within the prescribed time, the following Fees:

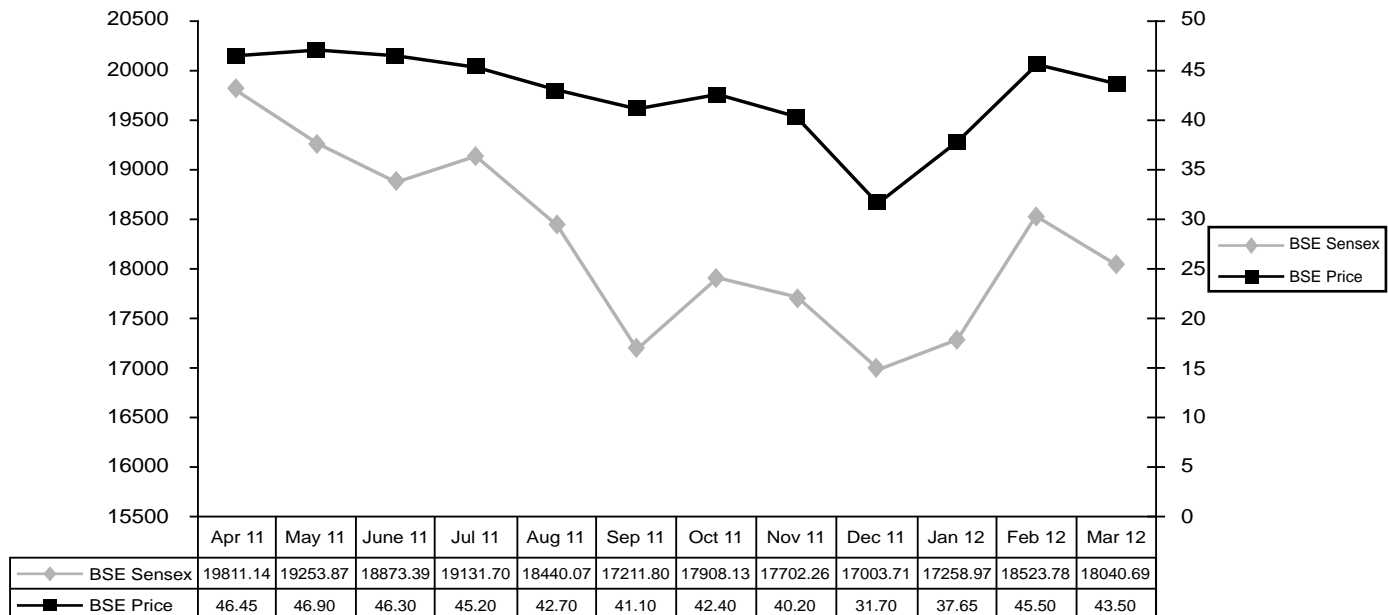
- i) the annual listing fees for the Financial Year 2012-13 to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).
- ii) the annual custodial fees for the Financial Year 2012-13 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

**x. MARKET PRICE DATA for the Financial Year 2011-12**

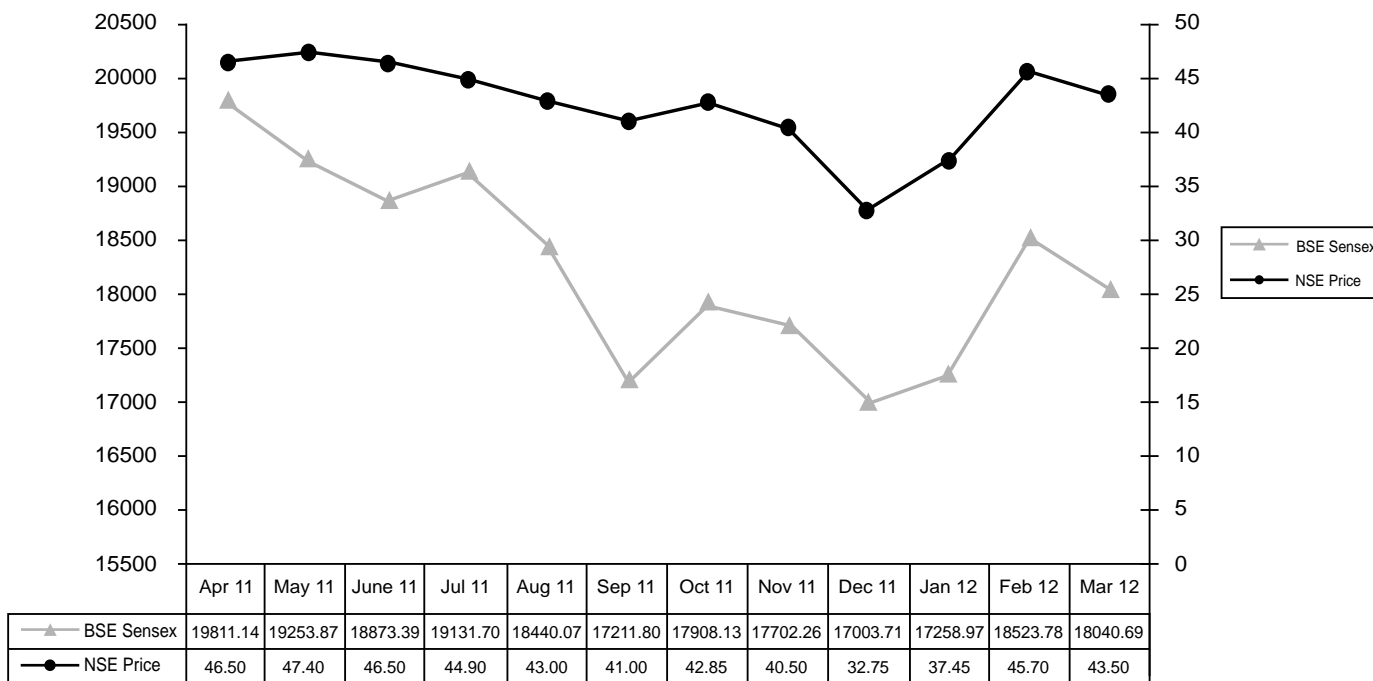
Month	BSE		No. of shares traded	NSE		No. of shares traded
	Share price High (₹)	Share price Low (₹)		Share price High (₹)	Share price Low (₹)	
April 2011	46.45	40.00	438,559	46.50	39.90	889,360
May 2011	46.90	35.65	1,136,686	47.40	35.10	1,752,296
June 2011	46.30	38.20	630,997	46.50	37.20	1,069,338
July 2011	45.20	38.30	485,362	44.90	38.50	861,152
August 2011	42.70	32.20	324,987	43.00	32.60	611,958
September 2011	41.10	34.00	269,389	41.00	33.45	460,441
October 2011	42.40	32.05	289,720	42.85	30.85	472,294
November 2011	40.20	28.50	166,082	40.50	28.35	283,870
December 2011	31.70	25.75	83,610	32.75	25.30	165,533
January 2012	37.65	26.25	267,274	37.45	25.95	295,959
February 2012	45.50	36.30	412,685	45.70	36.05	718,899
March 2012	43.50	33.70	329,014	43.50	35.00	457,994

**Performance in comparison to broad based indices**

**BSE price**



## NSE price



### xi. Registrar and Share Transfer Agent

#### Bigshare Services Private Limited

E-2, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai 400072.

**Tel:** (022) 2847 0652, 2847 0653, 2847 3474, 2847 3747

**Fax:** (022) 2847 5207

**Email:** [info@bigshareonline.com](mailto:info@bigshareonline.com)

### xii. Compliance Officer

#### Ms. Kunjan Trivedi

Company Secretary  
501, Silver Metropolis, Western Express Highway,  
Goregaon (East), Mumbai 400063.

**Tel:** (022) 4290 4290 **Fax:** (022) 4290 4291

**Email:** [investors@zicom.com](mailto:investors@zicom.com)

### xiii. Share Transfer System

Shares lodged for transfer at the Registrar & Share Transfer Agent address are normally processed within 7 days from the

date of lodgement, if the documents are clear in all respects. All requests for dematerialization of securities are processed and the confirmation is given to the Depositories within 7 days. Senior Executives of the Company are empowered to approve transfer of shares and debentures and other investor related matters. Grievances received from investors and other miscellaneous correspondence on change of address, mandates, etc. are processed by the Registrar & Share Transfer Agent within 7 days.

Pursuant to Clause 47 (c) of the Listing Agreement with the Stock Exchanges, certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share transfer formalities by the Company.

A Company Secretary-in-Practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued / paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialised form (held in NSDL and CDSL).

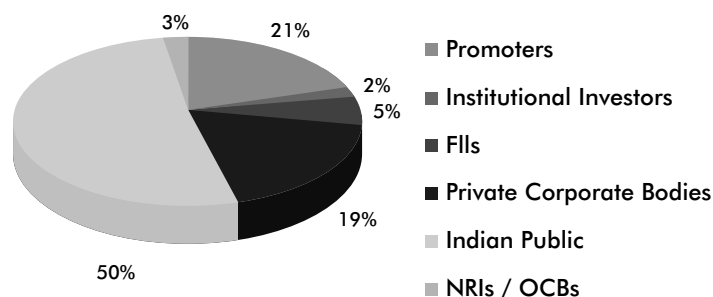


#### xiv. Distribution of Shareholding as on March 31, 2012

No. of shares	Total holders	% of total holders	Total holding in shares	% of total capital
1 - 500	14,503	85.75	2,177,341	17.14
501 - 1000	1,280	7.57	1,048,030	8.25
1001 - 2000	558	3.30	861,772	6.79
2001 - 3000	214	1.26	555,250	4.37
3001 - 4000	88	0.52	319,722	2.52
4001 - 5000	85	0.50	403,810	3.18
5001 - 10000	101	0.60	724,226	5.70
10001 - 999999999	85	0.50	6,609,678	52.05
<b>Total</b>	<b>16,914</b>	<b>100.00</b>	<b>12,699,829</b>	<b>100.00</b>

#### xv. Shareholding Pattern as on March 31, 2012

Category	No. of Shares	%
Promoters	2,637,023	20.76
Institutional Investors	214,757	1.69
FII's	600,219	4.73
Private Corporate Bodies	2,461,002	19.38
Indian Public	6,433,998	50.66
NRI's / OCB's	352,830	2.78
<b>Total</b>	<b>12,699,829</b>	<b>100.00</b>



#### xvi. Dematerialisation of shares and liquidity as on March 31, 2012

Physical shares	: 190,307 (1.50%)
De-materialised shares	: 12,509,522 (98.50%)
<b>Total shares</b>	<b>: 12,699,829 (100.00%)</b>

Out of the above de-mat shares, 8,105,654 (63.82%) are held through National Securities Depository Limited and 4,403,868 (34.68%) are held through Central Depository Securities (India) Limited.

Your Company's Equity Shares are widely held and actively traded on BSE and NSE.

#### xvii. Transfer of Unclaimed Dividend to Investor Education & Protection Fund (IEPF)

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid / unclaimed for a period of seven years from the date they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central

Government. Given below are the dates of declaration of dividend and corresponding last dates for claiming dividend before transfer to IEPF:

Financial Year	Date of Declaration	Last Date for Claiming Dividend
2004-05	08-08-2005	12-09-2012
2005-06	24-08-2006	28-09-2013
2006-07	28-09-2007	02-11-2014
2007-08	12-09-2008	18-10-2015
2008-09	29-08-2009	03-10-2016
2009-10	29-09-2010	03-11-2017
2010-11	15-09-2011	20-10-2018

During the year under review, an amount of ₹ 149,894/- pertaining to unpaid dividend for the financial year 2003-04 has been transferred to IEPF on November 1, 2011.

Shareholders who have so far not encashed their dividend demand drafts are requested to write to the Company / Registrar & Share Transfer Agent to claim the same, to avoid

transfer to IEPF. Shareholders are advised that no claims shall lie against IEPF or the Company for the amounts of dividend so transferred to IEPF.

**xviii. Outstanding ADR / GDR / other instruments**

During the year under review, the Company did not issue any ADRs / GDRs / other instruments, which is convertible into equity shares of the Company; also as on year end March 31, 2012, no such instruments were outstanding.

In addition, the Company has outstanding 25,200 Stock Options which carries entitlement of acquiring one Equity Share against each Option at the pre-determined grant price.

**xix. Plant Location**

Plot No.47, Sector -1, Parwanoo (H.P) 173220.

**xx. Registered Office address**

501, Silver Metropolis,  
Western Express Highway, Goregaon (East),  
Mumbai 400063.

**xxi. Address for correspondence**

All correspondence by Members should be made to the Registrar & Share Transfer Agent or Registered Office of the Company as stated above. In case of Members holding shares in demat form are requested to intimate change in certain specific personal information like address, PAN etc, to their Depository Participant. Others can send their correspondence to the Registered Office of the Company or communicate to the Company on [investors@zicom.com](mailto:investors@zicom.com).

**Other information for correspondence**

Tele No. : (022) 4290 4290  
Fax No. : (022) 4290 4291  
Website : [www.zicom.com](http://www.zicom.com)

**xxii. Shareholders e-mail address for Green Initiative**

As Members may be aware, Ministry of Corporate Affairs (MCA), has taken a 'Green Initiative in Corporate Governance', whereby companies are permitted to send various corporate communications including Annual Report in electronic mode. For this the Company has to obtain and register e-mail addresses of its Members and changes therein from time to time.

Accordingly, Members are requested to register their e-mail address and changes therein from time to time, as per the modes specified under Note No. 20 of the Notice to the Annual General Meeting.

**CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009**

With a view to enhance economic value of corporate enterprises in India and also to enhance value for every stakeholders connected with the Indian corporate world, as also to bring corporate governance in India at par with global benchmarks, the Ministry of Corporate Affairs (MCA) had issued Corporate Governance Voluntary Guidelines in December 2009.

Your Company being a listed company is already complying with Corporate Governance guidelines and practices as prescribed under Clause 49 of the Listing Agreement with Stock Exchanges; and as such it is also in compliance with such of the requirements under the Voluntary Guidelines of MCA which are in consonance with the provisions of Clause 49.

**For and on behalf of the Board of Directors**

**Manohar Bidaye**  
Chairman

Place: Mumbai  
Date: May 17, 2012

**Registered Office:**  
501, Silver Metropolis,  
Western Express Highway,  
Goregaon (East), Mumbai 400063.

# Declaration pursuant to Clause 49 of the Listing Agreement

I, Pramoud Rao, Managing Director and Chief Executive Officer of the Company, do hereby declare that pursuant to requirement of Clause 49 (I) (D) (ii) of the Listing Agreement, all Board Members and Senior Management Personnel of the Company have given their affirmation for compliance with their respective Code of Conduct of the Company in respect of the Financial Year ended March 31, 2012.

Mumbai, May 17, 2012

**Pramoud Rao**  
Managing Director & Chief Executive Officer

## Auditors' Certificate on Corporate Governance

**To the Members,  
Zicom Electronic Security Systems Limited**

We have examined the compliance of conditions of Corporate Governance by **Zicom Electronic Security Systems Limited** (hereinafter called the Company), for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Malpani & Associates**  
Chartered Accountants  
Firm Registration No. 120438 W

Mumbai, dated May 17, 2012

**Shyam Malpani**  
Proprietor  
Membership No. F-34171

# Management Discussion and Analysis

## GLOBAL ECONOMIC SCENARIO:

Even after more than three years' lapse of double dip recession, major world economies in Europe and U.S.A. have shown no signs of respite. With more and more Euro-zone countries falling under the debt trap, Euro-zone still continue under the recession. While Europe is struggling to stabilize, the economic indications from U.S.A. are far from encouraging. As against this, emerging market economies like India, China, Brazil and Far-East Nations are still on fast track and have shown continuous improvement.

As a direct fall-out of this, emerging market economies gained greater control and influence over revival of the world economy, as they are now able to push forward their economic policies.

Increasing economic inequality has widened the gap between rich and poor. Emergence and spread of nuclear family concept world over has increased feeling of insecurity. Such socio economic factors have given rise to increase in crime rate world-wide. Besides, growing terrorism, new legislations and technological advances are driving world Electronic Security Market.

## GLOBAL SECURITY AND SAFETY MARKET:

There is a difference amongst analysts as regards to the size of the global security industry. According to one estimate, the size of the Security Industry is at around USD 150 billion. As regards to growth, there is a consensus that the Security Industry is growing at 10% - 12% Compound Annual Growth Rate (CAGR). The rapidly growing markets are India, South Africa, China, Middle East, South America and some of the South Asian countries. While the security market in the developed and matured market is showing steady growth at 6% - 8%, its showing remarkable growth over 12% - 15% in Asia and Middle East market. The growth of market in these regions, as explained above, is more attributed to global terrorism caused by religious fundamentalist sentiments and social political turmoil experienced by economies of these regions.

Important sports and other events such as Olympics, Football World Cup etc. are stimulating demand for large deployment of security systems in respective countries. Now-a-days organizers keep aside substantial portion of their event budget for providing appropriate security cover to venue, players and visitors.

Security as such is becoming a huge market worldwide, mainly due to the rising crime rates and wide spreaded terrorism in different parts of the world. As a result, the electronic security equipments are also expected to find potential opportunities in

this market. The penetration level of security solutions in residential and Small and Medium Enterprise (SME) sector is witnessing a rapid growth since the last few years. There are several factors that can be attributed to this growth; such as increase in nuclear family concept, rising home burglary rates, attractive insurance policies to residents for installation of security solutions, increase in Retail Chain Stores, Malls and Multiplexes culture. Increasing government influence, new technologies and accelerated adoption rates has also positively impacted growth of the security market world-wide.

The total world market for fire protection business is estimated at size of about USD 58 billion and is expected to grow around USD 73 billion by 2015 indicating a growth rate of 8.5% CAGR. Although the total world market for fire protection business shows a continuous upward trend, the growth rate varies from segment to segment and country to country. The reason behind the importance gained by fire protection industry world-wide in recent past is that loss of assets on account of fire is estimated to be almost USD 100 billion per year, that too with increasing tendency. World-wide there are more than 15,000 companies in the fire protection business; of which around 200 are the leading companies. Besides this, Insurance companies are also driving fire business world-wide.

## INDIAN ECONOMIC SCENARIO:

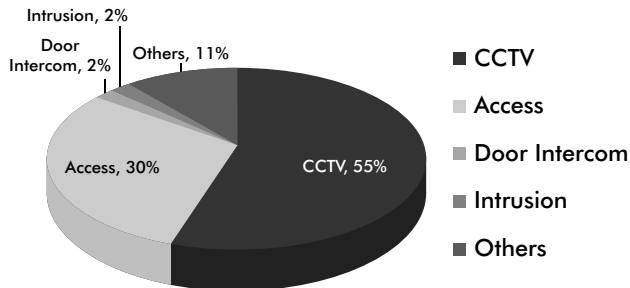
The Indian economy did not remain untouched from the global fall-out, even though it was insulated to some extent. The growth momentum slowed considerably. As against a handsome consistent growth of little over 8% and 8.5% in GDP for the years 2009-10 and 2010-11 respectively, the GDP registered a growth of about 6.5% in the year 2011-12. Also some key economic indicators like industrial production, gross fixed capital formation, current account deficit, depreciation of rupee vis-à-vis US dollar, have given bearish signal. The untamed inflation despite various efforts by the Central Bank, has been a major cause of concern for the Government. All these lead to fiscal deterioration.

However, Indian economy has certain peculiarities, which helps it to sustain amongst adverse situations. India has very high young demographic profile and is regarded as one of the youngest economies in the world. This provides India with considerable opportunities as a consumer market and manufacturing hub. India is expected to be the third largest economy by 2050. Steady growth of household disposal income and growing middle class community with younger population augur well for the nation and could provide good growth opportunities for the enterprise and sustain value addition.

To achieve this, the country needs to introduce innovative economic reforms, with major thrust on infrastructure and facility development, which can make possible achieving growth targets. The untamed inflation is still a major concern. Higher interest rates and other anti-inflationary measures like credit squeeze are hindering the economic development, growth and capital inflow. This has also resulted in set-back in industrial and consumer demands due to reduction in purchasing power. Against this background, Indian economy is expected to show a dismal performance in the fiscal year 2012-13, as compared to the growth of around 6.5% in the year 2011-12.

### INDIAN SECURITY AND SAFETY MARKET:

According to available research report, the size of the total Indian Security and Safety market is around ₹ 11,000 crores and is expected to grow at an average rate of 25% p.a. Out of this, the share of electronic security solutions market is estimated at ₹ 4,800 crores and that of the fire protection market is estimated at ₹ 3,400 crores. The rest is shared by other security components, such as data security etc. The major components of Indian Electronic Security market comprises of CCTV and Access Control Systems, which together controls 85% of the market. Door intercom and Intrusion both share 2% each, while all others together share 11%. This can better be understood by the pie-diagram below:



The market for India combines the organized and unorganized sectors; wherein organized sector comprise only 20% of the market but account for 80% of the revenue generated and is expected to grow handsomely over the next 5-10 years, making India an evolving business market with lot of growth potential still left ahead.

While the Indian electronic security industry is largely import based and is fast expanding, the main focus is on India to meet global standards for safety and security. There are other challenges also like low awareness about security solutions, higher ownership cost, negative impact of the unorganized sector, high price sensitive consumers etc., which have adversely affected the growth of the Indian security industry. Despite, the Indian security industry is set to enter a higher growth trajectory, and offer immense potential for those who are able to find the right mix of price, technology and awareness.

### Growth engines for security market are:

- Present security threat perception
- Convergence of Physical Security and IT
- Retail, Residential and Education – Vast and growing applications
- Telecom Technologies – 3G, 4G, Broad band driving applications together with tablets
- Increasing Affordability due to decreasing hardware prices

### Fire Security and Safety Market:

Indian fire protection market is expanding to meet the growing demand from the user segment. These segments include large office space, technology parks, commercial complexes, airports, petrochemical complexes, manufacturing ventures etc. Their expansion continues to support the growth of the fire protection demand in the country. The current market size of Fire Protection and suppression system in India is estimated at ₹ 3,400 crores.

As per an estimate, every year India suffers direct loss of over ₹ 11,000 crores from fire, which does not include data loss from small fires, which go unreported. Only major fire disasters get recorded. Rapid industrialization / urbanization and new process technologies have made fire accident scenario more frightening.

Several local firms have commissioned large fire protection systems catering to various sectors, ranging from defense, railways, large power / steel plants, telecom complexes, aviation, chemicals and textiles industries and other manufacturing units. Many firms in the unorganized sector supply fire-fighting equipment to hotels, hospitals, banks and domestic consumers. Local firms manufacture almost all types of fire extinguishers, hydrants, sprinklers, water deluge systems and whole range of fire vehicles and other fire fighting accessories, and breathing apparatus and safety equipments.

The fire-fighting industry in India has tremendous potential. As the economy grows, both industry and government are updating fire protection systems for continued operations in industrial plants and offices. To ensure continuous productivity, safety of investment and human resources, the use of advanced fire protection systems is inevitable. Government regulations for fire safety are now mandatory and this has further brightened the market outlook for fire protection systems in India.

The Indian Information Technology (IT) & IT Enabled Services (ITES) continue to drive the growth of large office complexes in the country. Technology parks and office buildings for IT / ITES contribute to the demand for fire protection in India. The Government of India is upgrading existing airports and new airport projects are planned in various cities in India. These airport projects will support the growth of fire protection demand in the country. In addition, new hospitals, large

shopping malls, five star hotels, banks, financial institutions etc. will continue to drive the demand for fire protection. Large refineries, petrochemical complexes, biotechnology ventures, pharmaceutical, automobile, steel, other manufacturing projects, oil / gas exploration programs are expanding in the country. These large projects have specialized fire protection requirements.

Although there are several players into fire protection in India, a majority of them operate in the unorganized segment, of which several are proprietary businesses. With very few players being managed professionally, there is a large scope for a stable and professionally managed organized sector player to enter the fire protection business in India.

## **BUSINESS AND DEVELOPMENT:**

The business and corporate restructuring has opened up a new avenue of opportunities for the Company. Now, it is more focused on implementation of revised business plans and strategies. Post restructuring, business has been reorganized based on thrust areas identified for achieving rapid growth, better results and enhancing shareholders' value in coming years. Your Directors discuss below in detail, about each business vertical of the Company alongwith their respective performance, outlook, risks and concerns.

### **1. Electronic Security Business:**

#### **a. Sales and Distribution Business:**

With completion of the business restructure roll-out plan, the spotlight is now on new thrust areas, one of which is sales and distribution of electronic security products, solutions and services to Small Office Home Office (SOHO) and Small and Medium Enterprise (SME) markets across India. The Retail Business acquired last year has provided ready platform and renewed thrust to reach the large markets with huge growth potential lying at the bottom of pyramid of electronic security industry. This business is now renamed as "Products and Solutions Group (PSG)". To facilitate its growth, we have adopted multi channel strategy. We do direct sales as well as reach our customers through various channel partners. To expand our horizon and reach, geographically as well as product-wise, we have appointed numerous channel partners across the country. Through these channels, we have now presence in about 350 locations on PAN India basis, which has helped us in making our products and services available to a wider consumer base. Under this division, we not only market our own branded products, but also sell and distribute products of international reputed original equipment manufacturers (OEM). For this, Zicom has tied-up with many reputed brands like Pelco, Morley, Abloy, Dali, iSafe, System Sensor etc. The products by this

division includes inter-alia, Closed Circuit Televisions (CCTV), Video Door Phone (VDP), Access Control Systems (ACS), Fire Alarm Systems (FAS) to name a few.

Fuelled by the increase in awareness about security and surveillance concerns as well as a growing adoption of the products by various segments, the sales and distribution business is expected to grow at an average annual rate of 25% over next five years. A huge increase in awareness about the need of surveillance and its benefits has been a good catalyst for growth of the business. There has also been an increase in the number of partners who have come from non-security background, to start promoting security products. A gradual move from Analog to Digital has also helped this transition. Increased focus on Video Door Phones, Access and Fire Alarm segment will drive the incremental business for this segment. Therefore, there will be a focused effort in revamping the product offering and solutions.

Based on the available opportunities, we have plans to tap under-penetrated regions through direct and indirect presence; to increase depth of products across all the categories; to impart comprehensive training to our channel partners so that they can satisfy all security related needs of customers at a single point. We are also encouraging our channel partners to get more involved in improving their service and promotion of services like Managed Alert as a Service (MAaaS). This will contribute to increased contribution from services offered through them, and also increase our revenue from services.

Channel Partners are the back-bone for the success of this business. Hence, their inadequacy to fulfill targets; failure to adhere to code of conduct and rules set by the Company; failure to provide satisfactory service to customers; lack of required infrastructure and resources etc. causes threats to success of this business. In addition, failure of OEMs to deliver desired products in time is another threat to this business.

#### **b. Builders Business:**

Construction business in Tier-I and Tier-II cities, particularly with respect to residential and housing projects has undergone a radical change over the past few years. Concept of nuclear and small families has increased the demand for apartment type houses, which carries with it the advantage of economic houses. With changing lifestyle and spreading awareness about facilities available in houses and apartments in developed countries, customers in Tier-I and Tier-II cities have started

demanding various additional facilities in their homes. Further, with a view to make their housing projects more attractive, builders have now started offering attractive additional facilities in their housing projects. Security systems and equipments like CCTV surveillance, VDP, Multi-Apartment Video Door Phones Systems (MAVDP) etc. are now-a-days being offered as the standard add-ons by the builders. This has opened up new business avenue for us with great potential. With a view to have focused attention, we have set-up a separate Builders Team to capitalize on these opportunities and grab maximum advantage out of it. So far the Builders Team has performed well and the Company has received many high value orders from reputed builders.

In this business, Zicom is placed at an advantage as the cost of our products is very negligible as compared to cost of flats and premises. Further, Zicom's security products carry very high brand image and apartment buyers would prefer pre-installed Zicom brand security. Zicom also has the benefit of getting associated with the builders as it can get orders from every new projects of the builders. Further, when a housing society, of such newly constructed building is formed, Zicom will naturally get first preference by the society as well as apartment owners, as they have already been using Zicom products. Thus, every customer of the builder becomes our customer.

However, this business also has certain threats like payments from builders are delayed; competition from unorganized sector; builder as a customer are highly price sensitive because they always have a tendency to keep cost under control. In addition, many of our products are imported, so there is always a risk of foreign exchange fluctuations, as we may not be able to pass on its burden.

**c. Direct Sales Business:**

Under this division, the Direct Sales Team set-up by the Company approaches various prospective customers in SOHO and SME sectors including single offices, jewellery shops, apartments in residential societies and houses. This Team also gets benefit of marketing under Make Mumbai Safe (MMS) Movement. While, MMS Team targets business from housing societies, any direct sales enquiry from housing society members are routed through this Team.

Electronic security business has received benefit by actions from police department and media both. The police department with their swift action has been resolving many household, retail and terror related

crimes, in which they normally take help of CCTV recordings from various sources. They time to time give publicity to such incidences which helps in spreading awareness about advantages of electronic surveillance and security solutions in resolving crime cases. The same is the case with media, which also time to time publishes various crime and terror incidence and how they are solved by police department based on various electronic security and surveillance solutions, thereby enlightening the people about advantages of such security solutions.

In addition, by taking electronic surveillance beyond the realms of pure-play security to other value additions like productivity management and performance management, we have been successful to achieve growth from various market verticals like small stores, mid-sized enterprise, large corporate, national retail chains, Banking, Financial Services and Insurance, Logistics, Residential and Commercial Building Segments etc.

This business shares its prospects and outlook with Builders business and is facing similar threats except that there is high employee attrition rate.

**d. Joint Venture in Brazil:**

With a view to explore the growing markets in Brazil and other adjoining Latin American countries as well as North America, Zicom has entered into a Joint Venture (JV) agreement with Ciao Telecom Inc, USA (Ciao) and IDL Global LLC, USA (IDL). In particular, Brazil with nearly 200 million people and USD 2 trillion has extensive potential for growth, and the nation's electronic security market is projected to expand sharply in the next few years.

Under the JV agreement, the JV Partners have agreed to form "Ciao-Zicom Security Systems SA (CZ Security)". The stake of JV partners in CZ Security is agreed as: Zicom 38%, Ciao 44% and IDL 18%. CZ Security will manufacture, market, install and service Zicom's security products and solutions for Brazil market. Brazil is hosting FIFA World Cup in 2014 and Olympics in 2016. These events will be held in 20 cities of Brazil. The Brazil Government is on war front, looking to set up complete communication network and city surveillance system in stadiums and cities to protect large foreign participants. The experience of Zicom in setting up security systems for Common Wealth Games in Delhi will help the JV in winning the orders.

Ciao Telecom Inc is headquartered in USA having its operations in Sao Paulo, Vitoria & Goiania in Brazil; Switzerland and Italy. It is a global telecommunication provider, who operates in

government, private and consumer sector offering innovative high tech products and turnkey solutions via multiple channels. It also has facilities of data centers for hosting client data.

Considering the vast experience of Zicom in Indian market in protecting vital government installations and city surveillance projects, Ciao has selected Zicom as its JV Partner for protecting similar installations and projects in growing market of Brazil and North America. Brazil having similar challenges as that of India, experience of Zicom will go a long way in building markets in Brazil.

The JV Partners have already started working in implementation of the project. The work of identification of land to be acquired in Brazil where assembly facility for Zicom products is being set-up is in progress. With a view to cater to large infrastructure projects in Brazil, CZ Security plans to invest in Design and Estimation Center there.

The JV has ambitious plans to encash the opportunity to provide expert Security Solutions to the cities in Brazil before the FIFA World Cup in 2014 and Olympics to be hosted in 2016. Ciao's network and Zicom's expertise in electronic security products and solutions, are expected to provide a good leverage to CZ Security in providing City Surveillance, Ports and Airport Security Solutions, Home and Retail Security Solutions and Corporate Security Solutions. CZ Security also intends to provide its products for distribution through Ciao's Channel Partners.

## **2. Fire Detection and Protection Business:**

Zicom's flagship subsidiary viz. Unisafe Fire Protection Specialists LLC, Dubai (Unisafe Dubai), is a leading fire protection company in U.A.E. having operations across seven Emirates, Qatar and Oman. The success of Unisafe Dubai encouraged us to take up this business in India through Unisafe Fire Protection Specialists India Private Limited (Unisafe India), which became a wholly owned subsidiary of Zicom during the year under review.

Unisafe Dubai has strong credentials established over last 15 years in the area of project execution and servicing in the domain of fire detection and protection of infrastructure projects. It caters to large spectrum of clientele from government to corporate, refineries, shopping malls, multi storey buildings and resorts, among others; by offering comprehensive range of solutions for all fire protection needs, starting from the basic Hydrant and Sprinkler Systems to advance Analogue Addressable Fire Alarm Systems, specialized Gaseous Fire Suppression Systems, Dry and Wet Chemical Extinguishing Systems and Water Mist Fire

Extinguishing Systems. Unisafe Dubai has successfully operated to achieve milestones in terms of top line, bottom line and customer satisfaction. It has performed well and continued to enjoy unstinted confidence from its clients.

The thrust on infrastructure growth, growing public private partnership projects and stringent fire infrastructure regulations are expected to drive market for fire security and safety in India. Unisafe India was set-up to bring in India, knowledge and experience gained in Gulf market for managing fire protection needs of large infrastructure projects. It has advantage of "Unisafe" brand name, which has many prestigious projects in Gulf to its credit and will give an edge to the subsidiary in bidding for large infrastructure projects in India. To start with, Unisafe India will act as Global Design Centre, to support design and estimate need of all the Company's projects in Gulf region. Looking at delays in executing large infrastructure projects, it is thought prudent to proceed cautiously in taking up projects in India; and as such Unisafe India will take up projects on selective basis. However, Unisafe India is rightly poised to take the advantage of the growing market.

The Company however, is very hopeful on success of fire detection and protection business in India, mainly on account of Unisafe being a leading Fire Brand of Gulf region with excellent track record, experienced professionals and skilled employees. It has a long standing tie up with international players and has a good service business. The Company is entering the business at the right time when Government is giving more thrust on infrastructure growth with lack of credible players in the market. Fire detection and protection industry is a fast growing industry, both in Gulf and India, which is expected to grow @ 30% p.a.

Encouraged by the success of Unisafe in Gulf region, your Company has been looking to expand the fire business by carrying it over to other countries in the Gulf. After careful considerations, it has been decided to venture into Qatar and to invest in the business of fire detection, protection, safety and related services. The said investment would be made either directly or jointly with Company's subsidiary(ies).

However, the industry is having some inherent weaknesses such as high working capital; lack of manufacturing base; delayed payments from builders and contractors, mainly in India; high interest cost in India; problem of retention of talent; highly competitive market and competition from unorganized players in India.

## **3. Offering Security as a Service (SaaS):**

Zicom has pioneered several innovative concepts in the past. The recent launch of SaaS, Security as a Service, is yet another pioneering step, which we believe is going to augur well for our business.



Within the physical security space, the security industry is extremely product oriented and not solution oriented. But lately, thanks to the growth of IP technology, consumers are demanding solutions to their problems and are not concerned about hardware being deployed.

Further, the security industry is moving towards a business model where Service becomes more important than Product. Consumers prefer not to own the hardware or technology, nor are they interested to manage or maintain and service the hardware and software being installed by System Integrators. They prefer to “pay for use” based on the value of the service they receive instead of owning the hardware.

Realizing that there is good potential for providing security solutions in service mode, Zicom has established a wholly owned subsidiary Zicom SaaS Private Limited (Zicom SaaS). Zicom SaaS has set-up the following business verticals for providing SaaS:

**a. Enterprise:**

This business aims to provide Security as a Service, with strong brand equity of Zicom. It offers security solutions based on end to end seamless model. Its charges are based on an Opex model. It also offers Remote Monitoring Services to enterprises as value addition. Enterprise business currently offers following four services under SaaS for its customers:

**e-Sense:** It relates to Fire Alarm Monitoring and sends alerts at the initial stage of detection of fire. Zicom Command Centre (ZCC) supervises fire alarm system troubles and alarm conditions thereby helping prevention of loss of life and property.

**e-Alert:** It relates to Remote Alert Monitoring which deters, detects and disrupts crime and thereby offering peace of mind to customers.

**e-MAaaS:** It comprises of Managed Alert as a Service and CCTV Surveillance. It involves no capital investment and free system installation. It absolves the user from the headache of system maintenance as well as illegal tampering of video.

**e-Attend:** It incorporates Cloud-based Biometric Attendance Technology for Time and Attendance tracking system having low cost per employee and eliminates various shortcomings of other systems thereby benefitting customers.

The Enterprise business caters to Retail Chains, ATMs, Banks, Financial Services and Insurance (BFSI) Companies.

Currently, Retail industry in India is estimated at USD 270 billion and it is expected to surge by 1.5 times by 2015. India is listed in the top 5 retail markets in the world. Organized retail which is currently @ 6% is projected to be 9% of total retail market by 2015.

India has one of the largest retail outlets in the world with exponential growth, not just in major cities, but also in Tier-II and Tier-III cities.

The retail sector is facing a major challenge of shrinkage on account of losses incurred due to thefts and shopliftings. Hence, loss prevention is a buzz word in retail sector and offerings by Zicom SaaS fits their needs. Besides loss prevention, safety and security, the retail sector is also looking for Business Intelligence and Customer Analysis tools to enhance its eroding margins. The People Counting Software solution from Zicom SaaS helps retail sector with:

- Customer Counting
- Customer Tracking & Preference Logging
- Service Management
- Sales Conversion Analysis
- Time Analysis
- Queue Management & Customer Service

In the BFSI sector, where protection of financial assets is the buzz word, Zicom SaaS’s combo offering of e-Alert, e-Sense and e-MAaaS provides the total solution. With a view to meet the increasing demand for ATM security in the wake of recent spate of ATM robberies, Zicom SaaS team has evolved an innovative GSM based solution, which is an integration of e-MAaaS and e-Alert services. This solution is adept at preventing ATM thefts and robberies and has a huge potential.

Currently there is network of over 1 lakh branches in the Banking sector. This alongwith the fast growing network of ATMs together with the Cash Transit & Cash Management companies offers a huge market for Zicom SaaS.

Zicom SaaS also offers to set up and operate Command Centers for large Customers at their own premises to monitor their own network of CCTV Surveillance and Intrusion Alarms.

Zicom SaaS started its operations in January 2012, and within a short span of 6 months it has successfully created a client-base of over 1,500 including many prestigious corporate. Enthused by this success, Zicom SaaS has decided to start operations on PAN India basis.

In the next phase of its expansion, Zicom SaaS plans to venture into other business opportunities to tap the latent potential for a range of innovative security solutions to meet the growing concerns of Retail and BFSI Sectors. With the proposed sanction to FDI in Retail, there will be spurt in Retail format stores by MNCs and large business houses, which will certainly provide more business opportunities to SaaS as it is more focused on retail.

With crimes in ATMs on the increase, Banks are planning to equip ATMs with Intruder and CCTV surveillance systems under SaaS model, this again is a huge opportunity. In addition, the recent shift is customer attitude to prefer service based security solutions on opex model instead of capex based ownership basis has also brightened prospects for this business. Based on all these, the electronic security market is expected to move towards "Security as a Service".

However, from the Company's point of view this business faces two threats i.e. high capital intensity as the Company has to invest in the assets, and possibility of bad-debts.

**b. Make City Safe:**

In the Residential space, Zicom SaaS launched the "Make City Safe" Program targeted at residential societies and houses.

Under this concept, housing societies need not decide on what CCTV systems to own, neither there is need to invest nor manage the security system. All the housing societies need to decide, is take the security system on a Service Basis and pay monthly rentals.

During the year, Zicom SaaS launched a Mass Awareness Movement, covering Mumbai City, viz. Make Mumbai Safe (MMS). MMS is a Movement to ease the mind of every Mumbaikar by instilling good security practices and providing vulnerable building societies with a strong security solution.

Under MMS Movement, various awareness and educational programs were conducted for masses. A wide spectrum of Mumbai city was covered including schools, housing societies, senior citizen homes, commercial complexes, corporate parks, public gathering places like joggers parks and nana-nani parks, etc. More than 150 programs have been conducted under this Movement. As a result, thousands of Mumbaikars have Pledged to Make Mumbai Safe. Also, there are thousands of other followers who have voted and liked the Movement on various social forums. With more and more programs being planned and conducted across the Mumbai city, MMS is getting further momentum. Enthused by the success to MMS Movement, the Company decided to conduct such Movement in other adjoining cities like Pune, Thane and Navi Mumbai. The Company also has plans to take it across the country.

Make City Safe Program is a novel concept and is a need of the hour under present circumstances of high crime rate and terrorism. Therefore, it is also receiving government support which has been insisting on installation of CCTV and other electronic

surveillance systems to curtail crime rate. Further, by launching such Programs, Zicom brand get socially oriented and receives recognition from society as well as government.

However, this kind of Programs have some shortcomings like uncertain consumer response; revenue spreaded over a long period of time; uncertainty in revenue collection and pre-mature discontinuance of contract.

With the launch of SaaS in India, Zicom has created a niche in the IT Electronic Security Managed Services. According to IMS research, the world market for SaaS will exceed ₹ 5,500 crores by 2014. Zicom with its first mover advantage is rightly positioned to take leadership position in the SaaS domain.

**4. Training and Education in Security:**

Institute of Advanced Security Training & Management Pvt. Ltd. (also known by the name ASTM) is a security training academy, promoted by the Zicom group. The paucity of skilled and trained personnel in the security profession in India, notwithstanding the mounting security and safety challenges, has driven us to concertedly diversify into the security training space. ASTM's vision is to foster a secure environment in India by imparting world class training and education in Security, Safety and Loss Prevention.

ASTM is the only security training institute in India till date as an approved training partner of National Skill Development Corporation (NSDC) which is driven by the vision of our Hon'ble Prime Minister and falling under the aegis of the Ministry of Finance to create a capacity of 500 million certified and skilled technicians by 2022. ASTM stands committed to the philosophy of empowering people in the domains of security and safety to achieve their full potential through job linked skills training.

ASTM plans to impart training through 20 self-managed training centers during the first two years and then spread its footprint through a network of franchisees nationally in due course. ASTM offers training in three sectors viz. Physical Security, Electronic Security and Fire Safety.

ASTM offers vocational training to students wanting to pursue careers in the security profession and also up-skilling programs to working security professionals across levels in the security industry.

The vocational courses range from certificate courses to advanced courses, to create a cadre of proficient and multi-tasking security executives and security officers. We also have vocational courses in electronic security to create certified installers and service technicians as also for engineering students to prepare them for multidisciplinary jobs in the electronic security industry.

ASTM is on the verge of launching an Advanced Course in Fire Protection and Safety Management for science graduates with opportunities for placement both in India and abroad.

Importantly, all the certified vocational students of ASTM have been successfully placed. ASTM also imparts training to professionals in corporates and the government segments through customized and industry sector specific training programs across levels from security guards to CSO.

ASTM invests significantly in hiring high quality faculty and has a competent content development team to ensure quality, ongoing upgradation and consistency in training delivery.

ASTM has challenges in pulling students for its courses in physical security given the public perception of comparing a security job with that of a watchman. The aspirational quotient for students to take up a security profession is low. So, we are addressing this challenge by investing in continuous awareness campaigns through media and focused promotional activities. On the other hand security agencies do not invest in training their guards for fear of attrition, saving costs and to avoid loss of business given the high industry demand.

## **CORPORATE OVERVIEW:**

In view of various steps as discussed above, the Company is optimistic about successfully implementing its restructured business in verticals as enumerated. Besides, Company proposes to achieve growth through both organic and inorganic ways. In this regards, the Company has made some progress and is evaluating various acquisition opportunities. As a result of the restructured business the Company is expected to accelerate its growth in income and profitability.

The risk perception and threats for the Company as a whole has undergone sea change in view of the restructured business. The business of Zicom SaaS, Fire Detection and Protection, and Security Training and Education being new concepts in India, will need sometime to get rolling.

However, certain challenges in growing electronic security market still continue, which are as under:

- Lack of awareness and high expenditure of security products
- Mental barriers
- Predominant mentality that security spending is waste of money
- Lack of incentive for security industry, no concessions in duties and tax structures

However, still management is hopeful of growth of all its business verticals and to make Zicom leader in every segment it operates.

## **INTERNAL CONTROL SYSTEM AND ITS ADEQUACY:**

The internal control system of the Company is in line with the nature and size of its business. It facilitates smooth functioning of operations and is further supported by enterprise resource planning platform for all business processes.

The Internal Control inter-alia facilitates:

- Review of long-term business and annual plans
- Adherence to applicable accounting standards and policies
- Periodic review and rolling forecasts
- Proper accounting and review mechanism
- Compliance with applicable statutes, listing requirement and internal policies and procedures
- Audit on concurrent basis, carried out by an internal audit team covering all statutes and compliance requirements
- IT systems with adequate in-built controls and security

Internal control is supplemented by internal audit function, which ensures that the financial and other records are dependable for preparing financial statements and other data, and for maintaining accountability of assets.

## **FINANCIAL PERFORMANCE VIS-À-VIS OPERATIONAL PERFORMANCE AND HUMAN RESOURCES:**

The financial and operational performance has already been discussed at length in Directors' Report under the heads: Operational Performance; Business Developments and Prospects and Finance. A separate para discussing on various aspects of Human Resources of the Company has also been included in Directors' Report.

## **CAUTIONARY STATEMENT:**

Certain statements as discussed and mentioned in the Management Discussion & Analysis and elsewhere constitute forward-looking statements articulated as the management's expectations for the future business prospects of the Company. However, there are risks and uncertainties associated due to the general economic conditions in which the Company operates. Also, the factors like the nature of the Company's business, foreign currency fluctuations, regulatory initiatives, tender processes in the Government, Public Sector and other large undertakings, competition etc. are not in the control of the Company. Such uncontrollable factors are crucial for success of the Company's business plans or predictions, which may cause the actual results to materially differ from the performance or achievements, discussed or implied by such forward looking statements.

# Auditors' Report

The Members,  
**Zicom Electronic Security Systems Limited**

- 1) We have audited the attached Balance Sheet of **Zicom Electronic Security Systems Limited** as at March 31, 2012, the statement of Profit and Loss and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) Amendment Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company during the year.
- 4) Further to our comments in the Annexure referred to in Para 3 above, we report as follows:
  - a) We have 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 and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - f) In our opinion and to the best of our information and according to the explanations provided to us, the said financial statements, read with Significant Accounting Policies and Notes there on give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
    - ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
    - iii) in case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For Malpani & Associates**

Chartered Accountants  
Firm Registration No. 120438 W

**Shyam Malpani**

Proprietor  
Membership No. F-34171

Mumbai, dated May 17, 2012

## Annexure referred to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

In terms of the information and explanations given to us and the books and records examined by us and on the basis of such checks as we consider appropriate, we further report as under:

- 1) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

As explained to us, the fixed assets have been physically verified by the management as per a phased programme of verification. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its fixed assets. The discrepancies noticed on such verification were not material and have been properly dealt with in the Company's books of accounts.

The Fixed assets disposed off during the year by the Company were not substantial and therefore do not affect the going concern assumption.

- 2) As explained to us, the management has conducted physical verification of inventory at reasonable intervals during the year.

In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on such verification between physical inventories and the book records which were material in relation to the operations of the Company have been properly dealt with in the Company's books of account.

- 3) According to the information and explanations provided to us and as per the records examined by us, during the year, the Company has granted unsecured loan to a body corporate being a party covered under the register maintained under Section 301 of the Companies Act, 1956. The aggregate maximum and closing balances of these parties are ₹ 1,389.99 Lacs and ₹ 887.14 Lacs respectively.

In our opinion, the rate of interest wherever applicable and other terms and conditions of the aforesaid loans are not prima facie prejudicial to the interests of the Company.

Based on the information and explanations provided to us, in our opinion, the parties to whom the above loans were given are (i) regular in repayment of principal and

interest, as applicable (ii) there was no overdue principal as at the close of the year and (iii) reasonable steps were taken by the Company to recover the loans.

During the year, the Company has not taken any loan, secured or unsecured, from the parties covered in the register maintained under Section 301 of the Companies Act, 1956.

- 4) In our opinion and according to the information and explanations provided to us, having regard to the explanations that some of the items of plant and equipments purchased are of special nature and suitable alternative sources do not exist for obtaining comparable quotations, the internal control procedures are commensurate with the size of the Company and the nature of its business, for the purchase of inventory, other fixed assets and for the sale of goods and provision of services. During the course of our audit, we have not come across any major weakness in the internal controls prevailing in the Company.
- 5) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that all the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at reasonable prices having regard to the prevailing market prices at the relevant time.

- 6) As per the records verified and based on explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- 7) The Company has an internal audit system. However, In our opinion, the same needs to be strengthened, both in respect of scope and coverage, in order to make it commensurate with the size of the Company and nature of its business.
- 8) The Central Government has prescribed maintenance of cost records under clause (d) of section (1) of section 209 of the Companies Act, 1956. We have broadly reviewed the accounts and records of the Company in this connection and are of the opinion, that prima facie, the prescribed accounts and records have been made and

maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

- 9) According to the information and explanations provided to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Value Added Tax,

Customs Duty, Wealth Tax, Service Tax, Cess and other statutory dues during the year with the appropriate authorities. As at the year end, there are no undisputed dues remaining payable for a period of more than six months from the date they became payable.

As per explanations provided to us and according to the records of the Company, the following are the particulars of disputed dues on account of Value Added Tax (Sales Tax) and Works Contract Tax that have not been deposited:

Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Act	Classification Dispute	0.22	2002 – 2003	Deputy Commissioner Appeals
Sales Tax Act	Non-submission of Statutory Forms	0.69	2002 – 2003	Deputy Commissioner Appeals
Sales Tax Act	Levy of Penalty	1.38	2002 - 2003	Assistant Commissioner Appeals
Works Contract Tax	Disallowance of WCT TDS certificates	1.64	2002 – 2003	Deputy Commissioner Appeals
Works Contract Tax	Disallowance of WCT TDS certificates	2.18	2002 – 2003	Deputy Commissioner Appeals
Sales Tax Act	VAT-Karnataka	1.42	2007 – 2008	Joint Commissioner Enforcement- Karnataka

- 10) The Company does not have accumulated losses at the end of the current financial year nor has it not incurred any cash losses in the current / immediately preceding financial years.
- 11) Based on our audit procedures, books of account and as explained to us, we are of the opinion that, during the year, the Company has not defaulted in repayment of dues to any financial institution or bank. No debentures were issued or were outstanding during the year.
- 12) As explained to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
- 13) In our opinion the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
- 14) As per the records of the Company, the Company has not dealt with or traded in shares, securities, debentures and other investments. The investments of the Company are held in its name.
- 15) According to the information and explanations provided to us and the records examined by us, the Company has given guarantee for loan taken by a subsidiary from bank to the extent of ₹ 16,776.70 Lacs. In our opinion, the terms and conditions of such guarantees are not prima facie prejudicial to the interests of the Company.
- 16) As per the records and based on the explanations provided to us, in our opinion, the term loans were applied by the Company for the purpose for which they were obtained.
- 17) On the basis of overall examination of the records and cash flows of the Company, in our opinion, the funds raised on short-term basis have not been used for long-term investment.
- 18) During the year, the Company has not made any preferential allotment of equity shares to the parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 19) As per the records verified, no debentures were issued or were outstanding during the year.
- 20) During the year, the Company has not raised any money through public issue.
- 21) Based upon the audit procedures performed and the information and explanations provided by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

## For Malpani & Associates

Chartered Accountants  
Firm Registration No. 120438 W

**Shyam Malpani**  
Proprietor  
Membership No. F-34171

Mumbai, dated May 17, 2012

## Balance Sheet as at March 31, 2012

(Amount in ₹)

Particulars	Note No.	March 31, 2012	March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	126,998,290	126,998,290
Reserves And Surplus	2	1,147,649,102	1,126,878,633
		<b>1,274,647,392</b>	<b>1,253,876,923</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	3	-	150,000,000
Deferred Tax Liabilities (Net)	4	56,510,953	41,873,718
Other Long-Term Liabilities	5	502,500	3,638,078
Long-Term Provisions	6	1,108,773	1,529,966
		<b>58,122,226</b>	<b>197,041,762</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	7	388,302,698	387,454,770
Trade Payables	8	149,664,833	165,925,422
Other Current Liabilities	9	195,701,219	239,757,742
Short-Term Provisions	10	16,190,367	15,981,930
		<b>749,859,117</b>	<b>809,119,864</b>
	<b>TOTAL</b>	<b>2,082,628,735</b>	<b>2,260,038,549</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed assets</b>			
Tangible Assets	11	308,298,644	569,248,848
Intangible Assets	11	178,260,385	193,458,279
Capital Work-In-Progress		-	3,961,486
		<b>486,559,029</b>	<b>766,668,613</b>
Non-Current Investments	12	330,452,152	183,222,152
Long-Term Loans And Advances	13	12,168,551	28,392,515
Other Non-Current Assets	14	10,556,674	10,556,674
		<b>839,736,406</b>	<b>988,839,954</b>
<b>Current Assets</b>			
Inventories	15	313,185,168	238,664,221
Trade Receivables	16	510,256,266	261,994,785
Cash And Cash Equivalents	17	76,602,307	183,132,182
Short-Term Loans And Advances	18	284,114,878	587,407,407
Other Current Assets	19	58,733,710	-
		<b>1,242,892,329</b>	<b>1,271,198,595</b>
	<b>TOTAL</b>	<b>2,082,628,735</b>	<b>2,260,038,549</b>

See accompanying notes forming part of the financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

For **Malpani & Associates**  
Chartered Accountants

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Mukul Desai**  
Director

**Shyam Malpani**  
Proprietor  
Place : Mumbai  
Date : May 17, 2012

**Achyut Godbole**  
Director

**Vijay Kalantri**  
Director

**K. D. Hodavdekar**  
Director

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary

# The Statement of Profit & Loss for the year ended March 31, 2012

(Amount in ₹)

Particulars	Note No.	March 31, 2012	March 31, 2011
Revenue From Operations (Gross)	20	2,194,159,063	1,157,486,088
Other Income	21	26,694,041	35,077,274
<b>Total Revenue</b>		<b>2,220,853,104</b>	<b>1,192,563,362</b>
Cost Of Materials Consumed	22	6,943,819	50,804,119
Purchases Of Stock-In-Trade	23	1,839,361,225	1,039,058,578
Changes In Inventories	24	-76,165,893	-118,722,507
Employee Benefits Expense	25	70,381,578	51,844,195
Finance Costs	26	73,727,745	89,839,475
Depreciation Expense	11	117,969,202	89,457,924
Other Expenses	27	116,179,872	126,665,118
		<b>2,148,397,548</b>	<b>1,328,946,902</b>
<b>Profit / (Loss) Before Extraordinary Items And Tax</b>		<b>72,455,556</b>	<b>-136,383,540</b>
Extraordinary Income (Refer Note No.28.4 to 28.8)		-	300,190,098
Exceptional Expenses (Refer Note No.28.9)		19,386,598	-
<b>Profit / (Loss) From Continuing Operation</b>		<b>53,068,958</b>	<b>196,826,473</b>
Current Tax Expense For Current Year		5,410,000	33,000,000
Current Tax Expense Relating To Prior Years		-2,508,805	-11,502,724
Net Current Tax Expense		2,901,195	21,497,276
Deferred Tax		14,637,235	-3,480,431
Total		17,538,430	18,016,845
<b>Profit / (Loss) after Tax From Continuing Operation</b>		<b>35,530,528</b>	<b>178,809,628</b>
<b>Profit / (Loss) From Discontinuing Operation</b>		<b>-</b>	<b>-33,019,915</b>
Tax Expense		-	-
<b>Profit / (Loss) after Tax From Discontinuing Operation</b>		<b>-</b>	<b>-33,019,915</b>
<b>Profit / (Loss) For The Year</b>		<b>35,530,528</b>	<b>145,789,713</b>
<b>EPS Before Extraordinary and Exceptional Item</b>			
Basic		4.32	-12.16
Diluted		4.32	-12.16
<b>EPS After Extraordinary and Exceptional Item</b>			
Basic		2.80	11.48
Diluted		2.80	11.48
See accompanying notes forming part of the financial statements			

As per our attached report of even date

For and on behalf of the Board of Directors

For **Malpani & Associates**  
Chartered Accountants

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Mukul Desai**  
Director

**Shyam Malpani**  
Proprietor  
Place : Mumbai  
Date : May 17, 2012

**Achyut Godbole**  
Director

**Vijay Kalantri**  
Director

**K. D. Hodavdekar**  
Director

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary



## Cash Flow Statement for the year ended March 31, 2012

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>A. Cash Flow From Operating Activities</b>		
Net Profit/(Loss) Before Extraordinary Items And Tax	72,455,556	163,806,558
<b>Adjustments For:</b>		
Depreciation And Amortisation	117,969,202	89,457,924
(Profit) / Loss On Sale / Write Off Of Assets	3,614,095	1,692,723
Finance Costs	73,727,745	89,839,475
Dividend Income	-	-6,620,148
Interest Received	-25,047,063	-26,442,288
Sundry Balances Written Off / (Written Back)	-768,392	-1,172,129
Provision For Diminution	5,270,000	-
Profit From Sale/Purchase Of Non Trade Investment	-	-200,961
Exceptional Item	-19,386,598	-300,190,098
Subtotal	155,378,989	146,755,557
Operating Profit / (Loss) Before Working Capital Changes	227,834,545	10,171,056
<b>Changes In Working Capital:</b>		
Adjustments For (Increase) / Decrease In Operating Assets:		
Inventories	-74,520,947	-230,183,424
Trade Receivables	-247,493,089	-197,883,327
Short-Term Loans And Advances	335,588,849	-696,345,498
Long-Term Loans And Advances	12,547,571	12,065,230
Other Current Assets	-58,733,710	-
Adjustments For Increase / (Decrease) In Operating Liabilities:		
Trade Payables	-16,260,589	29,267,925
Other Current Liabilities	-94,056,523	87,136,862
Other Long-Term Liabilities	-3,135,578	3,638,078
Short-Term Provisions	257,496	1,172,811
Long-Term Provisions	-421,193	589,185
Subtotal	-146,227,713	-990,542,158
Cash Generated From Operations	81,606,832	-980,371,102
Net Income Tax (Paid) / Refunds	775,198	-35,963,750
<b>Net Cash Flow From / (Used In) Operating Activities (A)</b>	<b>82,382,030</b>	<b>-1,016,334,852</b>
<b>B. Cash Flow From Investing Activities</b>		
Capital Expenditure On Fixed Assets, Including Capital Advances	-5,318,332	-508,078,219
Proceeds From Sale Of Fixed Assets	163,844,620	7,389,540
Acquisition / Liquidation Of Non Trade Investment	-	200,961

## Cash Flow Statement for the year ended March 31, 2012 (Continued)

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
Inter-Corporate Deposits (Net)	1,514,800	-
Loans To Subsidiaries And Other Body Corporate	-33,811,120	1,105,661,020
Interest Received	25,047,063	26,442,288
<b>Purchase Of Long-Term Investments</b>		
- Subsidiaries	-100,000,000	-527,216,045
- Associates	-52,500,000	-
Dividend Income	-	6,620,148
<b>Net Cash Flow From / (Used In) Investing Activities (B)</b>	<b>-1,222,969</b>	<b>111,019,693</b>
<b>C. Cash Flow From Financing Activities</b>		
Business Sale On Slump Sale Basis	-	2,250,000,000
Expenses Of The Slump Sale	-	-52,549,602
Business Purchase On Slump Sale Basis	-	-480,000,000
Net Increase / (Decrease) In Working Capital Borrowings	847,928	-531,549,730
Repayment Of Long Term Borrowings	-100,000,000	-100,000,000
Fluctuation Gain	25,714,978	-2,580,718
Finance Cost	-99,442,723	-87,258,757
Dividends Paid	-12,699,829	-63,499,145
Tax On Dividend	-2,109,290	-10,546,414
<b>Net Cash Flow From / (Used In) Financing Activities (C)</b>	<b>-187,688,936</b>	<b>922,015,634</b>
<b>Net Increase / (Decrease) In Cash And Cash Equivalents (A+B+C)</b>	<b>-106,529,875</b>	<b>16,700,475</b>
<b>Cash And Cash Equivalents At The Beginning Of The Year</b>	<b>183,132,182</b>	<b>166,431,707</b>
<b>Cash And Cash Equivalents At The End Of The Year</b>	<b>76,602,307</b>	<b>183,132,182</b>

See accompanying notes forming part of the financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

For **Malpani & Associates**  
Chartered Accountants

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Mukul Desai**  
Director

**Shyam Malpani**  
Proprietor  
Place : Mumbai  
Date : May 17, 2012

**Achyut Godbole**  
Director

**Vijay Kalantri**  
Director

**K. D. Hodavdekar**  
Director

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary

# Notes forming part of the Financial Statements

## 1 Corporate information

Zicom Electronic Security Systems Ltd. is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on two stock exchanges in India. The company is engaged in the manufacturing and selling of Electronic security systems and equipments. The company also provides annual maintenance services for Electronic security products

## 2 Significant accounting policies

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The significant accounting policies are as follows:

### 2.1 Change in accounting policy

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principle followed of preparation of financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

### 2.2 Basis of Accounting:

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

### 2.3 Use of estimates

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

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

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

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

### 2.5 Depreciation / Amortisation

#### Tangibles:

Depreciation on fixed assets is provided on straight-line method in accordance with the rates specified in Schedule XIV of the Companies Act, 1956.

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

#### Intangibles:

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

# Notes forming part of the Financial Statements

## 2.6 Investments

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

An investment in the shares of subsidiary Companies outside India is stated at cost by converting at the rate of exchange at the time of their acquisition.

## 2.7 Valuation of Inventories:

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

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

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

## 2.8 Foreign Exchange Fluctuations :

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

## 2.9 Revenue recognition:

Sales are recognised when goods are supplied in accordance with the terms of sale and are recorded net of trade discounts, rebates and sales tax. Income from services is accrued as per terms of relevant agreement.

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

Amount received from the customers for admitting them as member of Company's various schemes are credited to revenue account in the year in which membership is allotted.

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

## 2.10 Retirement Benefits:

- i. Contribution to defined contribution schemes such as Provident Fund and Employer's Pension Scheme is charged to the Statement of Profit and Loss.
- ii. Payments to the employees' Gratuity Trust Fund, after taking into account the funds available with the trustees of the Gratuity Fund, is based on actuarial valuation carried out at the end of the year. Actuarial gains or losses arising from such valuation are charged to revenue in the year in which they arise.
- iii. Provision for leave encashment has been accrued and provided for at the end of the financial year, on the basis of actuarial valuation. Actuarial gains or loss arising from such valuation are charged to revenue in the year in which they arise.

## 2.11 Taxation :

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

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

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

## Notes forming part of the Financial Statements

### 2.12 Impairment of Assets:

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

### 2.13 Borrowing Costs

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

### 2.14 Provisions for Contingencies:

A provision is recognised when:

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

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

### 2.15 Leases

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

### 2.16 Accounting of Employee Stock Option Scheme:

In respect of options granted during any accounting period, intrinsic value (excess of market price of share over the exercise price of the option) is treated as employee compensation in the financial statements of the company which is amortised on a straight-line basis over the vesting period.

## Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 1 SHARE CAPITAL</b>		
Authorized:		
25,000,000 (2011: 25,000,000) Equity shares of ₹ 10 each with voting rights	250,000,000	250,000,000
Issued Subscribed and Paid up:		
12,699,829 (2011:12,699,829) Equity shares of ₹ 10 each with voting rights	126,998,290	126,998,290
<b>Total</b>	<b>126,998,290</b>	<b>126,998,290</b>

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

	2012		2011	
	Number	₹	Number	₹
As per last Balance sheet	12,699,829	126,998,290	12,699,829	126,998,290
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	12,699,829	126,998,290	12,699,829	126,998,290

### (ii) Shares held by each shareholder holding more than 5% of equity share capital

	Year ended March 31, 2012		Year ended March 31, 2011	
	Nos.	Percentage	Nos.	Percentage
Baronet Properties and Investments Pvt. Ltd	651,279	5.13%	650,279	5.12%

### (iii) Shares reserved for issue under the Employee Stock Options Scheme (ESOS) plan of the Company, please refer note no 28.20

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 2 RESERVES AND SURPLUS</b>		
<b>(a) Capital Reserve</b>		
As per Last Balance Sheet	73,500,000	73,500,000
<b>(b) Securities Premium Account</b>		
As per Last Balance Sheet	604,516,443	604,516,443
<b>(c) General Reserve</b>		
As per Last Balance Sheet	22,100,000	22,100,000
Add: Transferred from surplus in the Statement of Profit and Loss	-	-
Closing balance	22,100,000	22,100,000
<b>(d) Surplus / (Deficit) in the Statement of Profit and Loss</b>		
As per Last Balance Sheet	426,762,190	295,781,596
Add: Profit / (Loss) for the Year	35,530,528	145,789,713
Less: Appropriation		
Proposed Dividend on Equity Share (Dividend Per Share ₹ 1 (2011: ₹ 1))	12,699,829	12,699,829
Tax on Dividend	2,060,230	2,109,290
Transferred to General Reserve	-	-
Total Appropriation	14,760,059	14,809,119
Net Surplus in the Statement of Profit and Loss	447,532,659	426,762,190
<b>Total</b>	<b>1,147,649,102</b>	<b>1,126,878,633</b>

## Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 3 LONG TERM BORROWINGS</b>		
<b>Term Loans</b>		
Indian Rupee Bank Loan (Secured)	-	150,000,000
<b>Total</b>	<b>-</b>	<b>150,000,000</b>
Term Loan is secured by the first charge by way of hypothecation of moveable Machinery and other Fixed Assets and Equitable Mortgage of properties situated in Mumbai and Bangalore and second charge on Current Assets of the company.		
<b>NOTE 4 DEFERRED TAX LIABILITY (NET)</b>		
<b>Deferred Tax Liability</b>		
Impact of difference between depreciation under Income Tax and Company Law	86,872,293	81,959,903
<b>Total</b>	<b>86,872,293</b>	<b>81,959,903</b>
<b>Deferred Tax Assets</b>		
MAT Credit	18,182,831	29,485,180
Disallowance under Income Tax	8,197,507	10,601,005
Provision for Diminution in Value of Investments	3,981,002	-
	<b>30,361,340</b>	<b>40,086,185</b>
<b>Total</b>	<b>56,510,953</b>	<b>41,873,718</b>
<b>NOTE 5 OTHER LONG-TERM LIABILITIES</b>		
Deposit	502,500	3,638,078
<b>Total</b>	<b>502,500</b>	<b>3,638,078</b>
<b>NOTE 6 LONG TERM PROVISIONS</b>		
For Leave Encashment (Refer Note 28.11)	1,108,773	1,529,966
<b>Total</b>	<b>1,108,773</b>	<b>1,529,966</b>
<b>NOTE 7 SHORT-TERM BORROWINGS</b>		
Cash Credit from Banks (Secured)	388,302,698	387,454,770
<b>Total</b>	<b>388,302,698</b>	<b>387,454,770</b>
<b>Notes:</b>		
Cash Credit Loans and Banking Facilities mentioned in clause (a) and (b) of Notes 28.1 are secured by the first charge ranking pari passu on current assets of the company and second charge ranking pari passu by way of hypothecation of Plant & Machinery, and other fixed assets and Equitable Mortgage of properties situated in Mumbai and Bangalore.		
<b>NOTE 8 TRADE PAYABLES</b>		
Acceptances	26,706,304	21,435,234
Others	122,958,529	144,490,188
<b>Total</b>	<b>149,664,833</b>	<b>165,925,422</b>
<b>NOTE 9 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt #	150,000,000	100,000,000
Unpaid Dividends	710,304	861,580
Deposits	376,742	485,967
Advances from Customers	38,507,691	87,996,561
Other Payable	6,106,482	50,413,634
<b>Total</b>	<b>195,701,219</b>	<b>239,757,742</b>

# Current maturities of long-term debt (Refer Notes 3 - Long-term borrowings for details of security).

# Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 10 SHORT-TERM PROVISIONS</b>		
For Warranty	1,005,000	400,000
For Gratuity and Leave Encashment (Refer Note No. 28.11)	425,308	772,811
For Proposed Equity Dividend	12,699,829	12,699,829
For Tax on Proposed Dividend	2,060,230	2,109,290
<b>Total</b>	<b>16,190,367</b>	<b>15,981,930</b>

## NOTE - 11 FIXED ASSETS

(Amount in ₹)

Tangible Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on April 1, 2011	Additions	Deductions	As on March 31, 2012	Up to March 31, 2011	For the Year	Deductions / Adjustment	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
Freehold Land	16,982,508	-	-	16,982,508	-	-	-	-	16,982,508	16,982,508
Buildings	22,823,659	-	-	22,823,659	5,673,548	525,900	-	6,199,448	16,624,211	17,150,111
Plant and Equipment	602,154,205	-	251,101,103	351,053,102	112,768,118	87,845,100	88,120,450	112,492,768	238,560,334	489,386,087
Furniture & Fixtures	10,806,543	982,040	3,401,726	8,386,857	6,365,692	582,454	2,703,326	4,244,820	4,142,037	4,440,851
Vehicles	12,237,426	950,000	563,551	12,623,875	2,232,335	1,125,276	347,918	3,009,693	9,614,182	10,005,091
Office Equipment	34,482,556	1,717,491	8,205,053	27,994,994	9,562,982	4,034,379	4,641,025	8,956,336	19,038,658	24,919,574
Leasehold Improvements	11,910,088	-	-	11,910,088	5,545,462	3,027,912	-	8,573,374	3,336,714	6,364,626
<b>Total</b>	<b>711,396,985</b>	<b>3,649,531</b>	<b>263,271,433</b>	<b>451,775,083</b>	<b>142,148,137</b>	<b>97,141,021</b>	<b>95,812,719</b>	<b>143,476,439</b>	<b>308,298,644</b>	<b>569,248,848</b>

(Amount in ₹)

Intangible assets	GROSS BLOCK				ACCUMULATED DEPRECIATION AND IMPAIRMENT				NET BLOCK	
	As on April 1, 2011	Additions	Deductions	As on March 31, 2012	Up to March 31, 2011	For the Year	Deductions / Adjustment	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
Goodwill	201,920,978	-	-	201,920,978	10,096,049	20,192,100	-	30,288,149	171,632,829	191,824,929
Computer Software	1,994,781	5,630,287	-	7,625,068	361,431	636,081	-	997,512	6,627,556	1,633,350
<b>Total</b>	<b>203,915,759</b>	<b>5,630,287</b>	<b>-</b>	<b>209,546,046</b>	<b>10,457,480</b>	<b>20,828,181</b>	<b>-</b>	<b>31,285,661</b>	<b>178,260,385</b>	<b>193,458,279</b>
<b>Grand Total</b>	<b>915,312,744</b>	<b>9,279,818</b>	<b>263,271,433</b>	<b>661,321,129</b>	<b>152,605,617</b>	<b>117,969,202</b>	<b>95,812,719</b>	<b>174,762,100</b>	<b>486,559,029</b>	<b>762,707,127</b>
Previous year	491,511,723	503,902,973	80,101,952	915,312,744	89,104,182	89,457,924	25,956,489	152,605,617	762,707,127	

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 12 NON CURRENT INVESTMENTS</b>		
<b>Trade Investments (Valued at cost unless Stated otherwise)</b>		
<b>Unquoted Equity Instruments</b>		
<b>Investment in Subsidiaries</b>		
2,450 (2011: 2,450) Shares having Face Value of AED 1,000 per share in Unisafe Fire Protection Specialists LLC, Dubai	172,152,067	172,152,067
2,000,000 (2011: 2,000,000) Shares having Face Value of ₹ 10 per share in Zicom CNA Automation Limited (At cost less provision for other than temporary diminution ₹ 7,000,000 (2011: ₹ 7,000,000))	3,870,085	3,870,085
(6 Shares held in the name of an Employee on behalf of the Company)		
5,000,000 (2011: Nil) Shares having Face Value of ₹ 10 per share in Zicom SaaS Private Limited	50,000,000	-
5,000,000 (2011: Nil) Shares having Face Value of ₹ 10 per share in Unisafe Fire Protection Specialists India Private Limited	50,000,000	-



## Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>Investments in Associates</b>		
120,000 (2011: 120,000) Shares having Face Value of ₹ 10 Per Share in Institute of Advanced Security Training & Management Private Limited	1,200,000	1,200,000
<b>Total</b>	<b>277,222,152</b>	<b>177,222,152</b>
<b>Unquoted Preference Instruments</b>		
<b>Investment in Associates</b>		
5,250,000 (2011: Nil) 1% Preference Shares having Face Value of ₹ 10 Per Share in Institute of Advanced Security Training & Management Private Limited	52,500,000	-
<b>Total</b>	<b>52,500,000</b>	<b>-</b>
<b>Non Trade Investment</b>		
<b>Quoted Equity Instrument</b>		
200,000 (2011: 200,000) Equity Shares having Face Value of ₹ 10 Per Share in Vintage Cards & Creation Ltd. (At cost less provision for other than temporary diminution ₹ 5,270,000 (2011: ₹ Nil))	730,000	6,000,000
<b>Total</b>	<b>730,000</b>	<b>6,000,000</b>
<b>Total</b>	<b>330,452,152</b>	<b>183,222,152</b>
Aggregate amount of quoted investment (Market value: ₹ 730,000 (2011: ₹ 2,910,000))	730,000	6,000,000
Unquoted Investments	329,722,152	177,222,152
Aggregate Value of Diminution	12,270,000	7,000,000
<b>Note 13 Long-Term Loans and Advances</b>		
<b>Unsecured, Considered Good</b>		
Deposits	1,224,837	13,772,408
Advance Income Tax (Net of Provisions for Taxation)	10,943,714	14,620,107
<b>Total</b>	<b>12,168,551</b>	<b>28,392,515</b>
<b>NOTE 14 OTHER NON-CURRENT ASSETS</b>		
<b>Unsecured, Considered Good</b>		
Long Term Trade Receivables (Refer Note No 28.24)	10,556,674	10,556,674
<b>Total</b>	<b>10,556,674</b>	<b>10,556,674</b>
<b>NOTE 15 INVENTORIES</b>		
(At lower of cost and net realizable value)		
Material In Transit	-	6,461,009
Finished Goods	313,185,168	232,203,212
<b>Total</b>	<b>313,185,168</b>	<b>238,664,221</b>
<b>NOTE 16 TRADE RECEIVABLES</b>		
<b>Unsecured, Considered Good</b>		
Debts outstanding for more than six months	14,192,838	28,375,574
Other Debts	496,063,428	233,619,211
<b>Total</b>	<b>510,256,266</b>	<b>261,994,785</b>

## Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 17 CASH AND CASH EQUIVALENTS</b>		
<b>Balances with Banks</b>		
In Current Accounts	14,622,268	125,484,796
Unpaid Dividend Accounts	710,304	861,580
<b>Cash on Hand</b>	1,201,739	1,188,757
<b>Other Bank Balance</b>		
Deposit with original maturity less than 12 months	40,662,503	49,201,493
Fixed Deposit Receipt - Margin Money	19,405,493	6,395,556
<b>Total</b>	<b>76,602,307</b>	<b>183,132,182</b>
<b>NOTE 18 SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured, Considered Good</b>		
Loans to Subsidiary Companies (Refer Note 28.15)	89,963,555	128,515,943
Advance Recoverable in Cash or kind	28,842,661	297,882,987
Share Application Money Pending Allotment	11,000,000	21,900,000
Inter Corporate Deposit	67,066,022	68,580,822
Security Deposits	14,048,155	4,085,680
Loans and advances to Employees	704,673	1,206,380
Advance to supplier	72,489,812	65,235,595
<b>Total</b>	<b>284,114,878</b>	<b>587,407,407</b>
<b>NOTE 19 OTHER CURRENT ASSETS</b>		
<b>Unsecured, considered good</b>		
Others	58,733,710	-
<b>Total</b>	<b>58,733,710</b>	<b>-</b>
<b>NOTE 20 REVENUE FROM OPERATION</b>		
Sales of Products (Refer Note 28.23)	2,182,685,149	1,144,977,789
Sale of Services	11,473,914	12,508,299
<b>Total</b>	<b>2,194,159,063</b>	<b>1,157,486,088</b>
<b>NOTE 21 OTHER INCOME</b>		
<b>Interest income</b>		
From Banks	1,353,208	6,757,177
From Subsidiary	15,208,655	11,104,289
From Others	8,485,200	8,580,822
<b>Dividend Income on</b>		
Current Investments	-	6,620,148
<b>Other Non-Operating Income</b>		
Sundry Balance Written off (Net)	768,392	1,172,129
Other	878,586	842,709
	<b>26,694,041</b>	<b>35,077,274</b>

## Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 22 COST OF MATERIALS CONSUMED</b>		
Opening Stock	2,063,512	681,902
Add: Purchases	5,298,873	52,185,729
	<b>7,362,385</b>	<b>52,867,631</b>
Less: Closing stock	418,566	2,063,512
<b>Total</b>	<b>6,943,819</b>	<b>50,804,119</b>
<b>NOTE 23 PURCHASE OF STOCK-IN-TRADE</b>		
Materials and Related Expenses (Refer Note 28.23)	1,839,361,225	1,039,058,578
<b>Total</b>	<b>1,839,361,225</b>	<b>1,039,058,578</b>
<b>NOTE 24 CHANGES IN INVENTORIES</b>		
Inventories at the end of the year (Refer Note 28.23):		
Material in Transit	-	6,461,009
Finished Goods	312,766,602	230,139,700
	<b>312,766,602</b>	<b>236,600,709</b>
Inventories at the beginning of the year:		
Material in Transit	6,461,009	-
Work-in-progress	-	13,808,988
Finished Goods	230,139,700	104,069,214
	<b>236,600,709</b>	<b>117,878,202</b>
<b>Net (increase) / decrease</b>	<b>-76,165,893</b>	<b>-118,722,507</b>
<b>NOTE 25 EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and Wages	67,124,908	47,586,105
Contribution to Provident and Other Funds (Refer Note No. 28.11)	1,670,941	1,395,507
Staff Welfare Expenses	1,585,729	2,862,583
<b>Total</b>	<b>70,381,578</b>	<b>51,844,195</b>
<b>NOTE 26 FINANCE COSTS</b>		
Interest	96,050,251	83,871,911
Bank Charges	3,392,472	3,386,846
Net (Gain) / Loss on Exchange Fluctuation	-25,714,978	2,580,718
<b>Total</b>	<b>73,727,745</b>	<b>89,839,475</b>
<b>NOTE 27 OTHER EXPENSES</b>		
Advertisement	7,984,546	33,101,566
Auditor's Remuneration	1,005,000	952,939
Business Promotion	5,035,112	2,348,361
Communication	4,513,769	5,895,661
Directors' Sitting Fees	303,500	352,000
Donations And Contributions	87,500	202,000

## Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
Freight And Forwarding	3,719,745	1,521,603
Insurance	1,280,654	3,240,460
Legal And Professional	24,162,168	25,164,130
Membership & Subscription	308,580	3,269,735
Power and Fuel	2,865,037	3,666,388
Printing And Stationery	1,629,008	2,485,688
Rates And Taxes	16,325,359	4,606,101
Rent and Compensation	19,687,408	18,796,063
Repairs And Maintenance - Buildings	361,542	258,781
Repairs And Maintenance - Machinery	959,572	988,613
Repairs And Maintenance - Others	1,275,003	2,040,947
Sales Commission	199,883	1,106,419
Staff Training & Recruitment	2,921,220	2,257,218
Travelling And Conveyance	8,831,594	7,865,244
Loss on Sale/Discard of Fixed Assets	3,614,095	1,692,723
Provision for Diminution in Investment	5,270,000	-
Miscellaneous Expenses	3,839,577	4,852,478
<b>Total</b>	<b>116,179,872</b>	<b>126,665,118</b>
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As Auditors - Statutory Audit	775,000	775,000
For Other Services	230,000	177,939
<b>Total</b>	<b>1,005,000</b>	<b>952,939</b>

### NOTE 28 ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

#### 28.1 Contingent liabilities and commitments (to the extent not provided for)

(Amount in ₹)

	March 31, 2012	March 31, 2011
(a) Letters of Credit by Bank	43,002,826	Nil
(b) Guarantees issued by Bank (Gross)	5,846,027	24,504,200
(c) Corporate Guarantee and Indemnities	1,677,670,000	1,030,350,000
(d) Sales Tax Matters	751,974	965,470
(e) Claim Lodged by Customers Not Acknowledged as Debt	1,133,180	1,144,501
(f) Capital Contract	Nil	2,200,000
(f) Warranty Claims	Nil	1,000,000

28.2 During the year the company has started offering security on service basis through its 100% subsidiary Zicom SaaS Private Ltd. The company offers security managed services with four levels of security – security hardware, remote monitoring, remote response and insurance cover – all built into a holistic end-to-end security solution.

## Notes forming part of the Financial Statements

28.3 During the year the company ventured into the business of fire detection and protection through its 100% subsidiary Unisafe Fire Protection Specialists India Pvt. Ltd. The Company has good presence and strong track record in the said line of business in UAE and expertise gained therein are being leveraged in India.

28.4 i. As per Business Transfer Arrangement (BTA) dated March 5, 2010 entered with Schneider Electric India Private Limited (SE), the Company has transferred certain assets and liabilities of Electronic Security Systems business of the company comprising of its two divisions Building Solution Group and Special Project Group business to SE with effect from April 30, 2010, as approved by the shareholders of the company through postal ballot as per Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by the postal ballot) Rules 2001 for a consideration of ₹ 22,500 Lacs. This transfer excludes the retail business, business of Central Monitoring Station and Video Monitoring Station and right to continue the business of fire detection and suppression on a stand alone basis with the Company.

ii. Information pursuant to the Discontinuing Operations in accordance with AS 24 – “Discontinuing Operations” issued by the Institute of Chartered Accountants of India is as follows:

The Profit / (Loss) attributable to Discontinuing business is as follows:

(Amount in ₹)

Particular	March 31, 2012	March 31, 2011
Gross Revenue	Nil	114,891,910
Total Expenditure	Nil	147,911,826
Profit Before Tax	Nil	-33,019,915
Tax Expenses	Nil	Nil
Profit after Tax	Nil	-33,019,915

The net cash flow attributable to Discontinuing business is as follows:

(Amount in ₹)

Particular	March 31, 2012	March 31, 2011
<b>Cash Generated from Activity:</b>		
Operating	Nil	508,422,067
Investing	Nil	44,938,638
Financing	Nil	-893,953,750
Net Cash Inflows / Out Flows	Nil	-340,593,045

28.5 In April 2010, the Company had acquired an additional 49% stake in Zicom CNA Automation Ltd. (ZCNA) which became a wholly owned subsidiary of the Company from the said date. Subsequent to this acquisition, the Company has entered into BTA dated April 29, 2010 with ZCNA and acquired the entire Automation Business on Slump Sale basis (Going concern) for the consideration of ₹ 25 Lacs. No Goodwill / Capital Reserve has been recognised in the books of the company as a consequence of the above acquisition, since the Net Assets received from ZCNA are equal to the Purchase Consideration.

Keeping in view the fact that Net Worth of ZCNA as on March 31, 2011 was lower than the book value of the investments made by the company as on the said date, the company has decided to provide for diminution in the value of the said investment to the extent of ₹ 70 Lacs and has recognised in the books under the head Extraordinary items.

## Notes forming part of the Financial Statements

28.6 As a part of restructuring and in order to improve focus on the retail security business, the Board of Directors in its meeting held on September 30, 2010 has approved transfer of the retail security business of its then wholly owned subsidiary Zicom Retail Products Private Limited (ZRPPL) to the Company for a purchase consideration of ₹ 4,800 Lacs resulting in Goodwill of ₹ 2,019 Lacs which is recognized in the books of accounts, considering the benefit which will accrue as a consequence of the above, the Company has decided to amortize the Goodwill so arisen over a period of ten years in equal installment.

Consequent on transfer of the aforesaid business under slump sale on going concern basis, the company had disinvested its entire cumulative investment of ₹ 11,000 Lacs in its loss making subsidiary ZRPPL at price of ₹ 1,500 Lacs. Resulting loss is reflected in extraordinary item. The said loss was mainly on account of brand building expenses incurred over a period of 4 years while building retail security business.

28.7 In March 2011, the Company has divested its entire stake in its subsidiary Zicom Manufacturing Co. (HK) Ltd. (ZHK) for a consideration of ₹ 135 Lacs and made the profit of ₹ 109 Lacs on the disposal of the same and has recognised in the books under the head Extraordinary items.

28.8 Thus considering the profit of ₹ 12,463 Lacs made on Business Transfer Arrangement with SE as above, profit / loss on account of divestment of subsidiary ZHK and ZRPPL as above and diminution in the value of investment made in ZCNA has resulted in a net surplus of ₹ 3,002 Lacs which is shown as Extraordinary item in the statement of profit and loss.

28.9 Exceptional items represents the adjustments to the final consideration receivable by the company from Schneider Electrical India Private Limited (SE) kept under Escrow as per the terms of Business Transfer Agreement (BTA) dated March 5, 2010.

28.10 Details of consumption of imported and indigenous items

Year Ended	March 31, 2012		March 31, 2011	
	₹	Percentage	₹	Percentage
<b>Material</b>				
Imported	6,143,819	100%	49,882,916	46%
Indigenous	Nil	Nil	58,211,384	54%
<b>Spare Parts</b>				
Imported	Nil	Nil	Nil	Nil
Indigenous	Nil	Nil	Nil	Nil

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

### Defined contribution plans

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
Employer's Contribution to Provident Fund	269,515	178,983
Employer's Contribution to Pension Fund	606,586	403,453

### Employee benefit plans

"Amount of ₹ 653,095 (₹ 1,172,752) in respect of Gratuity and ₹ 146,939 (₹ 89,279) in respect of leave is recognised as expense and included in Employee benefits expense (Note No. 25) in the Statement of Profit and Loss"

## Notes forming part of the Financial Statements

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

(Amount in ₹)

Particulars	Year ended March 31, 2012		Year ended March 31, 2011	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>I Change in defined benefit obligations (DBO) during the year</b>				
Present value of DBO at beginning of the year	2,069,875	983,545	2,431,837	940,781
Interest cost	160,360	81,634	382,856	418,950
Current service cost	489,858	501,180	129,426	73,402
Actuarial (gains) / losses	-135,770	-435,875	753,790	-403,073
Benefits paid	-275,656	Nil	-1,628,034	-46,515
Present value of DBO at the end of the year	2,580,207	1,130,484	2,069,875	983,545
<b>II Change In Fair Value Of Assets During The Year</b>				
Plan assets at beginning of the year	1,523,454	Nil	2,469,659	Nil
Expected return on plan assets	160,500	Nil	175,500	Nil
Actual company contributions	795,919	Nil	588,509	46,515
Benefits paid	-275,656	Nil	-1,628,034	-46,515
Actuarial gain / (loss)	-27,607	Nil	-82,180	Nil
Plan assets at the end of the year	2,176,610	Nil	1,523,484	Nil
<b>III Amount Recognised in Statement of Profit and Loss A/c</b>				
Current service cost	489,858	501,180	382,856	418,950
Interest cost	160,360	81,634	129,426	73,402
Expected return on plan assets	-160,500	Nil	-175,500	Nil
Actuarial losses/(gains)	163,377	-435,875	835,970	-403,073
<b>Expense recognised in the Profit and Loss A/c</b>	653,095	146,939	1,172,752	89,279
<b>IV Net asset / (liability) recognised in the Balance Sheet</b>				
Present value of defined benefit obligation	2,580,207	1,130,484	2,069,875	983,545
Fair value of plan assets	2,176,610	Nil	1,523,454	Nil
Funded status [Surplus / (Deficit)]	-403,597	-1,130,484	-546,421	-983,545
<b>Net asset / (liability) recognised in the Balance Sheet</b>	-403,597	-1,130,484	-546,421	-983,545
<b>V Actuarial assumptions</b>				
Discount rate	8.50%	8.50%	8.30%	8.30%
Expected return on plan assets	9.00%	9.00%	9.00%	9.00%
Withdrawal Rates	0.80%	0.80%	0.80%	0.80%
Annual Increase in Salary Cost	4.00%	4.00%	4.00%	4.00%

### General Description of significant defined plans

#### I. Gratuity Plan

Gratuity is payable to all eligible employees on the completion of five years of service in the event of resignation, retirement, permanent disablement or death.

#### II. Leave Plan

Eligible employees can carry forward the leaves as per the leave policy of the company and is payable at separation on account of retirement, permanent disablement or death.

## Notes forming part of the Financial Statements

### Broad Category of plan assets relating to Gratuity as a percentage of total plan assets

Particulars	March 31, 2012	March 31, 2011
Government of India Securities	Nil	Nil
High Quality Corporate bonds	Nil	Nil
Equity Shares of Listed Companies	Nil	Nil
Property	Nil	Nil
Policy of Insurance	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

### 28.12 Lease:

Disclosure as required by AS 19 - "Leases" issued by The Institute of Chartered Accountants of India are as follows:

#### Operating Lease:

The Company's significant leasing arrangements are in respect of office premises and residential flats taken on lease. The arrangements are generally from 11 months to 36 months. Under these agreements, generally refundable interest-free deposits have been given. In respect of above arrangements, lease rentals payable are recognised in the Statement of Profit and Loss for the year and included under Rent and Compensation (Disclosed under Schedule 13).

Future minimum lease payments under non cancellable operating lease:

Particulars	March 31, 2012	March 31, 2011
Not later than one year	15,888,106	14,918,710
Later than one year and not later than five years	2,387,373	15,330,125
Later than five years	Nil	Nil
Lease Payment made during the year recognised in the Profit and Loss A/c	19,687,408	18,796,063

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

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

Particulars	Before Extra ordinary and Exceptional Item		After Extra ordinary and Exceptional Item	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>A. Net Profit for</b>				
Basic	54,917,126	-154,400,385	35,530,528	145,789,713
Diluted	54,917,126	-154,400,385	35,530,528	145,789,713
<b>B. Weighted Average No of Equity Shares</b>				
Basic	12,699,829	12,699,829	12,699,829	12,699,829
Diluted	12,699,829	12,699,829	12,699,829	12,699,829
<b>C. Earning Per share</b>				
Basic	4.32	-12.16	2.80	11.48
Diluted	4.32	-12.16	2.80	11.48



## Notes forming part of the Financial Statements

### 28.15 Related Party Transactions

#### Details of related parties:

Description of relationship	Names of related parties
Subsidiary Company	Unisafe Fire Protection Specialists LLC, Dubai
Subsidiary Company	Zicom CNA Automation Ltd.
Subsidiary Company	Zicom SaaS Pvt. Ltd.
Subsidiary Company	Unisafe Fire Protection Specialists India Pvt. Ltd.
Associate Company	Institute for Advanced Security Training and Management Pvt. Ltd.
Key Management Personnel (KMP)	Mr. Manohar Bidaye
Key Management Personnel (KMP)	Mr.Pramoud Rao

Note: Related parties have been identified by the Management.

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

	Subsidiaries		KMP	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Transactions during the year</b>				
Purchase(excluding taxes)	Nil	5,485	Nil	Nil
Sale (excluding taxes)	1,928,359	21,875,797	Nil	Nil
Investment in Shares	100,000,000	690,000,000	Nil	Nil
Advance Recoverable in cash or in kind (Net)	-33,811,120	549,907,722	Nil	Nil
Interest paid on Loan	15,208,655	11,104,289	Nil	Nil
Slump Sale Acquisition	Nil	482,500,000	Nil	Nil
Corporate Guarantee	1,677,670,000	228,463,500	Nil	Nil
Common Overhead Allocated / Expenses re-charged (excluding Taxes)	4,104,194	268,585	Nil	Nil
Remuneration Paid	Nil	Nil	9,059,700	9,059,700
<b>Balances outstanding at the end of the year</b>				
Loans and advances	85,918,083	128,515,943	Nil	Nil
Expenses re-charged	4,045,472	Nil	Nil	Nil
Trade payables	2,795,846	34,908,950	Nil	Nil

## Notes forming part of the Financial Statements

	Associates	
	March 31, 2012	March 31, 2011
<b>Transactions during the year</b>		
Purchase	611,140	Nil
Sale	476,263	Nil
Investment in Preference Share	52,500,000	Nil
Share Application Money Pending Allotment	11,000,000	21,900,000
Advance Recoverable in cash or kind	200,000	Nil
Common Overhead Allocated / Expenses re-charged (excluding Taxes)	58,073	566,243
<b>Balances outstanding at the end of the year</b>		
Share Application Money Pending Allotment	11,000,000	21,900,000
Loans and advances	200,000	Nil
Trade payables	38,088	Nil
Common Overhead Allocated / Expenses re-charged (excluding Taxes)	624,316	566,243

### Loans and Advances in the nature of Loans given to subsidiaries:

Name of the company	As at	Maximum	As at	Maximum
		Balance for the		Balance for the
		Year Ended on		Year Ended on
	March 31, 2012		March 31, 2011	
Unisafe Fire Protection Specialists LLC	88,713,929	138,998,665	131,311,789	131,311,789
Zicom CNA Automation Ltd.	Nil	Nil	Nil	2,900,000
Zicom Retail Products Pvt. Ltd.	Nil	Nil	Nil	1,102,573,054

- 28.16 **Segment Reporting:** The Company has only one reportable segment namely **"Security Systems and Automation"**.
- 28.17 The Company is of the view that there are no indications of material impairment and the carrying amount of its fixed assets or where applicable, the cash generating unit to which these assets belong, do not exceed their recoverable amounts (i.e., the higher of the assets' net selling price and value in use). Hence, no impairment had arisen during the year as per the recommendations of AS 28 - "Impairment of Assets".
- 28.18 In respect of Investments other than ZCNA, no provision towards diminution is considered necessary in the books keeping in view the fact that the said Investments are of Long Term nature.
- 28.19 In the opinion of the Management, the Current Assets and Loans and Advances as shown in the books are expected to realise at their Book Values in the normal course of business and adequate provision have been made in respect of all known liabilities.

### 28.20 Employee Stock Option Scheme (ESOS)

In accordance with two ESOS Schemes viz. ESOS 2006 and ESOS 2007 of the company, the employees of the company and the employees of the subsidiaries have been offered options as per respective eligible criteria fixed under the aforesaid schemes. Against each of the above options, eligible employee is entitled to acquire one equity share of ₹ 10 of the Company at a price mentioned against each series of option. Against each option 40% can be exercised by the end of first

## Notes forming part of the Financial Statements

year from the date of grant of options, 30% can be exercised at the end of second year from the date of grant of the options and balance 30% can be exercised at the end of third year from the date of grant of the options.

Further, pursuant to the transfer of Electronic Security Systems Business (Sale Business) of the Company, comprising of its two divisions viz. Building Solutions Group (BSG) and Special Projects Group (SPG), to Schneider Electric India Pvt. Ltd. (Schneider) vide Business Transfer Agreement (BTA) dated March 5, 2010; the employees belonging to the Sale Business were transferred to Schneider. As a result, all the unexercised Stock Options granted to such employees lapsed, changing substantially the status of outstanding Employee Stock Option under ESOS 2006 and ESOS 2007 of the company.

Further, pursuant to the acquisition of the Retail Security Business (Sale Business) of Zicom Retail Products Private Limited (ZRPPL) (wholly owned subsidiary of the Company) vide Business Transfer Agreement (BTA) dated September 30, 2010; all the employees belonging to the Sale Business were transferred to the Company. As a result, the Stock Options granted to employees of ZRPPL under ESOS 2007 are held by them as employees of the Company.

Particulars	Scheme 2006	Scheme 2007
Summary as on March 31, 2011	Grant V	Grant I
Exercise Price	85	85
Options outstanding at the beginning of the year	33,000	19,000
Granted during the year	Nil	Nil
Exercised during the year	Nil	Nil
Forfeited/ Surrendered/Lapsed during the year	13,200	13,600
Outstanding at the end of the year	19,800	5,400

### 28.21 Details on unhedged foreign currency exposures

Particular	Currency	March 31, 2012	March 31, 2011
Trade Receivable & Deposits	USD	811,428	793,789
	AED	6,405,338	10,843,253
Trade Payable	USD	911,400	722,392

### 28.22

Particulars	For the year ended	
	March 31, 2012	March 31, 2011
<b>Value of imports calculated on CIF basis</b>		
Raw Material	157,791,325	123,096,620
<b>Earning in Foreign Currency</b>		
Interest	15,485,836	11,429,422
<b>Expenditure in Foreign Currency</b>		
<b>On Payment Basis</b>		
Travelling	307,556	324,875
Bank charges	11,215	16,116

## Notes forming part of the Financial Statements

### 28.23 Product wise details

#### Sales

	March 31, 2012	March 31, 2011
Safety Products	18,933,525	4,319,520
Security Products	2,162,666,131	1,140,032,842
Others	1,085,493	625,427
<b>Total</b>	<b>2,182,685,149</b>	<b>1,144,977,789</b>

#### Inventory

	March 31, 2012	March 31, 2011
Safety Products	2,491,686	2,379,861
Security Products	310,693,482	236,284,360
<b>Total</b>	<b>313,185,168</b>	<b>238,664,221</b>

#### Purchase

	March 31, 2012	March 31, 2011
Safety Products	17,063,441	3,545,891
Security Products	1,826,668,487	1,087,245,435
Others	928,170	452,981
<b>Total</b>	<b>1,844,660,098</b>	<b>1,091,244,307</b>

28.24 In respect of Sundry Debtors representing ₹ 10,556,674 due from the customer, the company has received an award from the Honorable High Court of Andhra Pradesh in its favour. The management is confident of recovering this amount and hence no provision has been considered in this regard.

28.25 Certain balances under the heads Sundry Debtors, Loans & Advances, Sundry Creditors are subject to confirmations from the respective parties and consequential reconciliation, if any.

For and on behalf of the Board of Directors

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Mukul Desai**  
Director

**Achyut Godbole**  
Director

**Vijay Kalantri**  
Director

**K. D. Hodavdekar**  
Director

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary

Place : Mumbai

Date : May 17, 2012

# Auditor's Report on Consolidated Financial Statements

To,  
The Board of Director  
**Zicom Electronic Security Systems Limited**

We have audited the attached Consolidated Balance Sheet of Zicom Electronic Security Systems Limited, its subsidiaries Unisafe Fire Protection Specialists LLC, Dubai, Zicom CNA Automation Limited, Unisafe fire protection Specialist India Private Limited and Zicom Saas Pvt Limited as at March 31, 2012, the Consolidated Statement of Profit and Loss Account and the Consolidated Cashflow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are prepared in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of the subsidiaries, (i) Unisafe Fire Protection Specialists LLC, Dubai, (ii) Zicom CNA Automation Limited, (iii) Unisafe fire protection Specialist India Private Limited and (iv) Zicom Saas Private Limited as at end for the year ended March 31, 2012, have been audited by other

auditors whose reports have been furnished to us and whose financial statement reflects Total assets net of ₹ 20,359.93 Lacs and cash flows of ₹ 591.53 Lacs. The Company's share of net worth with respect to said subsidiary companies as at March 31, 2012 and profit for the year ended March 31, 2012 is ₹ 6,105.28 Lacs and ₹ 1661.31 Lacs respectively. The above financial information, in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of those auditors, wherever applicable.

We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" notified by the Companies (Accounting Standards) Rules, 2006, on the basis of separate audited financial statements of Zicom Electronic Security Systems Limited and its Subsidiary Companies included in the Consolidated Financial Statements.

On the basis of information and explanations given to us and on the consideration of the separate audit reports of other auditors on individual audited financial statements of the Company and its aforesaid subsidiaries, we are of opinion that said consolidated financial statements read with the notes thereon, give the a true and fair view in conformity with the accounting principles generally accepted in India;

- (1) in the case of the Consolidated Balance Sheet, of the state of affairs of Zicom Electronic Security Systems Limited and its subsidiaries as at March 31, 2012;

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- (2) in the case of Consolidated Statement of Profit and Loss, of the profit of Zicom Electronic Security Systems Limited and its subsidiaries for the year ended on that date; and
- (3) in the case of Consolidated Cash Flow Statement, of the cash flows of Zicom Electronic Security Systems Limited and its subsidiaries for the year ended on that date.

**For Malpani & Associates**

Chartered Accountants  
Firm Registration No. 120438 W

**Shyam Malpani**

Proprietor  
Membership No. F-34171

Mumbai, dated May 17, 2012

## Consolidated Balance Sheet as at March 31, 2012

(Amount in ₹)

Particulars	Note No.	March 31, 2012	March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	126,998,290	126,998,290
Reserves And Surplus	2	1,758,177,379	1,527,172,602
		<b>1,885,175,669</b>	<b>1,654,170,892</b>
<b>Minority Interest</b>			
		<b>207,635,280</b>	<b>142,548,885</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	3	95,354,000	150,000,000
Deferred Tax Liabilities (Net)	4	47,930,209	41,873,718
Other Long-Term Liabilities	5	502,500	3,152,111
Long-Term Provisions	6	21,790,958	1,529,966
		<b>165,577,667</b>	<b>196,555,795</b>
Short-Term Borrowings	7	1,358,250,888	1,104,043,893
Trade Payables	8	249,216,778	335,287,074
Other Current Liabilities	9	236,432,941	284,943,038
Short-Term Provisions	10	16,332,585	32,385,107
		<b>1,860,233,192</b>	<b>1,756,659,112</b>
	<b>TOTAL</b>	<b>4,118,621,808</b>	<b>3,749,934,684</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed assets</b>			
Tangible Assets	11	405,200,722	581,485,522
Intangible Assets	11	262,506,965	292,467,865
Capital Work-In-Progress		88,470,000	3,961,486
		<b>756,177,687</b>	<b>877,914,873</b>
Non-Current Investments	12	75,482,000	7,200,000
Long Term Loans And Advances	13	10,943,714	36,935,905
Other Non-Current Assets	14	10,556,674	10,556,674
		<b>853,160,075</b>	<b>932,607,452</b>
<b>Current Assets</b>			
Inventories	15	448,514,799	337,116,220
Trade Receivables	16	2,061,020,209	1,528,772,997
Cash And Cash Equivalents	17	258,900,737	306,277,535
Short-Term Loans And Advances	18	438,292,278	645,160,480
Other Current Assets	19	58,733,710	-
		<b>3,265,461,733</b>	<b>2,817,327,232</b>
	<b>TOTAL</b>	<b>4,118,621,808</b>	<b>3,749,934,684</b>

See accompanying notes forming part of the financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

For **Malpani & Associates**  
Chartered Accountants

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Mukul Desai**  
Director

**Shyam Malpani**

Proprietor

Place : Mumbai

Date : May 17, 2012

**Achyut Godbole**  
Director

**Vijay Kalantri**  
Director

**K. D. Hodavdekar**  
Director

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary

## Consolidated Statement of Profit and Loss for the year ended 31 March, 2012 (Amount in ₹)

Particulars	Note No.	March 31, 2012	March 31, 2011
Revenue From Operations (Gross)	20	4,840,504,463	3,733,674,533
Other Income	21	15,673,156	32,006,858
<b>Total Revenue</b>		<b>4,856,177,619</b>	<b>3,765,681,391</b>
Cost Of Materials Consumed	22	2,022,216,018	1,694,923,755
Purchases Of Traded Goods	23	1,942,770,546	1,156,577,980
Changes In Inventories	24	-87,710,498	168,770,787
Employee Benefits Expense	25	258,386,904	249,899,092
Finance Costs	26	138,611,350	153,880,794
Depreciation Expense	11	143,273,784	152,012,753
Other Expenses	27	200,043,187	215,924,488
		<b>4,617,591,291</b>	<b>3,791,989,649</b>
<b>Profit / (Loss) Before Extraordinary Items And Tax</b>		<b>238,586,328</b>	<b>-26,308,258</b>
Extraordinary Income		-	605,258,670
Exceptional Expenses		19,386,598	85,090,078
<b>Profit / (Loss) From Continuing Operation</b>		<b>219,199,730</b>	<b>526,880,249</b>
Current Tax Expense For Current Year		5,410,000	33,000,000
Current Tax Expense Relating To Prior Years		-2,508,805	-11,502,724
Net Current Tax Expense		2,901,195	21,497,276
Deferred Tax		6,056,491	-3,480,431
<b>Total</b>		<b>8,957,686</b>	<b>18,016,845</b>
<b>Profit / (Loss) after Tax From Continuing Operation</b>		<b>210,242,044</b>	<b>508,863,404</b>
<b>Profit / (Loss) From Discontinuing Operation</b>		-	-33,019,915
Tax Expense		-	-
<b>Profit / (Loss) after Tax From Discontinuing Operation</b>		-	-33,019,915
Profit After Tax		210,242,044	475,843,489
Less : Minority Interest		41,838,964	31,261,843
<b>Profit / (Loss) For The Year</b>		<b>168,403,080</b>	<b>444,581,646</b>
<b>EPS Before Extraordinary and Exceptional Item</b>			
Basic		14.79	-12.65
Diluted		14.79	-12.65
<b>EPS After Extraordinary and Exceptional Item</b>			
Basic		13.26	35.01
Diluted		13.26	35.01
See accompanying notes forming part of the financial statements			

As per our attached report of even date

For and on behalf of the Board of Directors

**For Malpani & Associates**  
Chartered Accountants

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Mukul Desai**  
Director

**Shyam Malpani**  
Proprietor

Place : Mumbai  
Date : May 17, 2012

**Achyut Godbole**  
Director

**Vijay Kalantri**  
Director

**K. D. Hodavdekar**  
Director

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary



## Consolidated Cash Flow Statement for the year ended March 31, 2012

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>A. Cash Flow From Operating Activities</b>		
Net Profit / (Loss) Before Extraordinary Items And Tax	238,586,328	493,860,334
<u>Adjustments For:</u>		
Depreciation And Amortisation	143,273,784	152,012,753
(Profit) / Loss On Sale / Write Off Of Assets	3,614,095	1,692,723
Finance Costs	138,611,350	153,880,794
Interest Received	-9,855,589	-15,090,422
Dividend Income	-	-6,620,148
Diminution Of Investment	5,270,000	-
Sundry Balance Written Off	-678,794	8,515,657
Provision For Doubtful Debt	9,539,181	15,601,350
Extraordinary Item	-19,386,598	-605,258,669
	<b>270,387,429</b>	<b>-295,265,962</b>
Operating Profit / (Loss) Before Working Capital Changes	<b>508,973,757</b>	<b>198,594,372</b>
<u>Changes In Working Capital:</u>		
Adjustments For (Increase) / Decrease In Operating Assets:		
Inventories	-111,398,578	-165,808,734
Trade Receivables	-541,107,599	-494,248,524
Short-Term Loans And Advances	206,868,202	-616,474,417
Long-Term Loans And Advances	21,900,000	-14,969,691
Other Current Assets	-58,733,710	-
Adjustments For Increase / (Decrease) In Operating Liabilities:		
Trade Payables	-86,070,296	-92,335,700
Other Current Liabilities	-98,510,097	62,239,413
Other Long-Term Liabilities	-2,649,611	-1,997,100
Short-Term Provisions	-16,003,462	17,575,988
Long-Term Provisions	20,260,992	589,185
Subtotal	<b>-665,444,159</b>	<b>-1,305,429,580</b>
Cash Generated From Operations	<b>-156,470,402</b>	<b>-1,106,835,208</b>
Net Income Tax (Paid) / Refunds	1,190,996	-35,963,750
<b>Net Cash Flow From / (Used In) Operating Activities (A)</b>	<b>-155,279,406</b>	<b>-1,142,798,958</b>
<b>B. Cash Flow From Investing Activities</b>		
Capital Expenditure On Fixed Assets, Including Capital Advances	-188,995,313	-242,767,835
Proceeds From Sale Of Fixed Assets	163,844,619	93,843,807

## Cash Flow Statement for the year ended March 31, 2012

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
Interest Received	9,855,589	15,090,422
Sale Of Business	-	163,454,040
Dividend Income	-	6,620,148
Purchase Of Long-Term Investments		
- Associate	-52,500,000	-
Investment In Bonds	-21,052,000	-
<b>Net Cash Flow From / (Used In) Investing Activities (B)</b>	<b>-88,847,105</b>	<b>36,240,582</b>
<b>C. Cash Flow From Financing Activities</b>		
Minority Interest	23,247,431	-3,964,865
Business Sale On Slump Sale Basis	-	2,250,000,000
Expenses Of Deal	-	-52,549,602
Net Increase / (Decrease) In Working Capital Borrowings	254,206,995	-786,840,498
Net Increase / (Decrease) In Of Long Term Borrowings	-4,646,000	-100,000,000
Finance Cost	-138,611,350	-153,880,794
Foreign Currency Translation Reserve	77,361,756	-5,581,349
Dividends Paid	-12,699,829	-63,499,145
Tax On Dividend	-2,109,290	-10,546,414
<b>Net Cash Flow From / (Used In) Financing Activities (C)</b>	<b>196,749,713</b>	<b>1,073,137,333</b>
Net Increase / (Decrease) In Cash And Cash Equivalents (A+B+C)	<b>-47,376,798</b>	<b>-33,421,043</b>
Cash And Cash Equivalents At The Beginning Of The Year	<b>306,277,535</b>	<b>339,698,578</b>
Cash And Cash Equivalents At The End Of The Year	<b>258,900,737</b>	<b>306,277,535</b>

See accompanying notes forming part of the financial statements

As per our attached report of even date

For and on behalf of the Board of Directors

For **Malpani & Associates**  
Chartered Accountants

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Mukul Desai**  
Director

**Achyut Godbole**  
Director

**Vijay Kalantri**  
Director

**K. D. Hodavdekar**  
Director

**Shyam Malpani**  
Proprietor  
Place : Mumbai  
Date : May 17, 2012

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary

## Notes forming part of the Consolidated Financial Statements

### 1 Significant Accounting Policies

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The significant accounting policies are as follows:

#### 1.1 Change in Accounting Policy

The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principle followed of preparation of financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

#### 1.2 Basis of Accounting:

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

#### 1.3 Use of Estimates

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

#### 1.4 Principles of Consolidation:

The consolidated financial statements include the financial statements of Zicom Electronic Security Systems Limited (the parent company) and its subsidiaries Zicom Manufacturing Co. (HK) Limited (upto March 30, 2011), Zicom Retail Products Private Limited (upto September 30,2010), Zicom CNA Automation Limited and Unisafe Fire Protection Specialists LLC, Dubai, (Consolidated).

The consolidated financial statements have been prepared on the basis of AS 21 – “Consolidated Financial Statements”, as notified by the Companies (Accounting Standards) Rules 2006.

#### Subsidiaries

The excess of cost to the parent company of its investment in the subsidiaries over its portion of equity in the subsidiaries at the respective dates on which investment in such subsidiaries was made is recognised in the financial statements as goodwill. The parent company's portion of equity in such subsidiaries is determined on the basis of book values of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant transactions.

The financial statements of the parent company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets and liabilities as at the year end and income and expenses till the date of cessation of Holding-Subsidiary relationship or till year end, as the case may be, after eliminating Intra-group balances/transactions and resulting unrealized profits in full. Unrealized losses resulting from Intra-group transactions are also eliminated except to the extent that recoverable value of related assets is lower than their cost to the group.

## Notes forming part of the Consolidated Financial Statements

The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the parent company and its share in the post-acquisition increase in the relevant reserves of the subsidiaries. Goodwill arising on consolidation is amortised over its estimated useful life i.e. ten years. Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances except where it is not practicable to do so. Minority interest's share of net profit is adjusted against the income to arrive at the net income attributable to shareholders. Minority interest's share of net assets is presented separately in the balance sheet.

The following subsidiary companies are considered in the consolidated financial statements:

Name of the Subsidiary Company	Country of Incorporation	% of holding as at March 31, 2012
Zicom Retail Products Private Limited	India	100 % (Cease to be subsidiary wef September 30, 2010)
Zicom Manufacturing Co. (HK) Limited	Hong Kong	76 % (Cease to be subsidiary wef March 30, 2011)
Zicom CNA Automation Ltd.	India	100% (From April 2010)
Unisafe Fire Protection Specialists LLC, Dubai, (Consolidated)	Dubai (U.A.E.)	49% in Equity and Profit Sharing in the Ratio of 80% to Company : 20% to Minority (Subsidiary by virtue of control over composition of Board of Directors)
Zicom Saas Pvt. Ltd.	India	100% Subsidiary
Unisafe Fire Protection Specialists India Pvt. Ltd.	India	100% Subsidiary

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The significant accounting policies are as follows:

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

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

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

### 1.6 Depreciation / Amortisation

Tangibles:

Depreciation on fixed assets is provided on straight-line method in accordance with the rates specified in Schedule XIV of the Companies Act, 1956.

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

Intangibles:

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

## Notes forming part of the Consolidated Financial Statements

### 1.7 Investments

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

An investment in the shares of subsidiary Companies outside India is stated at cost by converting at the rate of exchange at the time of their acquisition.

### 1.8 Valuation of Inventories:

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

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

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

### 1.9 Foreign Exchange Fluctuations :

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

### 1.10 Revenue recognition:

Sales are recognised when goods are supplied in accordance with the terms of sale and are recorded net of trade discounts, rebates and sales tax. Income from services is accrued as per terms of relevant agreement.

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

Amount received from the customers for admitting them as member of Company's various schemes are credited to revenue account in the year in which membership is allotted.

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

### 1.11 Retirement Benefits:

- i. Contribution to defined contribution schemes such as Provident Fund and Employer's Pension Scheme is charged to the Profit and Loss account.
- ii. Payments to the employees' Gratuity Trust Fund, after taking into account the funds available with the trustees of the Gratuity Fund, is based on actuarial valuation carried out at the end of the year. Actuarial gains or losses arising from such valuation are charged to revenue in the year in which they arise.
- iii. Provision for leave encashment has been accrued and provided for at the end of the financial year, on the basis of actuarial valuation. Actuarial gains or loss arising from such valuation are charged to revenue in the year in which they arise.

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## Notes forming part of the Consolidated Financial Statements

### 1.12 Taxation :

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

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

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

### 1.13 Impairment of Assets:

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

### 1.14 Borrowing Costs

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

### 1.15 Provisions for Contingencies:

**A provision is recognised when:**

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

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

### 1.16 Leases

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

### 1.17 Accounting of Employee Stock Option Scheme:

In respect of options granted during any accounting period, intrinsic value (excess of market price of share over the exercise price or the option) is treated as employee compensation in the financial statements of the company which is amortised on a straight-line basis over the vesting period.

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 1 SHARE CAPITAL</b>		
<b>Authorised:</b>		
25,000,000 (2011: 25,000,000) Equity shares of ₹ 10 each with voting rights	250,000,000	250,000,000
<b>Issued Subscribed and Paid up:</b>		
12,699,829 (2011:12,699,829) Equity shares of ₹ 10 each with voting rights	126,998,290	126,998,290
<b>Total</b>	<b>126,998,290</b>	<b>126,998,290</b>

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

	2012		2011	
	Number	₹	Number	₹
Per last Balance sheet	12,699,829	126,998,290	12,699,829	126,998,290
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	12,699,829	126,998,290	12,699,829	126,998,290
Shares held by each shareholder holding more than 5% of equity share capital				
	<b>Year ended March 31, 2012</b>		<b>Year ended March 31, 2011</b>	
	<b>Nos.</b>	<b>Percent</b>	<b>Nos.</b>	<b>Percent</b>
Baronet Properties and Investments Pvt. Ltd	651,279	5.13%	650,279	5.12%

Shares reserved for issue under the Employee Stock Options Scheme (ESOS) plan of the Company, please refer note no 28.14

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 2 RESERVES AND SURPLUS</b>		
<b>Capital reserve</b>		
As per Last Balance Sheet	73,500,000	73,500,000
<b>Securities Premium Account</b>		
As per Last Balance Sheet	604,516,443	604,516,443
<b>General Reserve</b>		
As per Last Balance Sheet	22,100,000	22,100,000
Add: Transferred from surplus in the Statement of Profit and Loss	-	-
Closing balance	22,100,000	22,100,000
<b>Legal Reserve</b>		
As per Last Balance Sheet	9,837,536	9,837,536
Foreign Currency Translation Reserve	57,697,590	-19,664,166
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
As per Last Balance Sheet	836,882,789	407,110,262
Add: Profit / (Loss) for the year	168,403,080	444,581,646
Less: Appropriation		
Proposed Dividend on Equity Share (Dividend Per Share ₹ 1 (2011: ₹ 1)	12,699,829	12,699,829
Tax on dividend	2,060,230	2,109,290
Balance in the Statement of Profit and Loss	990,525,810	836,882,789
<b>Total</b>	<b>1,758,177,379</b>	<b>1,527,172,602</b>

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 3 LONG TERM BORROWINGS</b>		
<b>Term loans</b>		
1. Term Loan (Secured)	-	150,000,000
2. Term Loan (Secured)	95,354,000	-
<b>Total</b>	<b>95,354,000</b>	<b>150,000,000</b>

Term Loan 1 above is secured by the first charge by way of hypothecation of moveable Machinery and other Fixed Assets and Equitable Mortgage of properties situated in Mumbai and Bangalore and second charge on Current Assets of the company.

Term Loan 2 above is secured by the first charge by way of hypothecation of moveable Machinery and other Fixed Assets and second charge on Current Assets of the company.

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 4 DEFERRED TAX LIABILITY (NET)</b>		
<b>Deferred Tax Liability</b>		
Impact of difference between depreciation under Income Tax and Company Law	81,612,005	81,959,903
	<b>81,612,005</b>	<b>81,959,903</b>
<b>Deferred Tax Assets</b>		
MAT Credit	18,182,831	29,485,180
Disallowance under Income Tax	11,517,963	-
Provision for Diminution in Value of Investments	3,981,002	10,601,005
	<b>33,681,796</b>	<b>40,086,185</b>
<b>Total</b>	<b>47,930,209</b>	<b>41,873,718</b>

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 5 OTHER LONG TERM LIABILITIES</b>		
Deposit	502,500	3,152,111
<b>Total</b>	<b>502,500</b>	<b>3,152,111</b>

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 6 LONG TERM PROVISIONS</b>		
For Leave Encashment (Refer Note 28.6)	21,790,958	1,529,966
<b>Total</b>	<b>21,790,958</b>	<b>1,529,966</b>

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 7 SHORT TERM BORROWINGS</b>		
Cash Credit from Banks (Secured) - 1	388,560,530	387,454,770
Cash Credit from Banks (Secured) - 2	41,669,861	-
Cash Credit from Banks (Secured) - 3	928,020,497	716,589,123
<b>Total</b>	<b>1,358,250,888</b>	<b>1,104,043,893</b>

### Notes:

Cash Credit - 1 and Banking Facilities mentioned in clause (a) and (b) of Notes 28.1 are secured by the first charge ranking pari passu on current assets of the company and second charge ranking pari passu by way of hypothecation of Plant & Machinery, and other fixed assets and Equitable Mortgage of properties situated in Mumbai and Bangalore.

Cash Credit - 2 and Banking Facilities mentioned in clause (a) and (b) of Notes 28.1 are secured by the first charge ranking pari passu on current assets of the company and second charge ranking pari passu by way of hypothecation of Plant & Machinery, and other fixed assets.

Cash Credit - 3 is secured by charge on inventories, assignment of contract receivables from certain customers, lien on FDR held with banks, pledge of 200,000 equity shares, personal guarantees of two directors of the company.



## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 8 TRADE PAYABLES</b>		
<b>Acceptances</b>	<b>26,448,472</b>	21,435,234
Others	222,768,306	313,851,840
<b>Total</b>	<b>249,216,778</b>	<b>335,287,074</b>
<b>NOTE 9 OTHER CURRENT LIABILITIES</b>		
Current maturities of long-term debt #	150,000,000	100,000,000
Unpaid Dividends	710,304	861,580
Deposits	376,742	485,967
Advances from Customers	38,507,691	102,897,032
Other Payable	46,838,204	80,698,459
<b>Total</b>	<b>236,432,941</b>	<b>284,943,038</b>
# Current maturities of long-term debt (Refer Notes 3 - Long-term borrowings for details of security).		
<b>NOTE 10 SHORT TERM PROVISIONS</b>		
For Warranty	1,005,000	400,000
For Leave Encashment and Gratuity	567,526	17,175,988
For Proposed Equity Dividend	12,699,829	12,699,829
For Tax on Proposed Dividend	2,060,230	2,109,290
<b>Total</b>	<b>16,332,585</b>	<b>32,385,107</b>

### NOTE - 11 FIXED ASSETS

(Amount in ₹)

Tangible assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on April 1, 2011	Additions	Deductions	As on March 31, 2012	Up to March 31, 2011	For the Year	Deductions / Adjustment	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
Freehold Land	16,982,508	-	-	16,982,508	-	-	-	-	16,982,508	16,982,508
Buildings	22,823,659	-	-	22,823,659	5,673,548	525,900	-	6,199,448	16,624,211	17,150,111
Plant and Equipment	625,166,515	85,266,324	251,101,103	459,331,736	134,837,437	88,536,626	88,120,449	135,253,614	324,078,122	490,329,078
Furniture and Fixtures	37,708,344	1,554,988	3,401,726	35,861,606	27,513,767	3,149,531	2,703,326	27,959,972	7,901,634	10,194,577
Vehicles	27,986,693	3,031,600	2,234,775	28,783,518	10,935,992	5,701,713	2,019,142	14,618,563	14,164,955	17,050,701
Office equipment	32,976,901	4,572,214	8,205,053	29,344,062	9,562,980	4,229,783	4,641,025	9,151,738	20,192,324	23,413,921
Leasehold improvements	11,910,088	2,494,465	-	14,404,553	5,545,462	3,602,123	-	9,147,585	5,256,968	6,364,626
<b>Total</b>	<b>775,554,708</b>	<b>96,919,591</b>	<b>264,942,657</b>	<b>607,531,642</b>	<b>194,069,186</b>	<b>105,745,676</b>	<b>97,483,942</b>	<b>202,330,920</b>	<b>405,200,722</b>	<b>581,485,522</b>

(Amount in ₹)

Intangible assets	GROSS BLOCK				ACCUMULATED DEPRECIATION AND IMPAIRMENT				NET BLOCK	
	As on April 1, 2011	Additions	Deductions	As on March 31, 2012	Up to March 31, 2011	For the Year	Deductions / Adjustment	Up to March 31, 2012	As at March 31, 2012	As at March 31, 2011
Goodwill on Consolidation as per AS - 21	163,076,111	-	-	163,076,111	65,572,180	16,477,748	-	82,049,928	81,026,183	97,503,931
Goodwill	201,920,978	-	-	201,920,978	10,096,049	20,192,100	-	30,288,149	171,632,829	191,824,929
Computer software	3,500,436	7,567,208	-	11,067,644	361,431	858,260	-	1,219,691	9,847,953	3,139,005
<b>Total</b>	<b>368,497,525</b>	<b>7,567,208</b>	<b>-</b>	<b>376,064,733</b>	<b>76,029,660</b>	<b>37,528,108</b>	<b>-</b>	<b>113,557,768</b>	<b>262,506,965</b>	<b>292,467,865</b>
Capital Work in Progress									88,470,000	3,961,486
<b>Grand Total</b>	<b>1,144,052,233</b>	<b>104,486,799</b>	<b>264,942,657</b>	<b>983,596,375</b>	<b>270,098,846</b>	<b>143,273,784</b>	<b>97,483,942</b>	<b>315,888,688</b>	<b>756,177,687</b>	<b>877,914,873</b>
Previous year	491,511,723	503,902,973	80,101,952	915,312,744	89,104,182	89,457,924	25,956,489	152,605,617	762,707,127	402,407,541

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 12 NON-CURRENT INVESTMENTS</b>		
Trade Investments (Valued at cost unless Stated otherwise)		
Unquoted Equity Instruments		
Investments in Associates		
120,000 (2011: 120,000) Shares having Face Value of ₹ 10 Per Share in Institute of Advanced Security Training & Management Private Limited	1,200,000	1,200,000
<b>Total</b>	<b>1,200,000</b>	<b>1,200,000</b>
<b>UNQUOTED PREFERENCE INSTRUMENTS</b>		
Investments in Associates		
5,250,000 (Nil) 1% Preference Shares having Face Value of ₹ 10 Per Share in Institute of Advanced Security Training & Management Private Limited	52,500,000	-
<b>Total</b>	<b>52,500,000</b>	<b>-</b>
<b>NON TRADE INVESTMENT</b>		
Quoted Equity Instruments		
200,000 (2011: 200,000) Equity Shares having Face Value of ₹ 10 Per Share in Vintage Cards & Creation Ltd.	730,000	6,000,000
<b>Total</b>	<b>730,000</b>	<b>6,000,000</b>
<b>INVESTMENT IN BONDS</b>		
15,200 (2011: Nil) Bonds of Anka's Sukuk Ltd.	21,052,000	-
<b>Total</b>	<b>21,052,000</b>	<b>-</b>
<b>Total</b>	<b>75,482,000</b>	<b>7,200,000</b>
Aggregate amount of quoted investment (Market value: ₹ 19,333,943 (2011: ₹ 2,910,000))	21,782,000	6,000,000
Unquoted Investments	53,700,000	1,200,000
Aggregate Value of Diminution	5,270,000	-
<b>NOTE 13 LONG TERM LOANS AND ADVANCES</b>		
<b>UNSECURED, CONSIDERED GOOD</b>		
Loans and Advances to Related Parties (refer Note No. 28.4)	-	21,900,000
Advance Income Tax (Net of Provisions for Taxation)	10,943,714	15,035,905
<b>Total</b>	<b>10,943,714</b>	<b>36,935,905</b>
<b>NOTE 14 OTHER NON-CURRENT ASSETS</b>		
<b>Unsecured, considered good</b>		
Long Term Trade Receivables	10,556,674	10,556,674
<b>Total</b>	<b>10,556,674</b>	<b>10,556,674</b>
<b>NOTE 15 INVENTORIES</b>		
(At lower of cost and net realisable value)		
Material in Transit	-	6,461,009
Finished Goods	449,899,799	331,866,211
<b>Total</b>	<b>449,899,799</b>	<b>338,327,220</b>
Provision	-1,385,000	-1,211,000
<b>Total</b>	<b>448,514,799</b>	<b>337,116,220</b>

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 16 TRADE RECEIVABLES</b>		
<b>Unsecured, considered good</b>		
Debts outstanding for more than six months	263,844,088	69,952,357
Other Debts	1,830,880,941	1,482,578,728
<b>Total</b>	<b>2,094,725,029</b>	<b>1,552,531,085</b>
Provision for Doubtful Debt	-33,704,820	-23,758,088
<b>Total</b>	<b>2,061,020,209</b>	<b>1,528,772,997</b>
<b>NOTE 17 CASH AND CASH EQUIVALENTS</b>		
<b>Balances with banks</b>		
In Current Accounts	30,768,716	136,908,594
Unpaid Dividend Accounts	710,304	861,580
<b>Cash on hand</b>	<b>1,697,541</b>	<b>2,339,473</b>
<b>Other Bank Balance</b>		
Deposit with original maturity less than 12 months	-	-
Fixed Deposit Receipt - Margin Money	225,724,176	166,167,888
<b>Total</b>	<b>258,900,737</b>	<b>306,277,535</b>
<b>NOTE 18 SHORT TERM LOANS AND ADVANCES</b>		
<b>Unsecured, considered good</b>		
Advance Recoverable in Cash or kind	302,784,069	569,320,671
Share Application Money Pending Allotment	11,000,000	21,900,000
Security deposits	27,362,046	17,858,088
Loans and advances to employees	704,673	1,206,380
Advance to supplier	96,441,490	34,875,341
<b>Total</b>	<b>438,292,278</b>	<b>645,160,480</b>
<b>NOTE 19 OTHER CURRENT ASSETS</b>		
<b>Unsecured, considered good</b>		
Others	58,733,710	-
<b>Total</b>	<b>58,733,710</b>	<b>-</b>
<b>NOTE 20 REVENUE FROM OPERATION (GROSS)</b>		
Sales of Products	4,826,261,459	3,721,166,233
Services	14,243,004	12,508,300
<b>Total</b>	<b>4,840,504,463</b>	<b>3,733,674,533</b>
<b>NOTE 21 OTHER INCOME</b>		
<b>Interest income</b>		
From Banks	1,353,208	15,090,422
From Subsidiary	-	-
From Others	8,502,381	-

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>Dividend Income on</b>		
Current Investments	-	6,620,148
<b>Other Non-Operating Income</b>		
Other	5,817,567	10,296,288
	<b>15,673,156</b>	<b>32,006,858</b>
<b>NOTE 22 COST OF MATERIALS CONSUMED</b>		
Opening stock	2,063,512	681,902
Add: Purchases	2,020,571,072	1,696,305,365
	<b>2,022,634,584</b>	<b>1,696,987,267</b>
Less: Closing stock	418,566	2,063,512
<b>Total</b>	<b>2,022,216,018</b>	<b>1,694,923,755</b>
<b>NOTE 23 PURCHASE OF TRADED GOODS</b>		
Materials and Related Expenses	1,942,770,546	1,156,577,980
<b>Total</b>	<b>1,942,770,546</b>	<b>1,156,577,980</b>
<b>NOTE 24 CHANGES IN INVENTORIES</b>		
<u>Inventories at the end of the year:</u>		
Material in Transit	-	6,461,009
Finished Goods	324,311,207	230,324,803
	<b>324,311,207</b>	<b>236,785,812</b>
<u>Inventories at the beginning of the year:</u>		
Material in Transit	6,461,009	-
Work-in-progress	-	13,808,988
Stock-in-trade	230,139,700	391,747,611
	<b>236,600,709</b>	<b>405,556,599</b>
Net (increase) / decrease	<b>-87,710,498</b>	<b>168,770,787</b>
<b>NOTE 25 EMPLOYEE BENEFITS EXPENSE</b>		
<b>Salaries and Wages</b>	<b>254,888,494</b>	243,551,836
Contribution to Provident and Other Funds	1,848,042	3,063,379
Staff welfare expenses	1,650,368	3,283,877
<b>Total</b>	<b>258,386,904</b>	<b>249,899,092</b>
<b>NOTE 26 FINANCE COSTS</b>		
Interest	126,691,583	143,606,119
Bank Charges	11,919,767	7,693,957
Net (Gain) / Loss on Exchange Fluctuation	-	2,580,718
<b>Total</b>	<b>138,611,350</b>	<b>153,880,794</b>

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	March 31, 2012	March 31, 2011
<b>NOTE 27 OTHER EXPENSES</b>		
<b>Particulars</b>		
Advertisement	16,349,860	35,991,387
Auditor's Remuneration	1,737,705	1,736,199
Business Promotion	6,607,981	3,154,010
Communication	7,837,504	9,650,753
Directors' Sitting Fees	303,500	352,000
Donations And Contributions	87,500	202,000
Freight And Forwarding	3,719,745	2,921,815
Insurance	4,526,854	7,201,609
Legal And Professional	40,965,871	35,343,386
Membership & Subscription	308,580	3,321,753
Power and Fuel	6,339,517	6,480,772
Printing And Stationery	3,282,194	3,381,422
Rates And Taxes	17,650,167	7,083,333
Rent and Compensation	34,785,215	35,059,122
Repairs And Maintenance - Buildings	361,542	258,781
Repairs And Maintenance - Machinery	959,572	988,613
Repairs And Maintenance - Others	1,683,237	2,575,254
Sales Commission	417,383	1,367,537
Staff Training & Recruitment	3,584,569	2,696,367
Travelling And Conveyance	19,365,905	19,083,352
Sundry Balances Written off / (Written Back) (Net)	-678,794	8,515,657
Provision for Doubtful Debt	9,539,181	15,601,350
Loss on Sale/Discard of Fixed Assets	3,614,095	1,692,723
Miscellaneous Expenses	16,694,304	11,265,293
<b>Total</b>	<b>200,043,187</b>	<b>215,924,488</b>
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As Auditors - Statutory Audit	1,507,705	775,000
For Other Services	230,000	177,939
<b>Total</b>	<b>1,737,705</b>	<b>952,939</b>

## Notes forming part of the Consolidated Financial Statements

### NOTE 28 ADDITIONAL INFORMATION OF THE FINANCIAL STATEMENTS

#### 28.1 Contingent liabilities and commitments (to the extent not provided for)

(Amount in ₹)

	March 31, 2012	March 31, 2011
(a) Letters of Credit by Bank	78,210,621	Nil
(b) Guarantees issued by Bank (Gross)	75,008,177	24,504,200
(c) Corporate Guarantee and Indemnities	Nil	1,030,350,000
(d) Sales Tax Matters	751,974	965,470
(e) Claim Lodged by Customers Not Acknowledged as Debt	1,133,180	1,144,501
(f) Capital Contract	Nil	2,200,000
(g) Warranty Claims	Nil	1,000,000

28.2 i. As per Business Transfer Arrangement (BTA) dated March 5, 2010 entered with Schneider Electric India Private Limited (SE), the Company has transferred certain assets and liabilities of Electronic Security Systems business of the company comprising of its two divisions Building Solution Group and Special Project Group business to SE with effect from April 30, 2010, as approved by the shareholders of the company through postal ballot as per Section 192A of the Companies Act, 1956 read with the Companies (Passing of Resolution by the postal ballot) Rules 2001 for a consideration of ₹ 22,500 Lacs. This transfer excludes the retail business, business of Central Monitoring Station and Video Monitoring Station and right to continue the business of fire detection and suppression on a stand alone basis with the Company.

ii. Information pursuant to the Discontinuing Operations in accordance with AS 24 – “Discontinuing Operations” issued by the Institute of Chartered Accountants of India is as follows:

The carrying amount of total assets and liabilities relating to the discontinuing operations held for disposal as on March 31, 2010 amounted to ₹ 7,594 Lacs and ₹ 10,680 Lacs respectively .

iii The Profit / (Loss) attributable to Discontinuing business is as follows:

(Amount in ₹)

Particular	March 31, 2012	March 31, 2011
Gross Revenue	Nil	114,891,910
Total Expenditure	Nil	147,911,826
Profit Before Tax	Nil	-33,019,915
Tax Expenses	Nil	Nil
Profit after Tax	Nil	-33,019,915

The net cash flow attributable to Discontinuing business is as follows:

(Amount in ₹)

Particular	March 31, 2012	March 31, 2011
<b>Cash Generated from Activity:</b>		
Operating	Nil	508,422,067
Investing	Nil	44,938,638
Financing	Nil	-893,953,750
Net Cash Inflows / Out Flows	Nil	-340,593,045

## Notes forming part of the Consolidated Financial Statements

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

Particulars	Before Extra ordinary and Exceptional Item		After Extra ordinary and Exceptional Item	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>A. Profit/(Loss) as per statement of Profit and Loss</b>				
Basic	<b>187,789,678</b>	-75,586,946	<b>168,403,080</b>	444,581,646
Diluted	<b>187,789,678</b>	-75,586,946	<b>168,403,080</b>	444,581,646
<b>B. Weighted Average No of Equity Shares</b>				
Basic	<b>12,699,829</b>	12,699,829	<b>12,699,829</b>	12,699,829
Diluted	<b>12,699,829</b>	12,699,829	<b>12,699,829</b>	12,699,829
<b>C. Earning Per share</b>				
Basic	<b>14.79</b>	-5.95	<b>13.26</b>	35.01
Diluted	<b>14.79</b>	-5.95	<b>13.26</b>	35.01

### 28.4 Related Party Transactions

#### Details of related parties:

Description of relationship	Names of related parties
Associate Company	Institute for Advanced Security Training and Management Pvt. Ltd.
Key Management Personnel (KMP)	Mr. Manohar Bidaye
Key Management Personnel (KMP)	Mr.Pramoud Rao

Note: Related parties have been identified by the Management.

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

	Associates		KMP	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
<b>Transactions during the year</b>				
Purchase	611,140	Nil	Nil	Nil
Sale	476,263	Nil	Nil	Nil
Investment in Preference Share	52,500,000	Nil	Nil	Nil
Advance Recoverable in cash or kind	200,000	Nil	Nil	Nil
Share Application Money	11,000,000	21,900,000	Nil	Nil
Slump Sale Acquisition			Nil	Nil
Corporate Guarantee			Nil	Nil
Common Overhead Allocated / Expenses re-charged (excluding Taxes)	58,073	566,243	Nil	Nil
Remuneration Paid	Nil	Nil	9,059,700	9,059,700
<b>Balances outstanding at the end of the year</b>				
Share Application Money Pending Allotment	11,000,000	21,900,000	Nil	Nil
Loans and advances	200,000	Nil	Nil	Nil
Trade payables	38,088	Nil	Nil	Nil
Common Overhead Allocated / Expenses re-charged (excluding Taxes)	624,316	566,243	Nil	Nil

## Notes forming part of the Consolidated Financial Statements

Particulars	March 31, 2012	March 31, 2011
Not later than one year	<b>15,888,106</b>	14,918,710
Later than one year and not later than five years	<b>2,387,373</b>	15,330,125
Later than five years	<b>Nil</b>	Nil
Lease Payment made during the year recognised in the statement of profit and loss account	<b>34,785,215</b>	35,059,122

- 28.5 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.
- 28.6 Certain balances under the heads Sundry Debtors, Loans & Advances, Sundry Creditors are subject to confirmations from the respective parties and consequential reconciliation, if any.

For and on behalf of the Board of Directors

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Mukul Desai**  
Director

**Achyut Godbole**  
Director

**Vijay Kalantri**  
Director

**K. D. Hodavdekar**  
Director

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary

Place : Mumbai

Date : May 17, 2012





# ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED

Regd. Office: 501, Silver Metropolis, Western Express Highway, Goregaon (East), Mumbai 400063.



## ATTENDANCE SLIP

Folio No.:

No. of Shares:

\*DP ID / Client ID:

Name:

Address:

I / We hereby certify that I am / we are a Member / Proxy for the Member of the Company.

I / We hereby record my / our presence at the Eighteenth Annual General Meeting of the Company to be held at Mumbai Cricket Association Recreation Centre, RG-2, G-Block, Bandra Kurla Complex, Mumbai 400 051, on Friday, August 24, 2012, at 3.00 p.m.

.....  
Name of attending Member / Proxy  
(IN BLOCK LETTERS)

.....  
Signature of Member / Proxy  
(To be signed at the time of handing over this slip)

### NOTES:

• Please fill in this attendance slip and hand it over at the entrance of the meeting hall. • No additional / duplicate attendance slip will be issued at the meeting hall. • Member / Proxy are requested to bring their copies of the Annual Report to the Meeting.

\* Applicable for investors holding shares in electronic form.

# ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED

Regd. Office: 501, Silver Metropolis, Western Express Highway, Goregaon (East), Mumbai 400063.



## PROXY FORM

Folio No.:

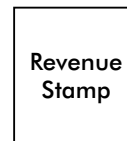
No. of Shares:

\*DP ID / Client ID:

I / We ..... of ..... being a Member / Members of the above mentioned Company, hereby appoint ..... of ..... or failing him ..... of ..... as my / our proxy to attend and vote for me / us on my / our behalf at the Eighteenth Annual General Meeting of the Company to be held at Mumbai Cricket Association Recreation Centre, RG-2, G-Block, Bandra Kurla Complex, Mumbai 400 051, on Friday, August 24, 2012, at 3.00 p.m. and at any adjournment thereof.

Signed this ..... day of ..... 2012.

Signature:



### NOTES:

• This Form, in order to be effective, must be deposited at the Registered Office of the Company, duly filled, stamped and signed, not less than 48 hours before the scheduled time of the Meeting. • Proxy need not to be a Member of the Company. • The Proxy Form should be signed across the revenue stamp as per specimen signature registered with the Registrar & Share Transfer Agent / Depository.

\* Applicable for investors holding shares in electronic form.

# CORPORATE INFORMATION

## Board of Directors

Mr. Manohar Bidaye Chairman  
Mr. Pramoud Rao Managing Director  
Mr. Mukul Desai Director  
Mr. Vijay Kalantri Director  
Mr. Achyut Godbole Director  
Mr. K. D. Hodavdekar Director

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## Chief Financial Officer

Mr. Hemendra Paliwal

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## Company Secretary

Ms. Kunjan Trivedi

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## Statutory Auditors

**Malpani & Associates**

Chartered Accountants

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## Bankers

Union Bank of India  
Bank of Baroda  
IDBI Bank Ltd.  
Central Bank of India

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## Registered Office

501, Silver Metropolis,  
Western Express Highway,  
Goregaon East, Mumbai 400063.  
Tel.: 91-22-4290 4290 Fax: 91-22-4290 4291  
Email: corporate@zicom.com  
Website: www.zicom.com

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## Registrar and Share Transfer Agent

**Bigshare Services Private Limited**

E-2, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai 400 072.  
Tel: (022) 2847 0652, 2847 0653, 2847 3474, 2847 3747  
Fax: (022) 2847 5207  
Email: info@bigshareonline.com

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**Zicom Electronic Security Systems Limited**

501, Silver Metropolis,  
Western Express Highway, Goregaon (E),  
Mumbai 400063.