

TO BE THE COMPANY  
**YOU TRUST**  
**THE MOST,**  
TO PROTECT WHAT YOU  
**VALUE**  
**THE MOST**



*Feel Safe*

Zicom Electronic Security Systems Ltd.

ANNUAL REPORT

6

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## **Forward-Looking Information**

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed 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 managements 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 our assumptions. The achievement of results is 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 bear 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.

# CORPORATE INFORMATION

## Board Of Directors

**Mr. Manohar Bidaye**  
Chairman

**Mr. Pramoud Rao**  
Managing Director

**Mr. Mukul Desai**  
Director

**Mr. K. D. Hodavdekar**  
Director

**Mr. Prabhakar Dalal**  
Director

**Mr. Sanjeev Dayal**  
Director  
(w.e.f. December 18, 2015)

**Mr. Venu Raman Kumar**  
Director  
(upto August 9, 2016)

## Registered Office

501, Silver Metropolis,  
Western Express Highway,  
Goregaon East, Mumbai 400063.  
Tel.: (022) 42904290  
Fax: (022) 42904291  
Email: [corporate@zicom.com](mailto:corporate@zicom.com) / [investors@zicom.com](mailto:investors@zicom.com)  
Website: [www.zicom.com](http://www.zicom.com)  
CIN: L32109MH1994PLC083391

## Registrar and Share Transfer Agent

Bigshare Services Private Limited  
E-2, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai 400072.  
Tel.: (022) 40430200  
Fax: (022) 28475207  
Email: [investor@bigshareonline.com](mailto:investor@bigshareonline.com)

## Chief Financial Officer

Mr. Hemendra Paliwal

## Company Secretary

Ms. Kunjan Trivedi

## Statutory Auditors

S M M P & Associates, Chartered Accountants

## Bankers

IDBI Bank Limited  
Bank of Baroda  
Union Bank of India  
Central Bank of India  
The Saraswat Co-op Bank Ltd.  
Allahabad Bank

# MISSION AND VISION

## VISION

To be the Company you **Trust the most**

To Protect what you **Value the most**

## MISSION STATEMENT

Zicom is committed to providing safety to customers by consistently developing and delivering new technology with innovative products and one-stop solutions. We nurture our channel partners by providing profitable avenues for growth and fulfil the responsibilities towards our shareholders by achieving a steady growth in the shareholders value. We aim to promote fair practices in all our dealings with employees and business partners.

# AWARDS AND RECOGNITION

## Lions CSR Precious Award 2016

Zicom Electronic Security Systems Limited was awarded Lions CSR Precious award for Education and Skill Development on 24<sup>th</sup> January, 2016 by the International Association of Lions Clubs. The project included the re-development and construction of a High School building in the rural area in Sindudurg district in Maharashtra.

## Inc India Innovative Awards (2015)

Zicom won the award for Best Application of Technology awarded by Inc India Innovative Awards (2015).

## Most Innovative Brand in Electronic Security

Zicom proved its industry excellence by getting crowned for its concept of SaaS (Security as a Service) in the field of Technology Innovation in the industry.

The recognition formed a part of Frost and Sullivan India Electronic Awards 2013 hosted in New Delhi in July 2013.

## Brand Zicom crowned for its excellence

Zicom Electronic Security Systems Ltd. was honoured with Brand of Excellence award in the segment of Electronic Security at the 11th VAR INDIA IT FORUM 2013.

The award is considered as the litmus test for the System Integrators for their initiatives and performance recognized by the different stakeholders and is given on the basis of the feedback received from the Vendors, VARs and channel partners as well as stakeholders concerned from all over the country.

## Zicom awarded for Most Innovative Products

The award is recognition for outstanding performance and contribution in various segments of IT Networking and Solutions.

## Best Security Application in Retail

Zicom won an award for Best Security Application in Retail from Indian Retail Congress 2014 organised by Franchise India, the pioneer of franchise sector in India.

This is the biggest award for the retail industry which recognizes the achievements of Indias most successful retailers and brands across multiple categories in terms of business performance, customer experience, innovation and leadership in the retail sector.

## Inc India Innovative 100 Club

Zicom was awarded the Inc. India Innovative Award in products category for its exemplary efforts in business innovations.

## Channel Leadership Award 2013

Zicom Electronic Security Systems was awarded as the Best Electronic Security award under Channel leadership in the 12th Annual VARINDIA Star Nite Awards 2013 which is considered as the litmus test for the IT corporate companies for their marketing policies, strategies and initiatives that involve vendors, distributors and resellers.

## Competitiveness Strategy Award

The Mint-Institute for Competitiveness Strategy award in the Computers and Electrical Appliances segment recognizes and honours companies with best practices and unique business model that has changed the dynamics of Industry, they operate in. The Mint-Institute for Competitiveness Strategy Awards, similar to Porter Prize, has provided a platform to award the Indian companies which are positively influencing their stakeholders and Zicom was one of them.

## Zicom crowned Most Preferred Security Equipment Brand

Zicom crowned as Most Preferred Security Equipment Brand for innovation in Home Security Systems.

# CHAIRMANS COMMUNIQUE

## Dear Shareholders,

This year has been a challenging year for the Company. We have undergone several evolutionary changes to pro-actively take on the challenges we are facing. We are confident that these changes will ensure sustainable growth for Zicom Group in the years to come.

Our surveillance architecture today, starting from ZIWatch to Make Your City Safe (MYCS) and Ziman, is present as an unrivalled security offering across India. We are at this avenue today because of the insights we have developed over the past two decades. India has become the second-biggest smartphone market in terms of active unique smartphone users, crossing 220 million users, surpassing the US market, according to a report by Counterpoint Research. We believe this is the ideal time to launch Ziman, your personal superhero, on Android smartphones across the country.

As a security solutions company, we realized that security is no longer about the hardware. A successful company know that future is about value-added services and trust. In line with this, we launched Zicom Security as a Service in 2011 and have seen a fantastic response to our offering to the tune of INR 48 crore of revenues as compared to INR 33 crore in FY2014-15. MYCS contributed partly to this growth, however, to put things in perspective, MYCS has just been rolled out in Mumbai, Thane, Navi Mumbai and Pune. The rest of India remains untapped. We understand why people and corporations are rapidly adopting Zicom Care. VSaaS can stand in for security guards, who often get tired. VSaaS does not tire out and fall asleep. Remotely managed access control and video surveillance offerings are practical, affordable and technically feasible, and your company is perfectly positioned to disrupt the market.

Our fire safety solution businesses in the Middle East have been under pressure during the year due to the continued slump in crude prices. To address this challenge, your company has shifted its focus to the service and maintenance business to ensure steady cash flows going forward. We have also set up our assembly facility for Unisafe branded products which will be marketed and distributed in the Middle East region. With the 40 year legacy Unisafe Dubai has in the fire safety sector, we are confident of good growth in this vertical.

On behalf of the entire Zicom team, I'm sincerely thankful to all stakeholders and well-wishers for sticking with us through a challenging year. With your support, we are confident of scaling new heights in the coming years.

**Manohar Bidaye**  
Chairman



# ZIMAN

Ziman a holistic service  
to setyfy  
your physical world  
and virtual world.

Be it verifying the AADHAAR identity of your domestic help  
or protecting your mobile phone from virus.

Finding your lost phone or tracking your loved ones.

Finding the nearest emergency aid or calling for an SOS  
help.

Ziman does it all.

**Yeh Apki Raksha Karega**

## Personal Safety

- Quick trigger with safety button for emergency assistance
- SMS to 3 emergency contacts on alert
- Emergency Maps
- Records forensic evidence in threat situations
- Safe Connect - Tracking (Handset 2 Handset& Wearable )
- 24x7 Safety Officers emergency assistance
- 24x7 Command Centre Support

## Digital Safety

- Protect identity theft /leakage of personal details
- Stops spyware, malware and phishing
- Real time scanning against anti virus
- Fully loaded internet security for online working

## Handset Safety

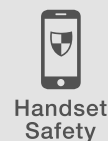
- Delete personal data in lost mobile phone to stop misuse
- Track your lost mobile phone
- Create back up of your contacts and SMS to avoid loss
- Remote Lock. Protects un-authorized access to lost mobile phone
- Checks the security level of all installed Apps
- Protects the lost mobile phone from factory re-set /formatting
- Immediate intimation when a new SIM is inserted in stolen handset
- Captures image of the intruder who tries to unlock your device

## Kids, Pets and Senior Citizen Safety

- Tracking of kids or pets when they go out of home
- Restricts access to apps and unwanted websites on mobile phone
- Monitoring of Senior Citizens when they are out of home
- Quick trigger safety button for medical emergencies
- Geo fencing for better safety

## AADHAAR Safety

- Do instant AADHAAR verification of house help , driver, etc



## Notice

NOTICE is hereby given that the Twenty Second Annual General Meeting of the Members of ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED will be held on Thursday, September 29, 2016, at 10:30 a.m., at M.I.G. Cricket Club, M.I.G. Colony, Ramakrishna Paramahans Marg, Bandra (East), Mumbai 400051, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt:
  - a. the Audited Financial Statements of the Company for the financial year ended March 31, 2016, together with the reports of the Board of Directors and Auditors thereon; and
  - b. the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2016 and the report of Auditors thereon.
2. To declare dividend on Equity Shares of the Company for the financial year ended March 31, 2016.
3. To appoint a Director in place of Mr. Manohar Bidaye (DIN: 00010699), who retires by rotation, and being eligible, offers himself for re-appointment.
4. 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 pursuant to provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, of the time being in force), M/s. S M M P & Associates, Chartered Accountants, Mumbai, (formerly known as Shyam Malpani & Associates, name and nomenclature changed effective July 22, 2016 to S M M P & Associates), bearing Firm Registration No. 120438W, be and are hereby appointed as the Auditors of the Company, to hold the office from the conclusion of this Annual General Meeting, till 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:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015, Mr. Sanjeev Dayal (DIN: 03490363) who was appointed as an Additional Director in the capacity of Independent Director of the Company by the Board of Directors effective December 18, 2015 and who has submitted the declaration that he meets the criteria for independence as provided in Section 149(6) of the said Act, and who holds the office until the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013; and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company with effect from December 18, 2015 to March 31, 2018 and the term shall not be subject to retirement by rotation.”

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 Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. K. D. Hodavdekar (DIN: 00406556), whose period of office had expired on March 31, 2016 and who was appointed as an Additional Director by the Board of Directors effective April 1, 2016 and who holds the office until the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the said Act and who is eligible for re-appointment as an Independent Director of the Company for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company with effect from September 29, 2016 to September 28, 2021 and his term shall not be subject to retirement by rotation.”

7. 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 Sections 149, 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Prabhakar Dalal (DIN: 00544948), whose period of office had expired on June 26, 2016 and who was appointed as an

## Notice

Additional Director by the Board of Directors effective June 27, 2016 and who holds the office until the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the said Act and who is eligible for re-appointment as an Independent Director of the Company for a second term under the provisions of the Companies Act, 2013, Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director, be and is hereby appointed as an Independent Director of the Company with effect from September 29, 2016 to September 28, 2021 and his term shall not be subject to retirement by rotation."

### By Order of the Board of Directors

**Kunjan Trivedi**

Company Secretary

Place: Mumbai

Date: August 12, 2016

### 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 ("THE 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 FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**  
**A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. A MEMBER HOLDING MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS A PROXY FOR ANY OTHER PERSON OR SHAREHOLDER.**
- The relative Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, in respect of Special Business to be transacted at the Meeting as mentioned at Item Nos. 5, 6 and 7 of the Notice is annexed herewith and forms part of this Notice.
- Corporate Members intending to send their authorized representative to attend the Meeting are requested to send a duly certified true copy of the Board Resolution authorizing 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 dematerialized form are requested to bring their Client ID and DP ID for easy identification of attendance at the Meeting. They are also requested to bring their copy of Annual Report at the Meeting as no extra copy will be provided. Only bonafide Members of the Company whose names appear on the Register of Members / Proxy holders, in possession of valid attendance slip duly filled and signed will be permitted to attend the Meeting. The Company reserves the right to take all steps as may be deemed necessary to restrict non-members from attending the Meeting.
- The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 22, 2016 to Thursday, September 29, 2016 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.
- Dividend, for the financial year ended March 31, 2016, as recommended by the Directors, if declared at the Annual General Meeting, will be paid / dispatched on October 20, 2016 to those Members, whose names appear on the Register of Members of the Company at the close of business hours on



## Notice

September 21, 2016; and in case of shares held in dematerialized form, to those Members whose names appear as beneficial owners as at the close of business hours on September 21, 2016 as per details to be furnished by the Depositories, viz. National Securities Depository Limited and Central Depository Services (India) Limited and in case of shares held in physical form after giving effect to valid transfers in respect of transfer requests lodged (if any) with the Company on or before the close of business hours on September 21, 2016.

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 dematerialized form and in case of shares held in physical form to the Registrar & Share Transfer Agent of the Company viz. M/s. Bigshare Services Pvt. Ltd. at E-2, Ansa Industrial Estate, Saki-Vihar Road, Saki Naka, Andheri (East), Mumbai 400072.

8. Members holding shares in dematerialized form are requested to provide their latest bank account details (Core Banking Solutions Enabled account number, 9 digit MICR and 11 digit IFS Code) to their respective DP. Members holding shares in physical form are requested to provide their latest bank account details (Core Banking Solutions Enabled account number, 9 digit MICR and 11 digit IFS Code) alongwith their Folio No. to the Company's Registrar & Share Transfer Agent.
9. Members are requested to notify immediately any change in their residential status, address, signature and / or Bank details, in respect to their physical holdings, to the Registrar & Share Transfer Agent of the Company; and in case of shares held in dematerialized form, to their respective DP.

The Company and / or its Registrar & Share Transfer Agent will not entertain any direct request from Members holding shares in dematerialized form, for change of address and contact details, transposition of names, deletion of name of deceased joint holder, change in the bank account details and such other updates which can be done only by the DP with whom the Members are having demat account. While making payment of Dividend, Registrar & Share Transfer Agent is obliged to use only the data provided by the DP, in case of such dematerialized shares.

10. **Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact the**

**Company's Registrar & Share Transfer Agent for assistance in this regard.**

11. **Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.**
12. Non-Resident Indian Members are requested to inform about the following immediately to the Company or its Registrar & Share Transfer Agent or the concerned DP, as the case may be, immediately of:
  - a. The change in the residential status on return to India for permanent settlement;
  - b. The particulars of the NRE Account with a Bank in India, if not furnished earlier.
13. Members must quote their Folio No. / Client ID and DP ID and contact details such as e-mail address, contact no., etc. in all their correspondence with the Company / Registrar & Share Transfer Agent.
14. 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 transfer / 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 DP, if shares are held in dematerialized form or to the Registrar & Share Transfer Agent of the Company, if shares are held in physical form.
15. Pursuant to the provisions of Section 72 of the Companies Act, 2013, every Member(s) or joint holder(s) holding shares 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 physical form may contact the Registrar & Share Transfer Agent and Member(s) or joint holder(s) holding shares in dematerialized form may contact their respective DP for availing this facility.
16. Pursuant to Section 205A of the Companies Act, 1956, the amount of dividend which remains unpaid / unclaimed for a period of seven 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 provisions. Member(s) who have not yet encashed their dividend is / are requested, in their own interest, to immediately write to the Registrar & Share Transfer Agent of the Company or to the Company, for claiming their outstanding dividend for the Financial Year 2008-09 (which is due for transfer to IEPF on October 3, 2016) and subsequent years. The dividend for the aforesaid year shall be paid only on receipt of request and satisfactory compliance of the requisite procedure. Member(s) may refer to point no. xvii under General Shareholders' Information in the Corporate Governance Report wherein details of transfer of unclaimed dividend to IEPF have been provided.

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The details of unpaid and unclaimed dividend lying with the Company as on September 29, 2015 (date of the last Annual General Meeting) has been uploaded on Company's website [www.zicom.com](http://www.zicom.com) in accordance with the requirements of relevant Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 and the same has also been uploaded on Ministry of Corporate Affairs website [www.mca.gov.in](http://www.mca.gov.in).

17. All documents referred to in this Notice and Explanatory Statement annexed herewith 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 Meeting and during the time of the Meeting.
18. The Registers / records under the Companies Act, 2013, which are required to be made available for inspection at the Annual General Meeting will be made available accordingly.
19. Brief profiles of the Directors proposed to be re-appointed / appointed vide Item Nos. 3, 5, 6 and 7 of this Notice are as under:

- i) **Mr. Manohar Bidaye** (DIN: 00010699), *M.Com.; LL.B. and C.S. (aged 52 years)*

Manohar Bidaye is the Chairman and 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 GCC Countries.

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. Sanjeev Dayal** (DIN: 03490363), *Masters in Business Economics; B.Com. (aged 60 years)*

Mr. Sanjeev Dayal is a retired Director General of Police, Maharashtra. He served the post for over three years. Mr. Dayal joined the Indian Police Service in 1977. After completing his IPS training he was posted in several places in Maharashtra and also did a stint with Intelligence Bureau and the Special Protection Group. During his tenure in the Special Protection Group, Mr. Dayal was

in-charge of its Technical Branch for five years and was responsible for evaluation of new technologies and products for induction into the Special Protection Group and for developing new products. This Branch was responsible for training of its personnel, acquisition and maintenance of equipment and conducting anti-sabotage checks and providing communications at Delhi and during tours of the Prime Minister and other SPG protectees in Delhi and abroad.

Mr. Dayal is a Bachelor in Commerce (Hon) and Masters in Business Economics from Delhi University and schooling from Delhi Public School, Delhi.

He has worked as an Additional Director General of Police (Law and Order), Maharashtra State, for four years and also served as Commissioner of Police, Mumbai, from June 2010 to February 2011. During these years he has helped then Director General of Police to conceptualize Force One and Maharashtra State Security Corporation and the Special Action Group. He has been engaged with IIT in evaluating technology for induction for commercial use. He was an active Member of the CETIS, a Committee set up by Technology Department in partnership with IIT Mumbai for developing technology for use in Security.

He has been awarded with Indian Police Medal for meritorious service in 1994; President's Police Medal for distinguished service in 2003 and Director General's insignia for meritorious service in 1992.

- iii) **Mr. K. D. Hodavdekar** (DIN: 00406556), *C.A./I.I.B.; LL.B.; M.Com. (aged 65 years)*

Mr. K. D. Hodavdekar, a Certified Associate of Indian Institute of Bankers and holder of Masters Degree in Commerce and Bachelors Degree in Law from the University of Mumbai, is a Veteran Banker with more than 33 years experience in varied areas of Banking, Finance and management. He retired from IDBI Bank Ltd. in March 2011 as Chief General Manager. Prior to that, he was appointed as Chief General Manager in-charge of United Western Bank's Strategic Business Unit (SBU). Under his able leadership and guidance, the operations of the business unit turned around in 3 months due to aggressive resolution of bad loans and other strategies. The SBU was re-organised and merged with IDBI Bank in a shortest possible time.

During the span of his successful career, he has achieved many milestones. He led and guided his team in various capacities. His specialisation inter alia includes project appraisal, project monitoring, corporate investments and resolution and management of NPAs. He has been IDBI Bank's Nominee Director on the Board of many IDBI Bank assisted companies. He has been Nominee on various committees. He was appointed as a member of Core Group of Corporate Debt Restructuring, Credit Committee, Audit Committee, etc. He has attended many national level and international training programs, seminars as participant and faculty.

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- iv) **Mr. Prabhakar Dalal** (DIN: 00544948), *C.A.I.I.B.; P.G.D.F.E.R.M.; P.G.D.S.L.; LL.B.; M.Com. (aged 62 years)*

Mr. Prabhakar Dalal is a highly experienced banker in commercial and development banking, with extensive international exposure. He joined Export-Import Bank of India (EXIM Bank), premier all-India financial institution, wholly owned by the Government of India, at its inception and was an integral part of institutional development and business expansion journey of EXIM Bank for over 31 years. He worked as an Executive Director of EXIM Bank for over 3 years and upon superannuation, he served as the Senior Advisor of the Bank.

Mr. Dalal has over 37 years of rich and varied experience as Bank Officer, including extensive international exposure. His core competencies include corporate term loans and working capital finance, international trade and overseas projects finance, human resources management and institutional and international relations. He has strong execution capabilities and is adept at innovation, product development, team building and leadership.

He served as Branch Manager of UCO Bank, at the age of 25, and has several achievements to his credit during his long career, which includes setting up and heading export Lines of Credit (LOC) Department in EXIM Bank, which grew exponentially. He has chaired / lectured at various national and international seminars and has served / is been serving as Nominee / Independent Director on the Boards of several companies in pharmaceuticals, textiles, engineering and finance sectors.

Further details of these Directors, pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are given in the Corporate Governance Report forming part of the Annual Report.

20. 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 an e-mail to [investors@zicom.com](mailto:investors@zicom.com).
21. Members are requested to send their queries, if any, relating to the accounts, to reach the Company's Registered Office at least ten days before the Annual General Meeting, so that the information could be compiled in advance.
22. In case of joint holder(s) attending the Meeting, only the joint holder higher in the order of names will be entitled to vote.
23. For the convenience of the Members, attendance slip and proxy form are enclosed to this Notice. Members / Proxy holders / Authorized representatives are requested to fill in details and affix their signatures at the space provided therein and surrender the attendance slip at the venue of the Meeting. Proxy / Authorized representatives of Members should state on their attendance slip as 'Proxy' or 'Authorized Representative' as the case may be.

24. Voting through electronic means:

- A. Pursuant to Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide its Members, the facility to exercise their right to vote, for the business to be transacted, as mentioned in this Notice of the Twenty Second Annual General Meeting, by electronic means. In this regard, the Company has appointed Central Depository Services Limited (CDSL) for providing e-voting facility. Accordingly, the Members (holding shares both in physical and dematerialized form as on the cut-off date mentioned herein below) are requested to exercise their vote for the business to be transacted in this Notice of the Annual General Meeting by electronic means through the e-voting facility. It is hereby clarified that it is not mandatory for a Member to vote using the e-voting facility. A Member may avail of the facility at his / her / its discretion, as per the instructions provided herein.
- B. The Facility for voting shall be made available at the Meeting either through electronic voting system or ballot or polling paper and the Members attending the Meeting who have not cast their vote by remote e-voting shall be entitled to exercise their right at the Meeting.
- C. Members who have already cast their vote by means of remote e-voting prior to the Meeting may attend the Meeting but shall not be entitled to cast their vote again at the Meeting. In case a Member who has already cast vote through remote e-voting also casts vote again at the Meeting, then vote cast through remote e-voting shall be considered.

### The instructions for e-voting are as under:

- i. The voting period begins on September 26, 2016 (9.30 a.m.) and ends on September 28, 2016 (5.00 p.m.). During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 23, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. The Members who have already voted prior to the Meeting date would not be entitled to vote at the Meeting venue.
- iii. The Members should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv. Click on "Shareholders" tab.
- v. Now Enter your User ID
  - a. For CDSL: 16 digits Beneficiary ID
  - b. For NSDL: 8 character DP ID followed by 8 digits Client ID
- c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

## Notice

- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in dematerialized form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user, follow the steps given below:

For Members holding shares in Dematerialized Form and Physical Form	
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker) in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. e.g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the Company records in order of login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the Depository or Company please enter the Member ID / Folio Number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- ix. After entering these details appropriately, click on "SUBMIT" tab.
- x. Members holding shares in physical form will then reach directly the Company selection screen. However, Members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN of <ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED> on which you choose to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.
- xix. Shareholders can also cast their vote using CDSL's mobile App m-Voting available for android based mobiles. The m-Voting App can be downloaded from Google Play Store. Apple and Windows phone users can download the App from the App Store and the Windows Phone Store respectively on or after 30<sup>th</sup> June, 2016. Please follow the instructions as prompted by the mobile App while voting on your mobile.
- xx. **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI, etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
- xxi. In case of any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under Help Section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- xxii. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for

## Notice

- e-voting i.e. September 23, 2016, he / she may obtain the User Id and Password in the manner as mentioned in (i) to (xxi) above.
- D. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date of September 23, 2016.
  - E. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
  - F. In case of Joint Holders, attending the Meeting only such joint holder who is higher in the order of names will be entitled to vote at the Meeting.
  - G. Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
  - H. Ms. Purvi Vasha, Practising Company Secretary (Membership No. 14069) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - I. The Scrutinizer shall, immediately upon conclusion of voting at the General Meeting, would count the votes cast at the Meeting, thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in employment of the Company and make not later than three days of conclusion of the Meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall counter sign the same; and announce the results on the voting.
  - J. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.zicom.com](http://www.zicom.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) immediately after the results are declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), where the shares of the Company are listed.
25. In order to communicate speedily and effectively the important and relevant information and events, the Members are hereby requested to register their e-mail address(es) and changes therein from time to time, through any of the following manner:
- a. **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
  - b. **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
  - c. **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) by the Members the Company will send them Notices, Annual Report and other documents and communications meant for 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.

### EXPLANATORY STATEMENT

**The following Explanatory Statement, pursuant to Section 102(1) of the Companies Act, 2013 (the Act), sets out all material facts relating to the business mentioned at Item Nos. 5 to 7 of the accompanying Notice dated August 12, 2016.**

#### Item No. 5:

Pursuant to Section 161 of the Companies Act, 2013, read with Article 114 of the Articles of Association of the Company, the Board, at its meeting held on December 18, 2015, appointed Mr. Sanjeev Dayal (DIN: 03490363) as an Additional Director of the Company, effective that date, in the capacity of an Independent Director.

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Sanjeev Dayal will hold the office upto the date of the ensuing Annual General Meeting. The Company has received notice in writing, under the provisions of Section 160 of the Companies Act, 2013, from a Member alongwith the deposit of Rs.100,000 proposing the candidature of Mr. Sanjeev Dayal for appointment as Independent Director as per the provisions of Sections 149 and 152 of the Companies Act, 2013. He will also be an Independent Director under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has received from Mr. Sanjeev Dayal - (i) consent in writing to act as a Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013; and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks approval of the Members for the appointment of Mr. Sanjeev Dayal as an Independent Director of the Company, not liable to retire by rotation, upto March 31, 2018 pursuant to Section 149 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder.

In the opinion of the Board of Directors, Mr. Sanjeev Dayal fulfills the conditions for his appointment as an Independent Director, specified in the Act, Rules made thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Mr. Sanjeev Dayal is independent of the Management.

A brief resume of Mr. Sanjeev Dayal, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are provided in para II (F) of the Corporate Governance Report forming part of the Annual Report.

## Notice

A copy of the draft letter of appointment of Mr. Sanjeev Dayal as an Independent Director setting out the terms and conditions is available for inspection, without any fee, by the Members at the Company's Registered Office, on working days during the normal business hours, upto the date of the Meeting.

The Board considers that his association would be of immense benefit to the Company and it is desirable to avail the services of Mr. Sanjeev Dayal as an Independent Director.

Mr. Sanjeev Dayal is interested in the proposed resolution for his appointment as an Independent Director to the extent of the Fees, and other permitted payments and benefits which he may get in his capacity as an Independent Director of the Company. Except him and his relatives, no other Director, Key Managerial Personnel or their relatives, are interested or concerned, financially or otherwise, in the Resolution set out at Item No. 5.

The Board recommends the Ordinary Resolution as set out at Item No. 5 of the Notice for your approval.

### **Item Nos. 6 and 7:**

Mr. K. D. Hodavdekar and Mr. Prabhakar Dalal were appointed as Independent Directors pursuant to the approval of the Members of the Company through resolutions passed at the Annual General Meeting held on September 5, 2014. As per the said resolutions, the term of appointment of both these Independent Directors expired on March 31, 2016 and June 26, 2016, respectively.

The Board of Directors of the Company at their meetings held on March 31, 2016 and June 24, 2016, appointed Mr. K. D. Hodavdekar and Mr. Prabhakar Dalal, respectively, as Additional Directors of the Company effective April 1, 2016 and June 27, 2016, respectively, to hold the office until the date of this Annual General Meeting. The Board of Directors of the Company, at their aforesaid meetings, also proposed appointments of Mr. K. D. Hodavdekar and Mr. Prabhakar Dalal as Independent Directors for a second term, in accordance with provisions of Section 149 of Companies Act, 2013, based on their skills, experience, knowledge and

performance evaluation. The re-appointments are subject to the approval of the Members at this Annual General Meeting by way of Special Resolutions.

Pursuant to the provision of Section 149 and other applicable provisions of the Companies Act, 2013, an Independent Director shall hold office for a term upto five consecutive years on the Board of the Company, and shall be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in Board's Report.

In terms of Section 160 of the Companies Act, 2013, the Company has received notices in writing from Members alongwith the deposit of Rs. 100,000 each proposing the candidature of Mr. K. D. Hodavdekar and Mr. Prabhakar Dalal for re-appointment as Independent Directors as per the provisions of Sections 149 and 152 of the Companies Act, 2013.

Except Mr. K. D. Hodavdekar and Mr. Prabhakar Dalal and their relatives, no other Director, Key Managerial Personnel or their relatives, are anyway interested or concerned, financially or otherwise, in the Special Resolutions set out at Item Nos. 6 and 7.

The Board recommends the Special Resolutions set out at Item Nos. 6 and 7 of the Notice for your approval.

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

**Kunjan Trivedi**

Company Secretary

Place: Mumbai

Date: August 12, 2016

### **Registered Office:**

501, Silver Metropolis,

Western Express Highway,

Goregaon (East), Mumbai 400063.

## Directors' Report

To the Members,

Your Directors presents their Twenty Second Annual Report, together with the Audited Accounts of the Company for the Financial Year ended March 31, 2016.

### FINANCIAL HIGHLIGHTS:

(Amount in ₹)

Particulars	March 31, 2016 Consolidated	March 31, 2015 Consolidated	March 31, 2016 Standalone	March 31, 2015 Standalone
Net Sales / Income from Operations	11,178,743,842	11,081,171,351	4,228,776,777	3,835,240,358
Other Income	40,403,138	47,357,288	121,352,113	70,082,893
Total Income	11,219,146,980	11,128,528,639	4,350,128,890	3,905,323,251
Total Expenditure	10,237,059,819	9,681,708,594	4,103,160,709	3,516,906,986
Gross Profit before Interest and Depreciation	982,087,161	1,446,820,045	246,968,181	388,416,265
Interest and Finance Charges	706,889,493	538,681,427	179,218,640	147,546,760
Gross Profit before Depreciation and Taxation	275,197,668	908,138,618	67,749,541	240,869,505
Depreciation	363,323,550	307,690,027	44,395,246	67,377,781
Profit / (Loss) Before Tax	(88,125,882)	600,448,591	23,354,295	173,491,724
Provision for Taxation:				
Current year	35,582,000	81,563,000	13,400,000	74,990,000
Deferred	(20,159,014)	(16,293,617)	(7,208,594)	(14,517,786)
Net Profit / (Loss) After Taxation	(103,548,868)	535,179,208	17,162,889	113,019,510
Less: Minority Interest	3,112,716	29,326,311	--	--
Profit / (Loss) for the year	(106,661,584)	505,852,897	17,162,889	113,019,510
Add: Balance brought forward from previous year	1,867,957,085	1,439,640,634	628,697,887	551,854,924
Profit available for Appropriation	1,761,295,501	1,945,493,531	645,860,776	664,874,434
APPROPRIATIONS:				
Transfer to General Reserve	--	43,859,899	--	2,500,000
Provision for Dividend	10,099,915	24,239,795	10,099,915	24,239,795
Provision for Tax on Dividend	2,056,105	4,934,641	2,056,105	4,934,641
Adjustment Relating to Fixed Asset	--	4,502,111	--	4,502,111
Balance of Profit carried forward to Balance Sheet	1,749,139,481	1,867,957,085	633,704,756	628,697,887

### OPERATIONAL PERFORMANCE

As can be seen from the above table, on consolidated basis, the Total Income for the year 2015-16 was ₹ 11,219,146,980 (previous year ₹ 11,128,528,639) and the Loss Before Tax was ₹ 88,125,882 (previous year Net Profit ₹ 600,448,591). After adjusting for Tax ₹ 15,422,986 (previous year ₹ 65,269,383), Net Loss After Tax was at ₹ 103,548,868 (previous year Net Profit of ₹ 535,179,208). After accounting for Minority Interest therefrom Net Loss After Tax and Minority Interest was at ₹ 106,661,584 as compared to Net Profit of ₹ 505,852,897 in the previous year.

The Consolidated Financial Statements (CFS) includes the financial statements of Zicom Electronic Security Systems Limited ("the Company") and its subsidiary companies, namely,

a) Zicom SaaS Private Limited ("Zicom SaaS");

- b) Unisafe Fire Protection Specialists Singapore Pte. Ltd. ("Unisafe Singapore") and its subsidiaries, viz. Unisafe Fire Protection Specialists LLC, Dubai ("Unisafe Dubai") and its subsidiaries; and Phoenix International WLL, Qatar ("Phoenix Qatar");
- c) Unisafe Fire Protection Specialists India Private Limited ("Unisafe India"); and
- d) Zicom Security Projects Pte. Ltd., Singapore ("Zicom Singapore")

On standalone basis, the Total Income for the year 2015-16 was ₹ 4,350,128,890 (previous year ₹ 3,905,323,251). The Profit Before Tax was ₹ 23,354,295 (previous year ₹ 173,491,724). After adjusting for Tax ₹ 6,191,406 (previous year ₹ 60,472,214), Net Profit After Tax was at ₹ 17,162,889 (previous year ₹ 113,019,510).

## Directors' Report

### BUSINESS DEVELOPMENTS AND PROSPECTS

The slump in the global crude prices led to slow-down in Middle East economy, which adversely affected project executions. This resulted delayed recovery from debtors and thereby affecting our consolidated performance. Despite every efforts made to expedite collections, external situation are taking it longer to settle down. To improve profitability, we have focused on service and maintenance business which offers steady cash flow. We have also taken up distribution of Unisafe branded products which are approved by Civil Defense to GCC and North African Region. As the weightage of fire security business in Middle East is high in the total consolidated revenue, performance has been affected adversely.

The performance of Zicom SaaS Private Limited, a wholly-owned Indian subsidiary, has been exceptionally well, which shows significant growth on account of new addition of Banks and other Enterprise Customers for ATM and Facility Surveillance.

The initiative of the Central Government to remove custom duties on import of CCTV equipment in Budget of 2016 has made significant impact on electronic security industry. However, this sudden change has unfortunately impacted the valuation of existing inventories held by the Company and resulted in a one-time adjustment impact in profitability for the financial year under review. Further, with environment in our Distribution Business continuing to be competitive, margins were under severe pressure, impacting adversely the standalone performance.

In Unisafe India, your Company's focus continued to work as Global Design Centre by catering to the design, engineering and estimate needs of all our projects in Gulf Region. Our two wholly-owned subsidiaries in Singapore, viz. Unisafe Fire Protection Specialists Singapore Pte. Ltd. (Unisafe Singapore) and Zicom Security Projects Pte. Ltd. (Zicom Singapore) continues to hold our investment in Phoenix Qatar.

### DIVIDEND

Keeping in view the affected performance of the Company and also with a view to conserve resources to meet the business requirements, your Directors have recommend dividend for the financial year 2015-16 at a lower rate of ₹ 0.50 per Equity Share of ₹ 10 each (i.e. 5%) (previous year ₹ 1.20) on share capital of 20,199,829 Equity Shares (previous year 20,199,829 Equity Shares) of the Company. This dividend will entail a total outgo of ₹ 12,156,020 (₹ 29,174,436) which shows decrease of 58%. The dividend outgo is lower on account of decrease in rate of dividend.

The dividend will be paid to Members whose names appear in the Register of Members as on September 21, 2016 and in respect of shares held in dematerialized form, it will be paid to Members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), as beneficial owners as on that date.

### FINANCE

Subsequent to end of the year under review, on August 9, 2016, the Company has cancelled 1,050,000 Warrants due to non-exercise of the option by the Warrant-holders. As a result of same, the

application money received upon allotment of said Warrants (calculated @ ₹ 40 per Warrant, being 25% of share price of ₹ 160 to be issued upon exercise of option by the Warrant-holders) were forfeited and the Securities Premium Account of the Company increased by ₹ 42,000,000.

The aforesaid Warrants were allotted by the Company on February 10, 2015 to Promoters' Group Companies i.e. Baronet Properties and Investments Private Limited and Coronet Properties and Investments Private Limited (525,000 Warrants each) with an option to Warrant-holders to acquire one Equity Share of ₹ 10 each, of the Company at a conversion price of ₹ 160 per Equity Share. This option was to be exercised on or before August 9, 2016.

### SUBSIDIARY AND JOINT VENTURE COMPANIES

As on March 31, 2016, your Company had the following subsidiaries:

1. Zicom SaaS Private Limited (wholly owned subsidiary);
2. Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore (wholly-owned subsidiary);
3. Unisafe Fire Protection Specialists LLC, Dubai (step-down subsidiary);
4. Phoenix International WLL, Qatar (step-down subsidiary);
5. Unisafe Fire Protection Specialists India Private Limited (wholly-owned subsidiary); and
6. Zicom Security Projects Pte. Ltd., Singapore (wholly-owned subsidiary)

A statement containing salient features of the financial statement of subsidiaries for 2015-16 as required under Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules 2014 and amendment thereunder is provided in Annexure A hereto in prescribed Form AOC-1. In respect of foreign subsidiary companies, figures in rupees are converted from applicable foreign currency at appropriate exchange rate as on year end date. The Policy on Material Subsidiary as approved may be accessed on the Company's website at the link: [http://beta.zicom.com/img/pdf/ZESSL-Policy\\_on\\_Material\\_Subsiadiary.pdf](http://beta.zicom.com/img/pdf/ZESSL-Policy_on_Material_Subsiadiary.pdf)

The details of key subsidiaries and highlights of their workings are given below:

#### Zicom SaaS Private Limited

Zicom SaaS has turned up with excellent performance during the year under review, which is evident from the fact that it has posted Total Income of ₹ 481,987,014 (previous year ₹ 335,496,922) and Net Profit of ₹ 31,791,381 (previous year ₹ 13,293,907) for the financial year ended March 31, 2016. Thus, although in the topline of consolidated results, Zicom SaaS's contribution may not be substantial, in the consolidated bottomline its contribution has been noteworthy.

This subsidiary offers wide range of managed electronic security services (e-SaaS). The two focus areas for Zicom SaaS are Enterprise division and Make Your City Safe (MYCS) division, where it makes offering of Security as a Service (SaaS).



## Directors' Report

While Enterprise division, mainly caters to BFSI sectors (Banks, Financial Services and Insurance), the other two sectors where the business is picking up are Retail and Education. Making use of the latest technology, this division offers customized security services to enable management of business more effectively. Various solution packages are offered under e-SaaS (i.e. Security as a Service). The other division being run by Zicom SaaS is Make Your City Safe (MYCS). MYCS caters to housing & residential societies in Greater Mumbai and Pune cities in Maharashtra providing right choice of technology to residential sector without making capital expenditure. This is facilitated through monthly service fees (EMI form), which has increase the affordability of surveillance services to residential sector.

In addition, a safety app called "Ziman" launched by this subsidiary has received overwhelming response. Ziman leverages Zicom Command Centre (also being operated under Zicom SaaS) and offers a strong backend support and all-in-one mobile safety solution. Enthused by the success of free App of Ziman, the Company has also launched Ziman's paid offering.

### Unisafe Fire Protection Specialists LLC, Dubai

Unisafe Dubai is one of the major contributor to the consolidated topline and bottomline. However, on account of weakening of crude prices and consequential of slowdown of economy in entire Middle East, performance of Unisafe Dubai has suffered a set-back. For the financial year ended March 31, 2016, Unisafe Dubai has posted Total Income of ₹ 5,137,190,113 (as compared to ₹ 5,443,255,742 in the previous year) and a Net Profit of ₹ 33,950,450 (as compared to ₹ 454,061,092 in the previous year).

Unisafe Dubai, a leading fire protection company in Dubai, UAE, is a step-down subsidiary of your Company owned 41% by Unisafe Singapore, our wholly owned subsidiary and 8% directly by your Company, making total stake of Zicom Group in this Company at 49%; and the balance 51% is held by our local partner. However, Zicom Group has economic interest of 95% in Unisafe Dubai. It has got presence in seven Emirates, Qatar and Oman and has got exceptional track record of part performance. Its clientele ranges from Government to corporate, refineries, shopping malls and multistorey buildings, etc. to whom it provides comprehensive range of solutions from fire protection needs.

### Phoenix International WLL, Qatar

For the financial year ended March 31, 2016, Phoenix Qatar, posted Total Income of ₹ 1,380,355,335 (as compared to ₹ 1,414,389,855 in the previous year) and a Net Profit of ₹ 30,363,148 (as compared to ₹ 143,754,604 in the previous year).

This is another step-down subsidiary in which Zicom Group holds 49% stake; 44% by Unisafe Singapore and 5% by your Company. However, Zicom Group's entitlement in economic interest in Phoenix Qatar is 95%.

Like, Unisafe Dubai, Phoenix Qatar has also suffered a set-back in its operations for the same reason as explained under Unisafe Dubai above. However, extent of set-back in operations is less severe in case of Phoenix Qatar. This subsidiary has also substantial

impact on consolidated topline and bottomline of the Company.

### Unisafe Fire Protection Specialists India Private Limited

This is a wholly-owned subsidiary in India which has also suffered adverse impact on its operations as can be seen from its working results for the financial year ended March 2016. Unisafe India has shown total income of ₹ 86,699,825 (previous year ₹ 169,419,928) and a Net Loss of ₹ 5,451,305 (previous year Net Loss ₹ 7,238,748) in the year under review.

This business focuses on catering to the needs of design and engineering requirements of fire protection business in Gulf region by acting as a Global Design Centre and also as a trader in fire safety and security equipments.

The turnover and profitability of this Company does not have much impact on consolidated results of the Company.

### Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore and Zicom Security Projects Pte. Ltd., Singapore

Both these companies are Company's wholly-owned subsidiaries in Singapore, incorporated with a view to internationally align and consolidate present and future investments of the Group. The Group overseas investment in fire business falls under the umbrella of Unisafe Singapore acting as a holding company for all such ventures, whereas Zicom Singapore, aimed as a holding company for Group investment in international electronic security business.

## CONSOLIDATED FINANCIAL STATEMENTS

As per Section 134 of the Companies Act, 2013, your Company has provided the audited Consolidated Financial Statements for the year ended on March 31, 2016; together with Auditors' Report thereon forming part of this Annual Report, which includes financial information of all the subsidiaries. These documents will also be available for inspection during the business hours at the Registered Office of your Company and the respective subsidiary companies. Pursuant to the provisions of the Section 129(3) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014 and amendment thereof, a statement containing salient features of the financial statements of Company's Subsidiaries for financial year 2015-16 (in Form AOC-1) is appended as Annexure A hereto. Your Company has placed the audited annual accounts and related information of subsidiary companies on its website and same will be made available to the Members upon request.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

### Directors:

During the year under review, Mr. Vijay Kalantri (DIN: 00019510), Independent Director resigned from the Directorship of the Company w.e.f. December 17, 2015.

Further, Ms. Kunjan Trivedi (DIN: 07131011) whose term as a Whole-time Director of the Company ended on March 25, 2016, ceased to be Director effective from the said date. The Company is looking out for a suitable woman candidate having experience in IT Security Industry for the post of Director, whose experience and

## Directors' Report

knowledge in the security industry will benefit the Company in its business growth.

In accordance with provisions of the Companies Act, 2013 and Articles of Association of the Company, Mr. Manohar Bidaye (DIN: 00010699) is the Director liable to retire by rotation at the ensuing Annual General Meeting and has offered himself for re-appointment.

On December 18, 2015, Mr. Sanjeev Dayal (DIN: 03490363), was appointed as an Additional Director under Section 161 of the Companies Act, 2013 to hold office till the date of the ensuing Annual General Meeting. Mr. Dayal being eligible, has offered himself for appointment as an Independent Director, not liable to retire by rotation.

The first term of Mr. K. D. Hodavdekar and Mr. Prabhakar Dalal, Independent Directors, appointed pursuant to Section 149 of the Companies Act, 2013, ended on March 31, 2016 and June 26, 2016 respectively. The Board of Directors at their meetings held on March 31, 2016 and June 26, 2016 appointed Mr. Hodavdekar and Mr. Dalal as Additional Directors, effective from April 1, 2016 and June 27, 2016 respectively; and proposed their appointments as Independent Directors for their second term, pursuant to Section 149 of the Act, for approval of the Members at the ensuing Annual General Meeting by Special Resolutions.

Pursuant to Section 161 of Companies Act, 2013, the Company has received requisite notices, in writing from Members proposing the candidature of Mr. Sanjeev Dayal, Mr. K. D. Hodavdekar and Mr. Prabhakar Dalal for the office of Independent Directors, not liable to retire by rotation. Their appointments shall be subject to the approval of Members at the forthcoming Annual General Meeting

The brief profiles of Mr. Sanjeev Dayal, Mr. K. D. Hodavdekar and Mr. Prabhakar Dalal are given in Notice of the Annual General Meeting and discussed at length in the Corporate Governance Report.

Your Directors recommend the above appointments for your approval.

Besides, subsequent to the year end, Mr. Venu Raman Kumar, a Non-Independent / Non-Executive Director resigned w.e.f. August 9, 2016.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under provisions of the Companies Act, 2013, Rules thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

Mr. Pramoud Rao, Managing Director of the Company, whose remuneration package includes commission, is appointed as the Managing Director of Zicom SaaS Private Limited, a wholly owned subsidiary of the Company, w.e.f. March 30, 2015 and is entitled for remuneration from the said subsidiary as per terms of his remuneration approved. However, for the year under review,

Mr. Rao has neither received any commission from the Company nor has received any remuneration from the said subsidiary.

### Key Managerial Personnel:

Ms. Kunjan Trivedi, Company Secretary was appointed as a Whole-time Director of the Company on the Board for a period of one year, effective from March 26, 2015 and as such she ceased as a Director effective from March 25, 2016. However, she continues to be Company Secretary of the Company. In view of the above, the position of Key Managerial Personnel is as under:

Name of Key Managerial Personnel	Designation
Mr. Pramoud Rao	Managing Director
Mr. Hemendra Paliwal	Chief Financial Officer
Ms. Kunjan Trivedi	Whole-time Director (upto March 25, 2016) & Company Secretary

### BOARD EVALUATION

In accordance with the requirements of the Companies Act, 2013 and Listing Regulations, the Board evaluation process was carried out. The Board / Nomination and Remuneration Committee of Directors have laid down the criteria for evaluation of the performance of the Board, its Committees and individual Director. A structured questionnaire prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committee, Board procedures, development, etc. was circulated to Directors for the purpose of evaluation.

The Board and Nomination and Remuneration Committee of Directors reviewed the performance of the individual Directors on the basis of set criteria's.

The Independent Directors, at its separate meeting, carried out performance evaluation of Board as a whole, its Committees, Chairman of the Company and Non-Independent Directors. The same was discussed in the Board meeting that followed the meeting of Independent Directors, at which performance of the Board, its Committees and individual Directors was also discussed.

### REMUNERATION AND NOMINATION POLICY

The Board of Directors has framed a Policy which lays down the framework in relation to remuneration to Directors, Key Managerial Personnel and Senior Management of the Company. This Policy also lays down criteria for selection and appointment of Board Member. The Policy is provided in Annexure B to this Report.

### AUDITORS AND THEIR REPORT

At the previous Annual General Meeting held on September 29, 2015, M/s. Shyam Malpani & Associates, Chartered Accountants, Mumbai, were appointed as Statutory Auditors of the Company to hold office from that Annual General Meeting until the conclusion of the ensuing Annual General Meeting. On August 10, 2016, the Company received a communication from the Auditors informing that effective from July 22, 2016 the constitution of their Firm has been changed from proprietorship to partnership and also the name has changed from M/s. Shyam Malpani & Associates to

## Directors' Report

M/s. S M M P & Associates. In view of this, M/s. S M M P & Associates holds the office as Statutory Auditors of the Company till the ensuing Annual General Meeting and are eligible for re-appointment.

As required under provisions of Section 139 and Section 141 of the Companies Act, 2013, the Company has obtained a written consent and certificate from them in respect of the proposal for their re-appointment to the effect that their re-appointment, if made, would be in conformity with the criteria specified in the said sections. The Auditors' Report does not contain any qualification, reservation or adverse remark. Further, with regard to emphasis of matter as per clause IV in the Auditors' Report, your Directors wish to state that the said emphasis of matter read with Note No. 25.8 of Standalone Financial Statements is self-explanatory and does not require any further explanation. Your Directors would like to add that the said matter will not have any material adverse effect on the functioning of the Company.

The Board recommends the re-appointment of M/s. S M M P & Associates, Chartered Accountant, for your approval.

### SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and Rules thereunder, the Company has appointed Ganesh Narayan & Co, Company Secretaries in Practice (CP No. 2238) to conduct Secretarial Audit of the Company for the financial year 2015-16. The Secretarial Audit Report for the financial year ended March 31, 2016 is annexed herewith as Annexure C (as Form MR-3) to this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134 of the Companies Act, 2013, based on the representations received from the operating management, your Directors hereby state that -

- a) in preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit / loss of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws that such systems are adequate and operating effectively.

### MEETINGS OF THE BOARD

Six (6) meetings of the Board of Directors were held during the year under review. For further details, please refer Section II (F) – Other provisions related to Board and Committees of the Corporate Governance Report forming part of this Report.

### COMMITTEES OF THE BOARD

The details of the Committees of the Board constituted under the Companies Act, 2013 and Listing Agreement / Listing Regulations are given under Section III – Board Committees of the Corporate Governance Report forming part of this Report.

### PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Particulars of loans given, investments made, guarantees given and securities provided are given in the standalone financial statements. Further, following are the purposes for which the loans or guarantees or securities are proposed to be utilized by the recipient:

Name of Recipient Entity	Relation	Purpose for which the loans, guarantees and securities are proposed to be utilized
Unisafe Fire Protection Specialists LLC, Dubai	Subsidiary	Business Purpose
Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore	Subsidiary	Business Purpose
Zicom Security Projects Pte. Ltd., Singapore	Subsidiary	Cash Management
Phoenix International WLL, Qatar	Subsidiary	Business Purpose
Zicom SaaS Pvt. Ltd., India	Subsidiary	Business Purpose
Unisafe Fire Protection Specialists India Pvt. Ltd., India	Subsidiary	Business Purpose

## Directors' Report

### RELATED PARTY TRANSACTIONS

All transactions entered with related parties during the year 2015-16 were on arm's length basis and in the ordinary course of business and that the provision of Section 188(1) of the Companies Act, 2013 are not attracted. Hence the particulars to be disclosed in this regards in Form AOC-2 is Nil. Further, during the year under review, there were no material related party transactions.

The Audit Committee and the Board of Directors have approved the Related Party Transaction Policy, which has been prepared in consonance with provisions of Regulation 23 of the Listing Regulations and Companies Act, 2013. The same has been uploaded on the Company's website at the link: [http://beta.zicom.com/img/pdf/ZESSL-Related\\_Party\\_Transaction\\_Policy.pdf](http://beta.zicom.com/img/pdf/ZESSL-Related_Party_Transaction_Policy.pdf).

All Related Party Transactions are being placed before the Audit Committee for approval. Omnibus approvals are also obtained for transactions which are of repetitive nature. Such transactions are placed before the Audit Committee and Board (as required) for periodical review and approval.

### VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Section 177(9) of the Companies Act, 2013 and Regulation 22 of the Listing Regulations, the Company has formulated Vigil Mechanism / Whistle Blower Policy for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. The said Committee oversees implementation of the Whistle Blower Policy of the Company. The said Policy as approved may be accessed on the Company's website at the link: [http://beta.zicom.com/img/pdf/ZESSL-Whistle\\_Blower\\_Policy.pdf](http://beta.zicom.com/img/pdf/ZESSL-Whistle_Blower_Policy.pdf).

### MATERIAL CHANGES AND COMMITMENTS

As informed under Finance Section above, subsequent to end of the year under review, on August 9, 2016, the Company has cancelled 1,050,000 Warrants due to non-exercise of the option by the Warrant-holders. As a result of same, the application money received upon allotment of said Warrants (calculated @ ₹ 40 per Warrant, being 25% of share price of ₹ 160 to be issued upon exercise of option by the Warrant-holders) were forfeited and the Securities Premium Account of the Company increased by ₹ 42,000,000.

Except for the above, there have not been any other material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company as on March 31, 2016 and the date of this Report.

### RISK MANAGEMENT

The Company already has in place the system to inform the Board about the risk assessment and minimization procedure. The risk

management system identifies and assesses various risks associated with the Company and its business and finds out and suggests measures to mitigate them. This also includes mechanisms for their proper and timely monitoring and reporting. In this regard, the Company has framed policy to identify and evaluate business risks, and to mitigate them. The Policy defines the risk management approach at various levels including documentation and reporting. The Policy helps in identifying risks trend, exposure and potential impact analysis at Company level and also separately for each business division of the Company. The risk management system is periodically evaluated by the Audit Committee / Board in the light of changing business scenario. Accordingly, new risks are identified, and modified mechanism & procedure for risk assessment and minimization are adopted to ensure that executive management controls risk by means of properly defined framework. Progress in this regard is periodically reported to Audit Committee / Board for their review and corrective actions, required if any. This is a continuous process which enables the Company to keep its risk management system updated and robust in view of fast changing economic and business scenario affecting the Company.

### EXTRACT OF ANNUAL RETURN

The Extract of Annual Return of the Company as on the financial year ended on March 31, 2016, in Form MGT-9, as required under Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, is appended herewith as Annexure D to this Report.

### CORPORATE GOVERNANCE

A separate section on Corporate Governance, together with a certificate from your Company's Auditors confirming compliance of the conditions of Corporate Governance as stipulated under Listing Regulations is appended herewith as Annexure G forming part of this Report.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Pursuant to the provisions of Section 134(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 relevant information are given hereunder:

#### A. Conservation of Energy

The Company's operations include selling, distributing, marketing and installing of electronic security systems, gadgets and equipments and monitoring them; and as can be observed such operations do not involve much use of energy. However, your Company makes every possible effort to conserve energy at all levels of its operations.

#### (i) The steps taken or impact on conservation of energy:

At offices and workplaces, creating awareness among employees, contractual workers and customers about modes and means of energy saving through utilization of energy saving systems, devices and equipments; and inculcating a habit in them to strive for conservation and saving of energy.

## Directors' Report

The above has helped the Company in keeping its energy cost under control.

- (ii) The steps taken by the Company for utilizing alternate sources of energy:

As the operations of your Company does not involve much use of energy, the possibility of using alternate source of energy as a measure of conservation of energy in its operations are minimal.

- (iii) The capital investment on energy conservation equipments:

No material capital investment on energy conservation equipments has been made during the year by your Company.

### B. 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. Your Company continuously strives to provide electronic security systems, gadgets and equipments based on latest technology. Further, the details of expenditure incurred on the research and development are Nil.

### C. Foreign Exchange Earnings and Outgo and Export Market Developments

Your Company has earned ₹ 112,352,810 (previous year ₹ 59,750,165) in foreign currency and has spent ₹ 204,676,978 (previous year ₹ 237,424,758) in foreign exchange during the year under review. The details of the same are available at Note No. 25.17 being Notes forming part of the Financial Statements.

### PARTICULARS OF EMPLOYEES

The disclosure required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is appended as Annexure E to this Report.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and amendment thereof, during the year under review, there was no employee under the employment of your Company, who was in receipt of remuneration of ₹ 12,000,000 (before notification ₹ 6,000,000) or more per annum, if employed for the entire year, or a remuneration of ₹ 850,000 (before notification ₹ 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.

At present the Company does not have any Employee Stock Option Plan / Scheme nor does it have any live stock options pending to be exercised.

### HUMAN RESOURCES

The Human Resource (HR) is truly a strategic business partner in the growth of your Company. Our HR philosophy is developed around the fundamental of creating value through our most

valued resource "Zi-Champ" to drive profitable growth and make Zicom a preferred choice of employer. HR has developed and maintained friendly, transparent and professional work culture woven into the fabric of the company's environment with strong business ethics.

HR has time and again used innovation in hiring talent in Zicom. With usage of high end assessment tools and latest hiring channels like social media, campus selection, references (Talent Connect) and job portals, HR has hired the best talent from the industry at competent compensation & benefits. HR has created benchmark in the Fire and Security Industry by hiring the Engineers through Pool Campus Recruitment from Tier II and III cities.

In order to fulfill our vision of value creation, a number of developmental initiatives have been undertaken which interalia includes employee branding and a series of learning sessions from senior management within the organization which helps them to serve the customer well.

During the financial year under the review, HR organized Employee connect programs wherein the Zi-Champs were cross functionally bonded with each other and took up fun activities as a team. The most appreciated initiative was "Meet the Top" which helped Employees to connect and share ideas directly with respective Business Heads and Managing Director of the Company.

As on March 31, 2016 the total number of direct and indirect employees were standing at 171.

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with provisions under the Companies Act, 2013, a Corporate Social Responsibility (CSR) Committee has been constituted and also a CSR policy has been adopted by the Company.

Pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the requisite details on CSR is given under Annexure F appended to this Report.

A provision of ₹ 851,000 made during the year for CSR activities, however the said amount was unspent during the year under review.

### INTERNAL FINANCIAL CONTROLS AND ITS ADEQUACY

Your Company follows current best practices in internal audit and risk management system. Internal Audit System monitors the adequacy and effectiveness of the internal control as per the policy and procedures framed and also under the supervision and guidance of the Audit Committee. It is supported by the enterprise resource planning platform for all business process.

All transactions are properly authorized, recorded and presented to the Management. Your Company observes all the accounting standards prescribed for proper maintenance of books of accounts and reporting of financial statements.

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

## Directors' Report

- 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 auditor covering all statutes and compliance requirements
- IT systems with adequate in-built controls and security

### GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals that would impact the going concern status of the Company and its future operations.
5. The Company has in place policy as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year, no case

was reported to the Committee constituted under the said Act.

### 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 your 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 year.

For and on behalf of the Board of Directors

### Manohar Bidaye

Chairman

Place: Mumbai

Date: August 12, 2016

### Registered Office:

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

# Directors' Report

## Annexure 'A' to Directors' Report

### STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES AS PER COMPANIES ACT, 2013:

#### PART A: SUBSIDIARIES

(Amount in ₹)

Name of the Subsidiary	Date since when Subsidiary was acquired	Reporting Currency	Exchange Rate on the last day of the financial year	Share Capital	Reserves & Surplus	Total Asset	Total Liabilities	Investments	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend	% of Shareholding
Unisafe Fire Protection Specialists LLC, Dubai	13.05.2007	AED	18.04	552,475,000	1,935,648,230	7,737,012,735	7,737,012,735	27,420,800	5,137,190,113	33,950,450	-	33,950,450	-	8.00
Phoenix International WLL, Qatar	01.06.2012	QAR	18.19	18,190,000	490,402,109	1,353,092,363	1,353,092,363	-	1,380,355,335	30,363,148	-	30,363,148	-	5.00
Zicom SaaS Private Limited	23.02.2011	INR	1.00	200,000,000	90,905,988	1,116,871,416	1,116,871,416	-	481,950,121	42,932,463	11,141,082	31,791,381	-	100.00
Unisafe Fire Protection Specialists India Private Limited	16.01.2012	INR	1.00	50,000,000	(20,369,405)	91,849,285	91,849,285	-	86,674,765	(7,360,807)	(1,909,502)	(5,451,305)	-	100.00
Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore	15.02.2012	USD	66.25	265	(149,134,050)	1,563,750,889	1,563,750,889	1,120,213,168	-	(106,010,666)	-	(106,010,666)	-	100.00
Zicom Security Projects Pte. Ltd., Singapore	02.05.2012	USD	66.25	66	(17,140,333)	680,577,240	680,577,240	-	-	(8,109,398)	-	(8,109,398)	-	100.00

#### Note:

Names of subsidiaries which are yet to commence operations - NIL  
Names of subsidiaries which have been liquidated or sold during the year - NIL

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

**Manohar Bidaye**  
Chairman

**Pramouh Rao**  
Managing Director

**Prabhakar Dalal**  
Director

**V. Raman Kumar**  
Director

**K. D. Hodavdekar**  
Director

**Mukul Desai**  
Director

**Sanjeev Dayal**  
Director  
Place : Mumbai

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary

Date : May 27, 2016

## Directors' Report

### Annexure 'B' to Directors' Report

### Nomination and Remuneration Policy Zicom Electronic Security Systems Limited

#### A. INTRODUCTION:

The Company has always considered human resources as its invaluable assets and consistently works towards harmonizing the aspirations of its employees with that of the goals of the Company.

Pursuant to Section 178 of the Companies Act, 2013 ("Act") and Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee. The Company had already constituted Remuneration Committee comprising of Non-Executive Independent Directors as required under Listing Regulations.

The Nomination and Remuneration Policy ("the Policy") as per the requirements of Section 178 of the Companies Act, 2013 & Regulation 19 of Listing Regulations has been formulated with the object of enhancing competencies of the Board and attracting as well as retaining talented employees for role of Key Management Personnel / Senior Management.

#### Scope of the Policy / Applicability:

The Committee has adopted the following criteria for selection of candidates eligible to be appointed in the senior management and other employees of the Company and also member on the Board of Directors and the Executive Directors of the Company.

#### B. OBJECTIVES:

1. To formulate criteria for appointing Directors, Key Managerial Personnel and Senior Management, in accordance with the provisions prescribed under the Companies Act 2013, Rules made thereunder and Listing Regulations.
2. To guide the Board in relation to the appointment and removal of Directors, Key Managerial Personnel and Senior Management.
3. To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management.
4. To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

#### C. DEFINITIONS:

1. "Act" means the Companies Act, 2013 and Rules framed thereunder, as amended from time to time.
2. "Board" means Board of Directors of the Company.
3. "Committee" means Nomination and Remuneration Committee.
4. "Company" means Zicom Electronic Security Systems Limited.
5. "Directors" mean members of the Board of Directors of the Company.
6. "Independent Director" means a director referred to in Section 149(6) of the Companies Act, 2013.

7. "Key Managerial Personnel" means

- a) Chief Executive Officer or the Managing Director or the Manager;
- b) Whole-time director;
- c) Chief Financial Officer;
- d) Company Secretary; and
- e) Such other officer as may be prescribed.

8. "Senior Management" means personnel of the Company who are members of its core management team excluding the Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

#### D. INTERPRETATION OF POLICY:

In this Policy, words importing the masculine shall include feminine and words importing singular shall include the plural or vice versa. Any other term referred in this Policy shall have the same meaning assigned to them in the Companies Act, 2013, Rules made thereunder, Listing Regulations and other SEBI Regulations as amended from time to time.

Effective Date: This Policy shall become effective from the date of adoption by the Board.

#### E. ROLE OF COMMITTEE:

The Committee shall:

1. Formulate criteria for determining qualifications, positive attributes and independence of a Director.
2. Formulate criteria for evaluation of Independent Directors and the Board.
3. Carry out evaluation of every Director's performance.
4. Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this Policy.
5. Recommend to the Board the appointment and removal of Directors and Senior Management.
6. Devise a policy on Board diversity.
7. Recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel, Senior Management, and other employees.
8. To perform such other functions as may be necessary or appropriate for the performance of its duties.

Nomination and Remuneration Committee shall ensure the following while formulating the Policy:

- (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and



## Directors' Report

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

### F. MEMBERSHIP:

1. The Committee shall comprise of minimum three Non-Executive Directors, of which at least half shall be Independent directors.
2. Minimum two members shall constitute a quorum for the Committee meeting.
3. Term of the Committee shall be continued unless terminated by the Board of Directors.
4. Membership of the Committee shall be disclosed in the Annual Report.

### G. CHAIRMAN:

1. Chairman of the Committee shall be an Independent Director.
2. Chairman of the Company may be appointed as a member of the Committee but shall not Chair the Committee.
3. In the absence of the Chairman, the members of the Committee present at the meeting shall choose one amongst them to act as Chairman.
4. Chairman of the Nomination and Remuneration Committee could be present at the Annual General Meeting or may nominate some other member to answer the shareholders' queries.

### H. COMMITTEE MEMBER'S INTERESTS:

1. A member of the Committee is not entitled to be present when his own remuneration is discussed at a meeting or when his performance is being evaluated.
2. The Committee may invite such executives, as it considers appropriate, to be present at the meetings of the Committee.

### I. SECRETARY:

The Company Secretary shall act as Secretary of the Committee.

### J. VOTING:

1. Matters arising for determination at Committee meetings shall be decided by a majority of votes of Members present and voting and any such decision shall for all purposes be deemed a decision of the Committee.
2. In the case of equality of votes, the Chairman of the meeting will have a casting vote.

### K. APPOINTMENT AND REMOVAL OF DIRECTOR, KEY MANAGERIAL PERSONNEL AND SENIOR MANAGEMENT:

#### 1. Criteria for Appointment:

- a) To identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, Key Managerial Personnel or at Senior Management level and recommend appointment to the Board.

b) To ensure that the candidate possess adequate qualification, expertise and regional and industry experience for the position he is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

c) To appoint such person as an Independent Director who fulfils all the criterion of independence as mentioned under Section 149(6) of the Companies Act 2013 and Listing Regulations.

d) To decide on not to appoint or discontinue the employment of any person as Managing Director / Whole-time Director / Manager who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

e) To consider the extent to which the candidate is likely to contribute to the overall effectiveness of the Board, work constructively with the existing Directors and enhance the efficiencies of the Company.

f) To judge the skills and experience that the candidate brings to the role of Key Managerial Personnel / Senior Management and how such candidate will enhance the productivity and competency of the Company.

g) To consider the skills and experience that the candidate brings to the role of Director and how such candidate will enhance the skill sets and experience of the Board as a whole.

h) To consider the nature of existing positions held by the candidate including directorships or other relationships and the impact they may have on the candidate's ability to exercise independent judgment.

#### 2. Term:

##### a) Managing Director / Whole time Director:

The Company shall appoint or re-appoint any person as its Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of the term.

##### b) Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's Report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an

## Directors' Report

Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for five years or more in the Company as on October 1, 2014 or such other date as may be determined by the Committee as per regulatory requirement; he shall be eligible for appointment for one more term of five years only.

- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company or such other number as may be prescribed under the Act.

### 3. Evaluation:

The Committee shall evaluate the performance of every Director, Key Managerial Personnel and Senior Management on yearly basis.

### 4. Removal:

The Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, Key Managerial Personnel or Senior Management due to reasons for any disqualification mentioned in the Companies Act, 2013, Rules made thereunder or under any other applicable Act, rules and regulations or wherever the Committee deems so in the best interest of the Company.

### 5. Retirement:

The Director, Key Managerial Personnel and Senior Management shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, Key Managerial Personnel, Senior Management in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to compliance with the prescribed requirements and procedure.

### 6. Notice of Termination and Severance Pay Policy:

- A. For Executives resident in India, the termination period from the Company will be of 6 months. In addition thereto, the Executive, provided that termination has been made by the Company, will be entitled to a maximum severance pay of six months' salary inclusive of the value of variable remuneration and other fixed entitled benefits. Executives resident outside India or resident in India but having a material connection to or having been resident in a country other than India may be offered notice periods for termination and severance payment that are competitive in the country where the Executives are or have been resident or to which the Executives have a material connection, preferably solutions comparable to the solutions applied to Executives resident in India.

- B. For Key Managerial Personnel and Senior Management, the termination period from the Company will be as per the Company's policy.

### L. REMUNERATION TO MANAGING DIRECTOR / KEY MANAGERIAL PERSONNEL / SENIOR MANAGEMENT:

#### 1. Fixed Salary:

Managing Director, Key Managerial Personnel and Senior Management shall be eligible for monthly remuneration as may be approved by the Board on the recommendation of the Committee in accordance with the provisions of the Companies Act, 2013, and Rules made thereunder for the time being in force. The break-up of the pay scale and quantum of perquisites including, employer's contribution to P.F., pension, medical expenses, etc. shall be decided and approved by the Board on the recommendation of the Committee; and further approved by the shareholders and Central Government, wherever required.

#### 2. Minimum Remuneration:

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to the Managing Director/Whole-time Directors/Manager in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the prior approval of the Central Government.

#### 3. Excess Remuneration:

If Managing Director/Whole-time Directors/Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

### M. REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTOR:

#### 1. Remuneration / Commission:

The remuneration / commission shall be in accordance with the provisions of the Companies Act, 2013, and the rules made thereunder for the time being in force.

#### 2. Sitting Fees:

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed the maximum amount as provided in the Companies Act, 2013, per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

## Directors' Report

### 3. Limit of Remuneration / Commission:

Remuneration / commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

### 4. Stock Options:

An Independent Director shall not be entitled to any stock option of the Company, unless otherwise permitted by the Act and other applicable statutory provisions.

### N. NOMINATION AND REMUNERATION COMMITTEE DUTIES:

1. To ensure that appropriate induction is provided to new Directors and members of Senior Management and review its effectiveness.
2. To ensure that, on appointment to the Board, Non-Executive Directors receive a formal letter of appointment in accordance with the provisions of the Companies Act, 2013.
3. To identify and recommend Directors eligible for retirement by rotation.
4. To determine the appropriate size, diversity and composition of the Board, subject to the applicable statutory provisions.
5. To set a formal and transparent procedure for selecting new Directors for appointment to the Board.
6. To develop and regularly review succession plan for the Board and Senior Management.
7. To evaluate the performance of the Board and Senior Management with the Company's performance from business and compliance perspective.
8. To make recommendations to the Board concerning any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an Executive Director as an employee of the Company subject to the provisions of the law and their service contract.
9. To consider and determine the Remuneration Policy for Board and Senior Management.

## Directors' Report

### Annexure 'C' to Directors' Report

#### Form No. MR-3

#### Secretarial Audit Report

for the Financial Year Ended March 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and  
Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
Zicom Electronic Security Systems Ltd.  
Mumbai

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Zicom Electronic Security Systems Ltd. ("the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit and as per the explanations given to me and the representation made by the Management, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records made available to me and maintained by Zicom Electronic Security Systems Ltd. ("the Company"), for the Financial Year ended on March 31, 2016 according to the applicable provisions of:

- i) The Companies Act, 2013 ('the Act') and the rules made thereunder, as applicable;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv) The Foreign Exchange Management Act, 1999 and the Rules & Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of

Insider Trading) Regulations, 1992 and the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective May 15, 2015);

- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and amendments from time to time;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. However, no ESOP's were issued and no meeting was held during the year (Not applicable to the Company during the Audit period);
- e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective December 1, 2015);
- f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit period);
- g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit period); and
- i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period).
- vi) Based on my search on the peers and representation given by the Company, there are no laws which are specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- a. The Uniform Listing Agreements entered into by the Company with the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).
- b. Secretarial Standards of The Institute of Company Secretaries of India with respect to the board and general meetings (effective July 1, 2015).

During the period under review and as per the explanations and clarifications given to me and the representation made by the Management, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above

#### I further report that:

1. The Board of Directors of the Company is duly constituted with

## Directors' Report

proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under review were carried out in compliance with the provisions of the Act.

Note: However the term of Woman Director came to an end on March 25, 2016 which was communicated to Stock Exchanges vide its letter of even date. The Company is in the process of appointing a suitable candidate as a woman director.

2. Adequate notice was given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Decisions at the Board Meetings and Committee Meetings were carried through on the basis of majority as recorded in the minutes of the meetings. As represented by the Management, there were no dissenting views by any member of the Board of Directors or Committee of the Board as the case may be during the period under review.

I further report that as per the explanations given to me and the representations made by the Management and relied upon by me generally there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

I further report that during the audit period,

- i) There were no instances of
  - a. Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
  - b. There were no instances of merger / amalgamation / reconstruction etc.
  - c. There were no instances of foreign technical collaborations.

**For Ganesh Narayan & Co  
Company Secretaries**

**Ganesh Narayan**

Proprietor

FCS: 6910 / CP No.: 2238

Place: Mumbai

Date : May 27, 2016

Note: This Report is to be read with my letter of even date which is annexed Annexure A and forms an integral part of this Report.

### Annexure A

To,  
The Members,  
Zicom Electronic Security Systems Ltd.  
Mumbai

My Report of even date is to be read along with this letter

1. Maintenance of Secretarial record is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the Compliance of General and Industry Specific laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and Other applicable and Industry Specific laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

**For Ganesh Narayan & Co  
Company Secretaries**

**Ganesh Narayan**

Proprietor

FCS: 6910 / CP No.: 2238

Place: Mumbai

Date : May 27, 2016

## Directors' Report

### Annexure 'D' to Directors' Report

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
 As on the financial year ended on March 31, 2016

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

#### I. REGISTRATION & OTHER DETAILS:

i)	CIN	L32109MH1994PLC083391
ii)	Registration Date	December 1, 1994
iii)	Name of the Company	Zicom Electronic Security Systems Limited
iv)	Category / Sub-category of the Company	Public Company / Limited by shares
v)	Address of the Registered office & contact details	Registered Office Address: 501, Silver Metropolis, Western Express Highway, Goregaon East, Mumbai 400063. Contact No.: 022 42904290
vi)	Whether listed company	Yes
vii)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Name: Bigshare Services Private Limited Address: E-2, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (East), Mumbai 400072. Contact No.: 022 40430200

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

(All the business activities contributing 10% or more of the total turnover of the Company)

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Security Products	47599	99.00
2	Safety Products	47599	0.00
3	Services	80200	1.00

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held*	Applicable Section
1	Zicom Saas Private Limited 501, Silver Metropolis, Western Express Highway, Goregaon East, Mumbai 400063.	U74120MH2011PTC213916	Subsidiary	100.00	2(87)(ii)
2	Unisafe Fire Protection Specialists India Private Limited 501, Silver Metropolis, Western Express Highway, Goregaon East, Mumbai 400063.	U29193MH2008FTC182327	Subsidiary	100.00	2(87)(ii)
3	Unisafe Fire Protection Specialists Singapore Pte. Ltd. 60 Paya Lebar Road, 12-55, Paya Lebar Square, Singapore 409051.	N.A.	Subsidiary	100.00	2(87)(ii)
4	Zicom Security Projects Pte. Ltd. 60 Paya Lebar Road, 12-55, Paya Lebar Square, Singapore 409051.	N.A.	Subsidiary	100.00	2(87)(ii)

## Directors' Report

Sl. No.	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of shares held*	Applicable Section
5	Unisafe Fire Protection Specialists LLC, Dubai P.O. Box 117579, Office # 1002, 10 <sup>th</sup> Floor, City Tower 2, Sheikh Zayed Road, Dubai, U.A.E.	N.A.	Subsidiary	49.00*	2(87)(i)
6	Phoenix International WLL, Qatar P.O. Box 37132, Salwa Road, Doha, Qatar.	N.A.	Subsidiary	49.00*	2(87)(i)

\* Representing aggregate % of shares held by the Company and its subsidiaries

### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

#### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01.04.2015]				No. of Shares held at the end of the year [As on 31.03.2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF	932,700	0	932,700	4.62	932,700	0	932,700	4.62	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	3,127,723	0	3,127,723	15.48	3,127,723	0	3,127,723	15.48	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
g) Any other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (1)</b>	<b>4,060,423</b>	<b>0</b>	<b>4,060,423</b>	<b>20.10</b>	<b>4,060,423</b>	<b>0</b>	<b>4,060,423</b>	<b>20.10</b>	<b>0.00</b>
<b>(2) Foreign</b>									
a) NRIs – Individuals	177,100	0	177,100	0.88	177,100	0	177,100	0.88	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
f) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (A) (2)</b>	<b>177,100</b>	<b>0</b>	<b>177,100</b>	<b>0.88</b>	<b>177,100</b>	<b>0</b>	<b>177,100</b>	<b>0.88</b>	<b>0.00</b>
<b>Total shareholding of Promoter (A) = (A)(1) + (A)(2)</b>	<b>4,237,523</b>	<b>0</b>	<b>4,237,523</b>	<b>20.98</b>	<b>4,237,523</b>	<b>0</b>	<b>4,237,523</b>	<b>20.98</b>	<b>0.00</b>

## Directors' Report

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01.04.2015]				No. of Shares held at the end of the year [As on 31.03.2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	700	700	0.00	0	700	700	0.00	0.00
b) Banks / FI	16,558	0	16,558	0.08	17,449	0	17,449	0.09	5.38
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	209,057	0	209,057	1.03	209,057	0	209,057	1.03	0.00
g) FIs	387,215	100	387,315	1.92	0	100	100	0.00	(99.97)
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
j) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1)</b>	<b>612,830</b>	<b>800</b>	<b>613,630</b>	<b>3.04</b>	<b>226,506</b>	<b>800</b>	<b>227,306</b>	<b>1.13</b>	<b>(62.96)</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	2,734,440	1,201	2,735,641	13.54	2,645,888	1,201	2,647,089	13.10	(3.24)
ii) Overseas	259,150	2,900,000	3,159,150	15.64	2,861,721	0	2,861,721	14.17	(9.41)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	3,699,556	115,406	3,814,962	18.89	4,550,098	113,406	4,663,504	23.09	22.24
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	3,270,114	15,200	3,285,314	16.26	3,076,594	15,200	3,091,794	15.31	(5.89)
c) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
d) Others (specify)									
a) Non Resident Indians	2,062,650	34,400	2,097,050	10.38	2,186,770	34,100	2,220,870	10.99	5.90
b) Clearing Members	63,630	0	63,630	0.32	70,393	0	70,393	0.35	10.63
c) Trusts	192,929	0	192,929	0.96	179,629	0	179,629	0.89	(6.90)
<b>Sub-total (B)(2)</b>	<b>12,282,469</b>	<b>3,066,207</b>	<b>15,348,676</b>	<b>75.98</b>	<b>15,571,093</b>	<b>163,907</b>	<b>15,735,000</b>	<b>77.90</b>	<b>2.52</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>12,895,299</b>	<b>3,067,007</b>	<b>15,962,306</b>	<b>79.02</b>	<b>15,797,599</b>	<b>164,707</b>	<b>15,962,306</b>	<b>79.02</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>17,132,822</b>	<b>3,067,007</b>	<b>20,199,829</b>	<b>100.00</b>	<b>20,035,122</b>	<b>164,707</b>	<b>20,199,829</b>	<b>100.00</b>	<b>0.00</b>



## Directors' Report

### ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year [As on 01.04.2015]			Shareholding at the end of the year [As on 31.03.2016]			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	Manohar G. Bidaye	430,100	2.13	0.50	430,100	2.13	2.13	0.00
2	Pramoud Vinayak Rao	498,600	2.47	2.10	498,600	2.47	2.10	0.00
3	Gauri Rao	4,000	0.02	0.00	4,000	0.02	0.00	0.00
4	Baronet Properties & Investments Private Limited	1,535,652	7.60	2.48	1,535,652	7.60	4.95	0.00
5	Coronet Properties & Investments Private Limited	1,386,286	6.86	2.48	1,386,286	6.86	0.00	0.00
6	Progressive Equifin Private Limited	145,264	0.72	0.69	145,264	0.72	0.69	0.00
7	Success Equifin Private Limited	60,521	0.30	0.30	60,521	0.30	0.30	0.00
8	Laxmi Harish Nayak	102,000	0.50	0.00	102,000	0.50	0.00	0.00
9	Harish Nayak	75,100	0.37	0.00	75,100	0.37	0.00	0.00

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

Sl. No.	Name of Promoter	Shareholding at the beginning of the year [As on 01.04.2015] / End of the year [As on 31.03.2016]		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year [01.04.2015 to 31.03.2016]	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Manohar G. Bidaye	430,100	2.13	1-Apr-2015	0	No movement during the year		
		430,100	2.13	31-Mar-2016			430,100	2.13
2.	Pramoud Vinayak Rao	498,600	2.47	1-Apr-2015	0	No movement during the year		
		498,600	2.47	31-Mar-2016			498,600	2.47
3.	Gauri Rao	4,000	0.02	1-Apr-2015	0	No movement during the year		
		4,000	0.02	31-Mar-2016			4,000	0.02
4.	Baronet Properties & Investments Private Limited	1,535,652	7.60	1-Apr-2015	0	No movement during the year		
		1,535,652	7.60	31-Mar-2016			1,535,652	7.60

## Directors' Report

Sl. No.	Name of Promoter	Shareholding at the beginning of the year [As on 01.04.2015] / End of the year [As on 31.03.2016]		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year [01.04.2015 to 31.03.2016]	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
5.	Coronet Properties Investments Private Limited	1,386,286	6.86	1-Apr-2015	0	No movement during the year		
		1,386,286	6.86	31-Mar-2016			1,386,286	6.86
6.	Progressive Equifin Private Limited	145,264	0.72	1-Apr-2015	0	No movement during the year		
		145,264	0.72	31-Mar-2016			145,264	0.72
7.	Success Equifin Private Limited	60,521	0.30	1-Apr-2015	0	No movement during the year		
		60,521	0.30	31-Mar-2016			60,521	0.30
8.	Laxmi Harish Nayak	102,000	0.50	01-Apr-2015	0	No movement during the year		
		102,000	0.50	31-Mar-2016			102,000	0.50
9.	Harish Nayak	75,100	0.37	1-Apr-2015	0	No movement during the year		
		75,100	0.37	31-Mar-2016			75,100	0.37

Note: The above information is based on the weekly beneficiary position received from Depositories.

### iv) Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year [As on 01.04.2015] / End of the year [As on 31.03.2016]		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year [01.04.2015 to 31.03.2016]	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Aark Singapore Pte. Ltd.	2,900,000	14.36	1-Apr-2015				
				21-Dec-2015	(701,497)	Sale	2,198,503	10.88
				22-Dec-2015	(18,235)	Sale	2,180,268	10.79
		2,180,268	10.79	31-Mar-2016			2,180,268	10.79

## Directors' Report

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year [As on 01.04.2015] / End of the year [As on 31.03.2016]		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year [01.04.2015 to 31.03.2016]	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
2.	New Leaina Investments Limited	260,764	1.29	1-Apr-2015				
				4-Sep-2015	22,817	Purchase	283,581	1.40
				11-Sep-2015	10,000	Purchase	293,581	1.45
				23-Oct-2015	(11,824)	Sale	281,757	1.39
				30-Oct-2015	(19,805)	Sale	261,952	1.30
				4-Dec-2015	(12,079)	Sale	249,873	1.24
		249,873	1.24	31-Mar-2016			249,873	1.24
3.	Bennett, Coleman and Company Limited	500,000	2.48	1-Apr-2015		No movement during the year		
					0			
		500,000	2.48	31-Mar-2016			500,000	2.48
4.	Ensemble Holdings and Finance Limited	407,050	2.02	1-Apr-2015				
				20-Nov-2015	(1,000)	Sale	406,050	2.01
				11-Dec-2015	(5,000)	Sale	401,050	1.99
				18-Dec-2015	(2,380)	Sale	398,670	1.97
				25-Dec-2015	(10,345)	Sale	388,325	1.92
				8-Jan-2016	(10,000)	Sale	378,325	1.87
				19-Feb-2016	8,361	Purchase	386,686	1.91
				26-Feb-2016	6,472	Purchase	393,158	1.95
393,158	1.95	31-Mar-2016			393,158	1.95		
5.	General Insurance Corporation of India	209,057	1.03	1-Apr-2015		No movement during the year		
					0			
		209,057	1.03	31-Mar-2016			209,057	1.03
6.	Amit Patni	202,008	1.00	1-Apr-2015				
				31-Mar-2016	80,800	Purchase	282,808	1.40
		282,808	1.40	31-Mar-2016			282,808	1.40
7.	Atim Kabra	1,040,850	5.15	1-Apr-2015				
				15-May-2015	12,873	Purchase	1,053,723	5.22
				22-May-2015	(1,774)	Sale	1,051,949	5.21
				29-May-2015	(9,000)	Sale	1,042,949	5.16
				5-Jun-2015	(2,099)	Sale	1,040,850	5.15
1,040,850	5.15	31-Mar-2016			1,040,850	5.15		

## Directors' Report

Sl. No.	Name of Shareholder	Shareholding at the beginning of the year [As on 01.04.2015] / End of the year [As on 31.03.2016]		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year [01.04.2015 to 31.03.2016]		
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company	
8.	Frontline Strategy Limited	259,150	1.28	1-Apr-2015		No movement during the year			
					0				
		259,150	1.28	31-Mar-2016			259,150	1.28	
9.	Arvind Darab Dubash	650,000	3.22	1-Apr-2015		No movement during the year			
					0				
		650,000	3.22	31-Mar-2016			650,000	3.22	
10.	Sudha Darab Dubash	665,000	3.29	1-Apr-2015		No movement during the year			
					0				
		665,000	3.29	31-Mar-2016			665,000	3.29	
11.	Lalanand Vyapaar Private Ltd. <sup>5</sup>	175,712	0.87	1-Apr-2015					
				31-Jul-2015	(1,297)		Sale	174,415	0.86
		174,415	0.86	31-Mar-2016				174,415	0.86
12.	VEC AIF VEC Strategic Advantage Scheme <sup>5</sup>	176,729	5.82	1-Apr-2015					
				29-Jan-2016	2,900		Purchase	179,629	0.89
		179,629	0.89	31-Mar-2016				179,629	0.89
13.	VEC Strategic Advantage Scheme III <sup>5</sup>	145,200	0.72	1-Apr-2015		No movement during the year			
					0				
		145,200	0.72	31-Mar-2016			145,200	0.72	
14.	VEC Strategic Advantage Scheme II <sup>5</sup>	140,946	0.70	1-Apr-2015					
				13-Nov-15	7,400		Purchase	1,48,346	0.73
				27-Nov-15	7,500		Purchase	1,55,846	0.77
		155,846	0.77	31-Mar-2016				155,846	0.77

<sup>5</sup> Ceased to be in the list of Top 10 Shareholders as on 31-Mar-2016.

Note: The above information is based on the weekly beneficiary position received from Depositories.

## Directors' Report

### v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of Director / Key Managerial Personnel	Shareholding at the beginning of the year [As on 01.04.2015] / End of the year [As on 31.03.2016]		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year [01.04.2015 to 31.03.2016]	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1.	Manohar Bidaye Chairman	430,100	2.13	1-Apr-2015		No movement during the year		
					0			
		430,100	2.13	31-Mar-2016			430,100	2.13
2.	Pramoud Rao Managing Director	498,600	2.47	1-Apr-2015		No movement during the year		
					0			
		498,600	2.47	31-Mar-2016			498,600	2.47
3.	Venu Raman Kumar Non-Executive Director (resigned w.e.f. August 9, 2016)	400,000	1.98	1-Apr-2015		No movement during the year		
					0			
		400,000	1.98	31-Mar-2016			400,000	1.98
4.	Mukul Desai Independent Director	0	0.00	1-Apr-2015		No movement during the year		
					0			
		0	0.00	31-Mar-2016			0	0.00
5.	Prabhakar Dalal Independent Director	0	0.00	1-Apr-2015		No movement during the year		
					0			
		0	0.00	31-Mar-2016			0	0.00
6.	K. D. Hodavdekar Independent Director	0	0.00	1-Apr-2015		No movement during the year		
					0			
		0	0.00	31-Mar-2016			0	0.00
7.	Sanjeev Dayal Independent Director (appointed w.e.f. December 18, 2015)	0	0.00	1-Apr-2015		No movement during the year		
					0			
		0	0.00	31-Mar-2016			0	0.00
8.	Vijay Kalantri Independent Director (resigned w.e.f. December 17, 2015)	0	0.00	1-Apr-2015		No movement during the year		
					0			
		0	0.00	31-Mar-2016			0	0.00
9.	Kunjan Trivedi Whole-time Director (ceased w.e.f. March 25, 2016) & Company Secretary	0	0.00	1-Apr-2015		No movement during the year		
					0			
		0	0.00	31-Mar-2016			0	0.00
10.	Hemendra Paliwal Chief Financial Officer	0	0.00	1-Apr-2015		No movement during the year		
					0			
		0	0.00	31-Mar-2016			0	0.00

## Directors' Report

### V. INDEBTEDNESS

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

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	910,954,126	NIL	NIL	<b>910,954,126</b>
ii) Interest due but not paid	NIL	NIL	NIL	<b>NIL</b>
iii) Interest accrued but not due	NIL	NIL	NIL	<b>NIL</b>
<b>Total (i+ii+iii)</b>	<b>910,954,126</b>	<b>NIL</b>	<b>NIL</b>	<b>910,954,126</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	523,996,200	NIL	NIL	<b>523,996,200</b>
• Reduction	NIL	NIL	NIL	<b>NIL</b>
<b>Net Change</b>	<b>523,996,200</b>	<b>NIL</b>	<b>NIL</b>	<b>523,996,200</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1,434,950,326	NIL	NIL	<b>1,434,950,326</b>
ii) Interest due but not paid	NIL	NIL	NIL	<b>NIL</b>
iii) Interest accrued but not due	NIL	NIL	NIL	<b>NIL</b>
<b>Total (i+ii+iii)</b>	<b>1,434,950,326</b>	<b>NIL</b>	<b>NIL</b>	<b>1,434,950,326</b>

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

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of MD / WTD / Manager			Total Amount
		Manohar Bidaye	Pramoud Rao	Kunjan Trivedi (upto March 26, 2016)*	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,712,980	5,520,000	855,557	<b>10,088,537</b>
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission				
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5.	Others, please specify	-	-	-	-
	<b>Total (A)</b>	<b>3,712,980</b>	<b>5,520,000</b>	<b>855,557</b>	<b>10,088,537</b>
	Ceiling as per the Act	Rs. 12,000,000 (As per Schedule V Part II Section II, Table A)			

\* Computed proportionately for the period of employment as Whole-time Director during the year.

## Directors' Report

### B. Remuneration to other Directors:

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		Mukul Desai	Venu Raman Kumar (resigned w.e.f. August 9, 2016)	Prabhakar Dalal	K. D. Hodavdekar	Sanjeev Dayal (appointed w.e.f. December 18, 2015)	Vijay Kalantri (resigned w.e.f. December 17, 2015)	
1.	Independent Directors							
	• Fee for attending Board / Committee meetings	150,500	-	115,000	107,500	45,000	35,000	453,000
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	<b>Total (1)</b>	<b>150,500</b>	<b>-</b>	<b>115,000</b>	<b>107,500</b>	<b>45,000</b>	<b>35,000</b>	<b>453,000</b>
2.	Other Non-Executive Directors							
	• Fee for attending Board / Committee meetings	-	45,000	-	-	-	-	45,000
	• Commission	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>45,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,000</b>
	<b>Total (B)=(1+2)</b>	<b>150,500</b>	<b>45,000</b>	<b>115,000</b>	<b>107,500</b>	<b>45,000</b>	<b>35,000</b>	<b>498,000</b>
	<b>Total Managerial Remuneration</b>							<b>10,088,537</b>
	Overall Ceiling as per the Act	Rs. 12,000,000 (As per Schedule V Part II Section II, Table A)						

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		CEO	Company Secretary (Kunjan Trivedi)*	Chief Financial Officer (Hemendra Paliwal)	
1.	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		915,900	3,300,900	4,216,800
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961		-	-	-
	c) Profits in lieu of salary u/s 17(3) Income-tax Act, 1961		-	-	-
2.	Stock Option	Not Applicable	-	-	-
3.	Sweat Equity		-	-	-
4.	Commission - as % of profit - others, specify		-	-	-
5.	Others, please specify		-	-	-
	<b>Total</b>			<b>915,900</b>	<b>3,300,900</b>

\* Also includes remuneration paid as Whole-time Director and Company Secretary.

## Directors' Report

### VI. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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



## Directors' Report

### Annexure 'E' to Directors' Report

Details pertaining to remuneration as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Disclosure			
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.	<b>Name of Director</b> Mr. Manohar Bidaye Mr. Pramoud Rao Mr. Mukul Desai Mr. V. Raman Kumar Mr. Prabhakar Dalal Mr. K. D. Hodavdekar Mr. Sanjeev Dayal Mr. Vijay Kalantri Ms. Kunjan Trivedi	<b>Ratio</b> 3:1 5:1 -- -- -- -- -- -- 1:1		
		Note: In computation of above ratio sitting fees paid to Directors is excluded.			
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager in the financial year.	No remuneration is paid to Independent Directors and Non-Executive Directors, except for Mr. Manohar Bidaye. Others are paid sitting fees for attending the meetings of the Board of Directors and Committees thereof.			
		During the FY 2015-16, there was no increase in remuneration to Mr. Pramoud Rao, Managing Director; Mr. Manohar Bidaye, Chairman; Mr. Hemendra Paliwal, Chief Financial Officer and Ms. Kunjan Trivedi, Company Secretary.			
3	The percentage increase in the median remuneration of employees in the financial year.	Nil			
4	The number of permanent employees on the rolls of the Company.	101			
5	The explanation on the relationship between average increase in remuneration and Company performance.	Not Applicable			
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.	Not Applicable			
7	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	Particular Market Capitalization Price Earnings Ratio	<b>March 31, 2016</b> ₹ 1,650,326,029 96.12	<b>March 31, 2015</b> ₹ 3,195,612,948 25.07	
		Zicom Electronic Security Systems Limited stock price as at March 31, 2016 for one share (face value ₹ 10) was ₹ 81.70 has increased by 717% over the last public offering, i.e. 30 <sup>th</sup> November, 1995 at the price of ₹ 10 (face value ₹ 10).			
8	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Not Applicable			
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company.	During the FY 2015-16, there was no increase in remuneration of Directors, Chief Financial Officer and Company Secretary.			
10	The key parameters for any variable component of remuneration availed by the directors.	Not Applicable			
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.	Not Applicable			
12	Affirmation that the remuneration is as per the remuneration policy of the Company.	The Company affirms the remuneration is as per the Remuneration Policy of the Company.			

## Directors' Report

### Annexure 'F' to Directors' Report

#### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2015-16

1.	A brief outline of the Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs	<p>The CSR Policy of the Company focuses on three core areas viz.</p> <p>A. Education; B. Skill Development; and C. Creation of job opportunities</p> <p>All the three focus areas taken together helps the Company to achieve objective of its CSR Policy i.e. boosting economic development of society at large with the help of quality education and skill development, which in turn provides rural mass an opportunity to improve their quality of life by getting better job and earning.</p> <p>The CSR Policy of the Company is available on its website at the link: <a href="http://beta.zicom.com/img/pdf/ZESSL_Corporate_Social_Responsibility_Policy.pdf">http://beta.zicom.com/img/pdf/ZESSL_Corporate_Social_Responsibility_Policy.pdf</a></p>
2.	Composition of CSR Committee	<p>1. Mr. Manohar Bidaye – Chairman 2. Mr. Pramoud Rao – Member 3. Mr. K. D. Hodavdekar – Member</p>
3.	Average Net Profit of the Company for last three financial years	₹ 42,545,137
4.	Prescribed CSR Expenditure (2% of the amount as in item no. 3 above)	₹ 851,000
5.	Details of CSR spent during the financial year:	
	a) Total amount to be spent for the financial year	₹ 851,000
	b) Amount unspent, if any	₹ 851,000
	c) Manner in which the amount spent during the financial year	Not Applicable

#### DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2015-16

Sr. No.	CSR Project or Activity Identified	Sector in which the Project is covered (clause no. of Schedule VII to the Companies Act, 2013, as amended)	Projects or Programs 1) Local Area or Other 2) Specify the State and District where Projects or Programs was undertaken	Amount Outlay (Budget) Project or Programs wise	Amount spent on the Projects or Programs Sub-Heads: 1) Direct Expenditure on Projects or Programs 2) Overheads	Cumulative Expenditure upto the reporting period i.e. FY 2015-16	Amount Spent: Direct or through Implementing Agency
Nil							

6. Reasons for Unspent amount: The Project for the School is multi-year Project running over a period of more than three years, the amount has to be spent based on completion schedule of construction of School building and subsequent ordering of materials for interiors, furniture, electrical fittings, laboratory and other equipments, etc.

7. Responsibility Statement of CSR Committee: We hereby declare that the implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company.

**Pramoud Rao**  
Managing Director

**Manohar Bidaye**  
Chairman, CSR Committee

May 27, 2016

## Corporate Governance Report

### Annexure 'G' to the Directors' Report

#### I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The basic doctrine of Corporate Governance are commitment to values and ethical business conduct. It is the set of policies, practices, processes, culture and customs affecting the way a company is directed, administered, controlled or managed; which includes the manner of the Company's dealing 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 your Company is entrusted with the responsibility to safeguard good governance and functioning of the Company. The Board Members are professionals drawn from diverse areas with vast experience and knowledge in their respective field. The Board Members enjoy uninterrupted freedom for expressing their views and ideas in respect of any item included in agenda and matters related to the corporate affairs. They also have complete freedom to deliberate on other matters with the permission of Chairman subject to statutory restrictions. Statutory compliance reports are placed periodically before the Board for their review at the Board meetings.

The Board of Directors of the Company being professionals from diverse fields bring with them a wide range of professionalism, skills, knowledge, expertise, experience and enables the Board to discharge its responsibilities and provide effective leadership to the business. The Non-Executive including the Independent Directors bring external and wider perception and independence in the decision making. The Board from time to time reviews for addition to the Board and Senior Management of the Company (whether for expansion or for replacement), thereby planning for orderly succession to the Board of Directors and Senior Management.

At the beginning of the year under review, your Company had eight Directors on the Board comprising of four Independent, one Non-Independent, one Whole-time Director being a woman Director, and two Promoters; of which one being Executive Director. During the year, the following changes took place in the Board of the Company:

- (a) Mr. Vijay Kalantri (DIN: 00019510), an Independent Director resigned, effective from December 17, 2015;
- (b) Mr. Sanjeev Dayal (DIN: 03490363), an Independent Director joined the Board, effective from December 18, 2015;
- (c) Ms. Kunjan Trivedi (DIN: 07131011), a Whole-time Director, upon expiration of her term on March 25, 2016 ceased to be the Director effective from the said date; and
- (d) Mr. K. D. Hodavdekar (DIN: 00406556), ceased to be an Independent Director upon expiration of his term on March 31, 2016. The Board at its meeting held on March 31, 2016 appointed Mr. Hodavdekar as an Additional Director effective from April 1, 2016 and proposed his appointment as an Independent Director for second term pursuant to Section 149 of the Companies Act, 2013, for approval of the Members at the ensuing Annual General Meeting.

Upon cessation of Ms. Kunjan Trivedi, as a Woman-Director, the Company is looking out for a suitable woman candidate having experience in IT Security Industry for the post of Director, whose experience and knowledge in the security industry will benefit the Company in its business growth.

As a result of the aforesaid changes, at the end of the year i.e. on March 31, 2016, your Board comprised of seven Directors with four Independent, one Non-Independent and two Promoters; of which one being Executive Director.

Subsequent to end of the year under review, the Board of your Company further witnessed the following changes:

- (a) Mr. Prabhakar Dalal (DIN: 00544948), ceased to be an Independent Director upon expiration of his term on June 26, 2016. The Board at its meeting held on June 26, 2016, appointed Mr. Dalal as an Additional Director effective from June 27, 2016 and proposed his appointment as an Independent Director for second term pursuant to Section 149 of the Companies Act, 2013, for approval of the Members at the ensuing Annual General Meeting;
- (b) Mr. Venu Raman Kumar (DIN: 00245022), a Non-Independent / Non-Executive Director resigned effective from August 9, 2016.

From the above, it can be noted that the Board of your Company is structured in such a manner, so as to maintain optimum combination of Independent and Non-Independent, as well as Executive and Non-Executive Directors. The Chairman of the Board, being a Promoter, is a Non-Executive Director and hence half of the Board comprises of Independent Directors. There are no Institutional / Nominee Directors on the Board of the Company.

## Corporate Governance Report

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	Independent
Mr. K. D. Hodavdekar	Independent
Mr. Prabhakar Dalal	Independent
Mr. Sanjeev Dayal (appointed w.e.f. December 18, 2015)	Independent
Mr. Venu Raman Kumar (resigned w.e.f. August 9, 2016)	Non-Executive Non Independent

### B) Independent Directors

Pursuant to the provisions of Section 149 of the Companies Act, 2013 and Regulation 17(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), every listed company is required to have at least one-third / half of the total number of Directors as Independent Directors depending upon category of the Chairman. These Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation.

Your Company, having a Non-Executive Promoter Chairman on its Board, complies with the criteria of having half of total number of Directors as Independent Directors, i.e. four Independent Directors out of the total seven Directors on the Board as on March 31, 2016.

Mr. K. D. Hodavdekar (DIN: 00406556) and Mr. Prabhakar Dalal (DIN: 00544948) whose first term as Independent Directors expired on March 31, 2016 and June 26, 2016 respectively, were appointed as Additional Directors, pursuant to Section 161 of the Companies Act, 2013, effective from April 1, 2016 and June 27, 2016 respectively. Their term will expire on the date of the ensuing Annual General Meeting. However, the Board of your Company while appointing them as aforesaid have proposed their appointments as Independent Directors for their second term, pursuant to Section 149 of the Companies Act, 2013, for approval of the Members at the ensuing Annual General Meeting vide Special Resolutions given at item nos. 6 and 7 in the Notice of the ensuing Annual General Meeting.

### C) Independent Directors' Meeting

In accordance with Schedule IV of Companies Act, 2013 and Regulation 25 of the Listing Regulations, during the year under review, the Independent Directors met on March 10, 2016, inter-alia to discuss evaluation of performance of Non-Independent Directors and the Board of Directors as a whole; evaluation of performance of the Chairman of the Company, taking into account the views of Executive and Non-Executive Directors; and evaluation of the quality, content and timeliness of flow of information between the Management

and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors were present at the Meeting.

### D) Familiarisation Programme for Independent Directors

The Company believes that a Board, which is well informed and familiarised with the Company, can contribute significantly to effectively discharge its role in a manner that fulfils stakeholders' aspirations and societal expectations. In pursuit of this, the Independent Directors are updated on a continuing basis on changes / developments in the domestic / global political, economic, industry and corporate scenario, including those pertaining to statutes / legislations and operative environment, to enable them to take well informed and timely decisions.

The details of Familiarization Programme for Independent Directors may be accessed on the website of the Company at the link:

[http://beta.zicom.com/img/pdf/ZESSL\\_Familiarisation\\_Programme\\_for\\_Independent\\_Directors.pdf](http://beta.zicom.com/img/pdf/ZESSL_Familiarisation_Programme_for_Independent_Directors.pdf)

### E) 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 Committees of the Company, except to 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 Nomination and Remuneration Committee in this Report.

Mr. Venu Raman Kumar, a Non-Independent / Non-Executive Director during the year under review, held 400,000 Equity Shares as an Individual and 2,180,268 Equity Shares through Aark Singapore Pte. Ltd. wherein he is a Director and 100% Shareholder. Subsequent to end of the year under review, Mr. Venu Raman Kumar resigned from the Directorship of the Company effective from August 9, 2016.

Further, subsequent to the year end and till the date of this Report, Aark Singapore Pte. Ltd. sold 788,560 Equity Shares. As a result, Aark Singapore Pte. Ltd. holds 1,391,708 Equity Shares as on date of this Report.

No Independent Director is holding any Equity Shares or stock options in the Company.

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

- **Board Meetings held:** During the year under review, the Board met on six (6) occasions, i.e. on May 27, 2015; August 12, 2015; November 5, 2015; December 18, 2015; February 8, 2016 and March 31, 2016. The maximum gap between the two meetings was not more than one hundred and twenty days as

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stipulated under Regulation 17(2) of the Listing Regulations. The information as specified in Part A of Schedule II of the Listing Regulations have been placed before the Board from time to time for its consideration.

- **Chairpersonship / Membership:** Pursuant to Regulation 26 of the Listing Regulations, all the Directors have confirmed to the Company that none of them is a member of more than ten

committees, or is chairperson of more than five committees across all listed / unlisted public companies in which they are acting as Directors.

- **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.
- 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 Directorship and Chairpersonship / Membership of Committees of each Director in various companies:**

Name of Director	Particulars of other Directorship <sup>o</sup> , Committee Chairpersonship / Membership <sup>o</sup>			Attendance		
	Directorship	Committee Membership <sup>o</sup>	Committee Chairpersonship	Board Meeting	Audit Committee Meeting	Last AGM
Mr. Manohar Bidaye	2	1	-	6	4	Yes
Mr. Pramoud Rao	2	-	-	6	N.A.	Yes
Mr. Mukul Desai	2	3	2	6	4	Yes
Mr. Venu Raman Kumar (resigned w.e.f. August 9, 2016)	-	-	-	3	N.A.	Yes
Mr. K. D. Hodavdekar	2	1	-	5	1	Yes
Mr. Vijay Kalantri (resigned w.e.f. December 17, 2015)	8	6	2	Nil	3	No
Mr. Prabhakar Dalal	6	7	1	6	N.A.	Yes
Ms. Kunjan Trivedi (ceased to be WTD w.e.f. March 25, 2016)	-	-	-	5	N.A.	Yes
Mr. Sanjeev Dayal (appointed w.e.f. December 18, 2015)	-	-	-	2	N.A.	N.A.

- Alternate directorship, directorship / committee membership in private companies, foreign companies, companies under Section 8 of the Companies Act, 2013, are not included while calculating directorships in above table.
- Chairpersonship / Membership of only the Audit Committee and Stakeholders' Relationship Committee of all public limited companies have been considered.
- Also includes the committees in which a Director holds position as a Chairperson.

### APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

As per the provisions of Section 152(6) of the Companies Act, 2013 and Articles of Association of the Company, at every Annual General Meeting (AGM), out of the two-third of the total number of Directors (excluding Independent Directors), one-third of such Directors are liable to retire by rotation. Accordingly, Mr. Manohar Bidaye (DIN: 00010699) is the Director retiring by rotation at the forthcoming Twenty Second Annual General Meeting of the Company.

Mr. Manohar Bidaye (DIN: 00010699), being Non-Independent Non-Executive Director and eligible, has offered himself for re-appointment as a Director, liable to retire by rotation.

On December 18, 2015, Mr. Sanjeev Dayal (DIN: 03490363) was appointed as an Additional Director on Board of the Company, as per Section 161 of the Companies Act, 2013, to hold the office till

the date of the ensuing Annual General Meeting. Under the provision of Section 160 of the Companies Act, 2013, your Company has received a notice, in writing, from a Member proposing Mr. Sanjeev Dayal's candidature for the office of Director of the Company. It is proposed to appoint Mr. Dayal as an Independent Director not liable to retire by rotation, for a term upto March 31, 2018, subject to approval of the Members.

Further, Mr. K. D. Hodavdekar (DIN: 00406556) and Mr. Prabhakar Dalal (DIN: 00544948) whose first term as Independent Directors of the Company expired on March 31, 2016 and June 26, 2016 respectively, were appointed as Additional Directors pursuant to Section 160 of the Companies Act, 2013, to hold the office until the date of this Annual General Meeting. Further, the Board of Directors of the Company, proposed appointments of Mr. K. D. Hodavdekar and Mr. Prabhakar Dalal as Independent

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Directors for a second term, in accordance with provisions of Section 149 of Companies Act, 2013 subject to the approval of the Members at the ensuing Annual General Meeting. The Company has received notices, in writing, under Section 160 of the Companies Act, 2013 from Members proposing their candidatures for the office of Directors. It is proposed to appoint Mr. Hodavdekar and Mr. Dalal as Independent Directors not liable to retire by

rotation, for a term upto September 28, 2021 effective from the date of the Annual General Meeting.

As required under Listing Regulations, brief resume of all the four Directors, seeking appointment / re-appointment respectively 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. K. D. Hodavdekar
<b>Father's Name</b>	Late Shri Gopal Bidaye	Shri Dattaram Hodavdekar
<b>Date of Birth</b>	November 11, 1963	March 18, 1951
<b>Date of Appointment</b>	December 1, 1994	August 4, 2011 / April 1, 2016*
<b>Directors Identification Number</b>	00010699	00406556
<b>Nationality</b>	Indian	Indian
<b>Expertise in specific functional areas</b>	Corporate Planning, Corporate Law, Finance, Taxation and other related areas	Banking, Finance, Restructuring, Reconstruction
<b>Qualification</b>	M.Com, LL.B., Company Secretary	M.Com., LL.B, C.A.I.I.B.
<b>Number of Directorships in other companies</b>	11	2
<b>List of outside directorships held (includes public, private, foreign companies, companies under Section 8)</b>	<ul style="list-style-type: none"> <li>• Zicom SaaS Private Limited</li> <li>• Unisafe Fire Protection Specialists India Private Limited</li> <li>• Baronet Properties &amp; Investmenst Private Limited</li> <li>• Coronet Properties &amp; Investments Private Limited</li> <li>• Progressive Equifin Private Limited</li> <li>• Success Equifin Private Limited</li> <li>• Chaitra Telenet Private Limited</li> <li>• ASTM Skills Private Limited (erstwhile known as Institute of Advanced Security Training and Management Private Limited)</li> <li>• Unisafe Fire Protection Specialists LLC, Dubai</li> <li>• Phoenix International WLL, Qatar</li> <li>• Zicom Security Projects Pte. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• The Western India Trustee and Executor Company Limited</li> <li>• Zicom SaaS Private 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 Nomination and Remuneration Committee of all public limited companies)</b>	<ul style="list-style-type: none"> <li>• Zicom SaaS Private Limited – Member of Audit Committee</li> <li>• Zicom SaaS Private Limited – Member of Nomination and Remuneration Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Zicom SaaS Private Limited – Member of Audit Committee</li> <li>• Zicom SaaS Private Limited – Member of Nomination and Remuneration Committee</li> </ul>
<b>Number of shares held in the Company</b>	430,100	Nil

<b>Name of the Director</b>	Mr. Prabhakar Dalal	Mr. Sanjeev Dayal
<b>Father's Name</b>	Late Shri Ramchandra Dalal	Shri Shankar Dayal
<b>Date of Birth</b>	January 9, 1953	September 20, 1955
<b>Date of Appointment</b>	June 27, 2014 / June 27, 2016*	December 18, 2015
<b>Directors Identification Number</b>	00544948	03490363
<b>Nationality</b>	Indian	Indian

\* Original date of appointment / date of appointment in current designation

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<b>Expertise in specific functional areas</b>	Commercial & Development Banking, Export Finance, Institutional Building, Institutional and International Relations, Human Resource Management	Evaluation of new technologies and products for induction into the Special Protection Group
<b>Qualification</b>	M.Com, LL.B, C.A.I.I.B., P.G.D.F.E.R.M., P.G.D.S.L.	Masters in Business Economics, B.Com.
<b>Number of Directorships in other companies</b>	7	Nil
<b>List of outside directorships held (includes public, private, foreign companies, companies under Section 8)</b>	<ul style="list-style-type: none"> <li>• Ajanta Pharma Limited</li> <li>• Commercial Engineers &amp; Body Builders Co. Limited</li> <li>• Tata Capital Forex Limited</li> <li>• Tema India Limited</li> <li>• TC Travel and Services Limited</li> <li>• Tata Securities Limited</li> </ul>	Nil
<b>List of other committees in which Director is member / chairman (includes all chairmanships / memberships of Audit Committee, Shareholders' Grievance Committee and Nomination and Remuneration Committee of all public limited companies)</b>	<ul style="list-style-type: none"> <li>• TC Travel and Services Limited – Member of Audit Committee;</li> <li>• TC Travel and Services Limited – Member of Nomination &amp; Remuneration Committee;</li> <li>• Tata Capital Forex Limited – Member of Audit Committee;</li> <li>• Tata Capital Forex Limited – Member of Nomination &amp; Remuneration Committee;</li> <li>• Tema India Limited – Chairman of Audit Committee;</li> <li>• Tata Securities Limited – Member of Audit Committee;</li> <li>• Tata Securities Limited – Member of Nomination &amp; Remuneration Committee;</li> <li>• Ajanta Pharma Limited –Member of Audit Committee;</li> <li>• Ajanta Pharma Limited –Member of Nomination &amp; Remuneration Committee;</li> <li>• Commercial Engineers &amp; Body Builders Co. Ltd. – Member of Audit Committee;</li> <li>• Commercial Engineers &amp; Body Builders Co. Ltd. – Member of Stakeholders' Relationship Committee</li> </ul>	Nil
<b>Number of shares held in the Company</b>	Nil	Nil

### G) Code of Conduct

The Board has laid down and adopted Code of Conduct for Board of Directors including Independent Directors and 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. The Code of Conduct is 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 Code of Conduct, for the year ended March 31, 2016. A declaration signed by the Chief Executive Officer (CEO) / Managing Director to this effect is annexed to this Report.

H) The Senior Management has made disclosures to the Board confirming that there are no material, financial and / or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

### 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

## Corporate Governance Report

their respective committee minutes. The Company has formed various Committees as required under the Companies Act, 2013 and erstwhile Listing Agreement / newly introduced Listing Regulations. The brief particulars of Audit Committee, Nomination and Remuneration Committee; Stakeholders' Relationship Committee and Corporate Social Responsibility Committee as required under the Companies Act, 2013 read with rules thereunder and Listing Regulations are given hereunder:

### a) Audit Committee

The composition, quorum, powers, role, etc., of the Audit Committee are in accordance with provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. 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. Majority i.e. two-thirds of the Audit Committee Members are Independent. Mr. Mukul Desai, Chairman of the 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 Meetings. The Company Secretary acts as Secretary to the Committee Meetings. The Audit Committee invites such of the executives, professionals and other persons, as it deem necessary for its functioning.

The Chairman of Audit Committee was present at the Annual General Meeting held on September 29, 2015.

During the year under review, Mr. Vijay Kalantri, a Member of the Audit Committee resigned and as a result the Audit Committee was re-constituted by the Board at its meeting held on December 18, 2015 with the appointment of Mr. K. D. Hodavdekar as a Member of the Committee.

The Members of the Audit Committee are as follows:

Name of Committee Member	Designation in Committee
Mr. Mukul Desai	Chairman (Independent)
Mr. Manohar Bidaye	Member (Non-Executive Promoter)
Mr. Vijay Kalantri (resigned w.e.f. December 17, 2015)	Member (Independent)
Mr. K. D. Hodavdekar (appointed w.e.f. December 18, 2015)	Member (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 27, 2015; August 12, 2015; November 5, 2015; and February 8, 2016. The maximum time gap between two meetings did not exceed a period of one hundred and twenty days. 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 (F) 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, terms of appointment and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- iii. Approving payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- iv. Reviewing, with the management, the annual financial statements and Auditor's Report thereon 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 (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - 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. modified opinion(s) 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.



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- vii. Review and monitor the Auditor's independence and performance, and effectiveness of audit process.
- viii. Approval or any subsequent modification of transactions of the Company with related parties.
- ix. Scrutiny of inter-corporate loans and investments.
- x. Valuation of undertakings or assets of the company, wherever it is necessary.
- xi. Evaluation of internal financial controls and risk management systems.
- xii. Reviewing, with the Management, the performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
- xiii. 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.
- xiv. Discussion with Internal Auditors, any significant findings and follow up thereon.
- xv. 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.
- xvi. Discussion with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussions to ascertain any area of concern.
- xvii. 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.
- xviii. To review the functioning of the Whistle Blower Mechanism.
- xix. Approval of appointment of CFO (i.e. the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.
- xx. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Further, the Audit Committee mandatorily reviews and considers all the matters, prescribed under Part C (B) of Schedule II of the Listing Regulations as are periodically placed before it. The Committee also recommends on the appointment of the Internal Auditor to the Board.

### b) Nomination and Remuneration Committee

The composition, quorum, powers, role, etc., of the Nomination and Remuneration Committee are in accordance with provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the Listing Regulations.

**Composition:** During the year under review, Mr. Vijay Kalantri, a Member of the Committee resigned as a Director of the Company, effective from December 17, 2015, as a result at the end of the year, Nomination and Remuneration Committee

comprises of three Independent Directors (earlier being four Directors) as detailed below:

Name of Committee Member	Designation in Committee
Mr. Mukul Desai	Chairman (Independent)
Mr. K. D. Hodavdekar	Member (Independent)
Mr. Prabhakar Dalal	Member (Independent)
Mr. Vijay Kalantri (resigned w.e.f. December 17, 2015)	Member (Independent)

### Terms of Reference:

The Terms of Reference inter-alia includes the following:

1. To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
2. To formulate the criteria for evaluation of Independent Directors and the Board.
3. To devise a policy on Board diversity.
4. To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board their appointment and / or removal.
5. To carry out evaluation of every Director's performance.
6. To provide reports after completion of evaluation process by Directors.
7. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
8. To administer, monitor and formulate detailed terms and conditions of Employees' Stock Option Scheme.
9. To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
10. To perform such other functions as may be necessary or appropriate for the performance of its duties.

**Meetings:** During the year under review, the Committee met three times on May 27, 2015, December 4, 2015 and March 10, 2016. The necessary quorum was present for all the Meetings. The Chairman of the Committee was present at the Annual General Meeting held on September 29, 2015 to answer shareholders queries. The attendance of each Member at the said Meetings is stated below:

Name of Committee Member	No. of Meetings attended
Mr. Mukul Desai	3
Mr. Vijay Kalantri (resigned w.e.f. December 17, 2015)	Nil
Mr. K. D. Hodavdekar	3
Mr. Prabhakar Dalal	3

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### Remuneration Policy:

The Nomination and Remuneration Committee recommends the remuneration, including the commission based on the Net Profits of the Company, for the Managing Director / 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, except for sitting fees to the extent permitted. 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.

While formulating the remuneration policy, the Nomination and Remuneration Committee ensures that:

- (i) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- (iii) remuneration to Directors, Key Managerial Personnel and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

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 Independent Directors) and the employees may be granted stock options under the Employees Stock Options Scheme of the Company as may be approved by the Shareholders and decided by the Nomination and Remuneration 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)	Remuneration to Ms. Kunjan Trivedi, Whole-time Director (Executive Director) (upto March 25, 2016)
<b>Terms of Appointment</b>	With approval of the Members, the term of Mr. Pramoud Rao, as Managing Director was renewed for a period of five years i.e. from March 1, 2012 till February 28, 2017. However, the terms of his remuneration was approved for a period of three year i.e. upto February 28, 2015, which was subsequently renewed on the same terms, for the balance period of two years i.e. till February 28, 2017, vide a Special Resolution passed by the Members. Remuneration paid to Mr. Pramoud Rao during 2015-16 is as under:	The Central Government vide its letter dated August 27, 2012 has approved payment of remuneration to Mr. Manohar Bidaye, for a further period of five years w.e.f. April 1, 2012, with an overall ceiling limit of ₹ 800,000 per month. During the financial year ended March 31, 2016, he was paid a monthly remuneration of ₹ 311,215 i.e. total remuneration of ₹ 3,734,580 for rendering his advisory services to the Company.	Vide a Special Resolution passed in the Annual General Meeting dated September 29, 2015, Ms. Kunjan Trivedi, was appointed as a Whole-time Director for a period of one year effective from March 26, 2016. Upon expiry of the term of her appointment, Ms. Kunjan Trivedi ceased to be the Whole-time Director effective from March 25, 2016, however she continues to be Company Secretary of the Company.  Remuneration paid to Ms. Kunjan Trivedi for the period from April 1, 2015 to March 25, 2016 as Whole-time Director and Company Secretary computed proportionately, is as under:
	Salary (including Basic, HRA, Special Allowance, CCA)		Salary (including Basic, HRA, Special Allowance, CCA)
	₹ 5,313,000		₹ 882,900
	Commission		₹ Nil
	₹ Nil		Medical
	₹ 15,000		₹ 15,000
	Medical		LTA
	₹ 192,000		₹ 18,000
	LTA		PF
	₹ 21,600		₹ 21,600
	PF		<b>Total</b>
	₹ 5,541,600		<b>₹ 937,500</b>
	<b>Total</b>		

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Particulars	Remuneration to Mr. Pramoud Rao, Managing Director (Executive Director)	Remuneration to Mr. Manohar Bidaye, Chairman (Non-Executive Director)	Remuneration to Ms. Kunjan Trivedi, Whole-time Director (Executive Director) (upto March 25, 2016)
<b>Contractual basis</b>	Yes	Yes	No
<b>Commission &amp; Fixed Components</b>	Commission up to 2% of Net Profit 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 2015-16.	He is not entitled to any commission on the Net Profit of the Company.	She is not entitled to any commission on the Net Profit of the Company.
<b>Notice period for severance &amp; severance fees</b>	Six months. Compensation for severance of services would be computed in accordance with applicable provision of the Companies Act.	Three months. Compensation for severance is three months remuneration.	One month. Compensation for severance is one month remuneration.
<b>Perquisites</b>	Entitled as per the Agreement.	Entitled as per the Agreement.	Entitled as per the Company's policies and rules.
<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.	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 V and other applicable provisions of the Companies Act, 2013; subject to necessary approval from the Central Government (if required).	–	In the event of absence or inadequacy of profits in any financial year during the tenure of Whole-time Director, she was entitled for the aforesaid remuneration, perquisites / benefits as the minimum remuneration, subject to the ceiling limits prescribed under Schedule V and other applicable provisions of the Companies Act, 2013; 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 the 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
Stakeholders' Relationship Committee Meeting	1,500
Other Committee 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	150,500
Mr. Vijay Kalantri (resigned w.e.f. December 17, 2015)	35,000
Mr. K. D. Hodavdekar	107,500
Mr. Venu Raman Kumar (resigned w.e.f. August 9, 2016)	45,000
Mr. Prabhakar Dalal	115,000
Mr. Sanjeev Dayal (appointed w.e.f. December 18, 2015)	45,000
<b>Total</b>	<b>498,000</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.

## Corporate Governance Report

- Mr. Manohar Bidaye, Promoter and Non-Executive Director, holds 430,100 Equity Shares as an individual. Besides, Mr. Manohar Bidaye is Director / Shareholder in four private companies who are holding shares in the Company as per details given below:

Name of the Company	No. of Shares held	% of shareholding
Baronet Properties and Investments Private Limited	1,535,652	7.60
Coronet Properties and Investments Private Limited	1,386,286	6.86
Progressive Equifin Private Limited	145,264	0.72
Success Equifin Private Limited	60,521	0.30

Mr. Venu Raman Kumar, a Non-Independent / Non-Executive Director during the year under review, held 400,000 Equity Shares as an Individual and 2,180,268 Equity Shares through Ark Singapore Pte. Ltd. wherein he is a Director and 100% Shareholder. Subsequent to end of the year under review, Mr. Venu Raman Kumar resigned from the Directorship of the Company effective from August 9, 2016.

Except for Mr. Manohar Bidaye and Mr. Venu Raman Kumar, as aforesaid, no other Non-Executive Directors hold any Equity Shares of the Company.

- No Directors were granted any Stock Options during the year under review, and none of them hold any Stock Options of the Company.
- None of the Directors hold any convertible instruments in the Company.

### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the annual performance evaluation of the Board was carried out. The Board / Nomination and Remuneration Committee of Directors have laid down the criteria for evaluation of the performance of the Board, its Committees and individual Directors. A structured questionnaire prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committee, Board procedures, development, etc. was circulated to Directors for the purpose of evaluation.

The Nomination and Remuneration Committee at its meeting held on March 10, 2016 evaluated the performance of individual Directors of the Board.

The Independent Directors at their meeting held on March 10, 2016, carried out the performance evaluation of Board as a whole, its Committees, Chairman of the Company and Non-Independent Directors. Subsequently, the Board at its meeting held on March 31, 2016, discussed and evaluated the performance of the Board, its Committees and individual Directors.

### c) Stakeholders' Relationship Committee

The composition, role, etc., of the Stakeholders' Relationship Committee are in accordance with provisions of Section 178 of the

Companies Act, 2013 and Regulation 20 of the Listing Regulations.

**Composition:** Stakeholders' Relationship Committee comprises of following three Directors:

Name of Committee	Designation in Committee
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, renewal, 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.
- iii) To oversee the performance of the Company's Registrar and Transfer Agents.
- iv) To monitor implementation and compliance with the Company's Code of Conduct for Prohibition of Insider Trading.

### Meetings:

The Stakeholders Relationship Committee generally meets once in a month depending on the frequency of grievances / transfer / duplicate requests received from the Shareholders. In the financial year 2015-16, the Committee met 12 times. The attendance of each Member at the said Meetings is stated below:

Name of Committee Member	No. of Meetings attended
Mr. Manohar Bidaye	12
Mr. Pramoud Rao	12
Mr. Mukul Desai	12

### Compliance Officer:

Ms. Kunjan Trivedi, Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Regulations 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, the Company received 13 complaints from the shareholders and all were duly resolved. As on March 31, 2016 no complaint was pending.

## Corporate Governance Report

As during the year under review, there were no unresolved complaints and hence the requirement of giving details does not apply.

### d) Corporate Social Responsibility Committee

Pursuant to Section 135 of the Companies Act, 2013, the Corporate Social Responsibility (CSR) Committee was constituted.

**Composition:** Corporate Social Responsibility (CSR) Committee comprises of following three Directors:

Name of Committee	Designation in Committee
Mr. Manohar Bidaye	Chairman (Non-Executive Promoter)
Mr. Pramoud Rao	Member (Executive Promoter)
Mr. K. D. Hodavdekar	Member (Independent)

### Terms of Reference:

- To formulate and recommend to the Board a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act 2013;
- To recommend the amount of expenditure to be incurred on the CSR activities; and
- To monitor the CSR Policy of the Company from time to time.

### Meetings:

During the year under review, two meetings of CSR Committee were held on May 12, 2015 and March 31, 2016. All the Members were present at the Meetings.

In addition to the above mentioned Committees, the Board has also constituted the following Committees:

### i) Preferential Issue Committee:

During the year, consequent to the resignation of Mr. Vijay Kalantri effective from December 17, 2015, the Preferential Issue Committee was re-constituted by the Board at its Meeting held on December 18, 2015. Accordingly, at the year end, the Preferential Issue Committee comprises of the following Directors:

Mr. Manohar Bidaye, Chairman; Mr. Pramoud Rao, Mr. Mukul Desai and Mr. Prabhakar Dalal, Members

No meeting of the said Committee was held during the year under review.

### ii) Managing Committee:

During the year, consequent to the resignation of Mr. Vijay Kalantri effective from December 17, 2015, the Managing Committee was re-constituted by the Board at its Meeting held on December 18, 2015. Accordingly, at the year end, the Managing Committee comprises of the following Directors:

Mr. Manohar Bidaye, Chairman; Mr. Pramoud Rao, and Mr. Prabhakar Dalal, Members

The Committee met nine times during the year on May 12, 2015; May 25, 2015; June 8, 2015; June 11, 2015; August 29, 2015; September 10, 2015; October 5, 2015; October 12, 2015 and February 4, 2016; and has transacted various businesses falling within its terms of reference.

### iii) Compensation Committee:

Upon constitution of the Nomination and Remuneration Committee, the roles and responsibilities of the Compensation Committee has been delegated / transferred to Nomination and Remuneration Committee. In view of this the Board thought it prudent to dissolve the said Compensation Committee and accordingly at its meeting held on December 18, 2015 the said Committee was dissolved.

### SUBSIDIARY COMPANIES

As on March 31, 2016, the Company had following four direct subsidiaries and two step-down subsidiaries, of which two are Indian and the other four foreign.

Name of the Subsidiary	No. of Members nominated on the Board
Zicom SaaS Private Limited, India	4
Unisafe Fire Protection Specialists India Private Limited, India	3
Unisafe Fire Protection Specialists LLC, Dubai	4
Phoenix International WLL, Qatar	5
Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore	4
Zicom Security Projects Pte. Ltd., Singapore	3

None of the above Indian subsidiaries were material non-listed subsidiary. However, on the Board of its Indian subsidiaries, the Company has nominated its Directors / Independent Directors.

The 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 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 under the Listing Regulations.

The Policy on Material Subsidiary as approved may be accessed on the Company's website at the link:  
[http://beta.zicom.com/img/pdf/ZESSLPolicy\\_on\\_Material\\_Subsiary.pdf](http://beta.zicom.com/img/pdf/ZESSLPolicy_on_Material_Subsiary.pdf)

### RISK MANAGEMENT

The provisions of Regulation 21 of the Listing Regulations relating to formation of Risk Management Committee are not applicable to the Company. However, as required under Regulation 17 of the Listing Regulations, the Company has mechanisms to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of properly defined framework.

## Corporate Governance Report

### INVESTORS INFORMATION

#### GENERAL BODY MEETINGS

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

Respective Financial Year	2014-15	2013-14	2012-13
Date of Meeting	September 29, 2015	September 5, 2014	August 30, 2013
Time of Meeting	10.30 a.m.	3.00 p.m.	3.00 p.m.
Place of Meeting	M.I.G. Cricket Club, M.I.G. Colony, Bandra (East), Mumbai 400051.	M.I.G. Cricket Club, M.I.G. Colony, Bandra (East), Mumbai 400051.	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 approve appointment of Ms. Kunjan Trivedi as a Whole-time Director and; her terms of remuneration for a period of one year i.e. from March 26, 2015 till March 25, 2016.</li> <li>To accord the terms of remuneration of Mr. Pramoud Rao, Managing Director for the balance period of two years of his tenure i.e. from March 1, 2015 till February 28, 2017.</li> </ul>	<ul style="list-style-type: none"> <li>To create securities in favour of Lenders u/s 180(1)(a) of the Companies Act, 2013.</li> <li>To set borrowing limits of the Company u/s 180(1)(c) of the Companies Act, 2013.</li> </ul>	Nil

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

Financial Year	2014-15
Date of Meeting	January 16, 2015
Time of Meeting	10.30 a.m.
Place of Meeting	Mumbai Cricket Association Recreation Centre, RG – 2, G – Block, Near Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400051
Items of Special Resolution passed at each Meeting	<ul style="list-style-type: none"> <li>To increase the limit of Investments in the Company's shares and securities by Non-Resident Indian (NRIs) / Persons of Indian Origin (PIOs) upto 24% of paid-up Share Capital / value of other permissible securities of the Company.</li> <li>To issue and allot upto 2,600,000 Equity Shares on preferential / private placement basis to Non-Promoters persons / entities pursuant to Section 62 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, read with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.</li> <li>To issue and allot upto 1,050,000 Warrants, carrying right to subscribe to equal number of Equity Shares, on preferential / private placement basis to Promoters' Group Companies pursuant to Section 62 and other applicable provisions of the Companies Act, 2013 and Rules made thereunder, read with Chapter VII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.</li> </ul>

#### Details of Special Resolution passed through Postal Ballot:

During the year under review, no Special Resolution was passed through Postal Ballot. Further, no Special Resolution through Postal Ballot is proposed at the ensuing Annual General Meeting.

#### DISCLOSURES

1. During the year under review, the Company had not entered into any material transaction with any of its related parties.

Pursuant to the requirement of Regulation 23 of the Listing Regulations, the Company has formulated a Related Party Transactions Policy, which is available on Company's website at [http://beta.zicom.com/img/pdf/ZESSL-Related\\_Party\\_Transaction\\_Policy.pdf](http://beta.zicom.com/img/pdf/ZESSL-Related_Party_Transaction_Policy.pdf). The Policy is formulated with intend to ensure proper identification, approval process and reporting of transactions between the Company and its Related Party(ies).

During the year, all transactions entered into with the related parties were in the ordinary course of business and on arm's

length basis and not in conflict with the interest of the Company. There were no materially significant transactions with related parties during the financial year. Related party transactions have been disclosed under Note No. 25.10 of Standalone Financial Statements. A statement in summary form of transactions with related parties in the ordinary course of business and arm's length basis is periodically placed before the Audit Committee for review.

- 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.
- 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

## Corporate Governance Report

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. Pursuant to Section 177(9) of the Companies Act, 2013 and Regulation 4(d) of the Listing Regulations, the Company has formulated a Vigil Mechanism / Whistle Blower Policy for Directors and employees to report to the management about the unethical behavior, fraud or violation of Company's code of conduct and same has been disclosed on the Company's website at the link: [http://beta.zicom.com/img/pdf/ZESSL-Whistle\\_Blower\\_Policy.pdf](http://beta.zicom.com/img/pdf/ZESSL-Whistle_Blower_Policy.pdf). The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. The Company has not denied access to any personnel to approach the Audit Committee on any issue.
6. The Company is compliant with the applicable mandatory requirements of Part A of Schedule II of the Listing Regulations, relating to Corporate Governance. In addition to this, the Company also to the extent possible comply with the non-mandatory requirements prescribed in Part E of Schedule II of the Listing Regulations, such as –
  - (i) The Board / Separate posts of Chairperson and Chief Executive Officer:
 

The Company has separate post of Chairperson and Managing Director / Chief Executive Officer. Mr. Manohar Bidaye, Non-Executive Chairman of the Company is entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties; and Mr. Pramoud Rao is the Managing Director / Chief Executive Officer of the Company.
  - (ii) Shareholders' Right:
 

The quarterly / half-yearly results alongwith the press-release are uploaded on the website of the Company at [www.zicom.com](http://www.zicom.com).
  - (iii) Modified opinion(s) in audit report:
 

The Company's financial statement are unqualified with the matter of emphasis.
7. The Company has complied with corporate governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
8. During the year under review, the Company did not make any public issue, right issue or preferential issue.

However, subsequent to end of the year under review, on August 9, 2016, the Company has cancelled 1,050,000 Warrants allotted to Promoters Group Companies viz. Baronet Properties &

Investments Private Limited and Coronet Properties & Investments Private Limited issued at a conversion price of ₹ 160 per Equity Share. As a result of same, the application money received upon allotment of said Warrants (calculated @ 25% of share price to be issued upon exercise of option by such Warrant holders) were forfeited and the Securities Premium Account of the Company increased by ₹ 42,000,000

### AUDITORS' CERTIFICATE

Pursuant to Regulation (E) of Schedule V of the Listing Regulations, a Compliance Certificate obtained from the Statutory Auditors, certifying that the Company has complied with the conditions of Corporate Governance is annexed to this Report.

### CERTIFICATE BY CEO AND CFO

As required under Regulation 17(8) and as per the format prescribed under Part B of Schedule II of the Listing Regulations, a Compliance Certificate has been obtained from the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company w.r.t. 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 27, 2016.

### MEANS OF COMMUNICATION

The Company established procedures to disseminate, in a planned manner, relevant information to 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 presentation made to the Financial Analysts and Investors are being shared with the Stock Exchanges and also being uploaded on the Company's website.

**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 and are also displayed on the Company's website.

**NSE Electronic Application Processing Systems (NEAPS):** The NEAPS is a web based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, press releases, etc. are filed electronically on NEAPS.

**BSE Corporate Compliance & Listing Centre (the "Listing Centre"):** The Listing Centre of BSE is a web based application designed by BSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, press releases, etc. are also filed electronically on the Listing Centre.

**SEBI Complaint Redress System (SCORES):** The investor complaints are processed in a centralised web based complaints redress system. The significant features of SCORES are: Centralised database of all companies, online upload of Action Taken Report

## Corporate Governance Report

(ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

**Website:** In accordance with Regulation 62 of the Listing Regulations, 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. The Annual Report is displayed on the website of the Company.

**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 Members correspondence viz. [investors@zicom.com](mailto:investors@zicom.com).

### MANAGEMENT DISCUSSION AND ANALYSIS

Pursuant to Regulation 34 of the Listing Regulations a Management Discussion and Analysis Report is attached to and forms part of the Directors' Report and includes discussion on various matters as specified under Schedule V (B) of the Listing Regulations.

### GENERAL SHAREHOLDERS' INFORMATION

i.	<b>22<sup>nd</sup> Annual General Meeting</b>	
	Venue	M.I.G. Cricket Club, M.I.G. Colony, Ramakrishna Paramahans Marg, Bandra (East), Mumbai 400051
	Time	10.30 a.m.
	Day	Thursday
	Date	September 29, 2016
ii.	<b>Financial Calendar (tentative)</b>	
	Audited Annual Results of previous year ended March 31, 2016	Fourth week of May 2016
	1 <sup>st</sup> quarter results for quarter ending June 2016	Second week of August 2016
	2 <sup>nd</sup> quarter results for quarter ending September 2016	Second week of November 2016
	3 <sup>rd</sup> quarter results for quarter ending December 2016	Second week of February 2017
	Last quarter results for quarter ending March 2017	End of May 2017
iii.	<b>Financial year</b>	April 1, 2016 to March 31, 2017
iv.	<b>Book closure dates</b>	Thursday, September 22, 2016 to Thursday, September 29, 2016 (both days inclusive)
v.	<b>Dividend payment / dispatch date for Financial Year 2015-16</b>	October 20, 2016
vi.	<b>Listing of equity shares on 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.
vii.	<b>Stock Codes</b>	BSE: 531404 NSE: ZICOM
viii.	<b>International Securities Identification Number (ISIN)</b>	INE871B01014
ix.	<b>Corporate Identity Number (CIN)</b>	L32109MH1994PLC083391

i) The Company has paid within the prescribed time, the annual listing fees for the Financial Year 2016-17 to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

ii) The annual custodial fees for the Financial Year 2016-17 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) has been paid within prescribed time.



## Corporate Governance Report

### x. MARKET PRICE DATA for the Financial Year 2015-16

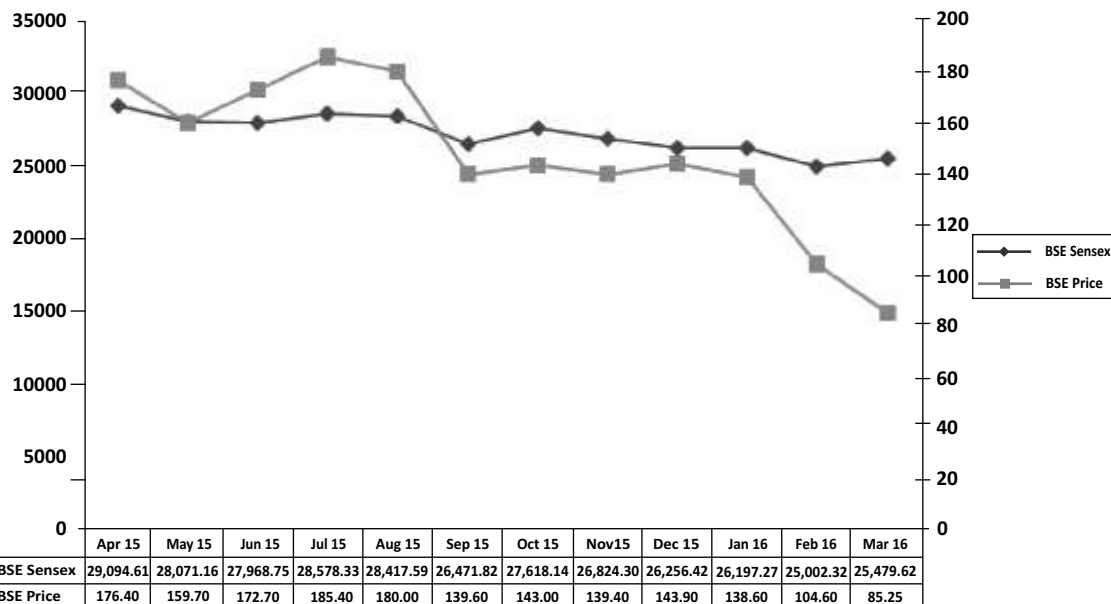
(Amount in ₹)

Month	BSE			NSE		
	Share Price		No. of Shares Traded	Share Price		No. of Shares Traded
	High	Low		High	Low	
April 2015	176.40	144.30	317,540	177.00	143.75	733,455
May 2015	159.70	129.40	276,829	162.10	129.95	649,789
June 2015	172.70	134.60	393,685	172.90	135.00	1,121,476
July 2015	185.40	156.00	765,288	185.00	155.00	2,136,315
August 2015	180.00	118.30	337,907	180.40	115.10	988,164
September 2015	139.60	115.10	198,006	139.90	116.75	537,948
October 2015	143.00	120.20	191,465	142.65	120.00	648,798
November 2015	139.40	118.60	268,337	140.90	118.00	1,110,307
December 2015	143.90	126.10	688,262	143.90	126.60	2,794,520
January 2016	138.60	88.00	478,037	139.00	88.10	1,458,437
February 2016	104.60	63.00	841,281	105.95	63.00	2,562,956
March 2016	85.25	68.85	799,144	85.50	67.05	2,674,603

Source: Websites of the respective Stock Exchange

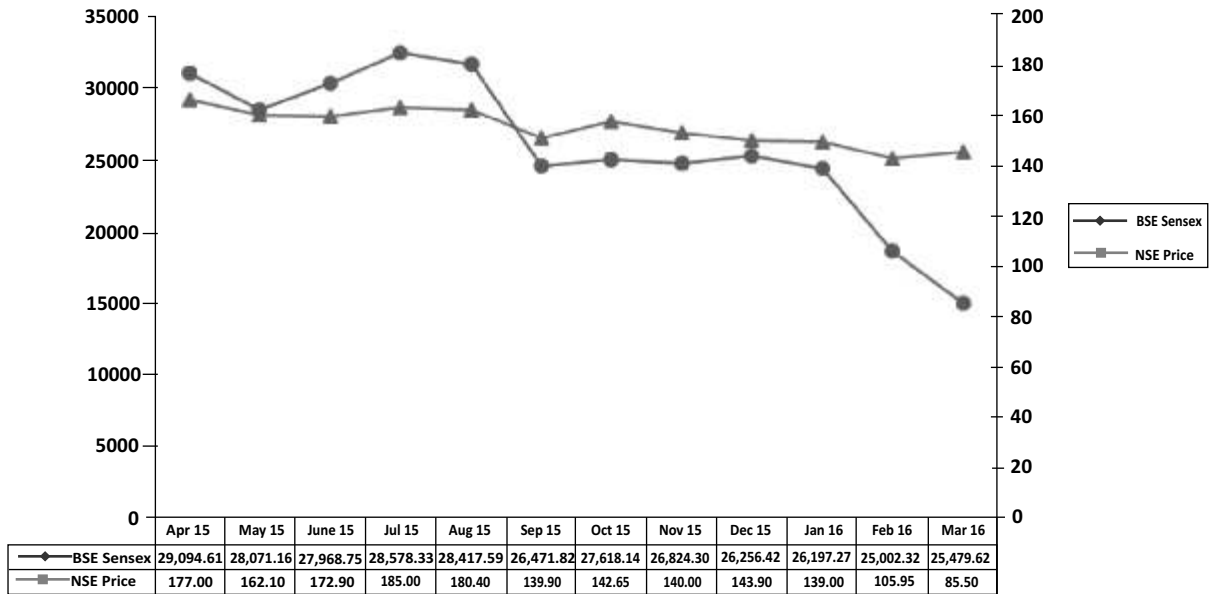
### Performance in comparison to broad based indices

#### BSE price



## Corporate Governance Report

### NSE price



#### xi. Registrar and Share Transfer Agent

##### Bigshare Services Private Limited

E-2, Ansa Industrial Estate,

Saki-Vihar Road, Sakinaka,

Andheri (East), Mumbai 400072.

Tel: (022) 40430200 Fax: (022) 28475207

Email: [investor@bigshareonline.com](mailto:investor@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 and Transfer Agent address are normally processed within prescribed time from the date of lodgement, if the documents are clear in all respects.

Pursuant to the erstwhile Listing Agreement (under Clause 47(c)) and newly introduced SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (under Regulation 40(10)) certificates, on half-yearly basis, have been issued by a Company Secretary-in-Practice for due compliance of share certificate issue for transfer, sub-division, consolidation, renewal, exchange or endorsement of calls / allotment monies.

Pursuant to Regulation 55A of the SEBI (Depositories and Participants) Regulations, 1996, Company Secretary-in-Practice carry-out, on quarterly basis, 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). It also confirms that whether the de-mat receipts duly lodged are processed and released within the specified period, and that the Register of Members is duly updated.

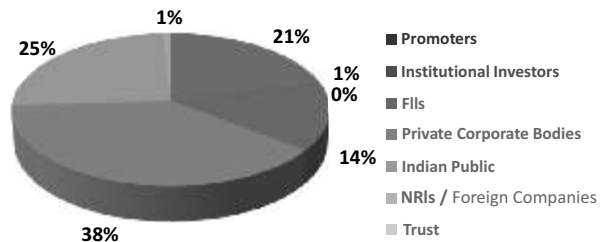
## Corporate Governance Report

### xiv. Distribution of Shareholding as on March 31, 2016

No. of shares	Total holders	% of total holders	Total holding in shares	% of total capital
1 - 500	12,042	83.70	1,661,313	8.22
501 - 1000	1,075	7.47	886,174	4.39
1001 - 2000	635	4.41	987,879	4.89
2001 - 3000	228	1.58	586,444	2.90
3001 - 4000	106	0.74	383,894	1.90
4001 - 5000	87	0.60	417,154	2.07
5001 - 10000	99	0.69	719,234	3.56
10001 - 999999999	116	0.81	14,557,737	72.07
<b>Total</b>	<b>14,388</b>	<b>100.00</b>	<b>20,199,829</b>	<b>100.00</b>

### xv. Shareholding Pattern as on March 31, 2016

Category	No. of Shares	%
Promoters	4,237,523	20.98
Institutional Investors	227,206	1.13
FIs	100	0.00
Private Corporate Bodies	2,717,482	13.45
Indian Public	7,755,298	38.39
NRLs / Foreign Companies	5,082,591	25.16
Trust	179,629	0.89
<b>Total</b>	<b>20,199,829</b>	<b>100.00</b>



### xvi. Dematerialisation of shares and liquidity as on March 31, 2016

Physical shares	:	164,707 (0.82%)
De-materialised shares	:	20,035,122 (99.18%)
<b>Total shares</b>	:	<b>20,199,829 (100%)</b>

Out of the above de-mat shares, 11,552,213 (57.19%) are held through National Securities Depository Limited and 8,482,909 (41.99%) 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 (Section 124 of the Companies Act, 2013), 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 when unpaid / unclaimed dividends are due for transfer to IEPF:

Financial Year	Date of Declaration	Last Date for claiming dividend
2008-09	29-08-2009	03-10-2016
2009-10	29-09-2010	03-11-2017
2010-11	15-09-2011	20-10-2018
2011-12	24-08-2012	29-09-2019
2012-13	30-08-2013	04-10-2020
2013-14	05-09-2014	10-10-2021
2014-15	29-09-2015	03-11-2022

During the year under review, an amount of ₹128,129 pertaining to unpaid dividend for the financial year 2007-08 has been transferred to IEPF on November 6, 2015.

The Shareholders who have so far not encashed their dividend demand drafts / cheques 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.

## Corporate Governance Report

The details of unpaid and unclaimed dividend lying with the Company as on September 29, 2015 (date of last Annual General Meeting) has been uploaded on Company's website ([www.zicom.com](http://www.zicom.com)) in accordance with the requirements of relevant Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012 and the same has also been uploaded on Ministry of Corporate Affairs website [www.mca.gov.in](http://www.mca.gov.in).

### xviii. Outstanding ADR / GDR / Warrants / any Convertible Instruments

During the year under review, the Company did not issue any ADRs / GDRs. No Bonds were outstanding as on March 31, 2016.

Subsequent to end of the year under review, on August 9, 2016, the Company has cancelled 1,050,000 Warrants allotted to Promoters Group Companies viz. Baronet Properties & Investments Private Limited and Coronet Properties & Investments Private Limited issued at a conversion price of ₹160 per Equity Share. As a result of same, the application money received upon allotment of said Warrants (calculated @ 25% of share price to be issued upon exercise of option by such Warrant holders) were forfeited and the Securities Premium Account of the Company increased by ₹42,000,000.

Further, there are no Stock Options outstanding as on March 31, 2016.

### xix. Plant Location and Registered Office address

The Company does not have any Plant.

#### Registered Office address:

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

### xx. Address for correspondence

All correspondence by Members should be made to the Registrar and 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

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

### CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

The Corporate Governance Voluntary Guidelines, 2009, issued by the Ministry of Corporate Affairs, broadly emphasizes on enhancement of economic value of corporate enterprises in India and also value of every stakeholders connected with the Indian corporate world, and also to bring corporate governance in India at par with global benchmarks. These guidelines basically covers the following areas: (i) Board and its responsibilities; (ii) Roles & Responsibilities of Audit Committee; (iii) appointment of Auditors / Internal Auditors; (iv) Conduct of Secretarial Audit; and (v) establishment of a mechanism for Whistle blowing.

Your Company being a listed company is already complying with Corporate Governance guidelines and practices as prescribed under old Listing Agreement (till November 2015) and newly introduced SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchanges (from December 2015) ("Listing Regulations"); and as such is also in compliance with such of the requirements under the Voluntary Guidelines of MCA, which are in consonance with the provisions of the Listing Regulations.

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

#### Manohar Bidaye

Chairman

Place: Mumbai

Date: August 12, 2016

#### Registered Office:

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

## Corporate Governance Report

### Declaration pursuant to Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I, Pramoud Rao, Managing Director of the Company, do hereby declare that pursuant to requirement of Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Members of Board of Directors and Senior Management Personnel of the Company have given their affirmation of compliance with the Code of Conduct of the Board of Directors and Senior Management of the Company in respect of the financial year ended March 31, 2016.

**Pramoud Rao**  
Managing Director

Place : Mumbai  
Date : May 27, 2016

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### Auditors Certificate on Compliance with the 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, 2016, as stipulated in:

- Clause 49 of the Listing Agreement ("Listing Agreement") of the Company with the Stock Exchanges for the period from April 1, 2015 to November 30, 2015;
- Regulations 17 to 27; Regulation 46(2)(b) to (i); and paragraphs C, D & E of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") for the period from December 1, 2015 to March 31, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. 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 the abovementioned Listing Agreement / Listing Regulations, as applicable, during the year ended March 31, 2016.

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

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

**Shyam Malpani**  
Proprietor  
Membership No.: F - 34171  
Mumbai, May 27, 2016

## Management Discussion and Analysis

### GLOBAL ECONOMY OVERVIEW:

In the financial year 2015-16, global economic activity continued to remain subdued. The emerging markets and developing economies, which account for around 70% of the global growth, declined for the fifth consecutive year, while the advanced economies continued to recover slowly. There were few key influencing factors to the global economy.

China's economy witnessed a faster than expected slowdown due to rebalancing economic activities moving away from investment and manufacturing towards consumption and service related activities.

Energy and various commodity prices witnessed a decline. Lower oil prices strain the fiscal positions of fuel exporters and weigh on their growth prospects, while supporting household demand and lowering business energy costs in importers countries. However, strain due to oil shock and its impact on investment climate and weak pick-up in oil-consuming economies due to limited pass-on of lower prices has resulted in global growth stalling.

The United States has been going through a gradual monetary policy tightening scenario where the U.S. Federal Reserve lifted the federal funds rate from the zero lower bound, while monetary easing continued in the Euro area and Japan. Prospects of a gradual increase in policy interest rates in the United States as well as bouts of financial volatility amid concerns about emerging market growth prospects have contributed to tighter external financial conditions, declining capital flows, and further currency depreciations in many emerging market economies.

According to IMF, growth in advanced economies is projected to rise by 0.2% in 2016 to 2.1%, and hold steady in 2017. Growth in emerging market and developing economies is projected to increase from 4% in 2015—the lowest since the 2008–09 financial crisis—to 4.3% and 4.7% in 2016 and 2017 respectively.

### INDIAN ECONOMY OVERVIEW:

India remained a relatively bright spot in the global economy with its growth story continuing to bloom. One of the contributors to the strong growth experienced by the Indian economy was the sharp decline in crude oil prices. According to Asian Development Bank estimates, the Indian economy grew at 7.6% in FY 2015-16. Despite a weak monsoon for a second consecutive year, agriculture grew by 1.1% in FY 2015-16. While the industry and private consumption accelerated to a growth of 7.3% and 7.6% respectively, the services growth moderated to 9.2%.

India continued to remain at the top of Nielsen's global consumer confidence index for the sixth quarter in a row. The Foreign Direct Investment (FDI) inflows increased 40% during April-December 2015 to reach USD 29.44 billion, compared to same period last year. Also, India's foreign exchange reserves remained comfortable at USD 356 billion in the week up to March 25, 2016.

The regulatory regime witnessed easing and the Reserve Bank of India (RBI) cut interest rates four times as inflation eased sharply. Rate cuts had been widely called for by the industry to reduce the

cost of borrowing and help stimulate growth. The government's strong focus on reviving growth was evident from the Union budget, where the Finance Minister gave relief to small tax payers, nudged the affluent to shell out more while focusing on the rural economy with much higher fiscal outlays. The Finance Minister also reaffirmed that the government would continue the reform agenda to usher in the long awaited GST by passing the Constitutional Amendment Bill in the Parliament.

On the Government initiative front, the "Make in India scheme", "Smart cities plan", "Jan-Dhan Yojna", "Digital India plan", "Skill Development & Start-up India initiatives", "Power for All", "UDAY", "Housing for All", "Scheme to revitalise public sector banks", "Ease of Doing Business (EoDB) initiative" and other ambitious infrastructure programmes present significant opportunities for investors to be part of one of the largest development programmes in the world. These programmes are expected to transform not only the cities and the country as a whole, but also the way business is done in India.

As per the World Economic outlook released by the IMF, India will be the fastest growing major economy in 2016-17 growing at 7.5%, ahead of China, at a time when global growth is facing increasing downside risks. India's growth is expected to continue to be driven by private consumption, which has benefited from lower energy prices and higher real incomes. With the revival of sentiment and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth.

### GLOBAL SECURITY OVERVIEW:

The total video surveillance market is estimated to be worth USD 15.8 billion in 2016 and expected to reach USD 71.28 billion by 2022, at an estimated CAGR of 16.56% between 2016 and 2022. The commercial and infrastructure sectors are becoming popular due to the high demand for video surveillance systems to reduce security threats and criminal activities. Video surveillance systems, in particular, are helping users in day-to-day activities by monitoring, identifying, and analyzing the people and properties through cameras and storing data for future reference. As per IHS, there has been a rapid transition from standard-definition analog cameras to HD CCTV cameras and for the first time, in 2016, more HD CCTV cameras will be shipped globally as compared to standard definition cameras.

The global electronic access control systems (EACS) market is projected to be valued at USD 31.2 billion by 2019, growing at a compound annual growth rate of 12.6%, according to a new market forecast. EACS includes intrusion alarm and perimeter security systems (free standing, buried cable and fence mounted security system), and end-user segments (government, commercial, industrial and residential). The Asia-Pacific EACS market is expected to record the highest CAGR of 16.7% to reach USD 9.6 billion in 2019.

Video Content Analytics market is expected to grow with the CAGR of more than 24% from 2016 to 2021, and due to this it is predictable to cross USD 4 billion by 2021. Growing drivers for the

## Management Discussion and Analysis

video content analytics market drivers are reducing reliance on physical security, growing security concerns, demand of security products and adoption of network based video surveillance. Video Content Analytics (VCA) has witnessed an increasing traction across critical end user applications, owing to the inability of surveillance cameras alone in helping reduce crimes and increase transport and business efficiency. Government with sub applications of critical infrastructure, homeland, and border security will be dominating the global VCA market till the end of this decade. North America is expected to dominate the global market throughout the forecast period with annual revenue reaching over approximately USD 1 to 2 billion by 2022 at an estimated CAGR of approximately 22% to 24% through the forecast period. APAC with the multiple infrastructure projects and a large population requiring surveillance will be driving the region to grow at the fastest CAGR of approximately 30% through 2016 to 2021 and reach a market value of approximately USD 1 to 1.5 billion in 2021. Major players include ADT Security (U.S.), Avigilon Corporation (U.S.), Cisco (U.S.), HikVision Digital (China), Mobotix (Germany), Verint Systems (U.S.), Bosch Security System (Germany) and VCA Technology (U.K.) among others.

Source: IHS, MarketsandMarkets, Transparency Market Research

### INDIAN SECURITY MARKET OVERVIEW:

According to 6W research India, Video Surveillance market is expected to reach ₹ 5,717.64 crore (USD 952.94 million) by 2016, with a CAGR of 32.49%. It is expected to top USD 2.4 billion by 2020. Currently, though analog based surveillance systems have accounted for majority of the share of nearly 68% in the overall market, yet IP based surveillance systems are expected to grow with relatively higher CAGR of 41.78% in the coming years.

The India electronic security market is highly fragmented and consists of various small and unorganized players. Although the share of unorganized sector in India electronic security market has declined over the period FY 2010-FY 2015, the segment has grown at a significant rate of 26% during the period. Key players in the industry are Zicom Electronic Security Systems, Honeywell Automation, Tyco Fire and Security India, Johnson Controls India, Aditya Infotech and Prama HikVision India.

Customers in India electronic security market are increasingly becoming service oriented. Majority of customers from various end user segments especially Government, Hospitality, Large Retail Malls, and Industrial attach high importance to after sales services. Technology innovation is an integral contributor to the success of any organization. Companies have to upgrade their technology and products so as to add value to its products and to have an edge over their competitors. In the electronics security market, manufacturers make efforts to incorporate new technologies which are at par with international trends. Customers expect electronic security systems to be highly advanced and capable to cater their diverse needs. The development of integrated security systems, intelligent and customized products for different end-user verticals is an

important trend witnessed in the India electronics security market.

A few recent regulatory highlights which have important ramifications for the sector include:

- the recently passed Model Shops and Establishments Bill 2016 which will be an important driver as it is well known that surveillance is mostly necessary during the night
- the reduction in basic custom duty to nil announced in the Budget 2016 on CCTVs and its components
- Proposed 'Maharashtra Protection of Internal Security Act, 2016' making it mandatory for all private institutions to CCTV surveillance

### Business Overview

An attempt has been made to give understanding of the Company's overall business scenario by discussing performance, outlook, risks and concerns of each respective market verticals / divisions of the Company.

#### a. Electronic Security Business:

There are two main market verticals under the Company's standalone business. They are –Distribution Business and Project Solutions Business.

#### i. Distribution Business

Under this business, electronic security products, solutions and services are marketed across the country through Channel Partners, which mainly caters to Small Office Home Office (SOHO) and Small and Medium Enterprise (SME) segments. Growing demand for various surveillance solutions from Enterprise and Government segments has enthused our Channel Partners to actively promote them. Further, by adopting geographical expansion on continuous basis, we have widened our reach to cover and penetrate in newer regions, with a particular focus on Tier II and Tier III towns and cities, as they offer tremendous growth opportunities. Rising incidents of security violence frequently splashed in media has increased security awareness among people, thereby creating more demand for surveillance and security equipments. To cater to the increasing geographical reach and also increase in number of consumer base, we have continuously raised the database of our Channel Partners and actively involved them in marketing our products.

The key growth drivers for this business are continuous geographical and channel expansion, and enhancement of product and service portfolio. We continued to introduce innovative but affordable solutions and services and constantly upgrade their offerings. We plan and offer new advancement and various security solutions including CCTV, Fire Alarm, Home Alarm, Access Control and Video Door Phone. Our adoptive approach to new technology has helped us to identify newer area for growth. IP CCTV solutions are the latest example, which has shown exponential growth and our Channel Partners have been very actively perusing this

## Management Discussion and Analysis

product line. To enhance quality channel engagement, we have rolled out various training programs for our Channel Partners to sustain their competitiveness and capability in marketing innovative security solutions and services. We keep them abreast with latest technological developments and in tune with our corporate business practices and goal achievement. These all have finally helped us in providing satisfactory services to our customers. Our training and skill set development programs are backed by incentive and loyalty schemes and have found good acceptance amongst our Channel Partners. Our key differentiation vis-a-vis our competitors lies in our capability to provide innovative products and service solutions on a continuous basis. Further, we also continuously enhance our service portfolio and keep our Channel Partners engaged at all levels to ensure that they also provide service led solutions to our customers besides selling security and surveillance hardware. This has been a conscious move towards aligning all the company Go-To-Market plans to be channelized through the partners to reinforce their confidence and trust in the brand.

Unrestricted low cost import of sub-standard products by unorganised sector players and absence of legal watch over quality of products have been our main cause of concern, causing loss in market share and revenue. Besides volatile foreign exchange fluctuations adversely affecting our costing and profitability, Electronic Security products being subject to technological obsolete, requires continuous change and up-gradation in technology and quick turnaround from our suppliers.

### ii. Project Solutions Business

The demand for Security and Surveillance has been driven by key decisions by the government to focus on city surveillance. These opportunities have now also come up not just in city surveillance but also municipal wards and key commercial hubs. The Enterprise segment also has become an active player in the growth of Security. The transition of security from administrative requirement to business enabler through integrated solutions has bought in ROI based investments. To cater to these demands the project Solution segment of the business caters to these requirements by providing end to end integrated solutions including CCTV, Fire, Public Address, Access Control, Intrusion Detection. With a strong history of being a national level System Integrator (SI), Zicom is a well-recognised name in the industry with well accepted strengths to provide mission critical solutions to the customers.

In past few years, real estate sector in India, particularly in Metros and Tier I and Tier II cities have undergone sea change. Builders are trying to lure customers by providing more and more value additions to their offerings. Further, with advent of technology, customers in housing segment have been demanding additional facilities and features in comparison to what Builders offer in developed countries. Under this

business, we offer various security systems and equipments like CCTV, VDP, MAVDP, etc., which are now-a-days being offered as standard add-ons in modern residential apartments and houses, where security products with Zicom brand would find preference among Builders as an OEM. Increased demand for economic housing from nuclear and small families and demand by other customers has created good scope for this business. As cost of security products forms negligible part of total housing cost and facilitates value add-on offerings by Builders act as a marketing tool for them; product enhancements like IP MAVDP, Home automation and integrated Building solutions are some trends which will see higher adoption by builders to differentiate their offerings from others. However, Builders being price sensitive having tendency to minimize their cost, sometimes prefers cheaper products from unorganized sector, overlooking brand and quality.

However, during the year under review, profitability has been impacted due to an inventory valuation write-down based on the changes in the tax structure announced during the Budget 2016.

On the basis of the reduction in custom duty to nil of the CCTV system components as well as with excise duty being exempted on CCTV cameras, your management has identified an opportunity and is considering setting up an assembly facility under the Make in India programme.

### b. Security as a Service

Zicom pioneered the concept of providing Security as a Service (SaaS) as one of the thrust area for growth. It was a conscious decision to set-up this business in wholly owned subsidiary, Zicom SaaS Pvt. Ltd. (Zicom SaaS). The concept of security has gained prominence, both for individuals and businesses. With the changing security environment, consumers needs also have evolved. To capture this opportunity, Zicom SaaS has adopted remote management electronic services as its future growth engine, and set up a new category called "e-SaaS" i.e. Electronic Security as a Service. The revolutionary concept of e-SaaS has introduced a new dimension to affordable safety and security. Under e-SaaS, Zicom offers services with top-tier features, advanced and cutting edge technologies. The services cover the core areas of housing societies and business enterprises. While the former mainly covers the housing societies, the Enterprise encompasses the retail sector, banking, insurance companies, public institutions, educational centres and sports complexes. e-SaaS aims to provide round-the-clock security for customers, without the hassles of owning and maintaining expensive security equipments. Another interesting feature to connect this, e-SaaS also provides business intelligence [facilitating Return on Investment (ROI)] to customers.

Present day security devices have become more intelligent and connected. Thanks to internet of things (IOT) most



## Management Discussion and Analysis

customers today want their premises to be monitored and their incident videos to be stored on the cloud. e-SaaS, new age services provides customers holistic end to end solutions including 24x7 remote theft monitoring with response manage services alongwith business intelligence, loss prevention and information on mobility devices.

Zicom e-SaaS services are mainly driven through two business divisions:

### i. Enterprise Division

This division mainly focus on customer base like Retail Chains, Banks, Financial Services and Insurance (BFSI) companies, Gold Loan Sector companies, Food Chains, Entertainments, Health Care, Education, Logistics, Warehouse, Commercial Establishments, SMEs, etc. Equipped with the latest state-of-the-art technologies, Enterprise division makes use of the power of cloud technology and internet; and by convergence of Telecommunication, IT and Security, it offers customized services to manage their business more effectively. Zicom e-SaaS offers various remote managed services like e-Watch (Managed Alert as a Service [MAaaS]); e-Attend (Time and Attendance on Cloud); e-Sense (Remote Fire Alarm Monitoring Service); e-Alert (Remote Monitoring of Intruder Alarm) and e-Surveillance.

The number of ATMs in India has increased from 95,686 in the year 2012 to 199,099 in the year 2016. There has also been an increase in the amount of transactions over these ATMs triggering the need for better and increased security services. Along with the increase in ATMs, there has been a corresponding increase in the number of debit and credit card transactions which has forced the banks to increase their security services. Moreover, the number of banks and bank branches have also increased in the last decade, creating demand for manned guarding and CCTV surveillance.

BFSI contributes significantly to e-SaaS revenue, the rest comes from Retail and Education. With rising crime related to ATMs, Education and Retail, customers are now going beyond installing hardware to remote manage services, leveraging the telecom infrastructure like GSM, CDMA, Broadband, customer sites are connected to the Zicom Command Centre to provide 24x7 alarm response services, fire management, attendance on the cloud, surveillance of ATM with two way voice communication and quick response team.

However, e-SaaS model under Enterprise division has also certain threats like low entry barriers, entry of new players with cheaper low quality equipments, risk of non-payment of periodical subscription, etc. Further, the slow decision making process, particularly in PSUs and Banking sector and non-restriction on capex purchases is one of the major hurdle in penetration. Also sales cycle under this business model is normally longer, particularly in Banks and Housing sectors. We have tie-ups with certain leasing agencies which help mitigate these risks and allow us to maintain our leadership position.

In FY 2015-16, this business has set its focus on pure Monitoring Services revenues. With increasing support and legislations from State Governments and local Police Authorities to make CCTV surveillance mandatory for Shops and Establishments, video surveillance and alarm management has huge potential for growth.

### ii. Make Your City Safe (MYCS) Division

In 2012, MYCS took up the responsibility of protecting housing societies in Greater Mumbai and Pune on the monthly service fees without the society members having to invest in the hardware or decide on the right choice of technology.

Market for MYCS has huge potential as more than 3 lakhs housing societies are under its current area of promotion and most of them lack any protection from electronic security systems on which they can rely. MYCS being pioneer has high hopes of grabbing a major pie of the CCTV Surveillance in the society segment.

The FY 2015-16 has witnessed another successful year in operations for MYCS, with the concept being overwhelmingly accepted and adopted in the cities of its operations. This division remained on a profitable course and made considerable inroads in terms of market acceptance and penetration.

Our team of "MYCS Security Ambassadors" has helped MYCS to secure business without much dependency on its own manpower, thereby keeping the costs lower. As an alternative for Channel sales, MYCS is also exploring strategic tie ups with other service providers operating in the society segments.

Zicom being pioneer in providing Security as a Service in housing and residential sectors through MYCS, no immediate competition is expected from organized segment, considering the capital investment and bandwidth required to service the customer on a sustainable basis. However, MYCS also faces certain risks which includes varying consumer response, long gestation period, chances of premature contract discontinuation and some amount of bad debts. Despite all these odds, the concept of MYCS is found to be the most relevant in the present day of high crime rates; and therefore it is not only favoured by housing societies and residential segments but has also found favours with Government agencies, local bodies and law enforcing authorities. MYCS division of Zicom SaaS has strong potential to provide "Feel Safe" experience to many Indian cities.

### c. Ziman

India has launched many emergency numbers and safety apps similar to Ziman in the past but none of the programmes / initiatives have been effective. Most of these programmes are well-designed solutions but suffer from poor back-end infrastructure or lack of an effective response management system with the local police and LEAs. To address this need, your management launched Ziman by leveraging Zicom Command Centre to offer a strong back-end support an

## Management Discussion and Analysis

all-in-one mobile safety solution. An internal study has also found that Ziman's paid offering is cheaper than similar alternatives.

Various initiatives have been taken by the authorities such as the Department of Telecom (DoT) in April necessitated all new feature phones and smartphones sold in the country from January 2017 to have a panic button feature that will allow women in distress to seek help. It also mandated all new phones from January 2018 to have global positioning system installed. However, your management is confident about the success of Ziman because of the features offered versus its peers. Further, your Company has made significant efforts through various social media platforms to promote Ziman.

### d. Fire Detection and Protection Business in UAE and Qatar

Zicom's fire detection and protection business is mainly Gulf centric, particularly focused in the Middle- East countries like seven Emirates of United Arab Emirates, Qatar, Oman, Saudi Arabia, and surrounding Gulf Co-operation Council (GCC) countries. Therefore, any changes and development in business and economic scenario in these regions also affect our business prospects to a great extent. We carry this business under two step-down subsidiary companies, Unisafe Fire Protection Specialists LLC, Dubai ("Unisafe Dubai") and Phoenix International WLL, Qatar ("Phoenix Qatar").

Growth in the Middle East and North Africa (MENA) region decelerated markedly in 2015 on the back of lower oil prices, heightened geopolitical threats and a weak global economic recovery, in particular among emerging-market nations. According to preliminary estimates that account for around 55% of the region's nominal GDP, the region's economy expanded 2.6% in 2015. The print was below the 2.9% rise tallied in 2014 and marked the weakest growth rate since the trough of the global financial crisis in 2009. In UAE, the Government has moved quite aggressively to protect fiscal balances from the oil price drop. Consolidated government spending (federal government, Abu Dhabi, Dubai and Sharjah) was cut by 10% in real terms in 2015 compared to an average annual increase of 9.5% in 2001-2014. The World Bank cut its growth forecast for the UAE 2% for 2016 amid low oil prices and budgetary spending cutbacks as compared to an estimated 3.4% in 2015. Similarly, Qatar which saw an estimated growth rate of 3.9% in 2015 is expected to slow down to 3.3% in 2016. Due to regional economic slowdown, your companies too have been under pressure during the year under review and have taken steps to recover dues. This too has adversely affected the profit growth of Unisafe Dubai and Phoenix Qatar during the financial year. There is now a focus on the newly launched service and maintenance business which will offer steady cash flows.

Infrastructure protection in particular is crucial in the Gulf region with a range of airports, seaports, oil and gas, public utilities, highways, railways, malls, and other recreational places needing appropriate security and safety measures in place. There's also a lot of talk in the industry about major global events such as the Dubai Expo 2020, and the Football World Cup 2022 in Qatar, which will not only increase demand for security and safety products and services, but will also bring about the latest products and technologies in the region.

In light of the recent fire incidents at Sulafa Tower and the New Year's Eve incident at The Address Downtown, the UAE Government is expected to update and release UAE Fire and Life Safety Code of Practice 2016 shortly. This is expected to increase the accountability and responsibility of consultants and owners involved in a building's development. Both Unisafe Dubai and Phoenix Qatar are flagship fire safety and security providers in their respective countries and carries a highly reputed brand and recognition. Unisafe Dubai is fully prepared to address the opportunity to be made available due to changes in the Code as well as the hosting of Dubai Expo 2020. It has already to its credit many mega-projects and proven ability of successful implementation. Similarly, Phoenix Qatar is poised to grow in hand with economic growth in Qatar due to the FIFA World Cup 2022 and Government spend on social infrastructure (as per the National Development Strategy 2011-16).

Unisafe Dubai has also launched a new vertical where the company offers 24x7 fire safety maintenance contracts to carry out system servicing and respond to emergency situations. The management is confident this vertical can address the new opportunities which will be created by the updated Code. We are in the process of setting-up a manufacturing facility in Jebel Ali Free Zone Authority (JAFZA) to supply Unisafe branded products to the GCC market. We are confident that our 40 year experience in the sector and strong brand name will contribute to the success of our branded product sales. Further, to mitigate risk of being highly focused on certain sectors / markets, we have attempted to penetrate new markets by entering and exploring oil, gas and marine sectors, as well by exploring new untapped markets of Oman, Kuwait and North Africa.

*Source: World Bank, Intersec*

### CORPORATE OVERVIEW:

During the year under review, while all operational businesses were profitable, your Company has incurred a consolidated loss primarily due to interest cost in the Singapore entity and adjustment on account of amortization of goodwill in consolidated book of accounts. Considering the business scenario and various steps taken by the Company as discussed above, we are optimistic that the Company will turn-out with better performance in 2016-17.

## Management Discussion and Analysis

Your Company today with Unisafe Dubai and Phoenix Qatar has become a dominant player in Fire Detection and Protection market in the Gulf region. Given the investment in infrastructure in the region, your Company is confident that both Unisafe Dubai and Phoenix Qatar will be able to consolidate their position in GCC market and further boost revenue and profitability of business.

At home in India also, leveraging on its strong brand, infrastructure and distribution platform, your Company has grown rapidly in a short span of two decades and has emerged as the leading Indian brand in security products and services, introducing distinct innovations in the security domain that the rest of the industry has followed.

Your Company offers a complete range of electronic security products and services, which are state-of-the-art, reliable, high-quality products and solutions. Our clientele is a proof of our unparalleled operational excellence. From quality products to professional after sales services, the Company has driven the markets with customer centric focus. The Company has many firsts to its credit in Indian Security Industry. Zicom's aim is to become a world class, Indian MNC, offering one-stop-shop for various high quality security products and services.

The unique concept of e-SaaS introduced for providing Security as a Service to various segments has after initial difficulties, turned out to be a very promising business. The revenue from services has high margin which will boost overall profitability. We are very optimistic about future of this business.

The reduction in custom duties on CCTV system components allows your Company the opportunity to transform its supply chain strategy. Your management is already implementing steps to address the same.

We are hopeful that various steps taken to boost the overall growth for Zicom Group in India and overseas will provide good returns to the Company in the form of improved turnover and profitability, and resultant increased shareholders' value.

### **FINANCIAL PERFORMANCE VIS-À-VIS OPERATIONAL PERFORMANCE, INTERNAL CONTROL SYSTEM AND ITS ADEQUACY 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, Finance and Subsidiary and Joint Venture Companies. A separate para discussing on Internal Control Systems and its Adequacy and 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 and 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.

## Independent Auditors' Report

The Members,

Zicom Electronic Security Systems Limited

### I. Report on the Financial Statements

We have audited the accompanying standalone financial statements of Zicom Electronic Security Systems Limited (hereinafter referred to as 'the Company'), comprising of the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended along with the Significant Accounting Policies and other explanatory information forming an integral part thereof.

### II. Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the accounting principles generally accepted in India. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### III. Auditors' Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

### IV. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

### V. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as 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, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2013;
  - e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164(2) of the Act.;
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure B'; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the

## Independent Auditors' Report

Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. The Company has transferred the required amount / unclaimed dividend amount to the Investor Education and Protection Fund (IEPF) within the requisite timeline as given under the Companies Act and the Rules made thereunder.

### For Shyam Malpani & Associates

Chartered Accountants

Firm Registration No. 120438 W

### Shyam Malpani

Proprietor

Membership No. F- 34171

Chicago, dated 27<sup>th</sup> May, 2016

### Annexure A referred to in the Independent Auditors' Report

(Referred to in paragraph (V).1. 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) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) 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.
- c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- 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 loans to four bodies corporate representing the parties listed in the register maintained under Section 189 of the Act. The aggregate maximum and closing balances of these parties are Rs.10,762.03 Lacs and Rs. 10,762.03 Lacs respectively.
  - a) 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.
  - b) 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.
- 4) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loans and investments made.

## Independent Auditors' Report

- 5) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- 6) The Central Government has not prescribed maintenance of cost records under section (1) of section 148 of the Act.
- 7) 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, 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 (Rs. in Lacs)	Period to which the amount relates	Forum where the dispute is pending
CST Act	Diff Tax for C forms dues	1.37	2010 – 2011	DCTO . Salt Lake Circle. Kolkatta
CST Act	Diff Tax for C forms dues	0.73	2011 – 2012	DCTO . Salt Lake Circle. Kolkatta
MVAT Act	Dues due to set off disallowance and 25% interest under Amnesty scheme.	19.12	2011 – 2012	LTU E624- Mazgaon Mumbai
CST Act	Dues payable due to set off reduction on stock transfers and C forms liability	17.45	2012 – 2013	LTU E624- Mazgaon Mumbai
CST Act	Dues payable due to set off reduction on stock transfers and C forms liability	10.17	2013 -2014	LTU E624- Mazgaon Mumbai
CST Act	Dues towards disputed Vat and CST liability on account of disallowance of stock transfers	176.17	2013 - 2014	CTO. Indore . City Circle

- 8) 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.
- 9) As per the records and based on the explanations provided to us, in our opinion, the money raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied by the Company for the purpose for which they were obtained.
- 10) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.
- 11) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- 12) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- 13) According to the information and explanations given to us and based on our examination of the records of the Company,

transactions with the related parties are in compliance with Sections 177 and 188 of the Act. Details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- 14) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- 15) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- 16) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

### For Shyam Malpani & Associates

Chartered Accountants  
Firm Registration No. 120438 W

### Shyam Malpani

Proprietor  
Membership No. F- 34171  
Chicago, dated May 27, 2016

## Independent Auditors' Report

**Annexure B referred to in the Independent Auditors' Report**  
(Referred to in paragraph (V).2(f). of our report of even date)

### **Report on the Internal Financial Controls under Clause (i) of subsection 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of Zicom Electronic Security Systems Limited (hereinafter referred to as 'the Company'), as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an internal financial controls system in place over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016 however it needs to be further strengthened, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **For Shyam Malpani & Associates**

Chartered Accountants

Firm Registration No. 120438 W

#### **Shyam Malpani**

Proprietor

Membership No. F- 34171

Chicago, dated May 27, 2016

**Balance Sheet as at March 31, 2016**

(Amount in ₹)

Particulars	Note No.	March 31, 2016	March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	201,998,290	201,998,290
Reserves And Surplus	2	1,907,721,199	1,902,714,330
Warrant Application Money		42,000,000	42,000,000
		<b>2,151,719,489</b>	<b>2,146,712,620</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings		-	-
Deferred Tax Liabilities (Net)	3	44,951,243	52,159,837
Other Long-Term Liabilities	4	10,337,842	10,337,842
Long-Term Provisions	5	1,679,792	1,642,840
		<b>56,968,877</b>	<b>64,140,519</b>
<b>Current Liabilities</b>			
Short-Term Borrowings	6	1,434,950,326	910,954,126
Trade Payables	7	559,285,475	260,153,492
Other Current Liabilities	8	81,953,678	90,002,380
Short-Term Provisions	9	12,640,641	30,606,843
		<b>2,088,830,120</b>	<b>1,291,716,841</b>
<b>TOTAL</b>		<b>4,297,518,486</b>	<b>3,502,569,980</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	133,795,723	152,131,389
Intangible Assets	10	93,125,947	114,815,282
Capital Work-In-Progress		-	-
		<b>226,921,670</b>	<b>266,946,671</b>
Non-Current Investments	11	634,422,019	635,127,019
Long-Term Loans And Advances	12	666,252,317	397,252,693
Other Non-Current Assets		-	-
		<b>1,527,596,006</b>	<b>1,299,326,383</b>
<b>Current Assets</b>			
Inventories	13	649,900,318	530,360,863
Trade Receivables	14	1,167,978,434	976,640,553
Cash And Cash Equivalents	15	155,931,515	106,242,100
Short-Term Loans And Advances	16	770,752,183	562,793,684
Other Current Assets	17	25,360,030	27,206,397
		<b>2,769,922,480</b>	<b>2,203,243,597</b>
<b>TOTAL</b>		<b>4,297,518,486</b>	<b>3,502,569,980</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 Shyam Malpani & Associates**  
Chartered Accountants

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Prabhakar Dalal**  
Director

**V. Raman Kumar**  
Director

**K. D. Hodavdekar**  
Director

**Mukul Desai**  
Director

**Shyam Malpani**  
Proprietor  
Place : Chicago  
Date : May 27, 2016

**Sanjeev Dayal**  
Director  
Place : Mumbai  
Date : May 27, 2016

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary



**Statement of Profit and Loss for the year ended March 31, 2016**

(Amount in ₹)

Particulars	Note No.	March 31, 2016	March 31, 2015
Revenue From Operations (Gross)	18	4,228,776,777	3,835,240,358
Other Income	19	121,352,113	70,082,893
<b>Total Revenue</b>		<b>4,350,128,890</b>	<b>3,905,323,251</b>
Cost Of Materials Consumed		-	-
Purchases Of Stock-In-Trade	20	4,060,905,719	3,473,140,084
Changes In Inventories	21	(119,539,455)	(149,844,760)
Employee Benefits Expense	22	71,608,472	78,159,197
Finance Costs	23	179,218,640	147,546,760
Depreciation Expense	10	44,395,246	67,377,781
Other Expenses	24	90,185,973	115,452,465
<b>Total Expenses</b>		<b>4,326,774,595</b>	<b>3,731,831,527</b>
<b>Profit / (Loss) Before Tax</b>		<b>23,354,295</b>	<b>173,491,724</b>
Current Tax Expense For Current Year		13,400,000	74,990,000
Deferred Tax		(7,208,594)	(14,517,786)
<b>Total</b>		<b>6,191,406</b>	<b>60,472,214</b>
<b>Profit / (Loss) For The Year</b>		<b>17,162,889</b>	<b>113,019,510</b>
<b>Earnings Per Share (EPS)</b>			
Basic		0.85	6.31
Diluted		0.81	6.26

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 Shyam Malpani & Associates**  
Chartered Accountants

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Prabhakar Dalal**  
Director

**V. Raman Kumar**  
Director

**K. D. Hodavdekar**  
Director

**Mukul Desai**  
Director

**Shyam Malpani**  
Proprietor  
Place : Chicago  
Date : May 27, 2016

**Sanjeev Dayal**  
Director  
Place : Mumbai  
Date : May 27, 2016

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary

## Cash Flow Statement for the year ended March 31, 2016

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>A. Cash Flow From Operating Activities</b>		
Net Profit / (Loss) Before Extraordinary Items And Tax	23,354,295	173,491,724
<b>Adjustments For:</b>		
Depreciation And Amortisation	44,395,246	67,377,781
Finance Costs	179,218,640	147,546,760
Interest Received	(47,705,502)	(20,025,292)
Sundry Balances Written Off / (Written Back)	7,169,470	3,133,849
(Profit) / Loss On Sale / Write Off Of Fixed Assets	778,179	-
(Profit) / Loss On Sale / Write Off Of Investment	730,000	-
<b>Subtotal</b>	<b>184,586,033</b>	<b>198,033,098</b>
Operating Profit / (Loss) Before Working Capital Changes	207,940,328	371,524,822
<b>Changes In Working Capital:</b>		
Adjustments For (Increase) / Decrease In Operating Assets:		
Inventories	(119,539,455)	(149,844,760)
Trade Receivables	(198,507,351)	(196,363,650)
Other Current Assets	1,846,367	(351,942)
Adjustments For Increase / (Decrease) In Operating Liabilities:		
Trade Payables	299,131,983	(13,126,659)
Other Current Liabilities	3,179,096	(60,493,423)
Other Long-Term Liabilities	-	(41,400)
Short-Term Provisions	(5,882,427)	(782,591)
Long-Term Provisions	36,952	229,622
<b>Subtotal</b>	<b>(19,734,835)</b>	<b>(420,774,804)</b>
Cash Generated From Operations	188,205,493	(49,249,982)
Net Income Tax (Paid) / Refunds	(24,627,798)	(27,195,798)
<b>Net Cash Flow From / (Used In) Operating Activities (A)</b>	<b>1,63,577,695</b>	<b>(76,445,780)</b>
<b>B. Cash Flow From Investing Activities</b>		
Capital Expenditure On Fixed Assets	(6,770,646)	(2,628,134)
Sale of Fixed Assets	1,622,222	-
Share Application Money Pending Allotment	-	50,000,000
Inter-Corporate Deposits (Net)	-	20,000,000
Short-Term Loans And Advances	(14,954,312)	(159,345,747)
Long-Term Loans And Advances	180,440	490
Loans To Subsidiaries And Other Body Corporate	(462,184,251)	(371,371,455)
Interest Received	47,705,502	20,025,292
<b>(Purchase) / Sale Of Long-Term Investments</b>		
Purchase of Investment	(25,000)	(50,000,000)
<b>Net Cash Flow From / (Used In) Investing Activities (B)</b>	<b>(434,426,045)</b>	<b>(493,319,554)</b>

**Cash Flow Statement for the year ended March 31, 2016**

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>C. Cash Flow From Financing Activities</b>		
Net Increase / (Decrease) In Working Capital Borrowings	341,496,200	297,669,289
Increase / (Decrease) In Short Term Borrowing	182,500,000	-
Increase in Share Capital including Securities Premium	-	458,000,000
Fluctuation Gain	(2,171,093)	6,102,993
Finance Cost	(177,047,547)	(153,649,753)
Dividends Paid	(24,239,795)	(21,119,795)
Tax On Dividend	-	(3,426,824)
	<b>320,537,765</b>	<b>583,575,910</b>
<b>Net Cash Flow From / (Used In) Financing Activities (C)</b>	<b>320,537,765</b>	<b>583,575,910</b>
<b>Net Increase / (Decrease) In Cash And Cash Equivalents (A+B+C)</b>	<b>49,689,415</b>	<b>13,810,576</b>
<b>Cash And Cash Equivalents At The Beginning Of The Year</b>	<b>106,242,100</b>	<b>92,431,524</b>
<b>Cash And Cash Equivalents At The End Of The Year</b>	<b>155,931,515</b>	<b>106,242,100</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 Shyam Malpani & Associates**  
Chartered Accountants

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Prabhakar Dalal**  
Director

**V. Raman Kumar**  
Director

**K. D. Hodavdekar**  
Director

**Mukul Desai**  
Director

**Shyam Malpani**  
Proprietor  
Place : Chicago  
Date : May 27, 2016

**Sanjeev Dayal**  
Director  
Place : Mumbai  
Date : May 27, 2016

**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 marketing and selling of Electronic security systems and equipments. The company also provides annual maintenance services for Electronic security products.

### 2 Significant accounting policies

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, Except for certain tangible assets which are being carried at revalued amounts. Pursuant to section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribe by central government in consultation and recommendation for the National Financial Reporting Authority, the existing Accounting Standards Notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 211 (3C) of Companies Act, 1956 (Companies (Accounting Standards) Rules, 2006, as amended) and other relevant provisions of the Companies Act, 2013.

All the assets and liabilities have been classified as current or non current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the company has ascertained its operating cycle to be 12 month for the purpose of current-non current classification of assets and liabilities.

#### 2.1 Basis of Accounting:

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

#### 2.2 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.

#### 2.3 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.

### 2.4 Depreciation / Amortisation

#### Tangibles:

Depreciation on fixed assets is provided on useful life in accordance with Schedule II of the Companies Act, 2013.

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.

### 2.5 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.

### 2.6 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.

### 2.7 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.

### 2.8 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 rebate. Interest income is included under the head "Other Income" in the Statement of Profit and Loss.

## Notes forming part of the Financial Statements

### 2.9 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.

### 2.10 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.

### 2.11 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.

### 2.12 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.

### 2.13 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.

### 2.14 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.

### 2.15 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 Financial Statements

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>Note 1 Share Capital</b>		
Authorized:		
25,000,000 (2015: 25,000,000)		
Equity shares of ₹ 10 each with voting rights	<b>250,000,000</b>	250,000,000
Issued Subscribed and Paid up:		
20,199,829 (2015: 20,199,829 ) Equity shares of ₹ 10 each with voting rights	<b>201,998,290</b>	201,998,290
<b>Total</b>	<b>201,998,290</b>	201,998,290

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

	2016		2015	
	Number	₹	Number	₹
As per last Balance sheet	<b>20,199,829</b>	<b>201,998,290</b>	17,599,829	175,998,290
Add: Issued during the year	-	-	2,600,000	26,000,000
Outstanding at the end of the year	<b>20,199,829</b>	<b>201,998,290</b>	20,199,829	201,998,290

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

	As at March 31, 2016		As at March 31, 2015	
	Number	Percentage	Number	Percentage
Baronet Properties & Investments Pvt. Ltd	<b>1,535,652</b>	<b>7.60%</b>	1,535,652	7.60%
Coronet Properties & Investments Pvt. Ltd.	<b>1,386,286</b>	<b>6.86%</b>	1,386,286	6.86%
Aark Singapore Pte. Ltd.	<b>2,180,268</b>	<b>10.79%</b>	2,900,000	14.36%
V. Raman Kumar*	<b>400,000</b>	<b>1.98%</b>	400,000	1.98%
Atim Kabra	<b>1,040,850</b>	<b>5.15%</b>	1,040,850	5.15%
Frontline Strategy Limited#	<b>259,150</b>	<b>1.28%</b>	259,150	1.28%
Sudha Darab Dubash	<b>665,000</b>	<b>3.29%</b>	665,000	3.29%
Arvind Darab Dubash	<b>650,000</b>	<b>3.22%</b>	650,000	3.22%
Darab Dubash Private Limited@	<b>35,000</b>	<b>0.17%</b>	35,000	0.17%

\*Is a Director and Shareholder holding 100% share capital in Aark Singapore Pte. Ltd. and hence both are PAC of each other.

# Is a Company wherein Mr. Atim Kabra is a Director and Shareholder holding 100% share capital, directly and indirectly, and hence both are PAC of each other.

@ Is a Company wherein Mrs. Sudha Darab Dubash and Mr. Arvind Darab Dubash are Directors and Shareholders holding 100% share capital, jointly, and hence all are PAC of each other.

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>Note 2 Reserves and Surplus</b>		
<b>(a) Capital Reserve</b>		
As per Last Balance Sheet	<b>73,500,000</b>	73,500,000
<b>(b) Securities Premium Account</b>		
As per Last Balance Sheet	<b>1,170,916,443</b>	780,916,443
Add: Received during the Year	-	390,000,000
Closing balance	<b>1,170,916,443</b>	1,170,916,443
<b>(c) General Reserve</b>		
As per Last Balance Sheet	<b>29,600,000</b>	27,100,000
Add: Transferred from surplus in Statement of Profit and Loss	-	2,500,000
Closing balance	<b>29,600,000</b>	29,600,000

## Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>(d) Surplus / (Deficit) in Statement of Profit and Loss</b>		
As per Last Balance Sheet	628,697,887	551,854,924
Add: Profit / (Loss) for the Year	17,162,889	113,019,510
Less: Appropriation		
Proposed Dividend on Equity Share (Dividend Per Share ₹ 0.50 (2015: ₹ 1.20))	10,099,915	24,239,795
Tax on Dividend	2,056,105	4,934,641
Adjustment Relating to Fixed Asset	-	4,502,111
Transferred to General Reserve	-	2,500,000
Total Appropriation	12,156,020	36,176,547
Net Surplus in Statement of Profit and Loss	633,704,756	628,697,887
<b>Total</b>	<b>1,907,721,199</b>	<b>1,902,714,330</b>
<b>Note 3 Deferred Tax Liability (Net)</b>		
<b>Deferred Tax Liability</b>		
Impact of difference between depreciation under Income Tax and Company Law	46,151,243	53,213,837
<b>Total</b>	<b>46,151,243</b>	<b>53,213,837</b>
<b>Deferred Tax Assets</b>		
Provision for Diminution in Value of Investments	1,200,000	1,054,000
<b>Total</b>	<b>1,200,000</b>	<b>1,054,000</b>
<b>Total</b>		
	<b>44,951,243</b>	<b>52,159,837</b>
<b>Note 4 Other Long-Term Liabilities</b>		
Deposits	10,337,842	10,337,842
<b>Total</b>	<b>10,337,842</b>	<b>10,337,842</b>
<b>Note 5 Long Term Provisions</b>		
For Leave Encashment (Refer Note 25.3)	1,679,792	1,642,840
<b>Total</b>	<b>1,679,792</b>	<b>1,642,840</b>
<b>Note 6 Short-Term Borrowings</b>		
Cash Credit from Banks (Secured)	1,252,450,326	910,954,126
Short Term Loan I	132,500,000	-
Short Term Loan II	50,000,000	-
<b>Total</b>	<b>1,434,950,326</b>	<b>910,954,126</b>

**Notes:**

- Cash Credit from Banks and Guarantees issued by Banks as mentioned in clause (a) of Notes 25.1 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, Equitable Mortgage of properties situated in Mumbai and Bengaluru and Negative Lien on Office Premises at Delhi. Further secured by Personal Guarantee of Directors and Pledge of 925,000 shares of the Company held by Promoter and Promoter Group Companies.
- Short Term Loan - I and SBLC mentioned in clause (b) of notes 25.1 are 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 Bengaluru and second charge on Current Assets of the company. It is further secured by pledge of 500,000 equity share of company held by Promoter Group Company.
- Short Term Loan II is secured by the mortgage of the property owned by the Director of the Company.

## Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>Note 7 Trade Payables</b>		
Acceptances	314,461,325	84,399,081
Others (Refer Note 25.5)	244,824,150	175,754,411
<b>Total</b>	<b>559,285,475</b>	<b>260,153,492</b>
<b>Note 8 Other Current Liabilities</b>		
Unpaid Dividends	1,908,453	1,754,724
Advances from Customers	18,463,961	24,557,287
Provision for Income Tax (Net of Advance Tax)	29,911,555	46,331,083
Other Payable	31,669,709	17,359,286
<b>Total</b>	<b>81,953,678</b>	<b>90,002,380</b>
<b>Note 9 Short-Term Provisions</b>		
For Gratuity (Refer Note No. 25.3)	484,621	1,432,407
For Proposed Equity Dividend	10,099,915	24,239,795
For Tax on Proposed Dividend	2,056,105	4,934,641
<b>Total</b>	<b>12,640,641</b>	<b>30,606,843</b>
<b>Note 11 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 (2015: 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
50 (2015: 50) Shares having Face Value of QAR 1000 per share in Phoenix International WLL, Qatar	88,544,712	88,544,712
20,000,000 (2015: 20,000,000) Equity Shares having Face Value ₹ 10 per share in Zicom SaaS Pvt. Ltd	250,000,000	250,000,000
5,000,000 (2015: 5,000,000) Equity Shares having Face Value ₹ 10 per share in Unisafe Fire Protection Specialists India Pvt. Ltd.	50,000,000	50,000,000
5 (2015: 5) Ordinary Shares having Face Value SGD 1 per share in Unisafe Fire Protection Specialists Singapore Pte Ltd., Singapore	200	200
1 (2015: 1) Ordinary Share having Face Value SGD 1 per share in Zicom Security Projects Pte. Ltd., Singapore	40	40
<b>Investment in Group Company</b>		
120,000 (2015: 120,000) Equity Shares having Face Value of ₹ 10 Per Share in ASTM Skills Pvt. Ltd (formerly known as Institute of Advanced Security Training & Management Pvt. Ltd.)	1,200,000	1,200,000
<b>Total</b>	<b>561,897,019</b>	<b>561,897,019</b>
<b>Unquoted Preference Instruments</b>		
<b>Investment in Group Company</b>		
7,250,000 (2015: 7,250,000) 1% Non-Cumulative Optionally Convertible Preference Shares having Face Value of ₹ 10 Per Share in ASTM Skills Pvt. Ltd. (formerly known as Institute of Advanced Security Training & Management Pvt. Ltd.)	72,500,000	72,500,000
<b>Total</b>	<b>72,500,000</b>	<b>72,500,000</b>



## Notes forming part of the Financial Statements

### Note 10 Fixed Assets

Tangible assets	Gross block				Depreciation				Net Block	
	As on April 1, 2015	Additions	Deductions	As on March 31, 2016	Up to April 1, 2015	For the Year	Deductions/ Adjustment	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
	(Amount in ₹)									
Freehold Land	16,982,508	-	-	16,982,508	-	-	-	-	16,982,508	16,982,508
Buildings	22,823,659	-	-	22,823,659	7,576,802	329,330	-	7,906,132	14,917,527	15,246,857
Plant and Equipment	353,203,102	4,874,350	-	358,077,452	246,650,946	17,124,903	-	263,775,849	94,301,603	106,552,156
Furniture and Fixtures	8,606,068	-	-	8,606,068	6,355,182	408,513	-	6,763,695	1,842,373	2,250,886
Vehicles	11,798,875	-	4,951,598	6,847,277	6,858,992	807,410	2,551,197	5,115,205	1,732,072	4,939,883
Office equipment	33,094,146	1,896,296	-	34,990,442	26,935,047	4,035,755	-	30,970,802	4,019,640	6,159,099
Leasehold improvements	11,910,088	-	-	11,910,088	11,910,088	-	-	11,910,088	-	-
<b>Total</b>	<b>458,418,446</b>	<b>6,770,646</b>	<b>4,951,598</b>	<b>460,237,494</b>	<b>306,287,057</b>	<b>22,705,911</b>	<b>2,551,197</b>	<b>326,441,771</b>	<b>133,795,723</b>	<b>152,131,389</b>

Intangible assets	Gross block				Accumulated depreciation and impairment				Net Block	
	As on April 1, 2015	Additions	Deductions	As on March 31, 2016	Up to March 31, 2015	For the Year	Deductions/ Adjustment	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
	(Amount in ₹)									
Goodwill	201,920,978	-	-	201,920,978	90,864,449	20,192,100	-	111,056,549	90,864,429	111,056,529
Computer software	9,634,211	-	-	9,634,211	5,875,458	1,497,235	-	7,372,693	2,261,518	3,758,753
<b>Total</b>	<b>211,555,189</b>	<b>-</b>	<b>-</b>	<b>211,555,189</b>	<b>96,739,907</b>	<b>21,689,335</b>	<b>-</b>	<b>118,429,242</b>	<b>93,125,947</b>	<b>114,815,282</b>
<b>Grand Total</b>	<b>669,973,635</b>	<b>6,770,646</b>	<b>4,951,598</b>	<b>671,792,683</b>	<b>403,026,964</b>	<b>44,395,246</b>	<b>2,551,197</b>	<b>444,871,013</b>	<b>226,921,670</b>	<b>266,946,671</b>
Previous year	667,345,501	2,628,134	-	669,973,635	331,147,072	67,377,781	4,502,111	403,026,964	266,946,671	336,198,429

## Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>Non Trade Investment</b>		
<b>Quoted Equity Instrument</b>		
200,000 (2015: 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 ₹ 6,000,000 (2015: ₹ 5,270,000)]	-	730,000
<b>Un-Quoted Equity Instrument</b>		
2,500 (2015: Nil) Equity Shares having Face Value of ₹ 10 Per Share in Saraswat Co-op Bank Ltd.	25,000	-
<b>Total</b>	<b>25,000</b>	<b>730,000</b>
<b>Total</b>	<b>634,422,019</b>	<b>635,127,019</b>
Aggregate amount of quoted investment [Market value: ₹ Nil (2015: ₹ 382,000)]	25,000	730,000
Unquoted Investments	634,397,019	634,397,019
Aggregate Value of Diminution	6,000,000	5,270,000
<b>Note 12 Long-Term Loans and Advances</b>		
<b>Unsecured, Considered Good</b>		
Deposits	698,795	879,235
Loan to Subsidiary Company (Refer Note 25.10)	665,553,522	396,373,458
<b>Total</b>	<b>666,252,317</b>	<b>397,252,693</b>
<b>Note 13 Inventories</b>		
(At lower of cost and net realizable value)		
Finished Goods	649,900,318	530,360,863
<b>Total</b>	<b>649,900,318</b>	<b>530,360,863</b>
<b>Note 14 Trade Receivables</b>		
<b>Unsecured, Considered Good</b>		
Debts outstanding for more than six months	102,842,854	80,321,820
Other Debts	1,065,135,580	896,318,733
<b>Total</b>	<b>1,167,978,434</b>	<b>976,640,553</b>
<b>Note 15 Cash and Cash Equivalents</b>		
<b>Balances with Banks</b>		
In Current Accounts	6,244,926	2,458,679
Unpaid Dividend Accounts	1,908,453	1,754,724
<b>Cash on Hand</b>	<b>4,643,395</b>	<b>2,772,824</b>
<b>Other Bank Balance</b>		
Deposit with original maturity less than 12 months	80,931,064	41,959,067
Fixed Deposit Receipt - Margin Money	62,203,677	57,296,806
<b>Total</b>	<b>155,931,515</b>	<b>106,242,100</b>
<b>Note 16 Short Term Loans and Advances</b>		
<b>Unsecured, Considered Good</b>		
Loans to Subsidiary Companies (Refer Note 25.10)	395,548,166	202,543,979
Advance Recoverable in Cash or kind	100,683,682	55,608,602
Advance Recoverable from Statutory Authority	13,116,294	28,199,140

## Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
Security Deposits	14,299,279	14,162,729
Loans and advances to Employees	938,070	412,873
Advance to supplier	246,166,692	261,866,361
<b>Total</b>	<b>770,752,183</b>	<b>562,793,684</b>
<b>Note 17 Other Current Assets</b>		
<b>Unsecured, considered good</b>		
Prepaid Expenses	25,360,030	20,882,723
Others	-	6,323,674
<b>Total</b>	<b>25,360,030</b>	<b>27,206,397</b>
<b>Note 18 Revenue from Operation</b>		
Sales of Products (Refer Note 25.18)	4,195,679,705	3,812,895,966
Sale of Services	33,097,072	22,344,392
<b>Total</b>	<b>4,228,776,777</b>	<b>3,835,240,358</b>
<b>Note 19 Other Income</b>		
<b>Interest income</b>		
From Banks	6,501,538	7,547,405
From Subsidiary	41,203,964	12,477,887
<b>Other Non-Operating Income</b>		
Rent Received	2,400,000	2,400,000
Guarantee Commission Fees	56,750,086	47,272,277
Dividend from Subsidiary	14,398,760	-
Other	97,765	385,324
<b>Total</b>	<b>121,352,113</b>	<b>70,082,893</b>
<b>Note 20 Purchase of Traded Goods</b>		
Materials and Related Expenses (Refer Note 25.18)	4,060,905,719	3,473,140,084
<b>Total</b>	<b>4,060,905,719</b>	<b>3,473,140,084</b>
<b>Note 21 Changes in Inventories</b>		
<b>Inventories at the end of the year (Refer Note 25.18)</b>		
Finished Goods	649,900,318	530,360,863
<b>Total</b>	<b>649,900,318</b>	<b>530,360,863</b>
<b>Inventories at the beginning of the year:</b>		
Finished Goods	530,360,863	380,516,103
<b>Total</b>	<b>530,360,863</b>	<b>380,516,103</b>
<b>Net (increase) / decrease</b>	<b>(119,539,455)</b>	<b>(149,844,760)</b>
<b>Note 22 Employee Expense</b>		
Salaries and Wages	68,452,433	73,409,055
Contribution to Provident and Other Funds (Refer Note No. 25.3)	1,135,378	2,721,666
Staff Welfare Expenses	2,020,661	2,028,476
<b>Total</b>	<b>71,608,472</b>	<b>78,159,197</b>

## Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>Note 23 Finance Costs</b>		
Interest	148,541,676	132,843,767
Bank Charges	28,505,871	20,805,986
Net (Gain) / Loss on Exchange Fluctuation	2,171,093	(6,102,993)
<b>Total</b>	<b>179,218,640</b>	<b>147,546,760</b>
<b>Note 24 Other Expenses</b>		
Advertisement	1,580,417	9,003,159
Auditor's Remuneration	2,026,291	1,731,004
Business Promotion	531,836	10,376,563
Communication	4,465,451	5,669,710
Directors' Sitting Fees	498,000	518,300
Donations And Corporate Social Responsibility	851,000	1,700,040
Insurance	4,591,283	5,731,265
Legal And Professional	21,874,570	24,119,983
Membership & Subscription	45,411	62,999
Power and Fuel	4,374,392	4,935,809
Printing And Stationery	1,449,927	2,538,055
Rates And Taxes	3,779,106	1,684,188
Rent and Compensation	22,128,591	21,573,421
Repairs And Maintenance - Buildings	9,500	5,000
Repairs And Maintenance - Machinery	342,965	1,320,134
Repairs And Maintenance - Others	601,383	872,089
Training & Seminar	873,016	1,647,107
Travelling And Conveyance	7,819,379	13,620,277
Sundry Balance Written off (Net)	7,169,470	3,133,849
Loss on Sale / Discard of Investments	730,000	-
Profit / (Loss) on Sale / Discard of Fixed Assets	778,179	-
Miscellaneous Expenses	3,665,806	5,209,513
<b>Total</b>	<b>90,185,973</b>	<b>115,452,465</b>
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As Auditors - Statutory Audit	1,175,000	1,175,000
For Other Services	851,291	556,004
<b>Total</b>	<b>2,026,291</b>	<b>1,731,004</b>

**Note 25 Additional Information To The Financial Statements****25.1 Contingent liabilities and commitments (to the extent not provided for)**

(a) Guarantees issued by Bank (Gross)	18,741,093	16,236,701
(b) Standby Letter of Credit (SBLC) #	347,812,500	451,457,500
(c) Corporate Guarantee and Indemnities	5,649,980,916	4,800,199,700
(d) Sales Tax Matters	21,675,803	Nil
(e) Claim Lodged by Customers Not Acknowledged as Debt	295,050	Nil

# SBLC 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 Bengaluru and second charge on Current Assets of the company. It is further secured by pledge of 500,000 equity share of company held by Promoter Group Company.

## Notes forming part of the Financial Statements

25.2 Consumption of imported and indigenous items is ₹ Nil (2015 : ₹ Nil)

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

### Defined contribution plans

(Amount in ₹)

Particular	March 31, 2016	March 31, 2015
Employer's Contribution to Provident Fund	577,894	441,084
Employer's Contribution to Pension Fund	1,111,269	964,607

### Employee benefit plans

Amount of ₹ (747,786) (2015 : ₹ 1,134,968) in respect of Gratuity and ₹ 36,952 (2015 : ₹ 229,622) in respect of leave is recognised as expense and included in Employee Cost (Note No. 22) in the Statement of Profit and Loss.

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

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	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	4,391,187	1,642,840	3,514,503	1,413,218
Interest cost	337,745	128,142	314,356	129,309
Current service cost	619,141	691,478	716,008	780,010
Actuarial (gains) / losses	(1,194,203)	(782,668)	4,153	(679,697)
Benefits paid	(122,245)	Nil	(157,833)	Nil
Present value of DBO at the end of the year	4,031,625	1,679,792	4,391,187	1,642,840
<b>II. Change In Fair Value Of Assets During The Year</b>				
Plan assets at beginning of the year	3,149,659	Nil	2,849,505	Nil
Adjust. to Opening fair value of plan assets	159,262	Nil	Nil	Nil
Expected return on plan assets	291,100	Nil	257,900	Nil
Actual company contributions	157,256	Nil	190,879	Nil
Benefits paid	(122,245)	Nil	(157,833)	Nil
Actuarial gain / (loss)	(26,150)	Nil	9,208	Nil
Plan assets at the end of the year	3,608,882	Nil	3,149,659	Nil
<b>III. Amount Recognised in Statement of Profit and Loss</b>				
Current service cost	619,141	691,478	716,008	780,010
Interest cost	337,745	128,142	314,356	129,309
Expected return on plan assets	(291,100)	Nil	(257,900)	Nil
Actuarial losses/(gains)	(1,168,053)	(782,668)	(5,055)	(679,697)
Expense recognised in the Statement of Profit and Loss	(502,267)	36,952	767,409	229,622
<b>IV. Net asset / (liability) recognised in the Balance Sheet</b>				
Present value of defined benefit obligation	4,031,625	1,679,792	4,391,187	1,642,840
Fair value of plan assets	3,608,882	Nil	3,149,659	Nil
Funded status [Surplus / (Deficit)]	(422,743)	(1,679,792)	(1,241,528)	(1,642,840)
<b>V. Net asset / (liability) recognised in the Balance Sheet</b>	(422,743)	(1,679,792)	(1,241,528)	(1,642,840)
<b>Actuarial assumptions</b>				
Discount rate	8.00%	7.80%	7.80%	7.80%
Expected return on plan assets	9.00%	NA	9.00%	0.00%
Withdrawal Rates	2.00%	NA	2.00%	2.00%
Annual Increase in Salary Cost	4.00%	4.00%	4.00%	4.00%

## Notes forming part of the Financial Statements

### 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.

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

Particulars	March 31, 2016	March 31, 2015
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>

#### 25.4 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 Note No. 24).

Future minimum lease payments under non cancellable operating lease:

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
Not later than one year	15,596,619	4,639,612
Later than one year and not later than five years	40,986,000	1,049,800
Later than five years	Nil	Nil
Lease Payment for the year recognised in the Statement of Profit and Loss	22,128,591	21,573,421

25.5 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.

25.6 Based on technical valuation report, the Company has revised estimated useful life of certain Plant & Machinery, resulting in reduction in depreciation by ₹ 18,782,867.

25.7 1. During the previous year, the Company made following allotments on preferential basis in accordance with SEBI's Guidelines for Preferential Issue, i.e. Chapter VII of Securities & Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009:

a. On February 10, 2015, 1,050,000 Warrants, each Warrant carrying an entitlement to subscribe to one equity share of ₹ 10 each of the Company, for cash, at a price of ₹ 160 per equity share, i.e. at a premium of ₹ 150/- per equity share, to the following Promoters' Group Companies:

Name of the Promoter Group Companies	No. of Warrants allotted
Baronet Properties & Investments Private Limited	525,000
Coronet Properties & Investments Private Limited	525,000
<b>Total</b>	<b>1,050,000</b>

b. On February 18, 2015, 2,600,000 Equity Shares of ₹ 10 each of the Company, for cash, at a price of ₹ 160 per equity share, i.e. at a premium of ₹ 150 per equity share, to the following non-promoters entities:

Name of Allottees	No. of Equity Shares allotted
Mr. Atim Kabra	1,040,850
Mr. Arvind Darab Dubash	650,000
Mrs. Sudha Darab Dubash	650,000
Frontline Strategy Limited	259,150
<b>Total</b>	<b>2,600,000</b>

## Notes forming part of the Financial Statements

With the above allotment at (b) above, the Paid-up Share Capital of the Company had increased to 20,199,829 Equity Shares of ₹ 10 each aggregating to ₹ 201,998,290. Further, with the above allotment the Securities Premium Account of the Company had increased by ₹ 390,000,000.

2. During the previous year, the Company made following investments in securities of companies:

a. Invested in further issue of Equity Shares made by Zicom SaaS Private Limited, a wholly owned subsidiary, by subscribing to 2,500,000 Equity Shares of ₹ 10 each at a Premium of ₹ 10 each aggregating to ₹ 50,000,000. With this allotment (made on May 26, 2014), the total holding of the Company in its said subsidiary had increased to ₹ 200,000,000 comprising of 20,000,000 Equity Shares of ₹ 10 each (out of which 5,000 Equity Shares are held by Mr. Pramoud Rao as a Nominee of the Company).

25.8 In respect of a sum of ₹ 6,323,674 due from a customer shown under Other Non Current Assets in Previous Year, as the outstanding is very old and money is not recovered till date, the said balance of ₹ 6,323,674 has been provided in books of accounts.

25.9 **Earnings Per Share (EPS): Equity Shares of ₹ 10, fully paid-up**

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>A. Net Profit for</b>		
Basic	17,162,889	113,019,510
Diluted	17,162,889	113,019,510
<b>B. Weighted Average No of Equity Shares</b>		
Basic	20,199,829	17,899,007
Diluted	21,249,829	18,042,843
<b>C. Earning Per share</b>		
Basic	0.85	6.31
Diluted	0.81	6.26

25.10 **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 SaaS Pvt. Ltd.
Subsidiary Company	Unisafe Fire Protection Specialists India Pvt. Ltd.
Subsidiary Company	Phoenix International WLL, Qatar
Subsidiary Company	Unisafe Fire Protection Specialists Singapore Pte. Ltd.
Subsidiary Company	Zicom Security Projects Pte. Ltd., Singapore
Group Company	ASTM Skills Pvt. Ltd. (formerly known as Institute for Advanced Security Training and Management Pvt. Ltd.)
Promoter Group Companies (PGC)	Baronet Properties & Investments Private Limited
Promoter Group Companies (PGC)	Coronet Properties & Investments Private Limited
Promoter Group Companies (PGC)	GSD Properties & Trading Pvt Ltd
Promoter Group Companies (PGC)	Chaitrban Farms Private Limited
Key Management Personnel (KMP)	Mr. Manohar Bidaye
Key Management Personnel (KMP)	Mr. Pramoud Rao
Key Management Personnel (KMP)	Mr. Hemendra Paliwal
Key Management Personnel (KMP)	Ms. Kunjan Trivedi

**Note:** Related parties have been identified by the Management.

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

(Amount in ₹)

Particulars	Subsidiaries		KMP	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Transactions during the year</b>				
Purchase	64,180,661	118,441,943	Nil	Nil
Sale	21,928,205	21,128,505	Nil	Nil
Investment in Shares	Nil	50,000,000	Nil	Nil
Advance Recoverable in cash or in kind (Net)	Nil	316,471,546	Nil	Nil
Interest Received on Loan	41,203,964	12,477,887	Nil	Nil
Corporate Guarantee Fee	56,750,086	47,272,304	Nil	Nil

## Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	Subsidiaries		KMP	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Standby Letter of Credit (SBLC)	347,812,500	451,457,500	Nil	Nil
Corporate Guarantee	5,649,980,916	4,800,199,700	Nil	Nil
Dividend	14,398,760	Nil	Not Applicable	Not Applicable
Loans taken	Nil	Nil	14,900,000	3,200,000
Remuneration Paid	Nil	Nil	9,246,180	8,881,980
<b>Balances outstanding at the end of the year</b>				
Loans and advances	1,114,150,616	621,365,809	Nil	Nil
Trade Receivables / Payables	10,215,763	22,362,767	4,021,036	Nil

(Amount in ₹)

Particulars	Group Company		PGC	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Transactions during the year</b>				
Purchase	Nil	Nil	Nil	Nil
Sale	139,200	219,613	Nil	Nil
Rent	2,400,000	2,400,000	Nil	Nil
Loans & Advances	52,539,700	35,575,000	64,900,000	11,100,000
Preferential Issue of Shares / Warrants	Nil	Nil	Nil	42,000,000
<b>Balances outstanding at the end of the year</b>				
Advances	99,089,937	35,575,000	Nil	Nil
Trade Receivables	Nil	10,975,237	Nil	Nil

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

(Amount in ₹)

Name of the company	As at	Maximum	As at	Maximum
		Balance for the		Balance for the
		Year Ended on		Year Ended on
		March 31, 2016		March 31, 2015
Unisafe Fire Protection Specialists LLC - Dubai	158,274,088	158,274,088	73,422,433	73,422,433
Unisafe Fire Protection Specialists Singapore Pte Ltd., Singapore	665,553,522	665,553,522	453,460,166	453,460,166
Zicom Security Projects Pte. Ltd., Singapore	267,282,917	267,282,917	115,184,181	115,184,181
Unisafe Fire Protection Specialist India Pvt. Ltd.	(15,100,831)	(29,050,831)	(29,050,831)	34,235,000
Phoenix International WLL, Qatar	38,140,920	38,140,920	8,349,861	8,349,861
Zicom SaaS Pvt Ltd	Nil	128,067,743	Nil	101,759,796

25.11 **Segment Reporting:** The Company has only one reportable segment namely "Security and Safety".

25.12 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 net selling price and value in use of the assets). Hence, no impairment had arisen during the year as per the recommendations of AS 28 - "Impairment of Assets".

25.13 During the year the Company has provided ₹ 730,000 towards diminution of Vintage Cards and Creation Ltd. and no other provision towards diminution is considered necessary in the books keeping in view the fact that the said Investments are of Long Term nature.

25.14 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 know liabilities.

25.15 Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II except in respect of certain assets as disclosed in Accounting Policy on Depreciation, Amortisation and Depletion. Accordingly the unamortised carrying value is being depreciated/amortised over the revised / remaining useful lives. The written down value of Fixed Assets whose lives have expired as at April 1, 2014 have been adjusted in the opening balance of Statement of Profit and Loss amounting to ₹ 4,502,111.



## Notes forming part of the Financial Statements

### 25.16 Details on unhedged foreign currency exposures

Particulars	Currency	March 31, 2016	March 31, 2015
Trade Receivable, Loans, Advances & Deposits	USD	17,446,370	11,760,512
Trade Payable and Acceptances	QAR	900,000	400,000
	USD	1,532,796	1,792,544
			(Amount in ₹)

### 25.17 Particulars

Particulars	For the year ended	
	March 31, 2016	March 31, 2015
<b>Value of imports calculated on CIF basis</b>		
Raw Material	202,955,448	235,141,797
<b>Earning in Foreign Currency</b>		
Corporate Guarantee Fee	56,750,086	47,272,278
Interest	41,203,964	12,477,887
Dividend	14,398,760	Nil
<b>Expenditure in Foreign Currency</b>		
<b>On Payment Basis</b>		
Travelling	1,349,061	1,889,490
Bank charges / Interest	372,469	393,471

### 25.18 Product wise details for the year ended

Particular	(Amount in ₹)	
	March 31, 2016	March 31, 2015
<b>Sales</b>		
Safety Products	16,892,712	8,625,891
Security Products	4,178,786,993	3,804,270,075
<b>Total</b>	<b>4,195,679,705</b>	<b>3,812,895,966</b>
<b>Inventory</b>		
Safety Products	3,618,562	4,019,593
Security Products	646,281,756	526,341,269
<b>Total</b>	<b>649,900,318</b>	<b>530,360,862</b>
<b>Purchase</b>		
Safety Products	15,474,646	6,832,932
Security Products	4,045,431,073	3,466,307,152
<b>Total</b>	<b>4,060,905,719</b>	<b>3,473,140,083</b>

25.19 Certain balances under the heads Trade Receivable, Loans & Advances, Trade Payables are subject to confirmations from the respective parties and consequential reconciliation, if any.

In terms of our report attached.

For and on behalf of the Board of Directors

**For Shyam Malpani & Associates**  
Chartered Accountants

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Prabhakar Dalal**  
Director

**V. Raman Kumar**  
Director

**K. D. Hodavdekar**  
Director

**Mukul Desai**  
Director

**Shyam Malpani**  
Proprietor  
Place : Chicago  
Date : May 27, 2016

**Sanjeev Dayal**  
Director  
Place : Mumbai  
Date : May 27, 2016

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary

## Independent Auditors' Report on Consolidated Financial Statements

The Members,

Zicom Electronic Security Systems Limited

### I. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Zicom Electronic Security Systems Limited (hereinafter referred to as 'the Holding Company') and its subsidiaries and associate (the Holding Company and its subsidiaries and associates together referred to as 'the Group'), comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended along with the Significant Accounting Policies and other explanatory information forming an integral part thereof.

### II. Management's Responsibility for the Financial Statements

The Holding Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and in accordance with the accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Group and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### III. Auditors' Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements

and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

### IV. Emphasis of matter

We did not audit the financial statements of any subsidiaries, whose financial statements reflect total assets of Rs.92,996.71 Lacs as at 31st March, 2016, total revenues of Rs.68,690.18 Lacs and net cash flows amounting to Rs.104.96 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion is based solely on the reports of the other auditors.

Our opinion is not qualified in the above matter.

### V. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Company as at March 31, 2016, and their consolidated loss and their consolidated cash flows for the year ended on that date.

### VI. Report on Other Legal and Regulatory Requirements

1. As required by section 143 (3) of the Act, we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law

## Independent Auditors' Report on Consolidated Financial Statements

- relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this report are in agreement with the relevant books of account maintained for the relevant books of account maintained for the statements.
- d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2013;
- e) On the basis of written representations received from the directors of the Holding Company as on March 31, 2016, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164(2) of the Act.;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund (IEPF) by the Group, except of the holding Company, who has transferred the required amount to the IEPF as per the Companies Act and Rules thereunder within the prescribed timeline.

### For Shyam Malpani & Associates

Chartered Accountants

Firm Registration No. 120438 W

**Shyam Malpani**

Proprietor

Membership No. F- 34171

Chicago, May 27, 2016

## Independent Auditors' Report on Consolidated Financial Statements

**Annexure A referred to in the Independent Auditors' Report**  
(Referred to in paragraph (VI).1(f). of our report of even date)

### **Report on the Internal Financial Controls under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')**

We have audited the internal financial controls over financial reporting of Zicom Electronic Security Systems Limited (hereinafter referred to as 'the Company'), as of 31st March 2016 in conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended on that date.

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

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial

## Independent Auditors' Report on Consolidated Financial Statements

reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016 however it needs to be further strengthened, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control

stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### For Shyam Malpani & Associates

Chartered Accountants

Firm Registration No. 120438 W

### Shyam Malpani

Proprietor

Membership No. F- 34171

Chicago, May 27, 2016

**Consolidated Balance Sheet as at March 31, 2016**

(Amount in ₹)

Particulars	Note No.	March 31, 2016	March 31, 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	201,998,290	201,998,290
Reserves And Surplus	2	3,397,059,967	3,436,428,101
Warrant Application		42,000,000	42,000,000
		<b>3,641,058,257</b>	<b>3,680,426,391</b>
<b>Minority Interest</b>		<b>411,841,654</b>	<b>391,441,593</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	3	1,179,575,361	1,454,692,246
Deferred Tax Liabilities (Net)	4	22,275,173	42,434,187
Other Long-Term Liabilities	5	13,195,342	13,195,342
Long-Term Provisions	6	81,920,477	69,183,820
		<b>1,296,966,353</b>	<b>1,579,505,595</b>
Short-Term Borrowings	7	4,743,086,081	3,699,681,327
Trade Payables	8	2,291,437,686	1,305,859,137
Other Current Liabilities	9	998,188,481	768,492,045
Short-Term Provisions	10	214,610,515	176,012,712
		<b>8,247,322,763</b>	<b>5,950,045,221</b>
<b>TOTAL</b>		<b>13,597,189,027</b>	<b>11,601,418,800</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	994,975,741	699,166,950
Intangible Assets	11	536,110,047	644,608,071
Capital Work-In-Progress	11	491,267,351	676,641,761
		<b>2,022,353,139</b>	<b>2,020,416,782</b>
Non-Current Investments	12	101,145,800	100,200,612
Long Term Loans And Advances	13	698,795	879,235
Other Non-Current Assets		-	-
		<b>2,124,197,734</b>	<b>2,121,496,629</b>
<b>Current Assets</b>			
Inventories	14	1,735,338,795	1,912,342,022
Trade Receivables	15	5,739,441,863	4,565,258,173
Cash And Cash Equivalents	16	877,462,262	838,268,850
Short-Term Loans And Advances	17	3,026,473,154	2,066,695,879
Other Current Assets	18	94,275,219	97,357,247
		<b>11,472,991,293</b>	<b>9,479,922,171</b>
<b>TOTAL</b>		<b>13,597,189,027</b>	<b>11,601,418,800</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 Shyam Malpani & Associates**  
Chartered Accountants

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Prabhakar Dalal**  
Director

**V. Raman Kumar**  
Director

**K. D. Hodavdekar**  
Director

**Mukul Desai**  
Director

**Shyam Malpani**  
Proprietor  
Place : Chicago  
Date : May 27, 2016

**Sanjeev Dayal**  
Director  
Place : Mumbai  
Date : May 27, 2016

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary

**Consolidated Statement of Profit and Loss for the year ended March 31, 2016**

(Amount in ₹)

Particulars	Note No.	March 31, 2016	March 31, 2015
Revenue From Operations (Gross)	19	11,178,743,842	11,081,171,351
Other Income	20	40,403,138	47,357,288
<b>Total Revenue</b>		<b>11,219,146,980</b>	<b>11,128,528,639</b>
Cost Of Materials Consumed	21	4,742,260,296	4,910,937,843
Purchases Of Stock-In-Trade	22	4,156,466,004	3,671,402,530
Changes In Inventories	23	(119,508,555)	(149,936,105)
Employee Benefits Expense	24	781,534,812	797,640,837
Finance Costs	25	706,889,493	538,681,427
Depreciation Expense	11	363,323,550	307,690,027
Other Expenses	26	676,307,262	451,663,489
<b>Total Expenses</b>		<b>11,307,272,862</b>	<b>10,528,080,048</b>
<b>Profit / (Loss) From Before Tax</b>		<b>(88,125,882)</b>	600,448,591
Current Tax Expense For Current Year		35,582,000	81,563,000
Deferred Tax		(20,159,014)	(16,293,617)
<b>Total</b>		<b>15,422,986</b>	<b>65,269,383</b>
<b>Profit After Tax</b>		<b>(103,548,868)</b>	535,179,208
Less : Minority Interest		3,112,716	29,326,311
<b>Profit / (Loss) For The Year</b>		<b>(106,661,584)</b>	<b>505,852,897</b>
<b>Earning Per Share (EPS)</b>			
Basic		(5.28)	19.23
Diluted		(5.02)	18.73

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 Shyam Malpani & Associates**  
Chartered Accountants

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Prabhakar Dalal**  
Director

**V. Raman Kumar**  
Director

**K. D. Hodavdekar**  
Director

**Mukul Desai**  
Director

**Shyam Malpani**  
Proprietor  
Place : Chicago  
Date : May 27, 2016

**Sanjeev Dayal**  
Director  
Place : Mumbai  
Date : May 27, 2016

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary

## Consolidated Cash Flow Statement for the year ended March 31, 2016

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>A. Cash Flow From Operating Activities</b>		
Net Profit / (Loss) Before Extraordinary Items And Tax	(88,125,882)	600,448,591
<b>Adjustments For:</b>		
Depreciation And Amortisation	363,323,550	307,690,027
(Profit) / Loss On Sale / Write Off Of Assets	6,940,850	(4,373,855)
(Profit) / Loss On sale of Investment	730,000	(26,675,387)
Finance Costs	706,889,493	538,681,427
Interest Received	(6,569,544)	(7,632,975)
Sundry Balance Written Off / Provision for Doubtfull Debt	169,817,894	3,144,457
<b>Subtotal</b>	<b>1,241,132,243</b>	<b>810,833,694</b>
Operating Profit / (Loss) Before Working Capital Changes	<b>1,153,006,361</b>	<b>1,411,282,285</b>
<b>Changes In Working Capital:</b>		
Adjustments For (Increase) / Decrease In Operating Assets:		
Inventories	177,003,227	(523,368,867)
Trade Receivables	(1,344,001,584)	(887,433,273)
Short-Term Loans And Advances	(959,777,275)	(604,873,496)
Long-Term Loans And Advances	180,440	8,558,298
Other Current Assets	3,082,028	(44,531,326)
Adjustments For Increase / (Decrease) In Operating Liabilities:		
Trade Payables	985,578,549	142,461,455
Other Current Liabilities	66,964,422	(112,591,667)
Other Long-Term Liabilities	-	(47,400)
Short-Term Provisions	50,681,578	107,973,633
Long-Term Provisions	12,736,657	24,205,491
<b>Subtotal</b>	<b>(1,007,551,958)</b>	<b>(1,889,647,152)</b>
Cash Generated From Operations	<b>145,454,403</b>	<b>(478,364,867)</b>
Net Income Tax (Paid) / Refunds	<b>(39,003,695)</b>	<b>(38,213,187)</b>
<b>Net Cash Flow From / (Used In) Operating Activities (A)</b>	<b>106,450,708</b>	<b>(516,578,054)</b>
<b>B. Cash Flow From Investing Activities</b>		
Capital Expenditure On Fixed Assets, Including Capital Advances	(412,978,806)	(488,951,186)
Proceeds From Sale Of Fixed Assets	40,778,049	42,439,850
Interest Received	6,569,544	7,632,975
<b>Purchase Of Long-Term Investments</b>		
- Investments in Bonds	(1,675,188)	(933,812)
<b>Net Cash Flow From / (Used In) Investing Activities (B)</b>	<b>(367,306,401)</b>	<b>(439,812,173)</b>



**Consolidated Cash Flow Statement for the year ended March 31, 2016**

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>C. Cash Flow From Financing Activities</b>		
Minority Interest	17,287,345	(13,337,507)
Increase in Share Capital including Securities Premium	-	416,000,000
Increase in Warrant Application Money	-	42,000,000
<b>Net Increase / (Decrease) In Working Capital Borrowings</b>	<b>1,043,404,754</b>	<b>986,163,890</b>
<b>Net Increase / (Decrease) In Of Long Term Borrowings</b>	<b>(108,963,176)</b>	<b>202,651,207</b>
Finance Cost	(706,889,493)	(538,681,427)
Foreign Currency Translation Reserve	79,449,470	55,137,128
Dividends Paid	(24,239,795)	(21,119,795)
Tax On Dividend	-	(3,426,824)
<b>Net Cash Flow From / (Used In) Financing Activities (C)</b>	<b>300,049,105</b>	<b>1,137,026,469</b>
<b>Net Increase / (Decrease) In Cash And Cash Equivalents (A+B+C)</b>	<b>39,193,412</b>	<b>180,636,242</b>
<b>Cash And Cash Equivalents At The Beginning Of The Year</b>	<b>838,268,850</b>	<b>657,632,608</b>
<b>Cash And Cash Equivalents At The End Of The Year</b>	<b>877,462,262</b>	<b>838,268,850</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 Shyam Malpani & Associates**  
Chartered Accountants

**Manohar Bidaye**  
Chairman

**Pramoud Rao**  
Managing Director

**Prabhakar Dalal**  
Director

**V. Raman Kumar**  
Director

**K. D. Hodavdekar**  
Director

**Mukul Desai**  
Director

**Shyam Malpani**  
Proprietor  
Place : Chicago  
Date : May 27, 2016

**Sanjeev Dayal**  
Director  
Place : Mumbai  
Date : May 27, 2016

**Hemendra Paliwal**  
Chief Financial Officer

**Kunjan Trivedi**  
Company Secretary

## Notes forming part of the Consolidated Financial Statements

### Significant Accounting Policies

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. Pursuant to Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by central government in consultation and recommendation for the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the Accounting Standards notified under Section 211 (3C) of Companies Act, 1956, (Companies (Accounting Standards) Rules, 2006, as amended) and other relevant provisions of the Companies Act, 2013.

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the company has ascertained its operating cycle to be 12 months for the purpose of current-non-current classification of assets and liabilities.

#### 1.1 Basis of Accounting:

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

#### 1.2 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.

#### 1.3 Principles of Consolidation:

The consolidated financial statements include the financial statements of Zicom Electronic Security Systems Limited (the parent company) and its subsidiaries as detailed herein after. 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.

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:

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, 2013. The significant accounting policies are as follows:

Name of the Subsidiary Company	Country of Incorporation	% of holding as at March 31, 2016
Unisafe Fire Protection Specialists LLC, Dubai, (Consolidated)	Dubai (U.A.E.)	49% in Equity and Profit Sharing in the Ratio of 95% to Company : 5% to Minority (Subsidiary by virtue of control over composition of Board of Directors)
Phoenix International WLL	Qatar	49% in Equity and Profit Sharing in the Ratio of 95% to Company : 5% 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
Unisafe Fire Protection Specialists Singapore Pte. Ltd.	Singapore	100% Subsidiary
Zicom Security Projects Pte. Ltd.	Singapore	100% Subsidiary

## Notes forming part of the Consolidated Financial Statements

### 1.4 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.

### 1.5 Depreciation / Amortisation

#### Tangibles:

Depreciation on fixed assets is provided on useful life in accordance with Schedule II of the Companies Act, 2013.

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.

### 1.6 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.

### 1.7 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.

### 1.8 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.

### 1.9 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.

### 1.10 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.

### 1.11 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 Consolidated Financial Statements

### 1.12 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 capital. Post impairment, depreciation is provided on the revised carrying value of the asset over its remaining useful life.

### 1.13 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.

### 1.14 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.

### 1.15 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.

### 1.16 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 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, 2016	March 31, 2015
Authorised:		
25,000,000 (2015: 25,000,000) Equity shares of ₹ 10 each with voting rights	250,000,000	250,000,000
Issued Subscribed and Paid up:		
20,199,829 (2015:20,199,829) Equity shares of ₹ 10 each with voting rights	201,998,290	201,998,290
<b>Total</b>	<b>201,998,290</b>	<b>201,998,290</b>

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

	2016		2015	
	Number	₹	Number	₹
As per last Balance sheet	20,199,829	201,998,290	17,599,829	175,998,290
Add: Issued during the year	-	-	2,600,000	26,000,000
Outstanding at the end of the year	20,199,829	201,998,290	20,199,829	201,998,290

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

	As at March 31, 2016		As at March 31, 2015	
	Nos.	Percentage	Nos.	Percentage
Baronet Properties & Investments Pvt. Ltd	1,535,652	7.60%	1,535,652	7.60%
Coronet Properties & Investments Pvt. Ltd.	1,386,286	6.86%	1,386,286	6.86%
Aark Singapore Pte. Ltd.	2,180,268	10.79%	2,900,000	14.36%
V. Raman Kumar*	400,000	1.98%	400,000	1.98%
Atim Kabra	1,040,850	5.15%	1,040,850	5.15%
Frontline Strategy Limited#	259,150	1.28%	259,150	1.28%
Sudha Darab Dubash	665,000	3.29%	665,000	3.29%
Arvind Darab Dubash	650,000	3.22%	650,000	3.22%
Darab Dubash Private Limited@	35,000	0.17%	35,000	0.17%

\*Is a Director and Shareholder holding 100% share capital in Aark Singapore Pte. Ltd. and hence both are PAC of each other.

# Is a Company wherein Mr. Atim Kabra is a Director and Shareholder holding 100% share capital, directly and indirectly, and hence both are PAC of each other.

@ Is a Company wherein Mrs. Sudha Darab Dubash and Mr. Arvind Darab Dubash are Directors and Shareholders holding 100% share capital, jointly, and hence all are PAC of each other.

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<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	1,170,916,443	780,916,443
Received During Year	-	390,000,000
Closing Balance	1,170,916,443	1,170,916,443
<b>General Reserve</b>		
As per Last Balance Sheet	29,600,000	27,100,000
Add: Transferred from surplus in Statement of Profit and Loss	-	2,500,000
Closing balance	29,600,000	29,600,000
<b>Legal Reserve</b>	72,885,560	68,503,423
<b>Foreign Currency Translation Reserve</b>	301,018,483	225,951,150
<b>Surplus / (Deficit) in Statement of Profit and Loss</b>		
As per Last Balance Sheet	1,867,957,085	1,439,640,634
Add: Transfer of Economic Interest	-	-
Add: Profit / (Loss) for the year	(106,661,584)	505,852,897

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
Less: Appropriation		
Proposed Dividend	10,099,915	24,239,795
Tax on Dividend	2,056,105	4,934,641
Adjustment Relating to Fixed Asset	-	4,502,111
Transferred to General Reserve	-	43,859,899
Balance in Profit and Loss Account	1,749,139,481	1,867,957,085
<b>Total</b>	<b>3,397,059,967</b>	<b>3,436,428,101</b>
<b>Note 3 Long-term borrowings</b>		
<b>Term loans</b>		
1. Foreign Currency Bank Loan (Secured)	339,413,524	455,787,071
2. Foreign Currency Bank Loan (Secured)	182,187,500	326,917,500
3. Foreign Currency Bank Loan (Secured)	153,640,077	158,366,735
4. Indian Rupee Bank Loan (Secured)	467,446,927	509,808,737
5. Vehicle Loan	4,379,787	3,812,203
<b>From Others (Unsecured)</b>		
Loan I	32,507,546	-
<b>Total</b>	<b>1,179,575,361</b>	<b>1,454,692,246</b>

Term Loan 1 is secured by first charge on entire immovable and movable assets and cash flow of the company and acquired company. It is further secured by the pledge of 100% share of the company and 49% of the acquired company and personal guarantee of two directors.

Term Loan 2 above is secured by Stand by Letter of Credit issued by the bank.

Term Loan 3 above is secured by Exclusive Charge on Plant & Machinery of the Project and further secured by Personal Guarantees of two Directors.

Term Loan 4 is secured by the first charge on Fixed Assets of the Company and further secured by the Personal Guarantee of one of the Directors. It is further secured by pledge of 9,000,000 shares of the Company held by the Holding Company and 100,000 share of holding company held by one of the Director.

Term Loan 5 above is secured against the asset funded.

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>Note 4 Deferred Tax Liability (Net)</b>		
<b>Deferred Tax Liability</b>		
Impact of difference between depreciation under Income Tax and Company Law	29,196,529	49,209,543
<b>Total</b>	<b>29,196,529</b>	<b>49,209,543</b>
<b>Deferred Tax Assets</b>		
Business Losses	5,721,356	5,721,356
Provision for Diminution in Value of Investments	1,200,000	1,054,000
	6,921,356	6,775,356
<b>Total</b>	<b>22,275,173</b>	<b>42,434,187</b>
<b>Note 5 Other Long-Term Liabilities</b>		
Deposit	13,195,342	13,195,342
<b>Total</b>	<b>13,195,342</b>	<b>13,195,342</b>
<b>Note 6 Long Term Provisions</b>		
For Leave Encashment	81,920,477	69,183,820
<b>Total</b>	<b>81,920,477</b>	<b>69,183,820</b>

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>Note 7 Short-Term Borrowings</b>		
<b>From Banks</b>		
1. Cash Credit from Banks (Secured)	1,252,450,326	910,954,126
2. Cash Credit from Banks (Secured)	56,446,176	44,814,954
3. Cash Credit from Banks (Secured)	2,817,774,397	2,319,447,956
4. Cash Credit from Banks (Secured)	391,457,913	401,701,529
5. Cash Credit from Banks (Secured)	22,734,444	21,377,139
6. Short Term Loan	132,500,000	-
7. Short Term Loan	50,000,000	-
8. Vehicle Loan	-	1,385,623
<b>From Others</b>		
1. Unsecured	19,722,825	-
<b>Total</b>	<b>4,743,086,081</b>	<b>3,699,681,327</b>

**Notes:**

Cash Credit from Banks 1 and Part of Banking Facilities mentioned in clause (a) and (b) of Notes 27.1 are secured by the (a) first charge ranking pari passu on current assets of the company (b) 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 Bengaluru and (c) negative lien on Delhi Property. Further secured by Pledge of 925,000 shares of the Company held by Promoter Group Companies and Personal Guarantee of two Directors.

Cash Credits from Banks 2 and Part of Banking Facilities mentioned in clause (a) and (b) of Notes 27.1 are secured by the first charge on current assets of the company and second charge by way of hypothecation of Plant & Machinery, and other fixed assets. Further secured by Personal Guarantee of one Director.

Cash Credits from Banks 3 and Part of Banking Facilities mentioned in clause (a) and (b) of Notes 27.1 are secured by charge on inventories, assignment of contract receivables from certain customers, lien on FDR held with banks, pledge of 1,030,100 equity shares of the company held by Promoter and Promoter Group Companies, Personal Guarantees of two Directors of the Company.

"Cash Credit from Banks 4 and Part of Banking Facilities mentioned in clause (a) and (b) of Notes 27.1 are secured by first charge on entire immovable and movable assets of the company. It is further secured by the pledge of 100% share of the company and 49% of the acquired company and personal guarantee of two directors of the company."

Cash Credit from Banks 5 and Part of Banking Facilities mentioned in clause (a) and (b) of Notes 27.1 are secured by Personal guarantee of one of the directors of the company and assignment of the Insurance Policy.

Short Term Loan 6 and Term Loan 2 against SBLs under Note 3 are 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 Bengaluru and second charge on Current Assets of the company. It is further secured by pledge of 500,000 equity share of company held by Promoter Group Company.

Short Term Loan 7 is secured by the mortgage of the property owned by the Director of the Company.

Vehicle Loan 8 above is secured against the asset funded.

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>Note 8 Trade Payables</b>		
Acceptances	1,559,225,043	708,172,527
Others	732,212,643	597,686,610
<b>Total</b>	<b>2,291,437,686</b>	<b>1,305,859,137</b>
<b>Note 9 Other Current Liabilities</b>		
Current maturities of long-term debt <sup>#</sup>	5,688,00,000	402,646,291
Unpaid Dividends	1,908,453	1,754,724
Advances from Customers	124,052,834	148,762,589
Taxation (Net of Advance Payment)	39,699,904	43,121,599
Other Payable	263,727,290	172,206,842
<b>Total</b>	<b>998,188,481</b>	<b>768,492,045</b>

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

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>Note 10 Short-Term Provisions</b>		
For Gratuity	202,454,495	146,838,276
For Proposed Equity Dividend	10,099,915	24,239,795
For Tax on Proposed Dividend	2,056,105	4,934,641
<b>Total</b>	<b>214,610,515</b>	<b>176,012,712</b>
<b>Note 12 Non Current Investments</b>		
Trade Investments (Valued at cost unless Stated otherwise)		
<b>Investments in Other Group Company</b>		
120,000 (2015: 120,000) Shares having Face Value of ₹ 10 Per Share in ASTM Skills Private Limited (formerly known as 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>		
<b>Investments in Other Group Company</b>		
7,250,000 (2015: 7,250,000) 1% Non-Cumulative Optionally Convertible Preference Shares having Face Value of ₹ 10 Per Share in ASTM Skills Private Limited (formerly known as Institute of Advanced Security Training & Management Private Limited)	72,500,000	72,500,000
<b>Total</b>	<b>72,500,000</b>	<b>72,500,000</b>
<b>Non Trade Investment</b>		
<b>Quoted Equity Instruments</b>		
200,000 (2015: 200,000) Equity Shares having Face Value of ₹ 10 Per Share in Vintage Cards & Creation Ltd.	-	730,000
[At cost less provision for other than temporary diminution ₹ 6,000,000 (2015: ₹ 5,270,000)]		
<b>Total</b>	<b>-</b>	<b>730,000</b>
<b>Unquoted Equity Instruments</b>		
2,500 (2015: Nil) Equity share having face value of ₹10 Per Share in Saraswat Co-op Bank Ltd.	25,000	
<b>Total</b>	<b>25,000</b>	<b>-</b>
<b>Investment in Bonds</b>		
15,200 (2015: 15,200) Bonds of Anka's Sukuk Ltd.	27,420,800	25,770,612
<b>Total</b>	<b>27,420,800</b>	<b>25,770,612</b>
<b>Total</b>	<b>101,145,800</b>	<b>100,200,612</b>
Aggregate amount of quoted investment [Market value: Nil (2015: ₹ 382,000)]	27,420,800	26,500,612
Unquoted Investments	73,700,000	73,700,000
Aggregate Value of Diminution	6,000,000	5,270,000
<b>Note 13 Long-Term Loans and Advances</b>		
<b>Unsecured, Considered Good</b>		
Deposits	698,795	879,235
<b>Total</b>	<b>698,795</b>	<b>879,235</b>
<b>Note 14 Inventories</b>		
(At lower of cost and net realisable value)		
Finished Goods	1,735,338,795	1,912,342,022
<b>Total</b>	<b>1,735,338,795</b>	<b>1,912,342,022</b>



## Notes forming part of the Consolidated Financial Statements

### Note 11 Fixed assets

(Amount in ₹)

Tangible assets	Gross block			Depreciation			Net Block			
	As on April 1, 2015	Additions	Deductions	As on March 31, 2016	Up to March 31, 2015	For the Year	Deductions/ Adjustment	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Freehold Land	16,982,508	-	-	16,982,508	-	-	-	-	16,982,508	16,982,508
Buildings	22,823,659	-	-	22,823,659	7,576,802	329,330	-	7,906,132	14,917,527	15,246,857
Plant and Equipment	1,050,375,695	585,216,280	52,116,884	1,583,475,091	470,423,692	223,663,531	5,379,069	688,708,154	894,766,937	579,952,003
Furniture and Fixtures	94,977,623	7,097,337	645,634	101,429,326	53,604,595	13,087,823	645,634	66,046,784	35,382,542	41,373,028
Vehicles	64,651,056	2,253,196	3,751,058	63,153,194	41,645,408	8,524,109	3,094,932	47,074,585	16,078,609	23,005,648
Office equipment	57,199,851	2,228,682	-	59,428,533	36,845,056	7,724,289	161,029	44,408,316	15,020,217	20,354,795
Leasehold improvements	18,866,843	1,557,721	-	20,424,564	16,614,732	1,496,444	-	18,111,176	2,313,388	2,252,111
<b>Total</b>	<b>1,325,877,235</b>	<b>598,353,216</b>	<b>56,513,576</b>	<b>1,867,716,875</b>	<b>626,710,285</b>	<b>254,825,526</b>	<b>9,280,664</b>	<b>872,255,147</b>	<b>995,461,728</b>	<b>699,166,950</b>

(Amount in ₹)

Intangible assets	Gross block			Accumulated depreciation and impairment			Net Block			
	As on April 1, 2015	Additions	Deductions	As on March 31, 2016	Up to March 31, 2015	For the Year	Deductions/ Adjustment	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Goodwill on Consolidation as per AS - 21	846,178,815	-	-	846,178,815	323,297,995	84,780,710	-	408,078,705	438,100,110	522,880,820
Goodwill	201,920,978	-	-	201,920,978	90,864,449	20,192,100	-	111,056,549	90,864,429	111,056,529
Computer software	19,736,655	-	-	19,736,655	9,065,933	3,525,214	-	12,591,147	7,145,508	10,670,722
<b>Total</b>	<b>1,067,836,448</b>	<b>-</b>	<b>-</b>	<b>1,067,836,448</b>	<b>423,228,377</b>	<b>108,498,024</b>	<b>-</b>	<b>531,726,401</b>	<b>536,110,047</b>	<b>644,608,071</b>
Capital Work in Progress									491,267,351	676,641,761
<b>Grand Total</b>	<b>2,393,713,683</b>	<b>598,353,216</b>	<b>56,513,576</b>	<b>2,935,553,323</b>	<b>1,049,938,662</b>	<b>363,323,550</b>	<b>9,280,664</b>	<b>1,403,981,548</b>	<b>2,022,839,127</b>	<b>2,020,416,783</b>
Previous year	2,223,169,681	202,237,418	31,693,416	2,393,713,683	758,049,332	307,690,027	15,800,697	1,049,938,662	2,020,416,783	1,855,048,342

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>Note 15 Trade Receivables</b>		
<b>Unsecured and considered Good</b>		
Debts outstanding for more than six months	2,589,720,610	346,697,104
Other Debts	3,349,372,026	4,285,820,942
<b>Total</b>	<b>5,939,092,636</b>	<b>4,632,518,046</b>
Provision for Doubtful Debt	(199,650,773)	(67,259,873)
<b>Total</b>	<b>5,739,441,863</b>	<b>4,565,258,173</b>
<b>Note 16 Cash and Cash Equivalents</b>		
<b>Balances with banks</b>		
In Current Accounts	30,433,792	82,782,431
Unpaid Dividend Accounts	1,908,453	1,754,724
<b>Cash on hand</b>	<b>11,398,312</b>	<b>8,837,955</b>
<b>Other Bank Balance</b>		
Deposit with original maturity less than 12 months	432,426,152	377,537,019
Fixed Deposit Receipt - Margin Money	401,295,553	367,356,721
<b>Total</b>	<b>877,462,262</b>	<b>838,268,850</b>
<b>Note 17 Short Term Loans and Advances</b>		
<b>Unsecured, considered Good</b>		
Loans to Subsidiary Companies	-	-
Advance Recoverable in Cash or kind	2,176,109,180	1,602,972,498
Amount Recoverable from Statutory Authority	20,133,718	18,836,425
Security deposits	28,704,233	19,233,005
Loans and advances to employees	4,558,274	11,038,368
Advance to supplier	796,967,749	414,615,583
<b>Total</b>	<b>3,026,473,154</b>	<b>2,066,695,879</b>
<b>Note 18 Other Current Assets</b>		
<b>Unsecured, considered good</b>		
Prepaid Expenses	94,275,219	74,030,914
Others	-	23,326,333
<b>Total</b>	<b>94,275,219</b>	<b>97,357,247</b>
<b>Note 19 Revenue from Operation</b>		
Sales	10,663,696,649	11,054,034,242
Services	515,047,193	27,137,109
<b>Total</b>	<b>11,178,743,842</b>	<b>11,081,171,351</b>
<b>Note 20 Other Income</b>		
<b>Interest income</b>		
From Banks	6,569,544	7,632,975
From Subsidiary	-	-
From Others	-	-
Rent Received	2,400,000	24,00,000
<b>Other Non-Operating Income</b>		
Other	31,433,594	37,324,313
<b>Total</b>	<b>40,403,138</b>	<b>47,357,288</b>

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>Note 21 Cost of Materials Consumed</b>		
Cost of Materials Consumed	4,742,260,296	4,910,937,843
<b>Total</b>	<b>4,742,260,296</b>	<b>4,910,937,843</b>
<b>Note 22 Purchase of Traded Goods</b>		
Materials and Related Expenses	4,156,466,004	3,671,402,530
<b>Total</b>	<b>4,156,466,004</b>	<b>3,671,402,530</b>
<b>Note 23 Changes in Inventories</b>		
<b>Inventories at the end of the year:</b>		
Finished Goods	666,816,643	547,308,088
<b>Total</b>	<b>666,816,643</b>	<b>547,308,088</b>
<b>Inventories at the beginning of the year:</b>		
Stock-in-trade	547,308,088	397,371,983
<b>Total</b>	<b>547,308,088</b>	<b>397,371,983</b>
<b>Net (increase) / decrease</b>	<b>(119,508,555)</b>	<b>(149,936,105)</b>
<b>Note 24 Employee Expense</b>		
Salaries and Wages	735,385,165	709,574,846
Contribution to Provident and Other Funds	17,269,340	46,927,423
Staff welfare expenses	28,880,307	41,138,568
<b>Total</b>	<b>781,534,812</b>	<b>797,640,837</b>
<b>Note 25 Finance Costs</b>		
Interest	603,568,145	478,081,187
Bank Charges	95,930,599	66,724,486
Net (Gain) / Loss on Exchange Fluctuation	7,390,749	(6,124,246)
<b>Total</b>	<b>706,889,493</b>	<b>538,681,427</b>
<b>Note 26 Other Expenses</b>		
Advertisement	12,275,183	20,634,140
Auditor's Remuneration	3,780,909	3,244,746
Business Promotion	18,631,438	16,743,514
Communication	21,214,294	24,768,496
Directors' Sitting Fees	498,000	853,737
Donations And Contributions	851,000	1,700,040
Insurance	17,146,863	22,021,554
Legal And Professional	87,754,723	65,292,748
Membership & Subscription	45,411	62,999
Power and Fuel	20,363,807	14,691,017
Printing And Stationery	9,965,189	10,836,244
Rates And Taxes	7,829,931	13,405,362
Rent and Compensation	171,400,427	118,456,722
Repairs And Maintenance - Buildings	9,500	16,005
Repairs And Maintenance - Machinery	7,469,293	2,232,457
Repairs And Maintenance - Others	1,250,995	7,991,495

## Notes forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
Sales Commission	-	-
Staff Training & Recruitment	1,404,263	1,828,259
Travelling And Conveyance	1,00,292,418	78,812,537
Sundry Balances Written off / (Written Back) (Net)	7,355,894	3,144,457
Provision for Doubtful Debt	162,462,000	23,373,980
Loss on Sale/Discard of Fixed Assets	6,940,850	1,811,543
Diminuation of Investments	730,000	-
Miscellaneous Expenses	16,634,874	19,741,437
<b>Total</b>	<b>676,307,262</b>	<b>451,663,489</b>
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As Auditors - Statutory Audit	2,879,618	2,623,340
For Other Services	905,791	621,406
<b>Total</b>	<b>3,785,409</b>	<b>3,244,746</b>

**Note 27 Additional information to the Consolidated Financial Statements****27.1 Contingent liabilities and commitments (to the extent not provided for)**

(a) Letters of Credit by Bank	151,957,243	284,675,059
(b) Bank Guarantee	578,831,182	475,301,923
(c) Sales Tax Matters	21,675,803	Nil
(d) Claim Lodged by Customers Not Acknowledged as Debt	295,050	Nil

# SBLC is secured by first charge by way of hypothecation of moveable Machinery and other Fixed Assets and Equitable Mortgage of properties situated at Mumbai and Bengaluru and second charge on the Current Assets of the Company. It is further secured by pledge of 500,000 Equity Shares of the Company held by Promoter Group Company.

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
<b>27.2 Earnings Per Share (EPS): Equity Shares of ₹ 10, fully paid-up</b>		
<b>A. Profit / ( Loss) as per statement of Profit and Loss</b>		
Basic	(106,661,584)	505,852,897
Diluted	(106,661,584)	505,852,897
<b>B. Weighted Average No of Equity Shares</b>		
Basic	20,199,829	17,899,007
Diluted	21,249,829	18,042,843
<b>C. Earning Per share</b>		
Basic	(5.28)	28.26
Diluted	(5.02)	28.04

**27.3 Related Party Transactions****Details of related parties:**

Description of relationship	Names of related parties
Other Group Company (OGC)	ASTM Skills Pvt. Ltd. (formerly known as Institute for Advanced Security Training and Management Pvt. Ltd.)
Promoter Group Companies (PGC)	Baronet Properties & Investments Private Limited
Promoter Group Companies (PGC)	Coronet Properties & Investments Private Limited
Promoter Group Companies (PGC)	GSD Properties & Trading Pvt Ltd
Promoter Group Companies (PGC)	Chaitrban Farms Private Limited
Key Management Personnel (KMP)	Mr. Manohar Bidaye
Key Management Personnel (KMP)	Mr. Pramoud Rao

**Note:** Related parties have been identified by the Management.

## Notes forming part of the Consolidated Financial Statements

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

(Amount in ₹)

Particulars	OGC		KMP	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
<b>Transactions during the year</b>				
Purchase	Nil	Nil	Nil	Nil
Sale	139,200	219,613	Nil	Nil
Rent	2,400,000	2,400,000	Nil	Nil
Advances	52,539,700	35,575,000	Nil	Nil
Loans taken	Nil	Nil	14,900,000	3,200,000
Remuneration Paid	Nil	Nil	9,246,180	8,881,980
<b>Balances outstanding at the end of the year</b>				
Advances	99,089,937	35,575,000	Nil	Nil
Trade Receivables / Payable	Nil	10,975,237	4,021,036	Nil

(Amount in ₹)

Particulars	PGC	
	March 31, 2016	March 31, 2015
<b>Transactions during the year</b>		
Loans & Advances	64,900,000	11,100,000
Preferential Issue of Shares / Warrants	Nil	42,000,000
<b>Balances outstanding at the end of the year</b>		
Loans & Advances	Nil	Nil

### 27.4 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 26).

Future minimum lease payments under non cancellable operating lease:

(Amount in ₹)

Particulars	March 31, 2016	March 31, 2015
Not later than one year	5,835,579	20,315,043
Later than one year and not later than five years	136,438	1,049,800
Later than five years	Nil	Nil
Lease Payment made during the year recognised in the statement of profit and loss account	171,400,427	118,456,722

27.5 Pursuant to the enactment of Companies Act 2013, the company has applied the estimated useful lives as specified in Schedule II except in respect of certain assets as disclosed in Accounting Policy on Depreciation, Amortisation and Depletion. Accordingly the unamortised carrying value is being depreciated/amortised over the revised / remaining useful lives. The written down value of Fixed Assets whose lives have expired as at April 1, 2014 have been adjusted in the opening balance of Statement of Profit and Loss amounting to ₹4,502,111.

27.6 Based on technical valuation report the Company has revised estimated useful life of certain Plant & Machinery resulting in reduction in depreciation by ₹18,782,867.

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

### In terms of our report attached.

For Shyam Malpani & Associates  
Chartered Accountants

Shyam Malpani  
Proprietor  
Place : Chicago  
Date : May 27, 2016

Manohar Bidaye  
Chairman

V. Raman Kumar  
Director

Sanjeev Dayal  
Director  
Place : Mumbai  
Date : May 27, 2016

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

Pramoud Rao  
Managing Director

K. D. Hodavdekar  
Director

Hemendra Paliwal  
Chief Financial Officer

Prabhakar Dalal  
Director

Mukul Desai  
Director

Kunjan Trivedi  
Company Secretary





# ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED

CIN: L32109MH1994PLC083391

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

Tel.: 22 4290 4290, Fax: 22 4290 4291, Email: [investors@zicom.com](mailto:investors@zicom.com), Website: [www.zicom.com](http://www.zicom.com)



## Form No. MGT-11

### PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

22<sup>nd</sup> Annual General Meeting (AGM) - September 29, 2016

Name of the Member(s): _____
Registered Address: _____
_____ E-mail Id: _____
Folio No. / Client ID*: _____ DP ID*: _____

I / We, being the Member(s) of \_\_\_\_\_ equity shares of the above named Company, hereby appoint

Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

or failing him / her

Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

Signature: \_\_\_\_\_

or failing him / her

Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_

Address: \_\_\_\_\_

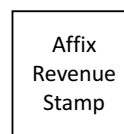
Signature: \_\_\_\_\_

as my / our proxy, to attend and vote (on a poll) for me / us and on my / our behalf at the Twenty Second Annual General Meeting of the Company, to be held on Thursday, September 29, 2016 at 10:30 a.m. at M.I.G. Cricket Club, M.I.G. Colony, Ramakrishna Paramahans Marg, Bandra (East), Mumbai 400051 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No.	Resolution	Vote (Optional see Note 4)	
		For	Against
<b>ORDINARY BUSINESS</b>			
1	Ordinary Resolution to consider and adopt: a. Financial Statements of the Company, including the audited Balance Sheet, the Statement of Profit and Loss, Report of the Board of Directors and Auditors for the financial year ended March 31, 2016; and b. the Audited Consolidated Financial Statements of the Company and Auditors Report for the financial year ended March 31, 2016		
2	Ordinary Resolution to declare Dividend for the financial year ended March 31, 2016		
3	Ordinary Resolution to appoint a Director in place of Mr. Manohar Bidaye who retires by rotation and being eligible, offers himself for re-appointment		
4	Ordinary Resolution to appoint M/s. S M M P & Associates, Chartered Accountants, as the Auditors of the Company		
<b>SPECIAL BUSINESS</b>			
5	Ordinary Resolution to appoint Mr. Sanjeev Dayal, as an Independent Director of the Company		
6	Special Resolution to re-appoint Mr. K. D. Hodavdekar, as an Independent Director of the Company		
7	Special Resolution to re-appoint Mr. Prabhakar Dalal, as an Independent Director of the Company		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

\_\_\_\_\_  
Signature of Member(s)



\_\_\_\_\_  
Signature of Proxy holder(s)

**Note:**

1. This Proxy Form, in order to be effective, should be duly stamped, completed, signed and deposited, at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. A Proxy need not be a Member of the Company.
3. For the Resolutions and Explanatory Statement, please refer to the Notice of the Twenty Second Annual General Meeting.
4. It is optional to indicate your preference. Please put 'X' in the appropriate column against the Resolution indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all of the Resolutions, your Proxy will be entitled to vote in the manner as he / she may deem appropriate.

\* Applicable for Members holding shares in electronic form.





# ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED

CIN: L32109MH1994PLC083391

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

Tel.: 22 4290 4290, Fax: 22 4290 4291, Email: [investors@zicom.com](mailto:investors@zicom.com), Website: [www.zicom.com](http://www.zicom.com)



*Feel Safe*

## ATTENDANCE SLIP

22<sup>nd</sup> Annual General Meeting (AGM) - September 29, 2016

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 Twenty Second Annual General Meeting of the Company held on Thursday, September 29, 2016, at 10:30 a.m. at M.I.G. Cricket Club, M.I.G. Colony, Ramakrishna Paramahans Marg, Bandra (East), Mumbai 400051.

\_\_\_\_\_  
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 Members holding shares in electronic form.



*Feel Safe*

**Zicom Electronic Security Systems Ltd.**

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

Tel. : +91 22 4290 4290 | Fax. : +91 22 4290 4291