



Feel Safe



Security.
Service.
Peace of
Mind.

All delivered at your doorstep.

Forward-looking statement

In this Annual Report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', '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 realized, although we believe we have been prudent in assumptions. The achievements of results are subject to risks, uncertainties, and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated, or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Contents

02-24

Corporate Overview

- 02 About Zicom
- 04 Giving peace of mind pays!
- 12 Chairman's communique
- 14 Intelligent eye
- 15 Service offerings
- 16 Partnering for more
- 17 Journey of excellence in security
- 18 Profile of Board of Directors
- 20 Partnering for a safer community

25-80

Statutory Reports

- 25 Notice
- 30 Directors' Report
- 43 Corporate Governance Report
- 67 Management Discussion and Analysis

81-134

Financials

- 81 Standalone Financial Statements
- 112 Consolidated Financial Statements

The question
of safety and
security is
critical in
a world in
which crime
rates are
escalating at
an alarming
pace.

Constant electronic surveillance can help make a difference.

The electronic security systems are expensive and difficult to maintain.

However, Zicom's security systems and extensive spectrum of services provide affordable security at doorsteps of customers all year round.

At Zicom, we provide innovative security services that offer not just security, but also Business Intelligence, Comfort, Convenience and generate quantifiable Returns on Investments.

The result is enduring peace of mind for customers and significant value for all stakeholders.



You
have 10
things
to do.
We have
just one.
Your
security.

From a project-based security company almost two decades ago to a Technology-enabled Security Services' company. Being a pioneer in India, we offer the country's citizens with electronic security products and services. Over the years, we have carved out a niche for ourselves as India's largest electronic security services provider. We have advanced in the most customer-focused manner, evolving and transforming with every passing day to cater to changing customer needs.



Vision

To be the Company you Trust the most
To Protect what you Value the most



Mission Statement

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

Being first



**Indian Electronic Security
Systems Company**

To launch electronic security in India

To be listed on Indian stock exchanges

To introduce a Monitoring Station in the form of Zicom Command Centre

To introduce wireless security equipment for homes and businesses

To introduce Security Services called e-SaaS (Electronic Security as a Service)

To set our footprints in the international market becoming an Indian MNC in the Safety Domain

Investor ticker

Listed on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited

NSE Code: ZICOM

BSE Code: 531404

Product profile



InTouch

Video Alarm System based on Push Technology



Safehomes

- Home Alarm System
- Fingerprint Locks
- Video Door Phones
- Multi-Apartment Video Door Phones



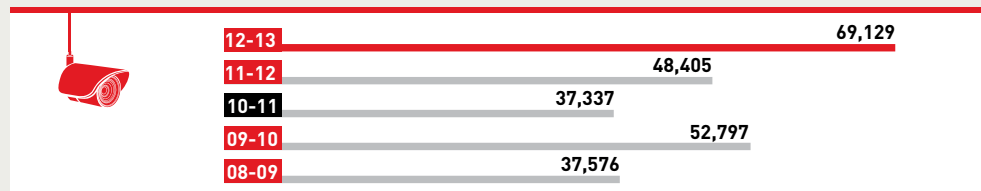
Safebusiness

- CCTV Surveillance System
- Fire Alarm System
- Access Control System

Giving peace of mind pays!

Revenue

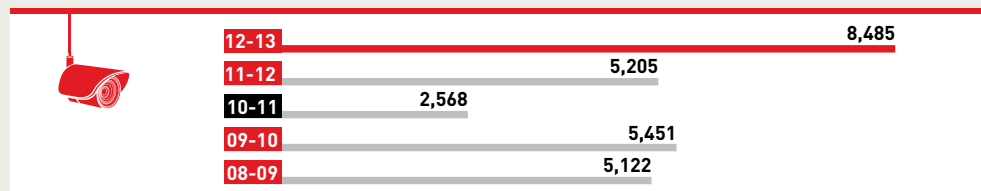
(₹ in Lakh)



16.46%
CAGR growth

EBIDTA

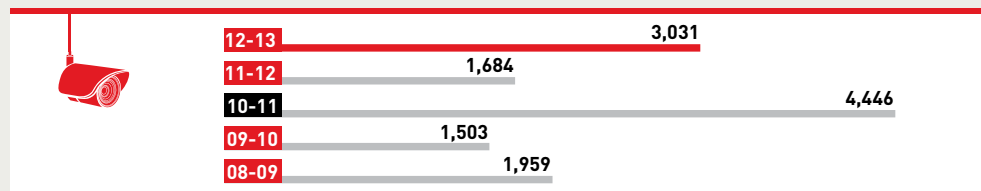
(₹ in Lakh)



13.45%
CAGR growth

Profit after Tax

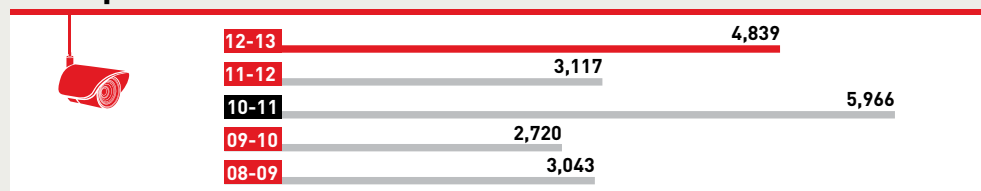
(₹ in Lakh)



11.53%
CAGR growth

Cash profit

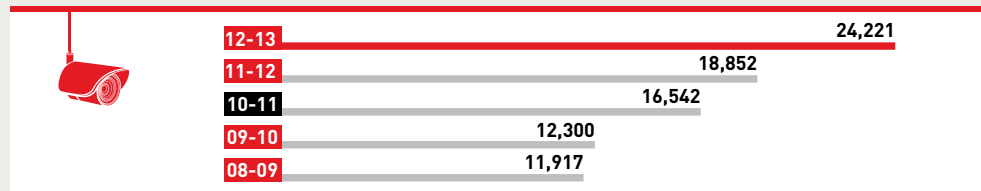
(₹ in Lakh)



12.30%
CAGR growth

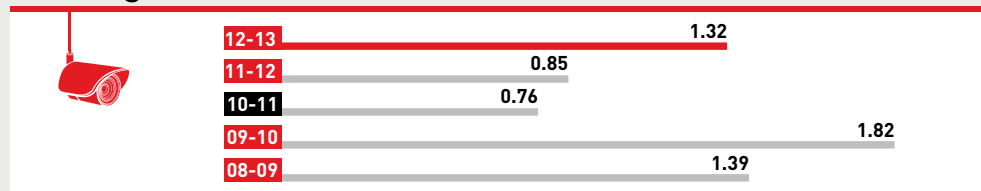
Networth

(₹ in Lakh)



19.40%
CAGR growth

Gearing ratio



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

Safer countries. Sustainable revenues.

1995



Present in India

₹ 0.03

crore of revenue

2000



Present in India

₹ 12.31

crore of revenue

2005



Present in India

₹ 57.72

crore of revenue

2010



Present in India
and UAE

₹ 527.97

crore of revenue

2013



Present in India,
UAE and Qatar

₹ 691.29

crore of revenue



Awards and accolades

- Recognised as '**Brand of Excellence**' in Electronic Security by VAR India IT Forum in 2013
- Recognised for **Technology Innovation in Electronic Security Industry** by Frost & Sullivan India Electronic Awards 2013
- Crowned as the '**Most Preferred Security Equipment Brand**' by Indian Home Awards 2012
- Awarded '**The Best Surveillance Brand**' by VAR India IT Forum in 2012
- Conferred with the '**Most Innovative Products of the year**' award by National Computrade News in recognition for outstanding performance and contribution in various segments of IT Networking and Solutions
- Recognised as '**Evangelist of the year**' in Electronic Security category by VAR India
- Recognised as among the **Top 100 Most Trusted ICT Brands of India** in the category of Electronic Security Solution Provider



Round-the-clock **security**

Our pioneering e-SaaS module is a revolutionary service offering that changed the face of India's electronic security industry.

At Zicom, we introduced the e-SaaS module - a new-age, user-friendly electronic service to ensure the security and safety of our customers in a hassle-free manner.

This unique offering aims to add a new dimension to India's electronic security industry. Along with the basic offerings, it also brings in value-added services like business intelligence, loss prevention, comfort and convenience. Our e-SaaS model is offered to Enterprises as well as Housing Societies. The e-SaaS model for Housing Societies is marketed under the Program called 'Make Your City Safe'.

The e-SaaS model offered by us is unique in more ways than one. With a range of alerts and surveillance systems within its ambit, it prioritises security for one and all. At Zicom, we provide our customers with a Cloud-based, technology-enabled, holistic electronic security services. We own and manage the technology, helping the customers use them in a hassle-free manner.

Our Command Centre is equipped with state-of-the-art software and is manned with 30 security vigilance officers who are first Responders in case of a security alert from any of the subscriber's premise. This ensures round-the-clock security, 365 days a year. Backed by Cloud-based technology, this Command Centre provides real-time feedback on intrusion and unwanted activities. It records the data and keeps a back up. Besides, the staffs also ensure proper, round-the-clock functioning of the devices.

We successfully reached out to maximum people with our e-SaaS model. Our Make Your City Safe Campaign assists us in delivering comprehensive security services to over 1,200 housing societies in Mumbai and its suburbs, making lives of the residents safer and more secure.



From safe to safest

"Earlier, with security personnel manning our gates, we were safe. But it was not enough to ensure the peace of mind. The launch of 'Make Your City Safe' initiative made a significant difference. We are now protected from all kinds of possible danger. Zicom helps us with its round-the-clock monitoring of our society and assures the safety and security of our near and dear ones."

Mr. Mahesh Jinatra, Secretary, Hetali Om Shivam CHS



Security as a Service – the Zicom way!

Security as Product

- Need to invest huge capex for purchasing security product
- Maintenance charges have to be paid
- Have to monitor the functioning of the system to ensure it works 24 x 7
- Customer Intervention required for technical support
- Emergency response management service not available
- No opportunity to upgrade system; investment in new system is inevitable
- No chance of purchase risk mitigation
- Software upgrades come at additional charges
- Significant one-time investment and interest loss on the investment
- No service support or after-sales service available

Security as a Service

- No capital expenditure
- No recurring AMC charges
- No hassles of managing or owning the system
- Remote health monitoring and customer technical support, 24 x 7 for 365 days
- Emergency response management service
- System upgrade after 40 months at a nominal cost
- Mitigation of purchase risk
- Free software upgrades
- Smart cash flow management
- Services support in over 400 cities in India



Innovatively **secure**

Technology and security are highly interconnected in this modern world. With the world of technology evolving at a high speed, security is no more the same. With every passing day, it is becoming sharper and smarter to shape a safer tomorrow.

We blend innovative Ideas and Technology to guarantee the best security solutions to our customers. In recent times, we continuously upgraded ourselves, and launched new and innovative products.

In view of the security breaches faced by people, we carefully crafted our products and solutions to cater to the present needs and anticipate future customer requirements. Our devices, backed by our service offerings, mitigates the chances of a security breach, thereby giving the customer complete peace of mind. From audio-based home alarm systems to push video alarm system operating on real-time Cloud-based services, our gadgets are equipped with state-of-the-art technologies to ensure security and safety of our discerning customers.

Our innovative approach towards serving the customers are clearly visible in our business model. We emerged as the pioneers in India to launch security as a service to cater to our wide customer base. This enables the customers to use the products without purchasing them. Besides, we are also responsible to ensure proper functioning of the products. Thus, our

customer-focused business model helps to save both, their time and money.

We launched several innovative services to secure:

- Family at home through (e-Alert)
- Lives and property at offices (e-Sense)
- Return on investments in businesses (e-Watch, e-Attend and e-Count)

Our passionate approach towards delivering customised products and solutions helps us provide our customers with a combination of value for money and peace of mind.

Our Cloud-based services provide real-time reporting with a remote configuration and management of each unit. We report employee data on a daily / weekly / monthly basis, providing a statistical data for optimum analysis and ensuring complete security.



A new partner in business - security

"One of the greatest challenges we were facing as retailers with a national presence was managing the service levels offered to customers across all stores countrywide. The Zicom team enabled us to closely monitor the customer experience provided by sales staff at all stores from the head office itself. Now our operations team is able to work more efficiently with the sales team to increase customer satisfaction and in turn, deliver higher per store revenue."

Mr. Nazim Virji, Partner, Regal Shoes

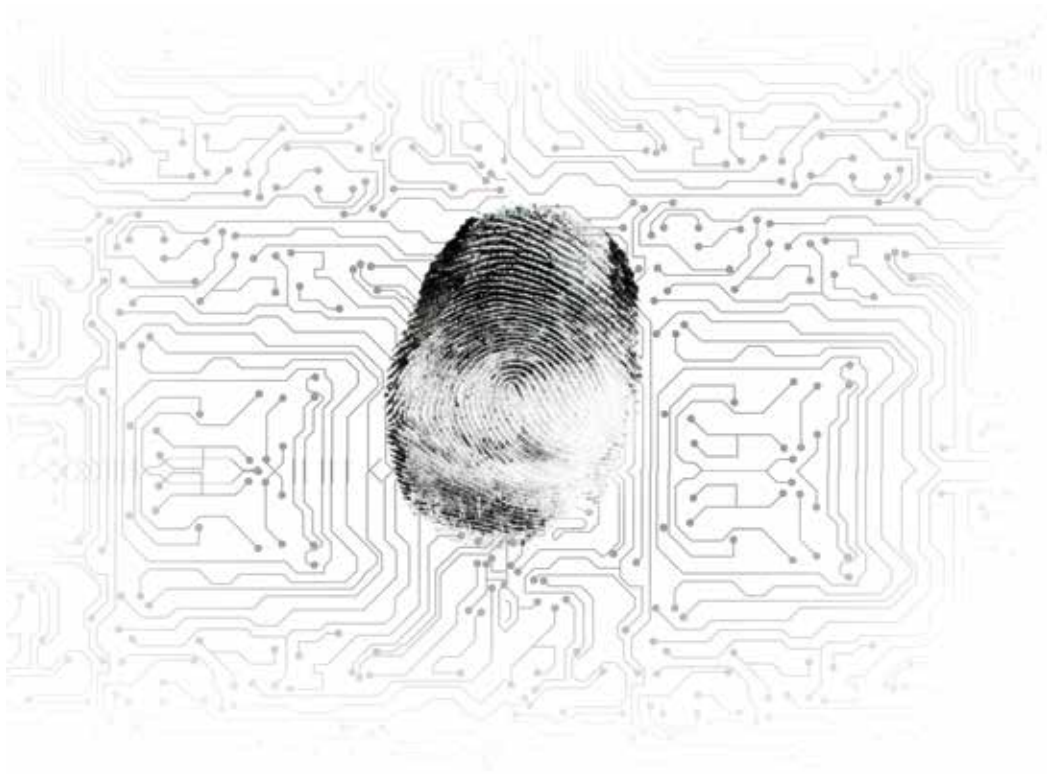
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Cost per employee
per day for
Cloud-based Time
and Attendance
System

Zicom VDP – The next level of security

Zicom VDP is a Cloud-based electronic security device that helps the customers to interact with visitors outside their home, while they are themselves sitting inside. Besides, the device can also capture the photo of the visitor and send it to the customer's mobile phone immediately. Zicom VDP is equipped with a unique fish-eye lens, which replaces the conventional field view of a peep hole with an ultra wide panoramic view. Available with the option of operating in multiple languages, this device acts as an exclusive security device for an extensive customer base and is aptly known as an 'India for India' product.





Security **for all**

Earlier, the use of electronic security devices was few and scattered due to their high prices and low proliferation. However, the introduction of Zicom's unique business model brought about a sea-change in the electronic security industry.

The expensive high-tech gadgets offering security were out of the reach of most of our customers. At Zicom, we came up with an innovative solution.

₹ 0

The amount of capital expenditure needed for Zicom's electronic security services

40

Minimum number of months of fixed revenue generation under the service model

We changed our business model – from a company offering security products, we pioneered as a Cloud-based Technology driven electronic security service provider. Now the customers can use these devices in a hassle-free manner, while Zicom installs, manages and performs the maintenance on a regular basis. The customers can now opt for hi-tech security products on a monthly Service Fee basis, without incurring any capital expenditure. Thus, we have helped our customers secure the things they 'value the most' with round-the-clock security service at a nominal price.



Safety as an education

As our corporate initiative, we impart professional and structured training in the field of security. It is a step closer to our vision to help create a secure environment in the country. Our offerings include corporate training for working professionals, vocational training for students and several management development programmes for individuals across various fields.

"We received some basic knowledge on safety and self-defence during our school days. But to have a sound and extensive knowledge on the subject from a renowned market player is something completely different. It is a wonderful experience that provides a deeper understanding of the security hazards and gives a clear insight on the topic."

Mr. Kapil Shinde, Student



inTouch - a revolution in electronic security

Our innovation in video and intrusion alarm system (IVAS) with a push technology camera, inTouch, is customised to meet the requirements of the Indian customers. A revolutionary product in itself, inTouch takes the world of security beyond the traditional CCTVs. It pushes live video feed into a portable mobile on occurrence of any movement at the specified destination. The Push Video Alarm system has an in-built PIR sensor to detect human intrusion; a step beyond motion detectors, it helps in mitigating the problem of false alarms. The unique two-way audio system enables you to stay in touch by speaking into the camera through your cell phone, thus making your presence felt even when you are not around. inTouch also helps you take complete control of your security in the sense that as soon as you receive a Video Feed of an Intrusion, you can trigger a loud alarm remotely with just a press of a button on the software. inTouch is often used by those who stay out with kids or old parents at home. It also finds use as a business intelligence tool in retail stores.

Key features

- A device providing the combined benefit of video and intrusion detection
- Round-the-clock recording facility
- A push video on cell phones in 5 seconds of any troublesome incident – instant notification with a real-time playback
- Response Management through Zicom Command Centre based on SLAs agreed
- Incident-based Video Hosting on Zicom Server
- Inbuilt two-way Audio Facility

Chairman's communiqué



With the world moving into an era of uncertainties, the chances of security threats that endanger lives and properties are increasing with every passing day. Zicom's wide range of security products and the Company's position as a security service provider help to address this problem. Over the years, we have moved ahead from being a security product company to a company offering comprehensive security services. The result is a one-stop solution for all your security needs.

Not even two decades have passed since our inception, but we have already carved out a niche for ourselves in India's security industry. In an era of technological advancements, we have matched with the speed of the evolving world and introduced new products and services to provide our customers with foolproof security solutions. This has helped us remain relevant at a time when the rate of crime is rising. Despite evolving as a company over the years, we have remained true to our core objective: to give peace of mind to our customers.

During the year under review, we restructured our business model to be more relevant and to cater to our customers with more perfection. Our new initiative, Electronic Security as a Service (e-SaaS) under Zicom SaaS, brought about a revolution in the true sense of the term in India's security industry. Under e-SaaS, we started offering security services on monthly / quarterly Service Fees basis. All the customer need to do is hire the services at an affordable fee. We strategically divided this into two verticals, namely MYCS (Make Your City Safe) and Enterprise. While the MYCS caters to security services to residential premises and housing societies, the Enterprise vertical caters to offering security services to corporate like retail chain, banks, financial institutions, insurance, educational institutions and healthcare providers, among others.

Apart from consolidating our India operations, we also expanded our international footprint further by acquiring stake in Phoenix International WLL in Qatar. Phoenix is a growing engineering service company in the Middle East, headquartered in Doha. It is a leading brand for offering turnkey solutions in the field of fire protection and suppression systems. Phoenix's services include design, supply, engineering, erection, testing and commissioning of fire protection and safety solutions. This will allow

us at Zicom to widen our portfolio of security solutions as well as diversify into newer terrains.

We aim to offer holistic training to the people in the field of security. Establishment of the Institute of Advanced Security Training and Management Private Limited is a step towards fulfilling this vision. This Institute helps train the security personnel with the basic skills necessary in their profession. Currently, we are training more than 20,000 security guards across five States, strengthening security in every sense of the term.

India's electronic security and safety market is estimated at about ₹ 14,000 crore and is growing at a rate of around 25% p.a. This is expected to create significant opportunity for us to expand. We need to capitalise on the mostly underpenetrated IP-based security services market, which is fast replacing its analogue counterpart.

We are also ready to leverage our brand value as the most admired one in the electronic security business. We aim to market our products more vigorously through the retail channel, such as dealers, electronic stores, IT stores and online portal. All of this gives me optimism to achieve our aim to be a world-class Indian security services provider and deliver peace of mind to millions of our customers.

At the end, I would like to thank our entire management, employees, customers, business associates and stakeholders for their unwavering support, which gives us the courage to dream of a safer and more secure world.

Mr. Manohar Bidaye
Chairman

While the MYCS caters to security services to residential premises and housing societies, the Enterprise vertical caters to offering security services to corporate like retail chain, banks, financial institutions, insurance, educational institutions and healthcare providers, among others

India's electronic security and safety market is estimated at about ₹ 14,000 crore and is growing at a rate of around 25% p.a.

Intelligent eye

Technology has always been central to our operations at Zicom. It acts as our extended eye — intelligent and ever alert.

Today, we have our services in five countries where we serve over a million customers. The introduction of the Cloud-based services helped us deliver a wide range of services at affordable rates.



Holistic security

We deliver comprehensive security solutions to our customers under one roof, helping them save both time and money. Over the years, we have emerged among India's most preferred one-stop security solutions providers.



Experts

Our decades-rich experience in India's security industry and technological expertise provide us with a cutting edge to serve our customers efficiently.



Trusted

Our world-class performance over the years has helped us build a strong brand name, which is synonymous with security in India. We have always delivered the best-in-class products whenever our customers needed them. This has helped us carve out a relationship of trust with them.



Technology enabled

Our dedicated team of 30 Vigilance Officers operating in three shifts at the Command Centre constantly supervises all activities. They continuously monitor and back up all data on Cloud-based IP servers. These can be retrieved, whenever necessary, to help us serve our customers better.



Uniqueness

Over the years, we have evolved significantly - from a security project-based company to a security products company. And today, we are India's largest security services provider. Our unique, customer-centric business model helped us deliver world-class security to customers at an affordable rate.



Reach

With the introduction of Cloud-based solutions, we have expanded our network by establishing a strong Command Centre. Our products and services deliver safety, security and peace of mind to over a million customers across 400 cities in 22 states.

Service offerings



Remote Alert Management

A Remote Alarm Monitoring (RAM) service surveying to protect from burglary or security breach at premises

- A business intelligence tool in terms of providing real-time SMS alerts on opening / closing of the premises
- Provides a daily health report of the system
- Offers an emergency response in case of an intrusion



Fire Alarm Monitoring

A constant supervision by the Zicom Command Centre to prevent any fire mishap

- Ensures that the fire alarm system is functional and operational
- Issues alert at the initial stage of fire
- Offers 24 x 7 maintenance and servicing of the system with a daily / monthly report
- Zicom Command Centre supervises the system



Time and Attendance on Cloud

A Cloud-based biometric model with a low operating expense

- Offers end-to-end seamless automation
- Eliminates manual paper records
- Eliminates errors in calculation
- Provides high security on account of biometric devices
- Central application, supporting multiple locations, departments, shifts and companies
- Provides historical data to analyse trends and labour costs



Video Surveillance

A daily remote system health check, monitoring and managing the CCTV surveillance across multiple locations

- Maintains the systems daily
- Ensures zero video loss
- Creates hard disk failure alerts
- Offers remote monitoring of alerts from Digital Video Recorder with event retrieval



Business Intelligence

An innovative people counting solution giving accurate details on footfalls for business enterprises

- A Cloud-based technique to compare sales among stores
- Data stored is encrypted and cannot be tampered
- Optimises employee staffing on analysing the same with the number of customers walking in
- Daily / weekly / monthly reporting

Partnering for more

A snapshot of various subsidiary companies and respective service offerings under Zicom brand

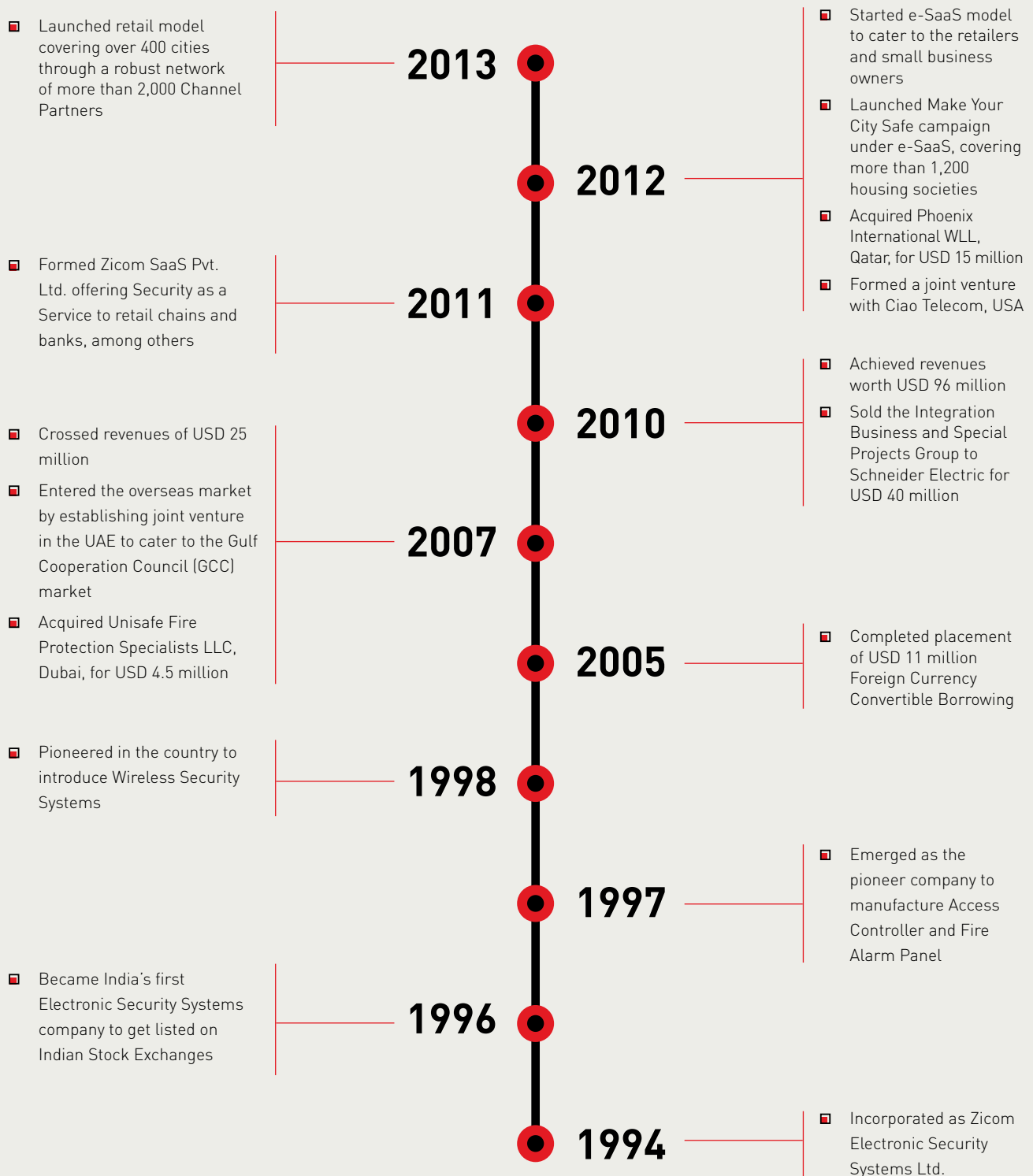


ViewTrac – an eye on the move

ViewTrac is a new-age viewing and tracking technology, which empowers stake holders to take complete control of any moving vehicle by offering real-time viewing and tracking of the vehicle. ViewTrac application is hardware agnostic and can be integrated with GPS tracking device manufactured by any company and also supports sensors like ignition, temperature and so on.

ViewTrac aims to empower stakeholders to exercise complete control over any movable asset using web-based tracking solutions, which can be accessed from any internet-enabled device. The vehicle can also be viewed anytime or integrated with Google Enterprise maps. Besides, ViewTrac also allows live tracking as well as helps to replay historic tracks. Moreover, some of the other features of the technology include trip management, geo-fencing for generating entry – exit alerts for specific areas or route deviation and user-defined and downloadable MIS reports. It also helps to create SMS / email alerts for events like over speeding, ignition ON / OFF and so on.

Journey of excellence in security



Profile of Board of Directors



Manohar Bidaye

Promoter and Chairman

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



Pramoud Rao

Promoter and Managing Director

- A science graduate
- Over 24 years of business experience
- Responsible for strategic planning, local and international partnerships, acquisitions, marketing and sales, technical and branding functions of Zicom
- Aims to make security solutions technology driven and affordable, so that every home and every office in India 'Feel Safe'
- Recipient of many national and international honours
- Ex-President of Fire and Security Association of India



Mukul Desai

Director

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



Vijay Kalantri

Director

- Industrialist with 41 years of experience
- G.C.D. and Diploma holder in textile
- Actively involved with various industries and government bodies in different capacities, which include President of All India Association of Industries, Indian Council of Foreign Trade and such other prestigious institutions
- Served as Director of many institutions, such as the Maharashtra Small Scale Industries Development Corporation Limited, Dena Bank and Canara Bank
- Honoured with various prestigious awards by institutions and organisations representing industry, government bodies and socio-economic institutions



Venu Raman Kumar

Director

- Completed B.A (Hons.) and M.A from St. Stephen's College, New Delhi
- Started his career in the Indian Revenue Service and then shifted to the private sector
- Has over 27 years of experience in managing public and private companies
- Attended the School of Organisation and Management at Yale University
- Founder, former Chairman / CEO and Board of Director of MModal Inc. (NASDAQ: MODL) – a leading voice recognition, clinical documentation technology and services company
- Won the Ernst and Young's Entrepreneur of the Year 2007 award for Maryland
- Also honoured with the prestigious Maryland International Business Leadership Award by The World Trade Centre Institute in Baltimore in 2007
- Currently the Chairman and Managing Director of Aeries Group of Companies



K. D. Hodavdekar

Director

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

Partnering for a safer community

Around a corporate grows an environment that comprises the society, economy and various other factors. Therefore, a corporate has to be aware of and fulfil its responsibilities to the society. Education lies at the core of our Corporate Social philosophy at Zicom. We strongly believe that a person earning good livelihood can improve his and his family's standard of living and, in turn impact the society positively.





At Zicom, our aim has been to uplift the standard of living of the people by providing them with qualitative education, training and job opportunities. Towards this end, the Company's efforts have taken concrete shape, and things have developed quite satisfactorily. The Company made a humble beginning in 2008 by establishing the Institute of Advanced Security Training and Management Pvt. Ltd. (ASTM), a first of its kind security training Institute that imparts training in electronic security, physical security, and fire and safety protection management. The Institute was started as a brain child of our Chairman, Mr. Manohar Bidaye, with Zicom as the driving force behind it. Our Vision, which is imbibed in ASTM's vision, is to foster a secure environment in India by imparting world-class training and education in Security, Safety and Loss Prevention. We also aim to provide employment opportunities to the country's youth. Today, this initiative caters to a large segment of the society, mainly generating employment opportunities for poor students, below-poverty-line youths, and young people belonging to schedule castes and schedule tribes.

Creating job opportunities through education and skill development

Rising unemployment has always been a grave concern for the country. This may lead many families to be deprived of many basic necessities, leading to discontent in the society. ASTM, with the support of National Skill Development Corporation (NSDC), has taken up the worthy cause of providing vocational employment to the rural youth and catalysing inclusive growth.

ASTM successfully churned out the first pilot batch of students under the Unarmed Security Guard Program (USGP) and helped them receive employment offers. The 160 hours (21 days) USGP training programme was undertaken to impart training and provide livelihood opportunities to youths aged between 18 and 35 years, with minimum HSC (Std. XII) qualification, in conformity with the requirements laid down by the Private Security Agencies Regulation (PSAR) Act, 2005. This course curriculum and the related instructors have also been duly



accredited by Security Knowledge and Skills Development Corporation (SKSDC) affiliated to NSDC. This was the first pilot batch of this vocational course and the first of its kind in the country, as per the National Occupation Standard (NOS) set by SKSDC. All the trainees who were benefited under the pilot batch were unemployed youths from rural tribal population of Thane District, Maharashtra. Upon successful completion of the training, they were offered employment with the world's leading international security solutions group.

ASTM also successfully met the training requirements of MAPCET Tribal Welfare Development for training students from the tribal blocks of Madhya Pradesh.

The Institute also successfully trained rural and below-poverty-line students to train them as security guards under the Skill Development and Vocational Schemes of the Madhya Pradesh Government. ASTM is working closely with various State Governments to participate in their skill development and employment schemes. The objective is to train large numbers of underprivileged and unemployed youths from economically backward districts and get them employed as certified security personnel with agencies and corporates. ASTM is working with the Himachal Pradesh Government to impart training to students in 25 schools for security vocation under National Vocational Education Qualification Framework (NVQEF), thereby giving an opportunity to the students to get prepared

for security vocation, if they want to drop out of mainstream education.

All the above attempts are aimed at imparting training to generate mass-scale employment throughout India. At Zicom, we have made sizable investment in developing ASTM and our Directors are actively involved in its management and operations. Till now, through ASTM initiatives, we have been successful in providing employment opportunities to 2,994 students from Maharashtra, Madhya Pradesh, Bihar and Uttar Pradesh.

School renovation and reconstruction project in Sawantwadi, Maharashtra

Another area related to education where the Company is getting actively associated is with the project for renovation and reconstruction of a school, basically meant for children of farmers and ex-servicemen in remote interior areas of Kokan, near Sawantwadi, Sindhudurg Dist. of Maharashtra. Kalambist Panchkroshi Shikshan Prasarak Mandal, an education trust, runs this school, catering to more than 350-400 students in nine divisions from Class V to Class X on behalf of five surrounding villages. Majority of these students live below the poverty line.

The School premises, which are made of mud, are in existence since 1964. It is now in a dilapidated condition, leading to a dire need to construct new school premises. As the students are from families of poor rural farmers and ex-servicemen, they find it difficult to even pay the school fees. However, the School Trust, with the aid of the Government, ensures proper functioning of the School. Despite such poor infrastructural conditions, the School has maintained its reputation and delivered good performance consistently, with more than 95% students passing SSC in the last eight years.

With the cost of the School's construction estimated over ₹ 1.50 crore, the villagers are unable to contribute towards the School construction. Besides, there are other costs involved, which include various expenses related to educational, laboratory and sports equipment for the School and the prices of various other infrastructures, like lighting and sanitation, class room furniture and so on. All these are totally outside the reach of the poor villagers, and the School Trust cannot carry out such a large project on its own.





Zicom has adopted this School for its reconstruction, and under the able guidance of our Chairman, the project is taking shape and has made considerable progress. Along with the School management, we are planning to provide vocational courses to students of this village School. The objective is to help them find employment easily on passing the 10th standard examination.

Women safety

While discussing on the subject of Women Safety in our last Annual Report, we had informed on our efforts in the area to spread social awareness about safety. We work under our initiative, Make Your City Safe (MYCS), which is an online social awareness platform,

which connects people from the society's different strata. The common objective is to spread awareness about security and safety. Thousands of people have pledged through MYCS to contribute towards this social cause. Zicom SaaS, our subsidiary, runs different awareness programmes through MYCS. One of such awareness programme was on Women Safety, which received overwhelming response and attracted participation of numerous female citizens. This programme helped in bringing awareness on self defence and protection among women in the city in case they face any untoward situation.

Notice

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Members of ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED will be held on Friday, August 30, 2013, at 3.00 p.m. at Mumbai Cricket Association Recreation Centre, RG – 2, G – Block, Near Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400051, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013; the Statement of Profit and Loss for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares of the Company for the financial year ended March 31, 2013.
3. To appoint a Director in place of Mr. Mukul Desai, 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 M/s. Shyam Malpani & Associates, Chartered Accountants, Mumbai, bearing Firm Registration No. 120438W, the retiring Statutory Auditors of the Company, be and are hereby re-appointed as the Statutory Auditors of the Company, to hold the office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting, on a remuneration (including terms of payment) to be fixed by the Board of Directors / Audit Committee of the Company, plus service tax and such other tax(es), as may be applicable, and reimbursement of all out-of-pocket expenses in connection with the audit of the accounts of the Company.”

SPECIAL BUSINESS:

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

“RESOLVED THAT Mr. Venu Raman Kumar, who was appointed as an Additional Director of the Company on September 1, 2012 by the Board of Directors and who holds the office as such upto the date of this Annual General Meeting pursuant to Section 260 of the Companies Act, 1956; and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director liable to retire by rotation, be and is hereby appointed as Director of the Company.”

By Order of the Board of Directors

Kunjan Trivedi

Company Secretary

Place: Mumbai

Date: May 16, 2013

Registered Office:

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

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF; AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE FORM OF PROXY FOR THE ANNUAL GENERAL MEETING IS ENCLOSED. PROXY IN ORDER TO BE VALID MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business to be transacted at the Meeting as mentioned at Item No. 5 of the Notice, is annexed herewith and forms part of this Notice.
3. 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.
4. 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 numbers 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.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, August 23, 2013 to Friday, August 30, 2013 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.
6. Dividend, for the year ended March 31, 2013, as recommended by the Directors, if declared at the

Annual General Meeting, will be paid / dispatched on September 17, 2013 to those Members, whose names appear on the Register of Members of the Company at the close of business hours on August 22, 2013; 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 August 22, 2013 as per details to be furnished by the Depositories, viz. National Securities Depository Limited and Central Depository Services (India) Limited.

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

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

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

8. As per the requirement of the Reserve Bank of India dividend payment has to be directly credited to the bank accounts of the Members. Therefore, 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 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 & Transfer Agent.

9. Members are requested to notify immediately any change in Address, Signature and / or Bank details, in respect to their physical holdings, to the Registrar & Transfer Agent of the Company and to their respective DP in case of shares held in dematerialized form.
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 & Transfer Agent for assistance in this regard.**
11. Members must quote their Folio No. / Demat Account No. and contact details such as e-mail address, contact no., etc. in all their correspondence with the Company/Registrar & Transfer Agent.
12. 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 & Transfer Agent of the Company, if shares are held in physical form.
13. Pursuant to the provisions of Section 109A of the Companies Act, 1956, every Member 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 & Transfer Agent & Member(s) or joint holder(s) holding shares in dematerialized form may contact their respective DP for availing this facility.
14. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the amount of dividend which remains unpaid / unclaimed for a period of 7 years is to

be compulsorily transferred to the "Investor Education and Protection Fund (IEPF)", constituted by the Central Government. Consequent to such transfer, Member(s) would not be able to claim any amount of dividend so transferred to IEPF in accordance with the aforesaid provision. Member(s) who have not yet encashed their dividend is / are requested, in their own interest, to immediately write to the Registrar & Transfer Agent of the Company or to the Company, for claiming their outstanding dividend for the Financial Year 2005-06 and subsequent years. The dividend for the aforesaid years shall be paid only on receipt of request and satisfactory compliance of the requisite procedure.

The details of unpaid and unclaimed dividend lying with the Company as on August 24, 2012 (date of last Annual General Meeting) has been uploaded on Company's website 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.

15. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection by the Members at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m., upto the date of the Annual General Meeting and during the time of the Meeting.
16. With respect to Item Nos. 3 and 5 of the Notice of Annual General Meeting, proposing re-appointment of Directors, Mr. Mukul Desai and Mr. Venu Raman Kumar, respectively, their brief profiles are as under:

i) Mr. Mukul Desai, B.Com.; C.A. (aged 57 years)

Mr. Mukul Desai has been on the Board of Directors of Zicom since 1996 and is also the Chairman of the Audit Committee. He is a Practicing Chartered Accountant since 1982 and has varied experience in the field of Audits & Taxation and developed expertise in Corporate

Law matters, Direct and Indirect Taxation Laws, Corporate Finance Structuring, etc.

At present, Partner of M/s. Sundarlal Desai and Kanodia, Chartered Accountants, he is responsible for looking after the overall conduct of audits and representations before tax authorities.

ii) Mr. Venu Raman Kumar, B.A. (Hons); M.A. and M.B.A. (Yale University) (aged 52 years)

Mr. Venu Raman Kumar has been the founder, former Chairman / CEO and a member of the Board of Director of MModal Inc (formerly CBay Systems) – a leading voice recognition, clinical documentation technology & services company (recently sold to One Equity Partner). He had taken the company from a start-up to become the world's largest provider of clinical documentation technology solutions to the US healthcare industry.

Mr. Kumar did his B.A. (Hons.); M.A. from St. Stephen's College, New Delhi and Management from Yale University. He has over 27 years of experience in managing public and private companies; starting his career in the Indian Revenue Service and then shifting to the private sector. He has won several awards and recognitions for his outstanding contribution to entrepreneurship and business leadership.

Mr. Kumar is an executive partner at Siris Capital, a private equity fund based out of New York, since January 2011. He is an active private investor investing across sectors, in India, US and the Middle East. He is currently the Chairman and Managing Director of Aeries group of companies.

Mr. Mukul Desai is an Independent Director, and does not have any financial or family relationship with any Directors, Senior Management Personnel or substantial or controlling shareholders of the Company.

Mr. Venu Raman Kumar is a Non-Independent Director of the Company and is not related to any Directors and Senior Management Personnel or substantial or controlling shareholders of the Company. However, Mr. Kumar holds in aggregate 3,300,000 Equity Shares (i.e. 19.41%) in the Company (400,000 Equity Shares are held as an Individual and 2,900,000 Equity Shares are held through Aark Singapore Pte. Ltd., wherein he is a Director and 100% shareholder).

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

Your Directors recommend appointments of the above Directors as proposed.

17. Members are requested to visit the website of the Company www.zicom.com for viewing the quarterly and annual financial results and other information on the Company. For investor-related queries, communication may be sent by e-mail to investors@zicom.com.
18. Members are requested to send their queries, if any, relating to the accounts, to reach the Company's Registered Office at least 10 days before the Annual General Meeting, so that the information could be compiled in advance.
19. In case of joint holder(s) attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
20. For the convenience of the Members, attendance slip and proxy form are enclosed to the Annual Report. Members / Proxy holders / Authorized Representatives are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue of the meeting. Proxy/ Authorized Representatives of Members should state on their attendance slip as 'Proxy' or 'Authorized Representative' as the case may be.

21. In order to communicate the important and relevant information and event, the Members are encouraged to register their e-mail address(es).

Accordingly, 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:

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

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

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

By Order of the Board of Directors

Kunjan Trivedi

Company Secretary

Place: Mumbai

Date: May 16, 2013

Registered Office:

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

EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 (the Act), sets out all material facts relating to the business mentioned at Item No. 5 of the accompanying Notice dated May 16, 2013.

Item No 5:

Mr. Venu Raman Kumar was appointed as an Additional Director of the Company by the Board on September 1, 2012. According to the provisions of Section 260 of the Companies Act, 1956, the term of office of an Additional Director is only upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Act, notice has been received from a Member alongwith a deposit of ₹ 500 signifying his intention to propose appointment of the above Additional Director as Director liable to retire by rotation.

Mr. Venu Raman Kumar's credential and other details are give under Note No. 16 hereinabove and in the Corporate Governance Report. Your Directors feel that continuation of Mr. Venu Raman Kumar on the Board of the Company will immensely benefit the Company by his knowledge, experience and expertise; and therefore recommend his appointment for your approval.

Except for Mr. Venu Raman Kumar, no other Director of the Company is in any way concerned or interested in the above resolution.

By Order of the Board of Directors

Kunjan Trivedi

Company Secretary

Place: Mumbai

Date: May 16, 2013

Registered Office:

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

Directors' Report

To the Members,

Your Directors presents their Nineteenth Annual Report, together with the Audited Accounts of the Company for the Financial Year ended March 31, 2013.

FINANCIAL HIGHLIGHTS

(Amount in ₹)

Particulars	March 31, 2013 Consolidated	March 31, 2012 Consolidated	March 31, 2013 Standalone	March 31, 2012 Standalone
Net Sales / Income from Operations	6,912,954,653	4,840,504,463	2,664,128,159	2,194,159,063
Other Income	23,103,814	15,673,156	48,648,234	26,694,041
Total Income	6,936,058,467	4,856,177,619	2,712,776,393	2,220,853,104
Total Expenditure	6,087,516,230	4,335,706,157	2,411,618,155	1,956,700,601
Gross Profit before Interest and Depreciation	848,542,237	520,471,462	301,158,238	264,152,503
Interest and Finance Charges	251,836,448	138,611,350	95,857,168	73,727,745
Gross Profit before Depreciation and Taxation	596,705,789	381,860,112	205,301,070	190,424,758
Depreciation	180,775,944	143,273,784	79,048,999	117,969,202
Profit Before Tax, Exceptional & Extraordinary Items	415,929,845	238,586,328	126,252,071	72,455,556
Exceptional Item	--	19,386,598	--	19,386,598
Extraordinary Items	--	--	--	--
Profit Before Tax	415,929,845	219,199,730	126,252,071	53,068,958
Provision for Taxation:				
Current year	26,078,000	5,410,000	25,270,000	5,410,000
Deferred	20,886,362	6,056,491	19,935,923	14,637,235
Taxation of earlier years	--	-2,508,805	--	-2,508,805
Net Profit After Taxation	368,965,483	210,242,044	81,046,148	35,530,528
Less: Minority Interest	65,765,956	41,838,964	--	--
Profit for the year	303,199,527	168,403,080	81,046,148	35,530,528
Add: Balance brought forward from previous year	990,525,810	836,882,789	447,532,659	426,762,190
Profit available for Appropriation	1,293,725,337	1,005,285,869	528,578,807	462,292,718
APPROPRIATIONS:				
Transfer to General Reserve	8,166,191	--	2,500,000	--
Provision for Dividend	20,399,795	12,699,829	20,399,795	12,699,829
Provision for Tax on Dividend	3,309,357	2,060,230	3,309,357	2,060,230
Previous Year Dividend and Tax thereon	4,997,567	--	4,997,567	--
Balance of Profit carried forward to Balance Sheet	1,256,852,427	990,525,810	497,372,088	447,532,659

OPERATIONAL PERFORMANCE

Your Directors are pleased to inform that, the performance of your Company during the year under review was remarkable.

On standalone basis, the Total Income for the year 2012-13 was ₹ 2,712,776,393 (previous year ₹ 2,220,853,104). The Profit Before Exceptional Expenses and Tax was ₹ 126,252,071 (previous year ₹ 72,455,556). After adjusting for Exceptional Expenses and Tax ₹ 45,205,923 (previous year ₹ 36,925,028), Net Profit After Tax at ₹ 81,046,148 (previous year ₹ 35,530,528) was higher by 128%.

On consolidated basis, the Total Income for the year 2012-13 was ₹ 6,936,058,467 (previous year ₹ 4,856,177,619). The Profit Before Exceptional Expenses and Tax was ₹ 415,929,845 (previous year ₹ 238,586,328). After adjusting for Exceptional Expenses and Tax ₹ 46,964,362 (previous year ₹ 28,344,284), Net Profit After Tax at ₹ 368,965,483 (previous year ₹ 210,242,044) was higher by 76%.

The Consolidated Financial Statements (CFS) includes the financial statements of Zicom Electronic Security Systems Limited ("the Company") and its subsidiaries, namely, Unisafe Fire Protection Specialists LLC, Dubai ("Unisafe Dubai") and its subsidiaries; Phoenix International WLL, Qatar ("Phoenix"); Zicom SaaS Private Limited ("Zicom SaaS"); Unisafe Fire Protection Specialists India Private Limited ("Unisafe India"); Zicom CNA Automation Limited ("ZCNA"); Unisafe Fire Protection Specialists Singapore Pte. Ltd. ("Unisafe Singapore") and Zicom Security Projects Pte. Ltd. ("Zicom Singapore").

As consolidated financials for the year under review also includes 10 months' financials of Phoenix (acquired in June 2012), the same are not comparable with the consolidated financials for the previous year 2011-12.

BUSINESS DEVELOPMENTS AND PROSPECTS

The year under review witnessed transformation of your Company into a truly Indian Multinational, which is evident from the fact that its international business has contributed almost 59% to the topline and 78% to the bottomline of the consolidated results, whereas the Indian business contributed 41% to the topline and 22% to the bottomline of the consolidated results.

Fire detection and protection business in the Gulf Region has been the main foray of the international business of Zicom Group. Unisafe Fire Protection Specialists LLC, Dubai (Unisafe Dubai) and Phoenix International WLL, Qatar (Phoenix), are flagship subsidiary companies in respective countries, and both carries highly reputed brand and recognition. Phoenix was acquired at a cost of USD 15 million and became a member of Zicom Group in June 2012. Your Company carried out organizational restructuring to synergize the working and operations of Phoenix to bring it in line with Zicom Group, so that it can achieve corporate goals and objectives. In view of promising business scenario for this business in the Gulf Region, particularly with economic recovery in U.A.E. and massive development plans in Qatar, both Unisafe Dubai and Phoenix are expected to end the current year also with remarkable growth.

With a view to align and consolidate present and future investments interest of the Group internationally, your Company had set-up two wholly-owned subsidiaries in Singapore, viz. Unisafe Fire Protection Specialists Singapore Pte. Ltd. (Unisafe Singapore) and Zicom Security Projects Pte. Ltd. (Zicom Singapore). Unisafe Singapore has invested USD 13.42 million towards 44% stake and 85% economic interest in Phoenix; whereas Zicom Singapore has advanced USD 2 million to Brazil joint venture (JV) viz. CiaoZicom Security Systems SA towards investment by way of taking up 38% stake. It has also advanced USD 7.50 million towards investment in Unisafe Dubai's Preference Shares.

The Indian business comprises mainly of distribution and direct sales business of electronic security systems carried out under your Company.

Encouraging performance of the revised sustainable business model, carved out of the residue of the restructuring, has been the highlight of standalone working for the year under review. The same has been witnessed across all major verticals, i.e. your Company on standalone, Zicom SaaS and Unisafe India.

Achieving breakeven by Zicom SaaS in the year under review has proved the ability of your Company to build a business vertical in the domain of providing Security as a Service. With encouraging responses from both the business verticals of Zicom SaaS, i.e. Enterprise and Make Your City Safe (MYCS), this business now appears more promising in the long-term.

The operations of Unisafe India, which has initially focused on acting as Global Design Centre to support design and estimate needs to all our projects in Gulf Region, has also performed well; thus achieving breakeven in the year under review. With expanding activities in fire detection and protection in Gulf Region, Unisafe India is also expected to grow in tandem.

Considering that the standalone distribution and direct sales business as well as the business based on service model with all-together new organization and infrastructure set-up has proved sustainability in the very second year of its existence; it is a remarkable achievement. In the current year, despite various indicators for economic slowdown and pressure on margin, we expect to end the current year with better results.

Your Company's venture into the training and education sector in the form of Institute of Advanced Security Training and Management Private Limited (ASTM) has redefined careers in security industry in India; and is in the process of building large-scale educational infrastructure including curriculum and delivery modules. Recognition to ASTM by National Skill Development Corporation (NSDC) and its financial assistance has opened doors of opportunities for ASTM. Besides, as per the goals agreed with NSDC and enthused by initial encouraging response, ASTM is now expanding on Pan-India basis through its retail network of additional training centres. ASTM has now presence in Mumbai and other parts of Maharashtra, Bihar, Madhya Pradesh, Haryana and Uttar Pradesh, and is in advance stage of negotiations for setting-up training centres for skill development and vocation in other States like Odisha, Tripura, Chattisgarh, West Bengal, Karnataka, Kerala, Andhra Pradesh and Rajasthan. Large spending by Central and State Governments on skill development and vocation with assurance of employment post training has unleashed opportunities for ASTM. Besides Government and Public Sector, ASTM has arrangements with various industries for training skill and semi-skilled students in different areas in security and providing them employment as certified security guards with security agencies, corporates, hospitals, hotels and other industries. The course contents, training modules and study materials of ASTM are certified by third party service providers like Security Knowledge Sector Skills Development Council (SKSDC), an affiliate of NSDC.

In view of the excellent response to ASTM's training programs and certification course with arrangement for post-training placement and looking at ASTM's plan to impart security training on Pan-India basis, it is expected to post better results year over year.

DIVIDEND

Enthused by the encouraging performance of your Company during the year under review, your Directors have recommended a higher dividend of ₹ 1.20 (Rupee One and Paise Twenty only) per Equity Share of ₹ 10 each (i.e. 12%) as against ₹ 1 per share in the previous year. This higher dividend is payable on 16,999,829 Equity Shares of the Company, which will entail a total payout of ₹ 20,399,795 [previous year ₹ 16,999,829].

As on date, there are 600,000 Warrants outstanding out of total 1,600,000 Warrants issued and allotted to Promoter Group Companies during the year on preferential basis. These Warrants entitle their holders to acquire equal number of equity shares on the terms and conditions of their issue. If all of these Warrants or some of them are converted into equal number of Equity Shares, it may create an obligation on the Company to pay dividend for the financial year 2012-13 @ ₹ 1.20 per Equity Share, on such number of Equity Shares, which may be allotted on or before the record date fixed for deciding entitlement for the said dividend.

FINANCE

During the year, the Company raised total ₹ 204,700,000 by preferential issue in accordance with SEBI's Guidelines for Preferential Issue, i.e. Chapter VII of SEBI ICDR Regulations. Under the said preferential issue, allotment of 3,300,000 Equity Shares of ₹ 10 each for cash at a price of ₹ 46 per share was made on July 13, 2012 to foreign entities. Further, 1,600,000 Warrants, each Warrant carrying an entitlement to subscribe to one Equity Share of ₹ 10 each of the Company, were issued to Promoter Group Companies in accordance with SEBI's Guidelines for Preferential Issue. Out of the total 1,600,000 Warrants, the holders of 1,000,000 Warrants, acquired equal number of Equity Shares. Thus, 1,000,000 Equity Shares were allotted at a price of ₹ 46 per share on July 20, 2012.

As a result of the above, the Company's Paid-up Share Capital increased to 16,999,829 Equity Shares of ₹ 10 each

aggregating to ₹ 169,998,290. Also, its Securities Premium increased by ₹ 154,800,000. Assuming full conversion and allotment of Equity Shares for the balance 600,000 Warrants outstanding, post allotment Paid-up Share Capital is expected to be ₹ 175,998,290 comprising of 17,599,829 Equity Shares of ₹ 10 each.

SUBSIDIARY AND JOINT VENTURE COMPANIES

As on March 31, 2013, your Company had following subsidiaries:

1. Unisafe Fire Protection Specialists LLC, Dubai (direct subsidiary);
2. Phoenix International WLL, Qatar (step-down subsidiary w.e.f. June 1, 2012);
3. Zicom SaaS Private Limited (wholly owned subsidiary);
4. Unisafe Fire Protection Specialists India Private Limited (wholly owned subsidiary);
5. Zicom CNA Automation Limited (wholly owned subsidiary);
6. Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore (wholly owned subsidiary); and
7. Zicom Security Projects Pte. Ltd., Singapore (wholly owned subsidiary w.e.f. May 2, 2012)

CiaoZicom Security Systems SA, a company in Brazil, has been set-up as a Joint Venture (JV) between Zicom Group through Zicom Singapore (38% stake), Ciao Telecom Inc., USA (44% stake) and IDL Global (18% stake). The JV has taken-up the activities of manufacturing, marketing, installing and servicing of various security products and solutions. The JV is eyeing to benefit from various international sports events like FIFA World Cup 2014 and Olympics 2016 to be held in Brazil.

Information on financials of the subsidiaries for 2012-13 is provided in Annexure A hereto. In respect of foreign subsidiary companies, figures in Rupees are converted from applicable foreign currency at appropriate exchange rate.

The details of key subsidiaries are given below:

Unisafe Fire Protection Specialists LLC, Dubai

Unisafe Fire Protection Specialists LLC, Dubai (Unisafe Dubai), is a leading fire protection company in U.A.E. having operation spread across seven emirates, Qatar and Oman. Unisafe Dubai has strong credentials established over last 17 years in the area of project execution and servicing in the domain of fire detection and protection in infrastructure projects.

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

Unisafe Dubai has posted Total Income of ₹ 3,358,411,279 (as compared to ₹ 2,547,386,150 in the previous year) and a Net Profit of ₹ 240,775,816 (as compared to ₹ 209,194,821 in the previous year) for the financial year ended March 31, 2013.

Phoenix International WLL, Qatar

Your Company together with its Singapore based wholly owned subsidiary viz. Unisafe Fire Protection Specialists Singapore Pte. Ltd. (Unisafe Singapore) acquired 49% stake and complete management control in Phoenix International WLL, Qatar (Phoenix), a Limited Liability Company, at a valuation of USD 15 million. As a part of the Share Sale Agreement, your Company has acquired 5% stake while Unisafe Singapore has acquired 44% stake in Phoenix, while both jointly hold 95% economic interest.

Phoenix, established in 2006, is one of the leading fire security solutions providers in Qatar. It offers turnkey solutions in fire protection and suppression projects and has license to operate in petrochemical sector. It has exclusive tie-up to market safety and security equipments of leading international suppliers.

The portfolio of services offered by Phoenix covers design, engineering, integrating, testing and commissioning of Fire Safety, Security and Building Management Systems, with main focus on Fire Prevention and Protection. Phoenix has handled many prestigious projects in Qatar. Today, Phoenix caters to large spectrum of clientele from government to corporate, refineries, shopping malls, multi storey building, hotels and resorts, etc.

Phoenix is supported by a team of 212 well trained and experienced Engineers, Technicians and other employees competent to carry out installation and maintenance of fire fighting equipments of the international standards.

Qatar is a part of Gulf Co-operation Council (GCC) Countries and has the world's highest per capita GDP. The Economy of Qatar is one of the fastest growing economies in the world. Large projects in residential and commercial buildings and infrastructure are coming up in Qatar and the construction market is estimated at USD 130 billion for next 10 years which is expected to give big boost to safety and security industry. Qatar is going to host FIFA World Cup in 2022.

Since June 1, 2012, being date of acquisition, till March 31, 2013 Phoenix has posted Total Income of ₹ 700,811,423 and a Net Profit of ₹ 105,868,044.

Zicom SaaS Private Limited

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

Zicom SaaS protects remotely located infrastructures / assets using electronic security equipments and offering security services through state-of-the-art Zicom Command Centre located in Mumbai.

Under Make Your City Safe (MYCS) Project, Zicom SaaS offers security services on a monthly / quarterly service fees to Housing and Commercial Co-operative Societies located in Mumbai and Pune Regions.

In the Enterprise Sector, Zicom SaaS offers security services to retail shops, retail chains, bank branches, ATMs, etc. In an attempt to make its service package easily affordable and relieve its clients from worry of maintenance in up-keeping the security systems and equipments installed, Zicom SaaS has launched a concept of Remote Managed Electronic Security Services called "e-SaaS" (Electronic Security as a Service). It provides client's aspirations for more value added services like Business Intelligence, Loss Prevention, Comfort and Convenience, etc. bundled them into All-in-One Solution Package. All these are provided at nominal monthly / quarterly fees.

For the financial year ended March 31, 2013, Zicom SaaS has posted Total Income of ₹ 64,514,698 (previous year ₹ 2,185,301) and Net Profit of ₹ 1,449,637 (previous year ₹ -11,420,773).

Unisafe Fire Protection Specialists India Private Limited

Unisafe Fire Protection Specialists India Private Limited (Unisafe India), wholly owned subsidiary of your Company, was set-up to cater to Indian Fire Safety market and to act as a centre for global design and support service for large infrastructure projects in Gulf market, by leveraging the knowledge and experience gained in Gulf market in managing fire protection needs of large infrastructure projects by Unisafe Dubai.

Unisafe India has posted Total Income of ₹ 159,968,594 (as compared to ₹ 96,708,449 in the previous year) and a Net Profit of ₹ 238,165 (as compared to ₹ -6,445,528 in the previous year) for the financial year ended March 31, 2013.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard (AS) 21 on Consolidated Financial Statements read with Accounting Standard (AS) 23 on Accounting for Investments in Subsidiaries, the audited Consolidated Financial Statements are provided in the Annual Report. Further, vide Circular No. 2/2011 dated February 8, 2011 the Ministry of Corporate Affairs (MCA), Government of India, has granted general exemption to Companies under Section 212 (8) of the Companies Act, 1956 from attaching the documents referred to in Section 212 (1) of the said Act pertaining to its subsidiaries, subject to certain terms and conditions.

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Article 110 of the Articles of Association, Mr. Mukul Desai is the Director liable to retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

On September 1, 2012, Mr. Venu Raman Kumar was appointed as an Additional Director on Board of the Company. As per the provisions of Section 260 of the Companies Act, 1956, he holds office upto the date of the ensuing Annual General Meeting. The Company has received a notice from a Member, pursuant to Section 257 of the Companies Act, 1956, proposing appointment of Mr. Venu Raman Kumar as a Director of the Company liable to retire by rotation at the ensuing Annual General Meeting.

The brief profile of the above two Directors is given in Notice of Annual General Meeting and discussed at length in Corporate Governance Report.

Your Directors recommend the above appointments for your approval.

AUDITORS

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

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

The Board recommends their re-appointment for your approval.

COST AUDIT

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

STATUTORY INFORMATION

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

Conservation of Energy

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

Technology Absorption

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

Foreign Exchange Earnings and Outgo and Export Market Developments

Your Company has earned ₹ 38,255,485 (previous year ₹ 15,485,836) in foreign currency, and has spent ₹ 141,013,752 (previous year ₹ 150,235,114) in foreign exchange during the year under review. The details of the same are available at Note No. 27.17 being Notes forming part of the Financial Statements.

During the year under review, your Company started exporting on a moderate scale, its electronic security systems and equipments to Brazil through our JV CiaoZicom Security Systems SA. Besides this direct export, your Company through its overseas subsidiaries is exploring more and more business opportunities overseas.

Particulars of Employees

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

(b) Corporate Governance

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

DEPOSITS, LOANS AND ADVANCES

Your Company has not accepted any deposits falling within the purview of Section 58A of the Companies Act, 1956, and

as such, no principal or interest amount was outstanding on the date of the Balance Sheet. The details of loans and advances, which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the Stock Exchanges, are furnished separately as Annexure D.

HUMAN RESOURCES

The Human Resource (HR) department in Zicom is structured around its business verticals. It works more as a business partner with the business units and ensures meeting of overall business objectives.

HR recognizes the contribution and importance of Zi-Champs in growth and goal achievement of your Company finally creating stakeholders' value. Towards this end entire HR process is focused on selection and placement of right candidate at right places through cost effective way.

Your Company participated in Global Employee Engagement Survey conducted by the International Consulting Firm and the scores of your Company are much higher than the Global and India Scores. Various programs were conducted by HR to keep high the morale and involvement of Zi-Champs. The aim has been to provide them with an environment of oneness and a place where Zi-Champs would like to work with full zeal and enthusiasm, thereby increasing their productivity and contribution, finally benefitting all the stakeholders'. Towards this end, HR conducted training programs on technical and behavioral skills, various events and celebrations like Woman's Day, Republic Day, Diwali, Kite Festival, Kids Donation, etc. "Auspicious" and "Fundoo" are playing important roles in this regard and helps to build collaborative culture in your Company.

As on March 31, 2013 the total of direct and indirect employees were standing at 948 numbers. To take engagement to next level, HR has initiated number of new initiatives to create environment which will allow individuals to excel.

EMPLOYEES STOCK OPTION SCHEME

There were two Schemes of the Company viz. Employee Stock Option Scheme 2006 (ESOS 2006) and Employee Stock

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

The validity of ESOS 2006 was upto August 2011 and ESOS 2007 was upto September 2012. However, the outstanding Options as on March 31, 2013 were as follows: 9,900 Options under ESOS 2006 and 1,800 Options under ESOS 2007 which are effective upto December 26, 2013.

During the year under review, no Options were exercised.

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies Act, 1956, based on the representations received from the operating management, your Directors hereby confirm that in preparation of the annual accounts for the year ended March 31, 2013:

- (i) the applicable accounting standards have been followed and that there are no material departures;
- (ii) they have in the selection of the accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year, and of the profit of the Company for that period;
- (iii) proper and sufficient care was taken, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY

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

INSURANCE

All the assets of the Company are adequately insured.

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 years.

For and on behalf of the Board of Directors

Manohar Bidaye

Chairman

Place: Mumbai

Date: May 16, 2013

Registered Office:

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

Annexure 'A' to Directors' Report

Information on the Financials of the Subsidiary Companies:

Sr. No.	Name of Subsidiary Company	Country	Reporting Currency	Share Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (except in case of investment in the subsidiaries)	Turnover	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
1.	Unisafe Fire Protection Specialists LLC, Dubai	Dubai	INR	73,900,000	1,220,020,051	3,102,613,580	3,102,613,580	Nil	3,358,411,279	300,969,770	Nil	300,969,770	Nil
			AED	5,000,000	82,545,335	209,919,728	209,919,728	Nil	226,919,681	20,336,749	Nil	20,336,749	Nil
2.	Phoenix International WLL, Qatar	Qatar	INR	14,910,000	262,673,988	536,361,828	536,361,828	Nil	700,811,423	111,440,046	Nil	111,440,046	Nil
			QR	1,000,000	17,617,303	35,973,295	35,973,295	Nil	46,939,814	7,463,627	Nil	7,463,627	Nil
3.	Zicom CNA Automation Limited	India	INR	20,000,000	-16,488,826	3,605,635	3,605,635	Nil	120,500	11,114	2,225	8,889	Nil
4.	Zicom SaaS Private Limited	India	INR	150,000,000	-9,971,136	389,690,869	389,690,869	Nil	64,514,698	3,067,890	1,618,253	1,449,637	Nil
5.	Unisafe Fire Protection Specialists India Private Limited	India	INR	50,000,000	-6,207,363	131,312,532	131,312,532	Nil	159,968,594	378,351	140,186	238,165	Nil
6.	Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore	Singapore	INR	217	-52,760,541	756,870,541	756,870,541	Nil	Nil	-51,578,645	Nil	-51,578,645	Nil
			USD	4	-971,649	13,938,684	13,938,684	Nil	Nil	-948,969	Nil	-948,696	Nil
7.	Zicom Security Projects Pte. Ltd., Singapore	Singapore	INR	54	-1,287,019	520,269,586	520,269,586	Nil	Nil	-1,237,354	Nil	-1,237,354	Nil
			USD	1	-23,702	9,581,392	9,581,392	Nil	Nil	-23,702	Nil	-23,702	Nil

Notes:

- The Board of Directors has consented for not attaching the financials and other related documents, for the financial year 2012-13 of the aforementioned subsidiary companies to the Annual Report of the Company, in accordance with the general approval given by the Ministry of Corporate Affairs (MCA) vide its Circular dated February 8, 2011.
- Financials of Phoenix International WLL, Qatar, are w.e.f. June 1, 2012, being date of acquisition, till March 31, 2013.
- Financial year of all subsidiary companies end on March 31, 2013.
- Exchange Rate as on March 31, 2013: 1 AED = ₹ 14.78; 1 QR = ₹ 14.91; 1 USD = ₹ 54.30

Annexure 'B' to Directors' Report

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

Name of the Subsidiary Company	Unisafe Fire Protection Specialists LLC, Dubai	Phoenix International WLL, Qatar	Zicom CNA Automation Limited	Zicom SaaS Private Limited	Unisafe Fire Protection Specialists India Private Limited	Unisafe Fire Protection Specialists Pte. Ltd., Singapore	Zicom Security Projects Pte. Ltd., Singapore
Financial year of the subsidiary company ended on	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013	31-03-2013
Extent of Interest of Zicom Electronic Security Systems Limited in its subsidiary companies	2,450 shares of AED 1,000 each i.e. 49%	50 Shares of QR 1,000 each i.e. 5%	2,000,000 Equity Shares of ₹ 10 each i.e. 100%	15,000,000 Equity Shares of ₹ 10 each i.e. 100%	5,000,000 Equity Shares of ₹ 10 each i.e. 100%	5 Ordinary Shares of SGD 1 each i.e. 100%	1 Ordinary Share of SGD 1 each i.e. 100%
The net aggregate of profits less losses, of the subsidiary company so far as it concerns the Members of Zicom Electronic Security Systems Limited:							
i) Dealt with in the accounts of Zicom Electronic Security Systems Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2013	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) for previous financial years of the subsidiary since it became subsidiary of Zicom Electronic Security Systems Limited	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Not dealt with in the accounts of Zicom Electronic Security Systems Limited amounted to:							
(a) for the subsidiary's financial year ended March 31, 2013	₹ 240,775,816	₹ 105,868,044	₹ 8,889	₹ 1,449,637	₹ 238,165	₹ -51,578,645	₹ -1,237,354
(b) for previous financial years of the subsidiary since it became subsidiary of Zicom Electronic Security Systems Limited	₹ 641,590,435	Nil	₹ 5,656,049	₹ -11,420,773	₹ -6,445,528	Nil	Nil
Changes in the interest of Zicom Electronic Security Systems Limited between the end of the subsidiary's financial year and March 31, 2013							
Number of shares acquired	Nil	50	Nil	10,000,000	Nil	5	1
Material changes between the end of the subsidiary's financial year and March 31, 2013							
(i) Fixed Assets (net additions)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(ii) Investments	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(iii) Moneys lent by the subsidiary	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil

For and on behalf of the Board of Directors

Manohar Bidaye
Chairman

Vijay Kalantri
Director

Hemendra Paliwal
Chief Financial Officer

Pramoud Rao
Managing Director

V. Raman Kumar
Director

Kunjan Trivedi
Company Secretary

Mukul Desai
Director

K. D. Hodavdekar
Director

Annexure 'C' to Directors' Report

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

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

Sr. No.	Description	ESOS 2006	ESOS 2007
11.	Employee-wise details of Options granted during the year:		
	i) Senior managerial personnel	Nil	Nil
	ii) Any other employee who receives a grant in any one year of Options amounting to 5% or more of Options granted during that year	Nil	Nil
	iii) Identified employees who were granted Options, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Not Applicable	Not Applicable
12.	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Options calculated in accordance with Accounting Standard (AS) 20	Not Applicable	Not Applicable
13.	The Company has calculated the employee compensation cost using the intrinsic value of the Stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that have been recognized if it had used the fair value of the Options, the impact of this difference on profits the impact of this difference on EPS	Not Applicable	Not Applicable
14.	Options whose exercise price either equals or exceeds or is less than the market price of the stock, weighted average exercise price weighted average fair values of Option	Not Applicable	Not Applicable
15.	A description of the method and significant assumptions used to estimate the fair values of Options, including the following weighted average information: <ul style="list-style-type: none"> i. Risk free interest rate ii. Expected life iii. Expected volatility iv. Expected dividends v. The weighted average price of the underlying share in market at the time of Options granted 	Not Applicable	Not Applicable

Annexure 'D' to Directors' Report

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

Loans and advances in nature of loans to subsidiaries:

(Amount in ₹)

Name of the Company	Balances as on March 31, 2013	Maximum outstanding during the year
Unisafe Fire Protection Specialists LLC, Dubai	18,230,140	88,713,929
Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore	139,826,645	139,826,645
Zicom Security Projects Pte. Ltd., Singapore	421,915	421,915
Unisafe Fire Protection Specialists India Private Limited	30,005,000	46,500,000

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

Corporate Governance Report

Annexure 'E' to Directors' Report

I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

II BOARD OF DIRECTORS

A) Composition and Category of the Board

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

At the beginning of the year under review, your Company had six Directors on the Board comprising of four Independent and two Promoter Directors; out of which one Director is Executive. During the year, Mr. Venu Raman Kumar, Non-Independent Director, joined the Board of your Company w.e.f. September 1, 2012 and Mr. Achyut Godbole, an Independent Director, resigned from the Board w.e.f. February 12, 2013. As a result, at the end of the year your Company's Board comprised of six Directors, with three Independent; one Non-Independent and two Promoters, out of which one Director being Executive. The Board is structured to maintain optimum combination of

Independent and Non-Independent, as well as Executive and Non-Executive Directors in compliance with the requirements of Clause 49 (I) (A) of the Listing Agreement. The Chairman of the Board, being the Promoter of the Company, 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.

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

Name of the Director	Category
Mr. Manohar Bidaye, Chairman	Non-Executive (Promoter)
Mr. Pramoud Rao, Managing Director	Executive (Promoter)
Mr. Mukul Desai	Non-Executive Independent
Mr. Vijay Kalantri	Non-Executive Independent
Mr. K. D. Hodavdekar	Non-Executive Independent
Mr. Venu Raman Kumar (appointed w.e.f. September 1, 2012)	Non-Executive Non-Independent
Mr. Achyut Godbole (resigned w.e.f. February 12, 2013)	Non-Executive Independent

B) Compensation and Disclosures of Non-Executive Directors

The Company pays sitting fees to all its Non-Executive Directors for attending the meetings of the Board, Audit Committee and other 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 Remuneration Committee in this Report.

Mr. Venu Raman Kumar, Non-Independent Director (appointed w.e.f. September 1, 2012) holds 400,000 Equity Shares as an Individual and 2,900,000 Equity Shares through Aark Singapore Pte. Ltd., Singapore wherein he is a Director and 100% Shareholder.

Mr. Achyut Godbole, an Independent Director (resigned w.e.f. February 12, 2013), was holding 23,000 Equity Shares of the Company on the date of his resignation.

No other Independent Director is holding any Equity Shares in the Company.

C) Other provisions related to Board and Committees

- **Board Meetings held:** During the year under review, the Board met on four occasions, i.e. on May 17, 2012; August 13, 2012; November 8, 2012; and February 12, 2013. The maximum gap between the two meetings was not more than four months as stipulated under the Listing Agreement entered with the Stock Exchanges.
- **Chairmanship / Membership:** All the Directors have confirmed to the Company that none of them is a member of more than ten committees, or is chairman of more than five committees across all companies in

which they are acting as Directors. For the purpose of reckoning the said limit, Chairmanships / Memberships of the Audit Committee and the Shareholders' Grievance Committee alone are considered.

- **Periodical review of Compliance Reports:** Reports on compliance with all statutory laws applicable to the Company have been periodically placed before the Board for review.
- A vacancy was caused on the Board on February 12, 2013, due to resignation of Mr. Achyut Godbole, an Independent Director. However, as even after the same, the Company continued to fulfil the requirements of Board Composition as prescribed under Clause 49 of the Listing Agreement, there was no need to fill the vacancy immediately.
- None of the Directors are related to each other in anyway.

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

Name of Director	Particulars of other Directorships ^❶ , Committee Chairmanships / Memberships ^❷			Attendance		
	Directorships	Committee Memberships ^❸	Committee Chairmanships	Board Meeting	Audit Committee Meeting	Last AGM
Mr. Manohar Bidaye	2	3	2	4	4	Yes
Mr. Pramoud Rao	1	1	-	4	N.A.	Yes
Mr. Mukul Desai	4	3	1	4	4	No
Mr. Vijay Kalantri	14	7	3	2	4	Yes
Mr. K. D. Hodavdekar	-	-	-	3	N.A.	No
Mr. Venu Raman Kumar (appointed w.e.f. September 1, 2012)	-	-	-	2	N.A.	N.A.
Mr. Achyut Godbole (resigned w.e.f. February 12, 2013)	-	-	-	3	N.A.	Yes

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

APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Mukul Desai, Director of the Company, would be a Director liable to retire by rotation at the ensuing Annual General Meeting of the Company and being eligible; has offered himself for re-appointment.

Further, on September 1, 2012, Mr. Venu Raman Kumar was appointed as an Additional Director on Board of the Company. As per the provisions of Section 260 of the Companies Act, 1956, he holds the office upto the date of the ensuing Annual General Meeting. The Company has received a notice from a Member pursuant to Section 257 of the Companies Act, 1956, proposing appointment of Mr. Venu Raman Kumar as a Director of the Company liable to retire by rotation at the ensuing Annual General Meeting.

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

Name of the Director	Mr. Mukul Desai	Mr. Venu Raman Kumar
Father's Name	Mr. Bharatkumar Desai	Mr. Venu Gopal Rao
Date of Birth	June 14, 1956	March 10, 1961
Date of Appointment	April 1, 1996	September 1, 2012
Nationality	Indian	Indian
Expertise in specific functional areas	Corporate Law matters, Audit, Direct and Indirect Taxation Laws, Corporate Finance Structuring, etc.	Management, Investment & Strategy
Qualification	B.Com., Chartered Accountant (C.A.)	B.A. (Hons); M.A. and MBA (Yale University)
Number of Directorships in other companies	5	9
List of outside directorships held (includes public, private, foreign companies, companies under Section 25)	<ul style="list-style-type: none"> • Remi Process Plant & Machinery Ltd. • Shrinkhla Securities Ltd. • Ecoplast Ltd. • Zicom CNA Automation Ltd. • A.P. Marketing Pvt. Ltd. 	<ul style="list-style-type: none"> • MModal Global Services Pvt. Ltd. • CBay Infotech Ventures Pvt. Ltd. • Aeries (India) Pvt. Ltd. • Aeries Technology Solutions Pvt. Ltd. • Spark Offshore Processing Pvt. Ltd. • Aark Singapore Pte. Ltd., Singapore • Aark Holdings Pte. Ltd., Singapore • Novo GTC FZE, UAE • Vestac Inc., Canada
List of other committees in which Director is member / chairman (includes all chairmanships / memberships of Audit Committee, Shareholders' Grievance Committee and Remuneration Committee of all public limited companies)	<ul style="list-style-type: none"> • Ecoplast Limited - Member of Investor Grievance Committee • Ecoplast Limited - Chairman of Audit Committee • Ecoplast Limited - Chairman of Remuneration Committee • Zicom CNA Automation Limited - Member of Share Transfer and Investors' Grievances Committee 	Nil
Number of shares held in the Company	Nil	400,000 Equity Shares in his own name and 2,900,000 Equity Shares through Aark Singapore Pte. Ltd., Singapore, wherein he is a Director and 100% Shareholder.

D) Code of Conduct

The Board has laid down and adopted two separate Codes of Conduct – one for its Directors and another for its Senior Managerial Personnel for avoidance of conflicts of interest and ensuring the highest standard of honesty, dedication and professionalism in carrying out their functional responsibilities. These Codes of Conduct are posted on the Company's website www.zicom.com. All the Board Members and Senior Managerial Personnel of the Company have affirmed compliance with the respective Code of Conduct as applicable to them, for the year ended March 31, 2013. A declaration signed by the Chief Executive Officer (CEO) and Managing Director to this effect is annexed to this Report.

III BOARD COMMITTEES

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

a) Audit Committee

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

Composition: The Audit Committee comprises of three Non-Executive Directors, all of them being financially literate and having accounts and financial management

knowledge. Two-thirds of the Audit Committee Members are Independent. Mr. Mukul Desai, Chairman of Audit Committee, is in practice as a Chartered Accountant since 1982 and has varied experience in the field of audit and taxation. He has developed expertise in corporate law matters, direct and indirect taxation laws, corporate finance structuring, among others. Mr. Vijay Kalantri, well-known industrialist and Vice-Chairman of Audit Committee, acts as a Chairman of Audit Committee in absence of Mr. Mukul Desai. 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 Members of the Audit Committee are as follows:

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

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

Meetings: During the year under review, the Audit Committee met four times on May 17, 2012; August 13, 2012; November 8, 2012 and February 12, 2013. The maximum time gap between two meetings did not exceed a period of four months. The quorum of the Audit Committee meeting is two Independent Members. Requisite quorum was present at all the Committee meetings held during the year. The attendance of Members at the Audit Committee meetings held during the year is given in the table under Para II (C) above.

Terms of Reference:

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

- i. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ii. Recommending to the Board, the appointment, re-appointment, and, if required, the replacement or removal of the Statutory Auditors and the fixation of audit fees.
- iii. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
- iv. Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement forming part of the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by the management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.) the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- vii. Reviewing, with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems.
- viii. Reviewing the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- ix. Discussion with Internal Auditors, any significant findings and follow up thereon.
- x. Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- xi. Discussions with the Statutory Auditors before the audit commences about the nature and scope of audit as well as post audit discussions to ascertain any areas of concern.
- xii. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- xiii. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate.
- xiv. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- xv. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.

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

b) Remuneration Committee

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

Name of Committee Member	Designation in Committee	Category
Mr. Mukul Desai	Chairman	Non-Executive Independent
Mr. Vijay Kalantri	Member	Non-Executive Independent
Mr. K. D. Hodavdekar	Member	Non-Executive Independent

Terms of Reference:

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

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

Meetings: During the year under review, the Remuneration Committee did not meet.

Remuneration Policy:

The Remuneration Committee recommends the remuneration, including the commission based on the net profits of the Company, for the Managing Director / other

Whole-Time Directors (as the case may be), for approval by the Board and Members. Prior approval of Members is obtained in case of remuneration to Non-Executive Directors, 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.

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, recognize merits / achievements in order to retain the talent in the Company and to promote the feeling of belongingness.

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

Details of Remuneration to Directors:

Particulars	Remuneration to Mr. Pramoud Rao, Managing Director (Executive Director)	Remuneration to Mr. Manohar Bidaye, Chairman (Non-Executive Director)
Terms of Appointment	The term of Mr. Pramoud Rao, as Managing Director has been renewed for a period of five years i.e. upto February 28, 2017. The terms and conditions including remuneration, which are valid till February 28, 2015, have been approved by Members through Postal Ballot, results of which were declared on June 21, 2012. Remuneration paid to Mr. Pramoud Rao during 2012-13 is as under:	
	Salary (including Basic, HRA, Special Allowance, CCA)	₹ 5,313,000
	Commission	₹ Nil
	Medical	₹ 15,000
	LTA	₹ 96,000
	PF	₹ 9,360
	Total	₹ 5,433,360
Contractual basis	Yes	Yes
Commission & Fixed Components	Commission up to 2% of net profits for each financial year (as may be decided by the Board) and other fixed components which forms part of remuneration. No Commission has been paid for financial year 2012-13.	He is not entitled to any commission on the net profits of the Company.
Notice period for severance	Six months. Compensation for severance of services would be computed in accordance with applicable provision of Companies Act, 1956.	Three months. Compensation for severance is three months remuneration.
Perquisites	Entitled as per the Agreement.	Entitled as per the Agreement.
Sitting Fees	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 Committee.
Absence or inadequacy of profits	In the event of absence or inadequacy of profits in any financial year during the tenure of Managing Director, he would be entitled for the aforesaid remuneration, perquisites / benefits as the minimum remuneration, subject to the ceiling limits prescribed under Schedule XIII and other applicable provisions of the Companies Act, 1956; subject to necessary approval from the Central Government (if required).	--

Remuneration to other Non-Executive Directors

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

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

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

Name of Non-Executive Directors	Sitting fees (in ₹)
Mr. Mukul Desai	105,500
Mr. Vijay Kalantri	67,500
Mr. K. D. Hodavdekar	45,000
Mr. Venu Raman Kumar (appointed w.e.f. September 1, 2012)	30,000
Mr. Achyut Godbole (resigned w.e.f. February 12, 2013)	45,000
Total	293,000

- Except Mr. Manohar Bidaye, who draws remuneration from the Company as stated above, no other Non-Executive Director has any material pecuniary relationship or transactions with the Company.
- Except for Mr. Manohar Bidaye, Promoter and Non-Executive Director, who holds 430,100 Equity Shares; Mr. Venu Raman Kumar (appointed w.e.f. September 1, 2012), Non-Independent Non-Executive Director, who holds 400,000 Equity Shares as individual and 2,900,000 Equity Shares through Ark Singapore Pte. Ltd., Singapore (wherein he is a Director and 100%

Shareholder], and Mr. Achyut Godbole, Independent Non-Executive Director (resigned w.e.f. February 12, 2013), who held 23,000 Equity Shares of the Company no other Directors hold any Equity Shares of the Company.

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

c) Share Transfer and Investors' Grievance Committee

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

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

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

- To approve or deal with applications for transfer, transmission, transposition and mutation of share certificates including duplicate, split, sub-division or consolidation of certificates and to deal with all related matters.
- To look into and redress Shareholders / investors grievances relating to:
 - Transfer of shares;
 - Non-receipt of declared dividends;
 - Non-receipt of annual reports;
 - All such complaints directly concerning the Shareholders / investors as stakeholders of the Company; and
 - Any such matters that may be considered necessary in relation to Shareholders and investors of the Company.

Meetings:

The Share Transfer and Investors' Grievance Committee generally meets once in a fortnight or month depending on the frequency of grievances / transfer / duplicate requests received from the Shareholders. In the financial year 2012-13, 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

Nature of Complaint	Pending as on April 1, 2012	Received during the year	Redressed during the year	Pending as on March 31, 2013
Non-receipt of Dividend	Nil	5	5	Nil
Non-receipt of Share Certificate	Nil	Nil	Nil	Nil
Complaint received from Stock Exchange(s)	Nil	1	1	Nil
Non-receipt of Demat Credit	Nil	1	1	Nil
Non-receipt of Annual Report	Nil	1	1	Nil
Total	Nil	8	8	Nil

All the complaints / requests received, during the year under report, were resolved within time to the satisfaction of the investors / members and no complaints were pending as on March 31, 2013 for more than 30 days.

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

i) Compensation Committee comprising of the following Directors:

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

ii) Preferential Issue Committee comprising of the following Directors:

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

iii) Managing Committee comprising of the following Directors:

Mr. Manohar Bidaye, Chairman; Mr. Pramoud Rao and Mr. Vijay Kalantri, Members

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

Investor Grievance Redressal:

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

SUBSIDIARY COMPANIES

As on March 31, 2013, the Company had following six direct subsidiaries and one step-down subsidiary, of which three are Indian and the other four foreign.

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

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

During the year under review, on May 2, 2012, Zicom Security Projects Pte. Ltd., Singapore, was formed as a wholly owned subsidiary.

A Joint Venture (JV) Company was set-up in Brazil for manufacturing, marketing, installing and servicing various security products and solutions in the name and style "CiaoZicom Security Systems SA".

During the year in June 2012, the Company alongwith it's wholly owned subsidiary viz. Unisafe Fire Protection Specialists Singapore Pte. Ltd., acquired in aggregate 49% stake (5% by the Company and 44% by the subsidiary) and 95% economic interest in Phoenix International WLL, a Qatar based Limited Liability Company, at a valuation of

USD 15 million, making Phoenix International WLL a step-down subsidiary of the Company.

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.

INVESTORS INFORMATION

GENERAL BODY MEETINGS

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

Respective Financial Year	2011-12	2010-11	2009-10
Date of Meeting	August 24, 2012	September 15, 2011	September 29, 2010
Time of Meeting	3.00 p.m.	3.00 p.m.	10.30 a.m.
Place of Meeting	Mumbai Cricket Association Recreation Centre, RG – 2, G – Block, Bandra Kurla Complex, Mumbai 400051.	M.I.G. Cricket Club, M.I.G. Cricket Colony, Bandra East, Mumbai 400051.	Mumbai Cricket Association Recreation Centre, RG – 2, G – Block, Bandra Kurla Complex, Mumbai 400051.
Items of Special Resolution passed at each Meeting	<ul style="list-style-type: none"> Amendment of Articles of Association by inserting Article 153B for allowing e-voting, meeting through video conferencing, electronic media, etc. 	<ul style="list-style-type: none"> Remuneration to Mr. Manohar Bidaye, Director for a further period of five years, effective from April 1, 2012 for availing his services. 	<ul style="list-style-type: none"> Remuneration to Managing Director for the balance period of two years i.e. from March 1, 2010 to February 29, 2012.

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

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

Details of Resolutions passed through Postal Ballot:

Financial Year	2012-13
Declaration of Results	June 21, 2012
Time of declaration of Results	4.00 p.m.
Place of declaration of Results	Registered Office of the Company
Items of Special Resolution passed through Postal Ballot	<ul style="list-style-type: none"> To invest in securities of and/or place inter corporate deposits with and/or make loans or any other form of debt to and/or give guarantee(s) and/or to provide any security(ies) in connection with any loan(s) given by any other person for the benefit of Unisafe Fire Protection Specialists LLC, Dubai, upto maximum of ₹ 500 crores. To invest in securities of and/or place inter corporate deposits with and/or make loans or any other form of debt to and/or give guarantee(s) and/or to provide any security(ies) in connection with any loan(s) given by any other person for the benefit of Zicom SaaS Private Limited, upto maximum of ₹ 100 crores. To invest in securities of and/or place inter corporate deposits with and/or make loans or any other form of debt to and/or give guarantee(s) and/or to provide any security(ies) in connection with any loan(s) given by any other person for the benefit of Unisafe Fire Protection Specialists India Private Limited, upto maximum of ₹ 50 crores. To invest in securities of and/or place inter corporate deposits with and/or make loans or any other form of debt to and/or give guarantee(s) and/or to provide any security(ies) in connection with any loan(s) given by any other person for the benefit of Institute of Advanced Security Training and Management Private Limited, upto maximum of ₹ 50 crores. To invest in securities of and/or place inter corporate deposits with and/or make loans or any other form of debt to and/or give guarantee(s) and/or to provide any security(ies) in connection with any loan(s) given by any other person for the benefit of Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore, or any of its subsidiary in Qatar, U.A.E. and Saudi Arabia upto maximum of ₹ 200 crores. To invest in securities of and/or place inter corporate deposits with and/or make loans or any other form of debt to and/or give guarantee(s) and/or to provide any security(ies) in connection with any loan(s) given by any other person for the benefit of Zicom Security Projects Pte. Ltd., Singapore, upto maximum of ₹ 50 crores. To approve re-appointment of Mr. Pramoud Rao as the Managing Director for a period of five years and the terms of his remuneration for a period of three years, both w.e.f. March 1, 2012. To issue upto 3,300,000 Equity Shares on preferential basis at a price not less than ₹ 46 per Equity Share to Non-Promoter entities / persons pursuant to the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. To issue upto 1,600,000 Warrants, carrying right to subscribe to equal number of Equity Shares, on preferential basis at a price not less than ₹ 46 per Equity Share to Promoters' Group Companies pursuant to the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Resolutions passed through Postal Ballot:

During the year under review, nine special resolutions were passed through Postal Ballot conducted by the Company, details of which are given in the table below. Mr. Ganesh Narayan was appointed as Scrutinizer for conducting the

postal ballot procedure, based on whose report the Chairman of the Company announced the results of the Postal Ballot at Registered Office at 4.00 p.m. on June 21, 2012.

Extracts of results of Postal Ballot declared, which were duly assented by requisite majority of the Members, are as under:

Resolution No. 1: Special Resolution for making investments in Unisafe Fire Protection Specialists LLC, Dubai in excess of the limits specified u/s 372A of the Companies Act, 1956, subject to maximum ceiling of ₹ 500 crores:

Promoter / Public	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes– in favour	No. of Votes– against	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
	(1)	(2)		(4)	(5)		
Promoter and Promoter Group	2,637,023	2,637,023	100.00	2,637,023	0	100.00	0.00
Public– Institutional holders	814,276	Nil	Nil	Nil	Nil	Nil	Nil
Public–Others	9,248,530	320,536	3.47	314,374	6,162	98.08	1.92
Total	12,699,829	2,957,559	23.29	2,951,397	6,162	99.79	0.21

Resolution No. 2: Special Resolution for making investments in Zicom SaaS Private Limited in excess of the limits specified u/s 372A of the Companies Act, 1956, subject to maximum ceiling of ₹ 100 crores:

Promoter / Public	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes– in favour	No. of Votes– against	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
	(1)	(2)		(4)	(5)		
Promoter and Promoter Group	2,637,023	2,637,023	100.00	2,637,023	0	100.00	0.00
Public– Institutional holders	814,276	Nil	Nil	Nil	Nil	Nil	Nil
Public–Others	9,248,530	320,536	3.47	314,534	6,002	98.13	1.87
Total	12,699,829	2,957,559	23.29	2,951,557	6,002	99.80	0.20

Resolution No. 3: Special Resolution for making investments in Unisafe Fire Protection Specialists India Private Limited in excess of the limits specified u/s 372A of the Companies Act, 1956, subject to maximum ceiling of ₹ 50 crores:

Promoter / Public	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes-in favour (4)	No. of Votes-against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	2,637,023	2,637,023	100	2,637,023	0	100.00	0.00
Public-Institutional holders	814,276	Nil	Nil	Nil	Nil	Nil	Nil
Public-Others	9,248,530	320,536	3.47	314,574	5,962	98.14	1.86
Total	12,699,829	2,957,559	23.29	2,951,597	5,962	99.80	0.20

Resolution No. 4: Special Resolution for making investments in Institute of Advanced Security Training and Management Private Limited in excess of the limits specified u/s 372A of the Companies Act, 1956, subject to maximum ceiling of ₹ 50 crores:

Promoter / Public	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes-in favour (4)	No. of Votes-against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	2,637,023	2,637,023	100.00	2,637,023	0	100.00	0.00
Public-Institutional holders	814,276	Nil	Nil	Nil	Nil	Nil	Nil
Public-Others	9,248,530	320,536	3.47	314,784	5,752	98.21	1.79
Total	12,699,829	2,957,559	23.29	2,951,807	5,752	99.81	0.19

Resolution No. 5: Special Resolution for making investments in Unisafe Fire Protection Specialists Singapore Pte. Ltd. and its subsidiaries in excess of the limits specified u/s 372A of the Companies Act, 1956, subject to maximum ceiling of ₹ 200 crores:

Promoter / Public	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes-in favour (4)	No. of Votes-against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	2,637,023	2,637,023	100.00	2,637,023	0	100.00	0.00
Public-Institutional holders	814,276	Nil	Nil	Nil	Nil	Nil	Nil
Public-Others	9,248,530	320,536	3.47	315,434	5,102	98.41	1.59
Total	12,699,829	2,957,559	23.29	2,952,457	5,102	99.83	0.17

Resolution No. 6: Special Resolution for making investments in Zicom Security Projects Pte. Ltd. in excess of the limits specified u/s 372A of the Companies Act, 1956, subject to maximum ceiling of ₹ 50 crores:

Promoter / Public	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes–in favour (4)	No. of Votes–against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	2,637,023	2,637,023	100.00	2,637,023	0	100.00	0.00
Public–Institutional holders	814,276	Nil	Nil	Nil	Nil	Nil	Nil
Public–Others	9,248,530	320,536	3.47	315,884	4,652	98.55	1.45
Total	12,699,829	2,957,559	23.29	2,952,907	4,652	99.84	0.16

Resolution No. 7: Special Resolution for re-appointment of Mr. Pramoud Rao as Managing Director for 5 years from March 1, 2012 to February 28, 2017 and fixing his remuneration for 3 years ending February 28, 2015:

Promoter / Public	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes–in favour (4)	No. of Votes–against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	2,637,023	2,637,023	100.00	2,637,023	0	100.00	0.00
Public–Institutional holders	814,276	Nil	Nil	Nil	Nil	Nil	Nil
Public–Others	9,248,530	320,536	3.47	314,984	5,552	98.27	1.73
Total	12,699,829	2,957,559	23.29	2,952,007	5,552	99.81	0.19

Resolution No. 8: Special Resolution pursuant to Section 81(1A) of the Companies Act, 1956 for preferential issue and allotment upto 3,300,000 Equity Shares of ₹ 10 each at a price of ₹ 46 per share to non-promoter entities:

Promoter / Public	No. of shares held (1)	No. of votes polled (2)	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes–in favour (4)	No. of Votes–against (5)	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
Promoter and Promoter Group	2,637,023	2,637,023	100.00	2,637,023	0	100.00	0.00
Public–Institutional holders	814,276	Nil	Nil	Nil	Nil	Nil	Nil
Public–Others	9,248,530	320,536	3.47	314,684	5,852	98.17	1.83
Total	12,699,829	2,957,559	23.29	2,951,707	5,852	99.80	0.20

Resolution No. 9: Special Resolution pursuant to Section 81(1A) of the Companies Act, 1956 for preferential issue and allotment upto 1,600,000 Warrants carrying rights to subscribe to equal number of Equity Shares of ₹ 10 each at a price of ₹ 46 per share to Promoter Group Companies:

Promoter / Public	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares (3)=[(2)/(1)]*100	No. of Votes– in favour	No. of Votes– against	% of Votes in favour on votes polled (6)=[(4)/(2)]*100	% of Votes against on votes polled (7)=[(5)/(2)]*100
	(1)	(2)		(4)	(5)		
Promoter and Promoter Group	2,637,023	2,637,023	100.00	2,637,023	0	100.00	0.00
Public– Institutional holders	814,276	Nil	Nil	Nil	Nil	Nil	Nil
Public–Others	9,248,530	320,536	3.47	314,824	5,712	98.22	1.78
Total	12,699,829	2,957,559	23.29	2,951,847	5,712	99.81	0.19

Procedure for Postal Ballot:

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

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

INSIDER TRADING

Code of Conduct for prohibition of insider trading:

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

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

The objective of this Code is to prevent purchase and / or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this Code, Directors and designated employees are completely prohibited from dealing in the Company's shares during the closure of Trading Window. Further, the Code specifies the procedures to be followed and disclosures to be made by

Directors and the designated employees, while dealing with the shares of the Company and enlists the consequences of any violations. The Company Secretary has been appointed as the Compliance Officer for monitoring adherence to the said Code.

DISCLOSURES

1. During the year, there were no transactions of materially significant nature with the Promoters or Directors or the Management or the subsidiaries or relatives etc. that had potential conflict with the interests of the Company at large. The Company has received necessary disclosures from all the concerned in this regard. The related party transactions are duly disclosed in the Notes to the Financial Statements.
2. No treatment different from the accounting standards, prescribed by the Institute of Chartered Accountants of India, has been followed in the preparation of financial statements.
3. In view of various business risks associated with the Company in general and certain risks specific to the Company and the nature of business of the Company and its subsidiaries, risk management policy of the Company is framed for implementation by executive management, so as to minimize such risks. The same is periodically reviewed by the Board and modified from time to time to meet the changing business scenario.
4. During the last three years, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets.
5. The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, relating to Corporate Governance. The Board of Directors have constituted a Remuneration Committee (a non-mandatory requirement) comprising three Independent Directors, the details of which have been provided earlier in this Report, under the heading 'Remuneration Committee'.

6. The requirement relating to Whistle Blower Policy being non-mandatory in nature has not been adopted at present. However, the Company has not denied access to any personnel to approach the Audit Committee on any issue.
7. During the year, the Company did not make any public issue, right issue. However, the Company made the following preferential issues during the year under review:
 - a. 2,900,000 Equity Shares issued to Aark Singapore Pte. Ltd. at a price of ₹ 46 on preferential basis.
 - b. 400,000 Equity Shares issued to Mr. Venu Raman Kumar at a price of ₹ 46 on preferential basis.
 - c. 1,600,000 Warrants issued to Promoters' Group Companies at a price of ₹ 11.50, being 25% of the price at which each of such Warrant shall entitle their holder to acquire one Equity Share, i.e. being a price of ₹ 46 per Share. Out of which 1,000,000 Warrants were converted into equal number of Equity Shares on July 20, 2013, leaving 600,000 outstanding warrants as on the last date of the year.

The entire proceeds from the above preferential issues were utilised for the Company's future organic and inorganic growth, incremental and long-term working capital requirements, repaying outstanding debts and general corporate purposes.

AUDITORS' CERTIFICATE

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

CERTIFICATE BY CEO AND CFO

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company have certified to the Board about the financial reporting and

internal controls in the Company. The said certificate was reviewed by the Audit Committee and taken on record by the Board of Directors at the respective meetings held on May 16, 2013.

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. The Company did not hold any meeting / conference of investors or analysts during the year.

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

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

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

Website: In accordance with Clause 54 of the Listing Agreement, the Company has maintained a functional website 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 official 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 member correspondence viz. investors@zicom.com.

MANAGEMENT DISCUSSION AND ANALYSIS

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

GENERAL SHAREHOLDERS' INFORMATION

i.	19th Annual General Meeting	
	Venue	Mumbai Cricket Association Recreation Centre, RG – 2, G – Block, Near Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400051
	Time	3.00 p.m.
	Day	Friday
	Date	August 30, 2013
ii.	Financial Calendar (tentative)	
	Audited Annual Results of previous year ended March 31, 2013	Third week of May 2013
	1 st quarter results for quarter ending June 2013	Second week of August 2013
	2 nd quarter results for quarter ending September 2013	Second week of November 2013
	3 rd quarter results for quarter ending December 2013	Second week of February 2014
	Last quarter results for quarter ending March 2014	End of May 2014
iii.	Financial year	April 1, 2013 to March 31, 2014
iv.	Book closure dates	Friday, August 23, 2013 to Friday, August 30, 2013 (both days inclusive)
v.	Dividend payment / dispatch date for Financial Year 2012-13	September 17, 2013
vi.	Listing of equity shares at Stock Exchanges	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.	Stock Codes	BSE: 531404 NSE: ZICOM
viii.	International Securities Identification Number (ISIN)	INE871B01014
ix.	Corporate Identity Number (CIN)	L32109MH1994PLC083391

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

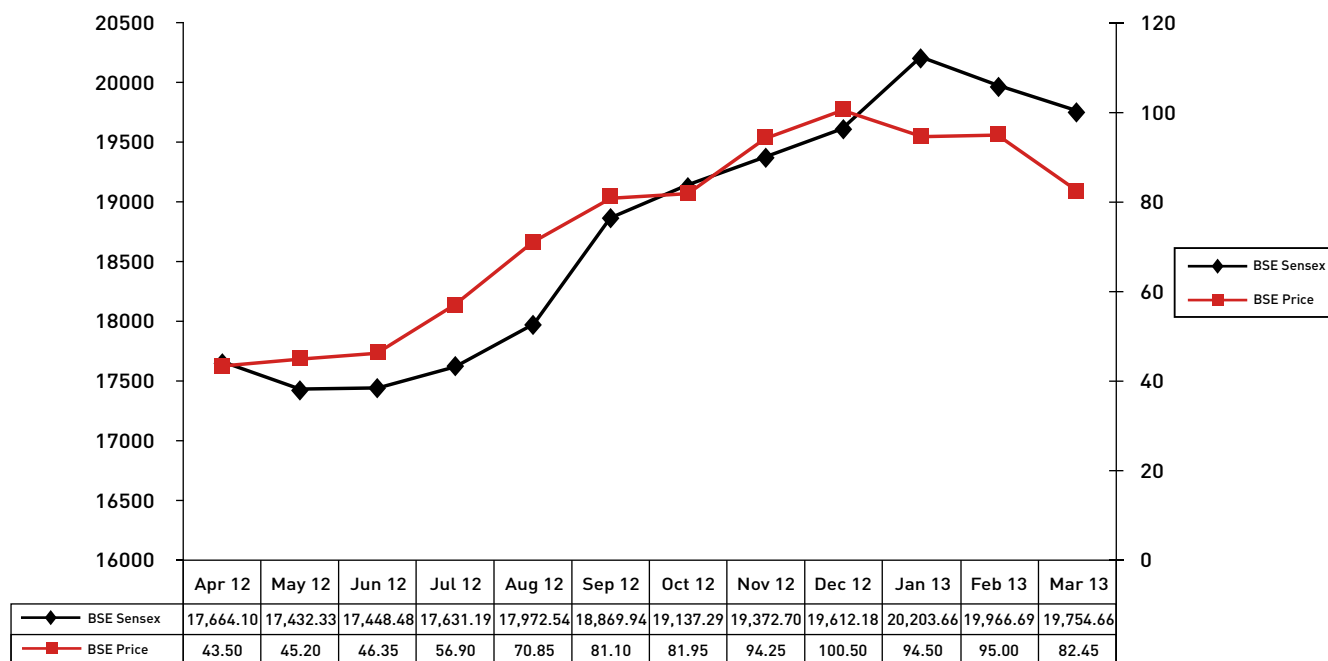
- the annual listing fees for the financial year 2013-14 to Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).
- the annual custodial fees for the financial year 2013-14 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

x. MARKET PRICE DATA for the financial year 2012-13

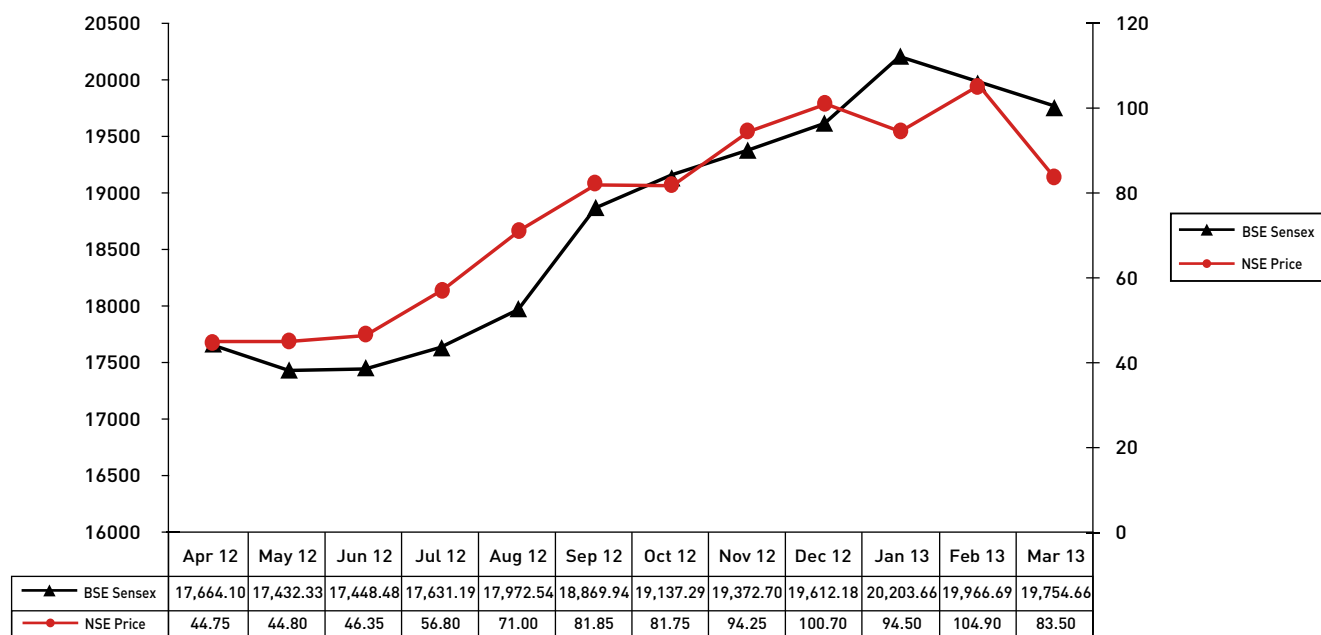
Month	BSE			NSE		
	Share Price		No. of Shares Traded	Share Price		No. of Shares Traded
	High (₹)	Low (₹)		High (₹)	Low (₹)	
April 2012	43.50	38.35	289,576	44.75	37.40	254,156
May 2012	45.20	38.20	186,559	44.80	36.65	336,474
June 2012	46.35	41.10	214,827	46.35	39.50	308,662
July 2012	56.90	45.90	739,033	56.80	45.90	874,160
August 2012	70.85	54.10	710,471	71.00	53.30	1,317,917
September 2012	81.10	61.75	373,215	81.85	61.60	796,958
October 2012	81.95	68.00	319,318	81.75	69.00	476,882
November 2012	94.25	77.50	903,716	94.25	77.10	1,657,630
December 2012	100.50	88.25	476,831	100.70	88.00	814,132
January 2013	94.50	80.00	405,022	94.50	80.10	560,068
February 2013	95.00	77.05	446,829	104.90	77.50	537,360
March 2013	82.45	72.20	330,104	83.50	71.70	257,674

Performance in comparison to broad based indices

BSE price



NSE price



xi. Registrar and Transfer Agent

Bigshare Services Private Limited

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

Tel: (022) 4043 0200, 2847 0652

Fax: (022) 2847 5207

Email: 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

xiii. Share Transfer System

Shares lodged for transfer at the Registrar and Transfer Agent address are normally processed within 7 days from the date of lodgement, if the documents are clear in all respects.

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

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

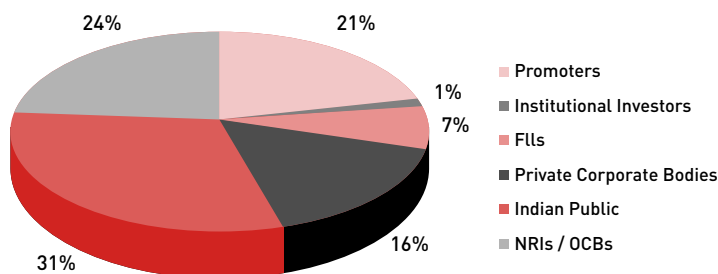
A Company Secretary-in-Practice carried out a Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. The audit confirms that the total issued / paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held in NSDL and CDSL). It also confirms that whether the demat receipts duly lodged are processed and released within the specified period, and that the Register of Members is duly updated.

xiv. Distribution of Shareholding as on March 31, 2013

No. of Shares	Total holders	% of total holders	Total holding in shares	% of total capital
1-500	10,442	87.26	1,450,786	8.53
501-1000	737	6.16	607,028	3.57
1001-2000	348	2.91	541,572	3.19
2001-3000	145	1.21	379,219	2.23
3001-4000	57	0.48	205,916	1.21
4001-5000	55	0.46	261,653	1.54
5001-10000	59	0.49	436,401	2.57
10001-999999999	123	1.03	13,117,254	77.16
Total	11,966	100.00	16,999,829	100.00

xv. Shareholding Pattern as on March 31, 2013

Category	No. of Shares	%
Promoters	3,637,023	21.39
Institutional Investors	218,239	1.28
FII's	1,157,149	6.81
Private Corporate Bodies	2,754,611	16.20
Indian Public	5,182,723	30.49
NRIs / OCBs	4,050,084	23.83
Total	16,999,829	100.00

**xvi. Dematerialization of shares and liquidity as on March 31, 2013**

Physical shares	:	3,471,507 (20.42%)
De-materialised shares	:	13,528,322 (79.58%)
Total shares	:	16,999,829 (100.00%)

Out of the above de-mat shares, 8,508,599 (62.89%) are held through National Securities Depository Limited and 5,019,723 (37.11%) are held through Central Depository Securities (India) Limited.

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

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

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid / unclaimed for a period of seven

years from the date they became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central Government. Given below are the dates of declaration of dividend and corresponding last dates when unpaid / unclaimed dividends are due for transfer to IEPF:

Financial Year	Date of Declaration	Last Date for claiming dividend
2005-06	24-08-2006	28-09-2013
2006-07	28-09-2007	02-11-2014
2007-08	12-09-2008	18-10-2015
2008-09	29-08-2009	03-10-2016
2009-10	29-09-2010	03-11-2017
2010-11	15-09-2011	20-10-2018
2011-12	24-08-2012	29-09-2019

During the year under review, an amount of ₹ 239,291 pertaining to unpaid dividend for the financial year 2004-05 has been transferred to IEPF on October 11, 2012.

Shareholders who have so far not encashed their dividend demand drafts are requested to write to the Company / Registrar and 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.

The details of unpaid and unclaimed dividend lying with the Company as on August 24, 2012 (date of last Annual General Meeting) has been uploaded on Company's website 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.

xviii. Equity Shares in the Suspense Account

The Company does not have any unclaimed shares required to be transferred to the Suspense Account in terms of Clauses 5A (I) and (II) of the Listing Agreement.

xix. Outstanding ADR / GDR / other instruments

During the year under review, the Company did not issue any ADRs / GDRs. No Bonds were outstanding as on March 31, 2013.

During the year under review the Company made preferential issue of 1,600,000 Warrants to Promoters' Group Companies carrying entitlement to acquire equal number of Equity Shares at a price of ₹ 46 per Share. Out of this, 1,000,000 Warrants were converted into equal number of Equity Shares. As a result, as on March 31, 2013, 600,000 Warrants were still outstanding.

In addition the Company has outstanding 11,700 Stock Options which carries entitlement of acquiring one

Equity Share against each Option at the pre-determined grant price.

xx. 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.

xxi. 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.

Other information for correspondence

Telephone no. : (022) 4290 4290

Fax no. : (022) 4290 4291

Website : www.zicom.com

xxii. Shareholders e-mail address for Green Initiative

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

Accordingly, Members are requested to register their e-mail address and changes therein from time to time, as per the modes specified under Note No. 21 of the Notice to the Annual General Meeting.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

With a view to enhance economic value of corporate enterprises in India and also to enhance value for every stakeholders connected with the Indian corporate world, as also to bring corporate governance in India at par with global benchmarks, the Ministry of Corporate Affairs (MCA) had issued Corporate Governance Voluntary Guidelines in December 2009. Further, in the year 2011, the Ministry of Corporate Affairs, New Delhi has published "National Voluntary Guidelines on Social, Environmental & Economic Responsibility of Business, 2011" as refinement over the Corporate Social Responsibility Guidelines, 2009.

Your Company being a listed company is already complying with Corporate Governance guidelines and practices as prescribed under Clause 49 of the Listing Agreement with Stock Exchanges; and as such it is also in compliance with such of the requirements under the Voluntary Guidelines of MCA, which are in consonance with the provisions of the Clause 49. Further, your Company is constantly evaluating various options to more effectively contribute to the society and sustainability. The CSR initiatives undertaken by your Company have been enumerated elsewhere in this Annual Report.

For and on behalf of the Board of Directors

Manohar Bidaye

Chairman

Place: Mumbai

Date: May 16, 2013

Registered Office:

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

Declaration pursuant to Clause 49 of the Listing Agreement

I, Pramoud Rao, Managing Director and Chief Executive Officer of the Company, do hereby declare that pursuant to requirement of Clause 49 (I) (D) (ii) of the Listing Agreement, all Board Members and Senior Management Personnel of the Company have given their affirmation for compliance with their respective Code of Conduct of the Company in respect of the financial year ended March 31, 2013.

Pramoud Rao

Managing Director & Chief Executive Officer

Mumbai, May 16, 2013

Auditors' Certificate on Corporate Governance

To the Members,

Zicom Electronic Security Systems Limited

We have examined the compliance of conditions of Corporate Governance by **Zicom Electronic Security Systems Limited** (hereinafter called the Company), for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

For **Shyam Malpani & Associates**

Chartered Accountants

Firm Registration No. 120438 W

Shyam Malpani

Proprietor

Membership No. F-34171

Mumbai, dated May 16, 2013

Management Discussion and Analysis

GLOBAL ECONOMIC SCENARIO:

The world economy continued to face challenges and uncertainties throughout the year 2012-13. However, some respite was seen from the effect of the double dip recession in few of the major world economies, particularly in the countries where Government and Central Banks both made concentrated and concerted efforts to boost the growth. This was also supported by aggressiveness and ease with which the favourable monetary policies were implemented. It was evident mainly in developed European Countries like Germany and France, and U.S.A. Such countries also facilitated flow of capital in emerging market.

Despite existing shortcomings in global market, the general economic scenario has somewhat stabilized with short term outlook, in light of the recent corrective steps taken by U.S.A. and Euro-zone countries. The second half of the year 2012-13 in particular improved the global economic scenario by averting the danger of the Euro-zone split and the drastic reversal steps by U.S.A. to avoid sudden spurt in economy as a result of the fiscal overdose.

As against this, some of the countries in the emerging market economies like India, China, Brazil and Far-East Nations, which were still on fast track and had shown continuous improvement in the year 2011-12, started feeling tired and had a noticeable slowdown. The economic scenario of the Middle-East and African countries was a blend of both, improvement and slowdown. Economy of some countries in these regions was affected by political uncertainties. Overall growth was driven by recovery in demand and prices of both oil and gas. To an extent, economy of some Gulf countries like U.A.E., Oman, Qatar, Saudi, etc. showed growth on account of non-oil factors like heavy spending on large infrastructure, social and public utility projects, etc., which heavily stimulated demand in the region, thereby stimulating growth.

With slow but steady spurt in economic activities in developed economies like Europe and U.S.A., the recovery and growth process is expected to continue slowly and gain momentum in the medium to long run. US economy by its size and impacting effect over the global economy is playing

a lead role. However, there still persists the medium and long term risk of some Euro-zone countries failing, or economies of US or Japan facing fiscal difficulties like higher unemployment or slowing down of output. Jitters are also felt by China's economy sending out signals of slowing down. As a direct fall-out of this, emerging market economies may no more be able to maintain its control and influence over revival of the world economy, as they were able to do in last two fiscal years.

Increased economic inequality and widening gap between rich and poor has been the main cause of discontent amongst the sufferers and the left-outs, leading to growth of terrorism and socio-political revolution in some parts of the world. This and the rise of nuclear family system on account of increasing urbanization and development have raised the crime rates. All these have boosted for increased feeling of insecurity. Besides growing terrorism, new legislations and technological advances are driving world Electronic Security Market.

GLOBAL SECURITY AND SAFETY MARKET:

According to an Estimate, the size of the global security industry is placed at around USD 50 million. Although experts differ on the same, they all agree that the market is growing at about 10% - 12% on Compounded Annual Growth Rate (CAGR) basis. Emerging market countries viz. China, Middle-East and other Far-East Countries provide higher growth opportunities of about 12% - 15%, compared to developed and matured markets of U.S.A. and Europe, which have a steady growth of around 8%.

Emergence of terrorism globally coupled with religious fundamentalism and socio-political unrest in some parts of the world have helped to accelerate growth in global security and safety market. International Sports event like FIFA World Cup, Olympics, etc., in which teams and dignitaries from various Countries participate; require large security cover at the venue, for the players and visitors. Similarly, organizers of large events keep aside some part of their budget for providing security cover. All these have helped in growth of the market for security products.

The rapid growth of security industry is also attributable to higher penetration rate of security solutions in residential, Small and Medium Enterprise (SME) sectors and Small Office Home Office (SOHO) segments. Fast spreading nuclear family concept, increasing home and shop break-ins, benefit of insurance to protected residential and commercial premises, malls and multiplexes culture, increase in chain of retail stores, etc. are the other contributory factors to this growth. Besides, law framing authorities have compelled people to install certain security and surveillance systems and equipments. Innovation of new technologies and high aptitude of people towards the same has also positively impacted the global security market.

The global market for fire protection business is estimated at about USD 63 billion, which is expected to grow by about 8.5% CAGR to USD 73 billion by 2015. This is a general estimate averaged for the world at large. However, the growth rate differs for different countries and different segments. One of the main reasons behind fire protection industry gaining worldwide is huge loss of assets on account of fire, which according to an Estimate is placed above USD 100 billion per year. There are in all more than 15,000 companies in the fire protection business worldwide, out of which about 200 companies are leaders. Increasing Government regulations and influence of insurance companies have also played a driving force to the fire business worldwide.

INDIAN ECONOMIC SCENARIO:

Indian economy, which to some extent was insulated from global turmoil in 2011-12, also felt the heat in the financial year 2012-13, the clear indication for the same being reporting of GDP growth of about 5%, the lowest in the decade. Although, the downfall in economic growth had started a year back, it was accelerated in 2012-13. Further, it extended from industrial sector to service sector, thereby adversely affecting the main source of India's economic growth.

Year 2012-13 witnessed economic weakness in the structural as well as cyclical form. The debacle of investment and industrial growth output was to some extent

on account of policy uncertainties, higher input cost and supply bottlenecks. Unfavourable nature, particularly weaker monsoon, adversely affected the agro sector, which is still the backbone of Indian economy. Implementations of existing projects, particularly in heavy industries, power and in large sector, were also adversely affected on above counts. Throughout 2012-13, the Government persistently tried to fight and curb the inflation, but hardly achieved success. All these, coupled with tight monitoring policy of the Reserve Bank of India, persistent weakening of Indian Rupee against US Dollar and other major currencies of the world, worsening current account deficit, further added to the woe. Impact of slow down was evident across all economic sectors, i.e. agriculture, industrial (mainly manufacturing, power, mining and capital goods) and service. With Government spending coming down heavily, consumption was also adversely affected along with slow down in investments.

Business and investment scenario was marred by delayed and adverse policy decisions, higher interest rate, liquidity crunch, and persistent slow down in industrial, agro and service sectors. As an effect, ongoing projects were either dropped or postponed. Corporates, PSUs and Government, all started differing their new capital expenditure and projects. All the above adversities have affected your Company also. Not only it faced challenges in getting new business, but its margin also remained under pressure. Margins were under pressure due to two reasons; escalation in cost of inputs on one side and inability to pass on the burden of increased cost elements to consumers on account of competition on the other side. Despite all the above challenges, your Company could turn up remarkable results on both standalone as well as consolidated basis.

INDIAN SECURITY AND SAFETY MARKET:

The Indian Security and Safety Market which is estimated at about ₹ 14,000 crores, and is fast growing at a rate of around 25% p.a., has been quite lucrative. With fast spreading awareness about the necessity and benefits of electronic security systems and equipments, the Indian Security and Safety Market has become fairly matured now. The break-up of total Indian Security and Safety Market shows that about

45% is shared by Electronic Security Solution Markets; and about 30% is shared by Fire Protection Market. Other security components share the rest. Further, within Electronic Security Solution Market, Surveillance Systems mainly Closed Circuit Television (CCTV) and Access Control Systems dominates by sharing together about 85% of the market. Intrusion Detection and Door Intercom Systems jointly share about 4%, and the rest 11% is shared by all other segments jointly.

The market for Electronic Security Systems, which was largely untapped and unserved earlier, has now come out of its nascent stage. This is on account of fast spreading awareness and Government regulations, making mandatory installation of electronic security systems in buildings, structures and establishments. The growing mall culture, establishment of offices and businesses by MNCs, FII's, retail chain of stores, development in infrastructure and public utilities, huge government and industrial projects, all have spurred demand for Electronic Security Systems in India.

With entry of MNCs in rapidly growing Indian Electronic Security Market, the focus has now shifted to meeting global standards for security and safety. In a way, it is a welcome development, as hitherto, the Indian Market has been crowded with numerous players acting simply as importers, traders, and to some extent, as installers who mainly dealt in cheap and sometimes substandard systems and equipments, but provided stiff competition to the established large players. With the inability of these players in the unorganized sector to meet the challenges posed by the MNCs, they will start feeling the pinch. Although players in the unorganized sector, being large in numbers, in aggregate hardly cater to 18% – 20% of the market, while the players in the organized sector, although small in numbers, cater to around 80% of the market. Another interesting development in Indian Electronic Security Market in last couple of years is the emergence of system integrators and value providers as a key factor, which is mainly controlled by organized sector and particularly large players. System Integration and Value Addition is getting more in demand lately, because Electronic Security Systems, in today's technology oriented world, has to operate and interface with other electronic gadgets and systems of modern days. This is

the most challenging and demanding task and requires high technology, skill and investment. This is also a welcome emergence, leading to slow but certain elimination of unorganized sector.

Indian Electronic Security Industry, being largely import based, has to struggle to content cost escalation, mainly on account of volatile exchange fluctuations. Other challenges faced are high ownership cost, high price sensitive consumers, negative impact of unorganized sector, etc.; which together adversely impact Electronic Security Industry in India. In spite of all these adversaries, the Industry still offers high growth potential for those who can offer right mix of price, technology, product and services, and create right awareness. The major growth engines for the Electronic Security Market in India are:

- Increasing security threat perceptions
- Vast and growing application in Retail, Residential and Educational sectors
- Emergence of Advance Telecom Technologies like 3G, 4G, Broad-band, which are driving applications along with the Tablets
- Increasing affordability of the security systems due to decreasing hardware prices
- Convergence of physical security and information technology

Fire Security and Safety Market:

According to the available Research Reports, the current market size of Fire Protection and Suppression System business in India is estimated at around ₹ 4,300 crores annually. There has been fast growing demand from various users segments, which includes large offices, Information Technology and Technology Parks, petrochemical complexes, power plants, manufacturing establishments, commercial complexes, multiplexes and malls, airports, etc.

The major driving force behind the Fire Protection Market in India is the rising incidences of fire accidents and resultant huge direct loss, which as per an estimate is more than ₹ 12,000 crores in a year. This is only reported loss and does

not include details of unreported losses from small fire instances. With such a huge loss and increasing trend of major fire accidents throughout the Country, the National Management Disaster Authority under Government of India's Home Ministry has in April 2012 issued guidelines on scaling, type of Equipment and Training of Fire Services, which has examined and noted shortcomings in the fire fighting capability of our Country as a whole. With an aim of overcoming the same, it has discussed the matter at the level of Hon'ble Prime Minister of India, who decided for prioritizing fund allocation to various States and urban local bodies for improvement in fire preparedness. The growth in fire protection market is also attributable to rapid urbanization, commercialization and industrialization, introduction of new process technologies, all making the scenario of fire accidents more frightening.

With economic growth, additional demand for fire protection systems is created, and demands are also generated by replacement needs of both industry and government, and also due to technology upgradation. All types of fire fighting and protection equipments like Fire Extinguisher, Hydrants and Sprinklers, Water Sprinklers, Water Deluge and entire range of fire fighting accessories and vehicles, breathing and safety equipments and apparatuses are now being manufactured and marketed locally. Various local firms have designed, installed and commissioned large fire protection systems catering across various sectors like telecom complexes, aviation, ports, power and steel plants, railways, defense, industrial and commercial hubs, Information and Technology Parks, etc. With the need to ensure continuity in operation in Industrial Plants and Offices, Private, Government and PSU sectors; installing, maintaining and updating fire protection systems for safety of Assets and Human Resource is an ongoing process. Further, with growth in the economy, demand for fire protection systems grows with pace. Government Regulations making fire safety arrangements mandatory, has also increased scope for Fire Protection Systems in India. Drive for the demand of Fire Protection Systems emanates from large refineries, Petrochemical Complexes, Oil and Gas Exploration Establishments, etc., which require highly specialized Fire Protection systems. Their growth has also boosted demand

for the Industry. Setting up of Public Transport and Utility Projects like Mono and Metro Railways, other specialized Buildings like Shopping Malls, Five Star Hotels, have further driven demand for Fire Protection Systems in India.

The Fire Protection and Suppression Sector is experiencing rapid technological changes with new inventions like Nano-technologies, Material Science, etc., adoption of which will help in rapid expansion across various segments and in providing maintenance and services as per strict safety norms.

In Fire Protection Industry, majority players are found in unorganized sector of which very few are professionally managed. As a result, they are unable to cope-up with stricter norms, adopting new technologies, and taking-up designing and installing fire protection systems for larger projects. This will pave way for large players in organized sector in India. Such large players, with their capability of rapidly adopting to new technologies, more accuracy and perfection in designing and installation, and with international tie-ups, are capable of undertaking any large scale and complex fire protection projects. With very few players being professionally managed, Indian fire protection business offers a better scope for growth to such new entrants.

BUSINESS AND DEVELOPMENT:

The year 2012-13 witnessed consolidating and strengthening of reorganized business, with main focus to become a one-stop provider for all solutions for security needs of our customers, offering comprehensive security products and services. In this era of uncertainties, where the increasing chances of security threats endangering lives and properties have encircled the world, the Company's wide range of security products and services have helped its customers to address this problem. Development of customer centric business has been our main focus now, and the same has been well accepted by the market. This is reflected in our standalone as well as consolidated results for the year under review, which shows remarkable growth despite various adversities as already discussed in this Report.

The Company's growth strategies has been in line with its identified thrust areas, thereby achieving better results and enhancing shareholders' value in years to come.

Respective performance, outlook, risks and concerns of each business vertical of the Company have been discussed below for understanding of the Company's overall business scenario:

1. Electronic Security Business:

The Company on standalone has three main business verticals, viz. Sales and Distribution Business, Direct Sales Business and Builder Business.

a. Sales and Distribution Business:

The business of sales and distribution of electronic security products, solutions and services to Small Office Home Office (SOHO) and Small and Medium Enterprise (SME) markets across India, which offers a huge growth potential, has been further developed during the year with renewed thrust to reach the large markets. Besides the four metros and larger cities like state capitals, thrust is also now given to Tier 2 and Tier 3 towns and cities, which offers tremendous growth opportunities. We do this business through direct sales as well as reach our customers through various Channel Partners on Pan-India basis.

The distribution business has grown at a steady double digit rate, and is expected to maintain the momentum. This growth will be driven by the growing concerns of vulnerability to threats in various aspects of life. The incidents of violation of security have been splashed in various media publications. These have increased the people's awareness about the need of surveillance and their benefits. As a result of this awareness, the database of our Channel Partners, who have been actively involved in selling security products (both analog and IS Solutions) also has increased. We have now presence in 400 cities through more than 2,000 Channel Partners.

The Company increased its geographical coverage in areas like Madhya Pradesh, Uttar Pradesh, North East and Kerala. However, opportunities to grow still exist in Tier 2 and Tier 3 towns and cities. Security solution technology is ever evolving, continuously thriving for product enhancement. To cater to enhanced security threats as well as combine services to the basic security and surveillance hardware, the Company has been and will continue to introduce innovative solutions and services and also constantly upgrade its offerings. New advancements are planned in CCTV Systems, Fire Alarm Systems, Home Alarm Systems, Video Door Phones and Access Control Systems. With a view to make our Channel Partners more competitive and capable in selling products and providing satisfactory services to our customers; keep them abreast with latest technological developments and in tune with our corporate business practices and goals achievement; the Company has rolled out a well appreciated Channel training initiative during the year. The Company has plans to roll this training into more cities and focus on upgrading the skill sets of the Channel Partners through channel road-shows, hands-on Training and certificate Training in association with our Associate, Institute of Advanced Security Training and Management Private Limited (ASTM).

Further, the Company has been innovative in the introduction of services along with the products. This has been a key differentiation between Zicom and other competitors. The services portfolio is being constantly enhanced. We are also engaging with the Channel Partners at all levels to ensure they start providing services led solutions to the customers rather than just selling our security and surveillance hardware.

Despite various initiatives to boost the growth of our business of sales and distribution, there are certain factors, which are likely to adversely affect its performance. They are absence of an import

barrier, which makes it easy for many small vendors to offer low cost, low quality products to the Channel Partners and customers. In absence of any legal authority to assess the quality of their products, organized players like us face loss of market share and revenue for the Company. The volatile fluctuations of currency exchange rate have a direct effect on the cost and hence the profitability of the business. Further, continuous changes and up gradation of technology requires a quick turnaround from the original equipment manufacturers (OEM) to deliver the products in time, which at times may not be feasible.

The Company's future plans for this Business includes focusing on building the product portfolio of IP CCTV, Video Door Phones and Access and Fire Alarm segment. Additional services to ride on these categories will also be launched. It is also planned to increase the Channel breadth further, with more geographical coverage, upgrade the skill sets of the Channel Partners, and provide a well synchronized lead management to sales fulfillment mechanism to drive the growth. Catering to various Channel Partners – Retailers, Dealers, System Integrators through various solutions and support structures will help cater to various customer segments with comprehensive security solutions. It is also planned to enhance our already strong service network to support the partners and customers and ensure that the Company delivers to its customers, experience of highest level of buying and after sales.

Under this division, the Company also sells and distributes products of international reputed OEMs. For this, Zicom has tied-up with many reputed brands like Pelco, Morley, Abloy, Dali, iSafe, System Sensor, etc. The products by this division includes inter-alia, Closed Circuit Televisions (CCTV), Video Door Phone (VDP), Access Control Systems (ACS), Fire Alarm Systems (FAS) to name a few.

In view of the various steps being taken by the Company as discussed above, its Sales and Distribution business is expected to grow at an average annual rate of 25% over next five years, despite various threat perceptions enumerated.

b. Direct Sales Business:

Under this division, the Direct Sales Team set-up by the Company approaches various prospective customers in SOHO and SME sectors including single offices, jewellery shops, apartments in residential societies and houses. The major focus of business has been in the product portfolio of Video Door Phones (VDPs), Intrusion Detection Systems and CCTV.

This Team also gets benefit of marketing under Make Your City Safe (MYCS) Movement. While, MYCS Team targets business from housing societies, any direct sales enquiry from housing society members are routed through this Team.

With media and law enforcement authorities giving publicity of detection and resolution of crime cases with the use of CCTV and other surveillance systems, it has helped in spreading awareness about their advantages. In addition, various value added services offered by the Company using electronic surveillance systems has supplemented demand for the same.

During the last quarter of the financial year 2012-13, distribution of VDPs through the retail shops has been introduced, with main focus on the electrical segment. Further, large format retails and e-commerce portals are also being tried out on pilot basis. With overwhelming response from the retail segment, this business is expanding its geographical & industry-specific footprints. It will be present in more than 50 cities and towns Pan-India. Further, taking a cue from response of the electrical stores, this Business will also be present in more than 3,000 A-Class stores Pan-India in the most active segments like

Hardware, Sanitary, Home Décor, Electronic & Consumer Durables, and Automobiles, so that our consumers can have an off-the-shelf experience for a range of our products in the retail outlets.

As a first mover, this business has always faced initial teething problems before it settled down based on own experience; and thereafter, it also faced competition in the retail segment from major players in the security domain. However, with the brand "Zicom" now becoming a household name, we expect to easily overcome all the threats in the market and assure our consumers with state of art products / services and provide them with a "Feel Safe" and "Peace of Mind" experience. This business also has certain threats like delayed payments, competition from unorganized sector, high price sensitive nature of customers, highly imported products content leading to the risk of foreign exchange fluctuations, which is not always possible to pass on to customers.

However, in view of the plans under this Business segment to increase presence in more cities covering 3,000 shops, it is expected to show substantial growth in the current year in both, top and bottom lines.

c. Builders Business:

This vertical was formed with an eye on business by offering various security systems and equipments like CCTV, VDP, Multi-Apartment Video Door Phone (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 customers in Tier 1 and Tier 2 cities has created scope for this vertical. As cost of security products forms negligible part of total housing cost and facilitates value add-on offering by builders, they act as a marketing tool for

builders. Association with builders in one project would make easy to get entry in his future projects. However, builders being price sensitive customers having tendency to minimize their cost, prefers cheaper products from unorganized sector, sometimes overlooking brand and quality.

2. Fire Detection and Protection Business:

The fire detection and protection business of Zicom Group is highly focused on Gulf Region. This business is carried under three subsidiary companies, viz. Unisafe Fire Protection Specialists LLC, Dubai (Unisafe Dubai); Phoenix International WLL, Qatar (Phoenix) and Unisafe Fire Protection Specialists India Private Limited (Unisafe India). We have already discussed at length about all these three subsidiaries in Directors' Report under the para about "Subsidiary and Joint Venture Companies".

With Unisafe Dubai and Phoenix both performing well and achieving milestones in terms of topline, bottomline and customer satisfaction; and Unisafe India also turning around in the financial year 2012-13, their combined contribution to the Company's consolidated revenue has reached to 61% as on March 31, 2013; making fire detection and protection business a backbone of Zicom Group's activities.

With fire detection and protection business being Gulf centric, particularly the Middle-East countries like seven emirates of United Arab Emirates, Qatar, Oman, and surrounding Gulf Co-operation Council (GCC) Countries, any change in economic and business developments there will largely affect our business prospects.

Dubai, a major hub of commercial activities and the centre of our fire detection and protection business in the Gulf Region, was affected with the economic slowdown as a fall out of global economic adversaries. It has shown sign of recovery in the second half of the year under review. Infrastructure and real estate development activities have started picking-up with new projects again taking shape; and postponed and put-off

projects also being again taken-up. Unisafe Dubai has again been receiving numerous inquiries for fire detection and protection in such projects.

Qatar is a part of GCC Countries and has the world's highest per capita GDP. The economy of Qatar is one of the fastest growing economies in the world. Large projects in residential and commercial buildings and infrastructure are coming up in Qatar and the construction market is estimated at USD 130 billion for next 10 years, which is expected to give big boost to safety and security industry. Qatar is going to host FIFA World Cup in 2022, and is also a leading contender to host World Olympic thereafter.

With acquisition of Phoenix International WLL in Qatar, Zicom has expanded its footprints in GCC Countries and has become a major player in providing Fire Prevention and Protection products and services in Middle-East Region. This acquisition is in line with Zicom Group's strategy to offer services in Middle-East and North Africa (MENA) Region. Phoenix is a growing engineering service company in the Middle-East, headquartered in Doha. It is a leading brand offering turnkey solutions in the field of fire protection and suppression systems. Phoenix services include design, supply, engineering, erection, testing and commissioning of fire protection and safety solutions. This will allow us to widen our portfolio of security solutions as well as diversify into new terrains. Based on past performance and strong order book position, Phoenix is expected to contribute substantially to Zicom Group's business.

Unisafe Dubai is more specialized in execution of ultra large and mega projects in infrastructure and public utilities, high-rise sky scrapers, and projects involving complexities and very high and specialized technologies; whereas Phoenix is more specialized in taking up infrastructure, commercial, industrial and residential projects of medium and large size.

Apart from consolidating our Middle-East operations, we also consolidated our Indian business of providing Fire Detection and Protection products and services in

India. Encouraged by the success in this business in Middle-East, we took up this business in India through Unisafe India, now a wholly owned subsidiary of Zicom. In view of economic slowdown, and depleting growth on account of stringent fiscal policies to curtail spiraling inflation, many projects in infrastructure and real estate sectors have been either delayed, or put off in India, despite Government encouraging growth of infrastructure and implementation of such projects on Public Private Partnership.

Although the Company had entered the Indian business at the right time, in light of general slowdown in economy all over the world and later affecting Indian economy also, we decided to go ahead cautiously in taking up projects in India, and we are now taking projects in India on very selective basis. Despite this, we successfully executed few projects in India during the year under review. Unisafe India is successfully acting as Global Design Centre, to support design and estimation needs of all the projects of Zicom Group in Gulf Region, which business is expected to get boost from the growing demand from the Middle-East Region from Unisafe Dubai and Phoenix.

The Company is very hopeful on success of fire detection and protection business in Middle-East and even in India in the long run, mainly on account of Unisafe being a leading Fire Brand of Gulf Region with excellent track record, experienced professionals and skilled employees. It has a long standing tie-up with international players and has a good service business. Fire detection and protection industry is a fast growing industry, both in Gulf and India, which is expected to grow @ 30% p.a.

Encouraged by the success of Unisafe in Gulf Region, your Company has been looking to expand the fire business by carrying it over to other countries in the Gulf. After careful considerations, your Company is evaluating option to venture into Saudi Arabia and is in preliminary stage of negotiations with large construction groups to invest in the business of fire detection, protection, safety and related services. The

said investment would be made either directly or jointly with Company's subsidiary(ies).

However, the industry is facing various threats like high cost of working capital; lack of manufacturing base; delayed payments from builders and contractors, mainly in India and problem of retention of talent internationally.

3. Offering Security as a Service (SaaS):

Zicom SaaS Pvt. Ltd. (Zicom SaaS), our wholly owned subsidiary has adopted Remote Management Electronic Security Services as its future growth engine by pioneering a new category called "e-SaaS" (Electronic Security as a Service).

Concept of "e-SaaS" has evolved from various modern age developments like rapid urbanization in India along with the growing security issues, resulting in increased demand for security services. Customers desire more value added services like Business Intelligence, Loss Prevention, Comfort and Convenience, etc. to be bundled with their Safety Security Systems, resulting into all-in-one Solution Package. Further, the rapid proliferation of the internet and mobile in India has created an environment where customers now seek control over security and safety at anytime, from anywhere.

Taking-up this challenge and keeping with the pioneering spirit of Zicom Group, Zicom SaaS had launched its suite of e-SaaS services. These services, using the power of cloud technology and internet; and with convergence of Telecommunication, IT and Security; finds traction in Retail, Banking, Financial Services and Insurance (BFSI), Educational Institutes, SOHO and Housing Societies, etc.

Besides providing safety and security, Zicom's e-SaaS services also provide ROI (Return on Investment) to its customers by giving various business intelligence services. The services are delivered based on a unique business model, where the customer has only to pay a periodical (monthly / quarterly) subscription without incurring significant Capital Expenditure.

This unique e-SaaS services introduced first time in India from Zicom has met with overwhelming response in a short span of just 1 year, which is evident from score of 7,000+ customer accounts, making it one of the fastest growing services within Zicom and the security industry in India.

Zicom SaaS has strategically divided e-SaaS into two verticals, namely Enterprise and MYCS (Make Your City Safe). While Enterprise caters to offering security services to corporate like retail chain, banks, financial institutions, insurance, educational institutions and healthcare providers, among others, MYCS caters to providing security services to residential premises and housing societies.

Concept of "e-SaaS":

Since its introduction, the unique idea of e-SaaS has augured well by the market. Till Zicom introduced the SaaS concept in India, the Indian Electronic Security Market was hitherto only product oriented and not solution or service oriented. With introduction of e-SaaS, Zicom has brought a total shift in paradigm from physical and product orientation to service orientation of the Electronic Security Market. Introduction of e-SaaS has resolved the long standing demand of solution to various security problems of our customers, without being concerned about products and hardware to be deployed for the same. As a service model, it provides good potential for rendering security solutions to our customers. With Zicom's brand loyalty and customer trust built over years of existence, Zicom SaaS has a competitive advantage. Its focus is on providing complete solution to the customer rather than just selling the products. The most important customer service skill which Zicom SaaS has developed is to understand and effectively respond to the needs and concerns of the customer; and without wasting time, to respond with appropriate solution. This has helped Zicom SaaS to built customer relationship in a short span of time where it is no longer considered a sales contractor but a trusted advisor. The business verticals which Zicom SaaS has built for providing services to its customer are discussed below:

a. Enterprise:

The Enterprise has an Opex working model for its service which changes from customer to customer, for offering various security solutions. Besides providing end to end seamless service model, Enterprise offers various value added and remote monitoring services.

The main focus of Enterprise is 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 and SMEs.

Retail sector has been the major contributor to the revenue of this vertical. The Retail sector in India is expected to grow 150% in 3 years span between 2012–15. The share of organized retail is expected to be high by 50% by 2015. With its exponential growth and numerous cities in Tier 1, Tier 2, Tier 3, India offers excellent growth opportunity for Retail sector. However, with such a rapid economic growth, Retail sector faces certain inherent problems such as rise in crimes, leading to shop lifting, theft and sinkage. All this has raised demand for loss prevention, making a perfect place for Zicom SaaS to offer its various customer services. Besides loss prevention, safety and security, Zicom SaaS is offering various value added customized services like business intelligence, customer analysis tools, people counting software solutions, etc. Few of such services offered by Zicom SaaS based on its business intelligence software are: Time analysis, Queue Management and Customer Services, Sales Conversion Analysis, Service Management, Customer Tracking and Preference Log-in, People Counting, etc.

Various managed services that Zicom SaaS offers are:

1. e – Watch (Managed Alert as a Service [MAaaS])
2. e – Sense (Remote Fire Alarm Monitoring Service)

3. e – Alert (Remote Monitoring of Intruder Alarm)
4. e – Attend (Time and Attendance on Cloud)
5. e – Count (People Counting Solution)

The BFSI sector has highest concern for protecting its valuables and financial assets. With increasing urbanization and growing BFSI sector, specialized crimes against this sector like ATM break-ins, robbery, dacoity, etc. have also been on increase. With security manpower failing to meet the expectation of BFSI sector and fast expanding Gold Loan sector Enterprises and CLAs are relying more and more on Electronic Security Solutions and security surveillance. To grab the emerging opportunity, Zicom SaaS has evolved high technology solution integrating our various services like e-MAaaS and e-Alert services which help in preventing ATM thefts and robbery, offering huge growth potential. This innovative solution is based on GSM technology. With fast expanding Banking Sector and ATM networks coupled with increased logistic of cash and valuable assets Zicom SaaS has a huge market potential. In addition, for large customer, CCTV surveillance, intrusion alarm and customized security solution and business intelligence is offered. They are also assisted in setting up and operation of in-house Command Centre linked with network of CCTV surveillance and intrusion alarms. The main strong point of Zicom SaaS is scalability of its technology, ability to set up multiple command and monitoring centres with strong back-end support and above all being a part of trusted brand “ZICOM”. Since commencement of operation by Zicom SaaS, benefitting from first mover advantage of offering Security as a Service, it has successfully developed a large client-base which includes many prestigious names from Corporates and PSUs. The year 2012-13 witnessed Zicom SaaS expanding its network on Pan-India basis. Strong and dedicated management team has been a strong point of Zicom SaaS. With increasing crime rate, SaaS

model is flooded with inquiries from various segments it caters to. Further more and more customers prefer Opex model over Capex model. Business prospects have brightened further. The Government is slowly and steadily opening up more and more retail businesses under FDI, huge investment in Retail sector is expected from Multi National Chain stores, thereby benefitting Zicom SaaS.

However, SaaS model has also certain threats like low entry barriers, presence of numerous unorganized 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 restriction to Capex purchases is one of the major hurdle in penetration. Also sales cycle under this Business model is normally longer i.e. more than 90 days leading to higher working capital requirement. In view of the foregoing, despite various threats, prospect for Zicom SaaS business looks very bright as more and more customers are now shifting towards Opex model compared to Capex model which also absolves them from the headache of maintenance and operational expenses and provides remote monitoring services, built into an end to end security solution.

b. Make Your City Safe:

Another business vertical under Zicom SaaS is Make Your City Safe (MYCS), which made humble beginning during 2011-12, with a focus on residential and housing societies. Under MYCS, housing and residential sector is provided Security as a Service. It offers relief to the customers from the headache and worries of owning and maintaining security systems, monitoring its performance and keeping the data records of surveillance for a longer period. All these are done by MYCS for a meager monthly / quarterly fee. Societies and house owners have only to take decision on taking the security system on service basis and pay agreed monthly / quarterly fees.

Financial year 2012-13 being the first full year of MYCS operations, ended with encouraging performance. MYCS made considerable inroads in terms of market acceptance and penetration. It launched its services in Mumbai, Thane and Navi Mumbai under the banner of "Make Mumbai Safe", "Make Thane Safe", and "Make Navi Mumbai Safe" respectively; and by the mid of the year, expanded its presence in Pune under the banner of "Make Pune Safe". The main target segment, Residential Societies, have been over dependent on manned security compared to the electronic security and surveillance. The initial year of success gave confidence about acceptability of the service model by the societies at large.

Through the aligned efforts of dedicated workforce, performance based culture has been established, which is making quite an impact on sales achievements. To further augment the market penetration in the society segment, Zicom SaaS appointed "MYCS Security Ambassadors", who will help in securing business on a commission basis, thereby easing dependency on fixed sales manpower cost.

The market holds huge opportunity in form of more than 6 lakhs+ housing societies in the current area of operations, with almost 80% of them without any reliable Electronic Surveillance System installed. Capitalizing as a first mover in the industry, MYCS aims at garnering the Lion's share in the CCTV surveillance of the society segment.

Considering the capital investment and bandwidth required to service the customers on a sustainable basis, no immediate threat from any organized segment is seen. Looking ahead to the financial year 2013-14, MYCS vertical is focusing on another exciting year, even though the conditions are expected to remain challenging. Building on the gains of acquired strength and market presence in 2012-13, MYCS has set the stage for fully

capitalizing on them, by aiming to grow the business multifold. This looks feasible as expanding the services to a wider audience has been a top priority in the current fiscal year. MYCS has also plans to expand its presence in new cities like Chennai and Hyderabad in the last quarter of the current fiscal year.

Risks that MYCS vertical faces includes uncertain consumer response, long spreaded revenue generation, chances of premature contract discontinuation and uncertainty of revenue collection. In spite of all this, MYCS, as a novel but most relevant concept under present day circumstances of high crimes and terrorism rate, has found favours with Government and Local Bodies, and Law enforcing authorities. Understanding the importance of the opportunity, Zicom SaaS is all prepared to fully take-up the chance by providing a "Feel Safe" experience to India's cities.

4. Training and Education in Security:

Manpower Security is the second largest industry sector in India after the agricultural sector, which is growing at a pace of 25%. However, the industry is plagued with the constraint of having inadequately trained manpower. About 7 million security guards are at the bottom of the pyramid, but they are untrained, under supervised and underpaid. In addition, India needs about 2 million guards every year. Our huge demographic division is a big advantage to be able to provide this manpower. The security guards need to be technology oriented and be able to operate electronic security and surveillance systems. Besides, there is a need for creating a pool of trained installation technicians, CCTV and CMS operators, etc. Further, fire is one of the common disasters damaging properties and lives in premises. There is huge demand for training on Firefighting, Evacuation Drills, Fire Safety and First Aid and also Fire Safety Audit in corporates. All these factors underline the huge potential for the business of training and education in security.

In India Education sector is fast growing and attracts enormous investments. It is considered among the largest Sector. Besides, Government of India's thrust on Skilling Development and Vocational Education will also propel the security training industry with National Skill Development Council (NSDC) playing a catalytical role. NSDC is a nodal agency under the aegis of Finance Ministry, responsible to materialize the vision of our Hon'ble Prime Minister to create a capacity of 500 million certified skilled technicians by 2022. With a view to help the Nation's vision and philosophy of empowering people in the domain of security and safety for skilled job through training, Institute of Advanced Security Training and Management Private Limited (ASTM) was established as a security training Institute by Zicom Group.

Started as a humble beginning with a vision to foster a secure environment in India by imparting world class training and education in Security, Safety and Loss Prevention, today ASTM is fast emerging as a strong training provider in India partnering with NSDC with its strong portfolio of upskilling and vocational training programs focused on the domains of physical security, electronic security and fire safety. ASTM offers training programs and engages in various segments like retail, government, corporates, etc. The vocational courses offered by ASTM ranges from certificate courses to advanced courses, with a view to create a cadre of proficient and multi-tasking security executives and security officers. ASTM also has vocational courses in electronic security to create certified installers and service technicians as also for engineering students to prepare them for multidisciplinary jobs in the electronic security industry.

During the year under review, ASTM has launched Advanced Course in Fire Protection and Safety Management for science and engineering graduates with opportunities for placement both in India and abroad. Further during the year, ASTM set-up additional training centres on Pan-India basis. The training

centres are well equipped facilitating quality training and skill development. ASTM has developed sector specific training programs which are tailor-made to suit requirements of various industries segments. Besides, ASTM also runs special batches for guard trainings as per requirements of large corporates.

The positive business outlook should be supportive in unleashing opportunities for ASTM to leverage its training business. The Government segment will be a big spender on skilling development and vocational education with the students being assured of employment without paying any fees for the training imparted. Several schemes are expected to be offered under Swarna Jayanti Shahari Rozgar Yogna (SJSRY), Tribal Department, National Rural Employment Guarantee (NREG), Ministry of Rural Development (MORD), etc. Collaboration with the State Governments in various States such as Maharashtra, Odisha, Madhya Pradesh, Tripura, Rajasthan, Bihar, Uttar Pradesh will help generate large numbers for training and employment. Further, collaboration with the right corporate partners in various industry sectors like hotels, banks, industries, hospitals can also catalyze the training business.

However, aspiration quotient for security training is very low with the mindsets of students and parents correlating a security career with the job of a watchman. This tends to dampen students enrolments. This slows down the retail business due to low awareness about the potential and career prospects in a security profession. Low revenues in the retail segment compounded with high cost of training infrastructure can affect the sustainability in the retail training centres. Also, security agencies are unwilling to spend on training of their security guards due to apprehensions of attrition and anticipated loss of business. Besides, the industry continues to be highly unorganized, unprofessional and fragmented. Training is not a big ticket for committed expenditure in corporates who tend to avoid and postpone this to pare

their business costs. This is more witnessed during recessionary periods.

ASTM is closely working with various State Governments for participating in their skilling and employment schemes to train large numbers of underprivileged and unemployed youth from economically backward districts and get them employed as certified security guards with agencies and corporates. Such collaborative participation is in advanced stages in States like Odisha, Maharashtra, Rajasthan, Chattisgarh, Bihar, etc. All evaluations and certification for such programs is carried out by a third party service provider like the Security Knowledge and Skill Development Council (SKSDC).

ASTM will use its well designed and customized sector specific courses and programs to garner strong business in the corporate segment. In joint coordination with the Security Sector Skill Council, ASTM is also poised to set up centres of excellence with state-of-the-art infrastructure for imparting top quality security training in certain States. In its pursuit for providing assured job placement to students trained at its Institute, ASTM has tied-up with India's several largest security agencies to absorb all trained and certified students of ASTM on Pan-India basis.

CORPORATE OVERVIEW:

In view of various steps as discussed above, the Company is optimistic to reproduce the successful performance in the current year too. Your Company always looks for various opportunities for inorganic growth through overseas acquisition and/or by setting-up joint ventures.

Post restructuring, the business of Zicom Group has been divided into three main domains viz. Retail Sales and Distribution, Security as a Service and Fire Detection and Protection. The underlying risks and threats for these three main domains have totally changed. With these businesses consolidating in the year under review, perceptions for associated risks and threats have now crystallized.

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

- Mental barriers of customers to spend money on security products and services
- Import centric business nature
- Lack of incentive for security industry, no concessions in duties and tax structures

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

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

Zicom's internal audit and risk management system follows current best practices. Internal Audit System monitors the adequacy and effectiveness of the internal control 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. The 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
- Proper accounting and review mechanism
- Compliance with applicable statutes, listing requirement and internal policies and procedures
- Audit on concurrent basis, carried out by an internal audit team covering all statutes and compliance requirements
- IT systems with adequate in-built controls and security

FINANCIAL PERFORMANCE VIS-À-VIS OPERATIONAL PERFORMANCE AND HUMAN RESOURCES

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

CAUTIONARY STATEMENT

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

Independent Auditors' Report

The Members,

Zicom Electronic Security Systems Limited

I. Report on the Financial Statements

We have audited the attached financial statements of **Zicom Electronic Security Systems Limited** (hereinafter referred to as the Company), comprising of the Balance Sheet as at March 31, 2013, 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

Management is responsible for 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 211(3C) of the Companies Act, 1956 (hereinafter referred to as the Act). This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 of 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 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 control relevant to the Company's preparation and fair presentation of the financial statements 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 the management, as well as evaluating the overall financial statement presentation.

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

IV. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said Order, to the extent applicable to the Company during the year under review.
2. Without qualifying our report we draw attention to

In respect of Sundry Debtors representing an opening amount of ₹ 105.56 Lacs due from the customer, the company has recovered its principle amount during the year under review an amount of ₹ 42.33 Lacs being the award from the Honourable Supreme Court of India in its favour.

Independent Auditors' Report

The management is confident of recovering even the accrued interest on the same which has been disclosed under the head Other Current Asset amounting to ₹ 63.24 Lacs and hence no provision has been considered in this regard.

3. Further to our comments in the Annexure referred to in 1. above, as required by Section 227(3) of the Act, we report as follows:

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Act;
- (e) On the basis of written representations received from the respective directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

V. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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;

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the Cash flows of the Company for the year ended on that date.

For **Shyam Malpani & Associates**

Chartered Accountants

Firm Registration No. 120438 W

Shyam Malpani

Proprietor

Membership No. F-34171

Mumbai, dated May 16, 2013

Independent Auditors' Report

Annexure referred to the Independent Auditors' Report

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

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

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

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

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

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

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

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

- 3) According to the information and explanations provided to us and as per the records examined by us, during the year, the Company has granted unsecured loans to bodies corporate and recovered in full

unsecured loans given in earlier years from three other bodies corporate representing the parties listed in the register maintained under Section 301 of the Companies Act, 1956. The aggregate maximum and closing balances of these parties are ₹ 1,884.84 Lacs and ₹ 1,884.84 Lacs respectively.

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

Based on the information and explanations provided to us, in our opinion, the parties to whom the above loans were given are (i) regular in repayment of principal and interest, as applicable (ii) there was no overdue principal as at the close of the year and (iii) reasonable steps were taken by the Company to recover the loans.

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

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

Independent Auditors' Report

particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

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

- 6) As per the records verified and based on explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- 7) In our opinion, the Company has a formal internal audit system. However, the same needs to be strengthened, both in respect of scope and coverage, in order to make it commensurate with the size of the Company and nature of its business.

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

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

- 10) The Company does not have accumulated losses at the end of the current financial year nor has it incurred any cash losses in the current / immediately preceding financial year.
- 11) Based on our audit procedures, books of account and as explained to us, we are of the opinion that, during the year, the Company has not defaulted in repayment of dues to any financial institution or bank. No debentures were issued or were outstanding during the year.
- 12) As explained to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
- 13) In our opinion the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund / societies.
- 14) As per the records of the Company, the Company has not dealt with or traded in shares, securities,

Independent Auditors' Report

debentures and other investments. The investments of the Company are held in its name.

- 15) According to the information and explanations provided to us and the records examined by us, the Company has given guarantee for loan taken by a subsidiary from bank to the extent of ₹ 29,974.16 Lacs. In our opinion, the terms and conditions of such guarantees are not prima facie prejudicial to the interests of the Company.
- 16) As per the records and based on the explanations provided to us, in our opinion, the term loans were applied by the Company for the purpose for which they were obtained.
- 17) On the basis of overall examination of the records and cash flows of the Company, in our opinion, the funds raised on short-term basis have not been used for long-term investment.
- 18) During the year, the Company has made preferential allotment of equity shares to the parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 19) As per the records verified, no debentures were issued or were outstanding during the year.

20) During the year, the Company has not raised any money through public issue.

21) Based upon the audit procedures performed and the information and explanations provided by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **Shyam Malpani & Associates**

Chartered Accountants

Firm Registration No. 120438 W

Shyam Malpani

Proprietor

Membership No. F-34171

Mumbai, dated May 16, 2013

Balance Sheet

as at March 31, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
Equity and Liabilities			
Shareholders' Funds			
Share Capital	1	169,998,290	126,998,290
Reserves And Surplus	2	1,354,788,531	1,147,649,102
Warrant Application Money		6,900,000	-
		1,531,686,821	1,274,647,392
Non-Current Liabilities			
Long-Term Borrowings		-	-
Deferred Tax Liabilities (Net)	3	76,446,876	56,510,953
Other Long-Term Liabilities	4	10,379,242	502,500
Long-Term Provisions	5	778,895	1,108,773
		87,605,013	58,122,226
Current Liabilities			
Short-Term Borrowings	6	470,529,219	388,302,698
Trade Payables	7	229,194,395	147,017,019
Other Current Liabilities	8	118,317,799	198,349,033
Short-Term Provisions	9	25,047,008	16,190,367
		843,088,421	749,859,117
Total		2,462,380,255	2,082,628,735
Assets			
Non-Current Assets			
Fixed assets			
Tangible Assets	10	254,610,496	308,298,644
Intangible Assets	10	156,543,271	178,260,385
Capital Work-In-Progress		-	-
		411,153,767	486,559,029
Non-Current Investments	11	538,997,104	330,452,152
Long-Term Loans And Advances	12	137,173,163	12,168,551
Other Non-Current Assets	13	-	10,556,674
		1,087,324,034	839,736,406
Current Assets			
Inventories	14	311,196,978	313,185,168
Trade Receivables	15	635,727,535	510,256,266
Cash And Cash Equivalents	16	124,472,310	76,602,307
Short-Term Loans And Advances	17	297,335,724	284,114,878
Other Current Assets	18	6,323,674	58,733,710
		1,375,056,221	1,242,892,329
Total		2,462,380,255	2,082,628,735

See accompanying Notes forming part of the Financial Statements

As per our 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

Mukul Desai
Director

Shyam Malpani
Proprietor
Place : Mumbai
Date : May 16, 2013

V. Raman Kumar
Director
Hemendra Paliwal
Chief Financial Officer

Vijay Kalantri
Director

K. D. Hodavdekar
Director
Kunjan Trivedi
Company Secretary

Statement of Profit and Loss for the year ended March 31, 2013

(Amount in ₹)

Particulars	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
Revenue From Operations (Gross)	19	2,664,128,159	2,194,159,063
Other Income	20	48,648,234	26,694,041
Total		2,712,776,393	2,220,853,104
Cost Of Materials Consumed	21	-	6,943,819
Purchases Of Stock-In-Trade	22	2,224,662,887	1,848,705,800
Changes In Inventories	23	1,988,190	-76,165,893
Employee Benefits Expense	24	70,844,120	70,381,578
Finance Costs	25	95,857,168	73,727,745
Depreciation Expense	10	79,048,999	117,969,202
Other Expenses	26	114,122,958	106,835,297
Total		2,586,524,322	2,148,397,548
Profit / (Loss) Before Exceptional Expenses And Tax		126,252,071	72,455,556
Exceptional Expenses (Refer Note No.27.2)		-	19,386,598
Profit / (Loss) Before Tax		126,252,071	53,068,958
Profit / (Loss) Before Tax		126,252,071	53,068,958
Current Tax Expense For Current Year		25,270,000	5,410,000
Current Tax Expense Relating To Prior Years		-	-2,508,805
Net Current Tax Expense		25,270,000	2,901,195
Deferred Tax		19,935,923	14,637,235
Total		45,205,923	17,538,430
Profit / (Loss) For The Year		81,046,148	35,530,528
EPS Before Exceptional Expenses			
Basic		5.14	4.32
Diluted		5.01	4.32
EPS After Exceptional Expenses			
Basic		5.14	2.80
Diluted		5.01	2.80

See accompanying Notes forming part of the Financial Statements.

As per our 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**Mukul Desai**
Director**Shyam Malpani**
Proprietor
Place : Mumbai
Date : May 16, 2013**V. Raman Kumar**
Director**Vijay Kalantri**
Director**K. D. Hodavdekar**
Director**Hemendra Paliwal**
Chief Financial Officer**Kunjan Trivedi**
Company Secretary

Cash Flow Statement for the year ended March 31, 2013

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A. Cash Flow From Operating Activities		
Net Profit / (Loss) Before Extraordinary Items And Tax	126,252,071	72,455,556
Adjustments For:		
Depreciation And Amortisation	79,048,999	117,969,202
(Profit) / Loss On Sale / Write Off Of Assets	822,166	3,614,095
Finance Costs	95,857,168	73,727,745
Interest Received	-17,564,164	-25,047,063
Sundry Balances Written Off / (Written Back)	-1,694,082	-768,392
Provision For Diminution	-	5,270,000
Exceptional Item	-	-19,386,598
Subtotal	156,470,087	155,378,989
Operating Profit / (Loss) Before Working Capital Changes	282,722,158	227,834,545
Changes In Working Capital:		
Adjustments For (Increase) / Decrease In Operating Assets:		
Inventories	1,988,190	-74,520,947
Trade Receivables	-123,777,187	-247,493,089
Other Non Current Assets	10,556,674	
Short-Term Loans And Advances	-8,510,572	335,588,849
Long-Term Loans And Advances	-176,068,720	12,547,571
Other Current Assets	52,410,036	-58,733,710
Adjustments For Increase / Decrease) In Operating Liabilities:		
Trade Payables	82,177,376	-16,260,589
Other Current Liabilities	69,968,766	-94,056,523
Other Long-Term Liabilities	9,876,742	-3,135,578
Short-Term Provisions	-92,452	257,496
Long-Term Provisions	-329,878	-421,193
Subtotal	-81,801,025	-146,227,713
Cash Generated From Operations	200,921,133	81,606,832
Net Income Tax (Paid) / Refunds	25,794,108	775,198
Net Cash Flow From / (Used In) Operating Activities (A)	226,715,241	82,382,030
B. Cash Flow From Investing Activities		
Capital Expenditure On Fixed Assets, Including Capital Advances	-4,465,903	-5,318,332
Proceeds From Sale Of Fixed Assets	-	163,844,620

Cash Flow Statement

for the year ended March 31, 2013 (Continued)

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Inter-Corporate Deposits (Net)	-4,710,274	1,514,800
Loans To Subsidiaries And Other Body Corporate	-	-33,811,120
Interest Received	17,564,164	25,047,063
Purchase Of Long-Term Investments		
- Subsidiaries	-188,544,952	-100,000,000
- Associates	-20,000,000	-52,500,000
Net Cash Flow From / (Used In) Investing Activities (B)	-200,156,965	-1,222,969
C. Cash Flow From Financing Activities		
Net Increase / (Decrease)		
In Working Capital Borrowings	82,226,521	847,928
Increase in Share Capital Including Securities Premium	197,800,000	-
Warrant Application Money	6,900,000	-
Repayment Of Long Term Borrowings	-150,000,000	-100,000,000
Fluctuation Gain	-1,605,707	25,714,978
Finance Cost	-94,251,461	-99,442,723
Dividends Paid	-16,999,829	-12,699,829
Tax On Dividend	-2,757,797	-2,109,290
	21,311,727	-187,688,936
Net Cash Flow From / (Used In) Financing Activities (C)	21,311,727	-187,688,936
Net Increase / (Decrease) In Cash And Cash Equivalents (A+B+C)	47,870,003	-106,529,875
Cash And Cash Equivalents At The Beginning Of The Year	76,602,307	183,132,182
Cash And Cash Equivalents At The End Of The Year	124,472,310	76,602,307

As per our report of even date

For **Shyam Malpani & Associates**
Chartered Accountants**Shyam Malpani**
Proprietor
Place : Mumbai
Date : May 16, 2013**Manohar Bidaye**
Chairman**V. Raman Kumar**
Director**Hemendra Paliwal**
Chief Financial Officer

For and on behalf of the Board of Directors

Pramoud Rao
Managing Director**Vijay Kalantri**
Director**Mukul Desai**
Director**K. D. Hodavdekar**
Director**Kunjan Trivedi**
Company Secretary

Notes forming part of the Financial Statements

1 Corporate information

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

2 Significant accounting policies

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

2.1 Change in accounting policy

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

2.2 Basis of Accounting:

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

2.3 Use of estimates

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

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

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

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

2.5 Depreciation / Amortization

Tangibles:

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

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

Intangibles:

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

Notes forming part of the Financial Statements

2.6 Investments

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

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

2.7 Valuation of Inventories:

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

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

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

2.8 Foreign Exchange Fluctuations :

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

2.9 Revenue recognition:

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

2.10 Retirement Benefits:

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

2.11 Taxation :

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

Notes forming part of the Financial Statements

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.

2.12 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.

2.13 Borrowing Costs

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

2.14 Provisions for Contingencies:

A provision is recognized when:

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

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

2.15 Leases

- i. Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized 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 recognized in the Statement of Profit and Loss on straight-line basis over the lease term, unless there is another systematic basis which is more representative of the time pattern of the Lease.

2.16 Accounting of Employee Stock Option Scheme:

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

Notes

forming part of the Financial Statements

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Note 1 Share Capital		
Authorized:		
25,000,000 (2012:25,000,000) Equity shares of ₹ 10 each with voting rights	250,000,000	250,000,000
Issued Subscribed and Paid up:		
16,999,829 (2012:12,699,829) Equity shares of ₹ 10 each with voting rights	169,998,290	126,998,290
Total	169,998,290	126,998,290

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

	2013		2012	
	Number	₹	Number	₹
As per last Balance sheet	12,699,829	126,998,290	12,699,829	126,998,290
Add: Issued during the year	4,300,000	43,000,000	-	-
Outstanding at the end of the year	16,999,829	169,998,290	12,699,829	126,998,290

Shares held by each shareholder holding more than 5% of equity share capital

	As at March 31, 2013		As at March 31, 2012	
	Number	Percentage	Number	Percentage
Baronet Properties & Investments Pvt. Ltd	1,235,652	7.27	651,279	5.13
Coronet Properties & Investments Pvt. Ltd.	1,086,286	6.39	586,732	4.62
Aark Singapore Pte. Ltd.	2,900,000	17.06	-	-
V. Raman Kumar*	400,000	2.35	-	-

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

Shares reserved for issue under the Employee Stock Options Scheme (ESOS) plan of the Company, please refer note no 27.15

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Note 2 Reserves And Surplus		
(a) Capital Reserve		
As per Last Balance Sheet	73,500,000	73,500,000
(b) Securities Premium Account		
As per Last Balance Sheet	604,516,443	604,516,443
Add: Received during the Year	154,800,000	-
Closing balance	759,316,443	604,516,443

Notes forming part of the Financial Statements

Particulars	[Amount in ₹]	
	As at March 31, 2013	As at March 31, 2012
(c) General Reserve		
As per Last Balance Sheet	22,100,000	22,100,000
Add: Transferred from surplus in Statement of Profit and Loss	2,500,000	-
Closing balance	24,600,000	22,100,000
(d) Surplus / (Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	447,532,659	426,762,190
Add: Profit / (Loss) for the Year	81,046,148	35,530,528
Less: Appropriation		
Proposed Dividend on Equity Share (Dividend Per Share ₹ 1.20 (2012: ₹ 1))	20,399,795	12,699,829
Tax on Dividend	3,309,357	2,060,230
Previous Year Dividend & Tax on Dividend	4,997,567	-
Transferred to General Reserve	2,500,000	-
Total Appropriation	31,206,719	14,760,059
Net Surplus in Statement of Profit and Loss	497,372,088	447,532,659
Total	1,354,788,531	1,147,649,102

Particulars	[Amount in ₹]	
	As at March 31, 2013	As at March 31, 2012
Note 3 Deferred Tax Liability (net)		
Deferred Tax Liability		
Impact of difference between depreciation under Income Tax & Company Law	80,427,878	86,872,293
Total	80,427,878	86,872,293
Deferred Tax Assets		
MAT Credit	-	18,182,831
Disallowance under Income Tax	-	8,197,507
Provision for Diminution in Value of Investments	3,981,002	3,981,002
	3,981,002	30,361,340
Total	76,446,876	56,510,953

Particulars	[Amount in ₹]	
	As at March 31, 2013	As at March 31, 2012
Note 4 Other Long-term Liabilities		
Deposits	10,379,242	502,500
Total	10,379,242	502,500

Notes

forming part of the Financial Statements

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Note 5 Long Term Provisions		
For Leave Encashment (Refer Note 27.4)	778,895	1,108,773
Total	778,895	1,108,773

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Note 6 Short-term Borrowings		
Cash Credit from Banks (Secured)	470,529,219	388,302,698
Total	470,529,219	388,302,698

Notes:

Working Capital Loans and Banking Facilities mentioned in clause (a) and (b) of Notes 27.1 are secured by the first charge ranking pari passu on current assets of the company and second charge ranking pari passu by way of hypothecation of Plant & Machinery, and other fixed assets and Equitable Mortgage of properties situated in Mumbai and Bengaluru

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Note 7 Trade Payables		
Acceptances	48,987,225	26,706,304
Others	180,207,170	120,310,715
Total	229,194,395	147,017,019

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Note 8 Other Current Liabilities		
Current maturities of long-term debt #	-	150,000,000
Unpaid Dividends	1,531,803	710,304
Advances from Customers	80,610,579	38,507,691
Other Payable	36,175,417	9,131,038
Total	118,317,799	198,349,033

(Long Term Debt 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.)

Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Note 9 Short-term Provisions		
For Warranty	1,290,000	1,005,000
For Gratuity (Refer Note No. 27.4)	47,856	425,308
For Proposed Equity Dividend	20,399,795	12,699,829
For Tax on Proposed Dividend	3,309,357	2,060,230
Total	25,047,008	16,190,367

Note 10 Fixed Assets

(Amount in ₹)

Tangible Assets	As on April 1, 2012	GROSS BLOCK		As on March 31, 2013	Up to March 31, 2012	DEPRECIATION		Up to March 31, 2013	NET BLOCK	
		Additions	Deductions			For the Year	Deductions / Adjustment		As at March 31, 2013	As at March 31, 2012
Freehold Land	16,982,508	-	-	16,982,508	-	-	-	-	16,982,508	16,982,508
Buildings	22,823,659	-	-	22,823,659	6,199,448	524,462	-	6,723,910	16,099,749	16,624,211
Plant and Equipment	351,053,102	2,150,000	-	353,203,102	112,492,768	48,800,934	-	161,293,702	191,909,400	238,560,334
Furniture and Fixtures	8,386,857	-	-	8,386,857	4,244,820	530,889	-	4,775,709	3,611,148	4,142,037
Vehicles	12,623,875	-	950,000	11,673,875	3,009,693	1,157,123	127,834	4,038,982	7,634,893	9,614,182
Office equipment	27,994,994	2,315,903	-	30,310,897	8,956,336	3,546,884	-	12,503,220	17,807,677	19,038,658
Leasehold improvements	11,910,088	-	-	11,910,088	8,573,374	2,771,593	-	11,344,967	565,121	3,336,714
Total	451,775,083	4,465,903	950,000	455,290,986	143,476,439	57,331,885	127,834	200,680,490	254,610,496	308,298,644

(Amount in ₹)

Intangible assets	As on April 1, 2012	GROSS BLOCK		As on March 31, 2013	Up to March 31, 2012	DEPRECIATION		Up to March 31, 2013	NET BLOCK	
		Additions	Deductions			For the Year	Deductions / Adjustment		As at March 31, 2013	As at March 31, 2012
Goodwill	201,920,978	-	-	201,920,978	30,288,149	20,192,100	-	50,480,249	151,440,729	171,632,829
Computer software	7,625,068	-	-	7,625,068	997,512	1,525,014	-	2,522,526	5,102,542	6,627,556
Total	209,546,046	-	-	209,546,046	31,285,661	21,717,114	-	53,002,775	156,543,271	178,260,385
Grand Total	661,321,129	4,465,903	950,000	664,837,032	174,762,100	79,048,999	127,834	253,683,265	411,153,767	486,559,029
Previous year	915,312,744	9,279,818	263,271,433	661,321,129	152,605,617	17,969,202	95,812,719	174,762,100	486,559,029	762,707,127

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Note 11 Non Current Investments		
Trade Investments (Valued at cost unless Stated otherwise)		
Unquoted Equity Instruments		
Investment in Subsidiaries		
2,450 (2012:2,450) Shares having Face Value of AED 1,000 per share in Unisafe Fire Protection Specialists LLC, Dubai	172,152,067	172,152,067

Notes

forming part of the Financial Statements

[Amount in ₹]

Particulars	As at March 31, 2013	As at March 31, 2012
50 (2012:Nil) Shares having Face Value of QAR 1,000 per share in Phoenix International WLL	88,544,712	-
2,000,000 (2012:2,000,000) Shares having Face Value ₹ 10 per share in Zicom CNA Automation Limited (At cost less provision for other than temporary diminution ₹ 7,000,000 (2012: ₹ 7,000,000)) (6 Shares held in the name of an Employee on behalf of the Company)	3,870,085	3,870,085
15,000,000 (2012:5,000,000) Shares having Face Value ₹ 10 per share in Zicom SaaS Pvt. Limited	150,000,000	50,000,000
5,000,000 (2012:5,000,000) Shares having Face Value ₹ 10 per share in Unisafe Fire Protection Specialists India Pvt. Limited	50,000,000	50,000,000
5 (2012:Nil) Shares having Face Value SGD 1 per share in Unisafe Fire Protection Specialists Singapore Pte Ltd., Singapore	200	-
1 (2012:Nil) Shares having Face Value SGD 1 per share in Zicom Security Projects Pte. Ltd., Singapore	40	-
Investments in Associates		
120,000 (2012:120,000) Shares having Face Value of ₹ 10 Per Share in Institute of Advanced Security Training & Management Private Ltd.	1,200,000	1,200,000
Total	465,767,104	277,222,152
Unquoted Preference Instruments		
Investment in Associates		
7,250,000 (2012:5,250,000) 1% Non-Cumulative Compulsorily Convertible Preference Shares having Face Value of ₹ 10 Per Share in Institute of Advanced Security Training & Management Private Limited	72,500,000	52,500,000
Total	72,500,000	52,500,000
Non Trade Investment		
Quoted Equity Instrument		
200,000 (2012:200,000) Equity Shares having Face Value of ₹ 10 Per Share in Vintage Cards & Creation Ltd. (At cost less provision for other than temporary diminution ₹ 5,270,000 (2012: ₹ 5,270,000))	730,000	730,000
Total	730,000	730,000
Total	538,997,104	330,452,152
Aggregate amount of quoted investment (Market value: ₹ 382,000 (2012: ₹ 730,000))	730,000	730,000
Unquoted Investments	538,267,104	329,722,152
Aggregate Value of Diminuation	12,270,000	12,270,000

Notes

forming part of the Financial Statements

Particulars	[Amount in ₹]	
	As at March 31, 2013	As at March 31, 2012
Note 12 Long-term Loans And Advances		
Unsecured, Considered Good		
Deposits	755,837	1,224,837
Loans to Subsidiary Companies (Refer Note 27.9)	125,997,720	-
Advance Income Tax (Net of Provisions for Taxation)	10,419,606	10,943,714
Total	137,173,163	12,168,551

Particulars	[Amount in ₹]	
	As at March 31, 2013	As at March 31, 2012
Note 13 Other Non Current Assets		
Unsecured, Considered Good		
Long Term Trade Receivables (Refer Note No 27.13)	-	10,556,674
Total	-	10,556,674

Particulars	[Amount in ₹]	
	As at March 31, 2013	As at March 31, 2012
Note 14 Inventories		
(At lower of cost and net realizable value)		
Finished Goods	311,196,978	313,185,168
Total	311,196,978	313,185,168

Particulars	[Amount in ₹]	
	As at March 31, 2013	As at March 31, 2012
Note 15 Trade Receivables		
Unsecured, Considered Good		
Debts outstanding for more than six months	42,845,243	14,192,838
Other Debts	592,882,292	496,063,428
Total	635,727,535	510,256,266

Notes

forming part of the Financial Statements

[Amount in ₹]

Particulars	As at March 31, 2013	As at March 31, 2012
Note 16 Cash And Cash Equivalents		
Balances with Banks		
In Current Accounts	8,389,675	14,622,268
Unpaid Dividend Accounts	1,531,803	710,304
Cash on Hand	308,329	1,201,739
Other Bank Balance		
Deposit with original maturity less than 12 months	51,884,491	40,662,503
Fixed Deposit Receipt - Margin Money	62,358,012	19,405,493
Total	124,472,310	76,602,307

[Amount in ₹]

Particulars	As at March 31, 2013	As at March 31, 2012
Note 17 Short Term Loans And Advances		
Unsecured, Considered Good		
Loans to Subsidiary Companies (Refer Note 27.9)	59,690,079	89,963,555
Advance Recoverable in Cash or kind	31,333,580	10,017,601
Advance Recoverable from Statutory Authority	30,136,245	18,825,060
Share Application Money Pending Allotment	-	11,000,000
Inter Corporate Deposit	71,776,296	67,066,022
Security Deposits	14,616,105	14,048,155
Loans and advances to Employees	860,169	704,673
Advance to supplier	88,923,250	72,489,812
Total	297,335,724	284,114,878

[Amount in ₹]

Particulars	As at March 31, 2013	As at March 31, 2012
Note 18 Other Current Assets		
Unsecured, considered good		
Others (Refer Note 27.13)	6,323,674	58,733,710
Total	6,323,674	58,733,710

Notes forming part of the Financial Statements

Particulars	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Note 19 Revenue From Operation		
Sales of Products (Refer Note 27.18)	2,644,081,559	2,182,685,149
Sale of Services	20,046,600	11,473,914
Total	2,664,128,159	2,194,159,063

Particulars	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Note 20 Other Income		
Interest income		
From Banks	1,223,600	1,353,208
From Subsidiary	9,130,290	15,208,655
From Others	7,210,274	8,485,200
Other Non-Operating Income		
Sundry Balance Written off (Net)	1,694,082	768,392
Rent Received	2,400,000	-
Guarantee Commission Fees	25,148,927	-
Other	1,841,061	878,586
Total	48,648,234	26,694,041

Particulars	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Note 21 Cost Of Materials Consumed		
Cost of Materials Consumed	-	6,943,819
Total	-	6,943,819

Particulars	(Amount in ₹)	
	Year ended March 31, 2013	Year ended March 31, 2012
Note 22 Purchase Of Traded Goods		
Materials and Related Expenses (Refer Note 27.18)	2,224,662,887	1,848,705,800
Total	2,224,662,887	1,848,705,800

Notes

forming part of the Financial Statements

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Note 23 Changes In Inventories		
Inventories at the end of the year: (Refer Note 27.18)		
Finished Goods	311,196,978	312,766,602
Total	311,196,978	312,766,602
Inventories at the beginning of the year:		
Material in Transit	-	6,461,009
Finished Goods	313,185,168	230,139,700
Total	313,185,168	236,600,709
Net (increase) / decrease	1,988,190	-76,165,893

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Note 24 Employee Expense		
Salaries and Wages	66,393,025	67,124,908
Contribution to Provident and Other Funds (Refer Note No. 27.4)	1,054,630	1,670,941
Staff Welfare Expenses	3,396,465	1,585,729
Total	70,844,120	70,381,578

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Note 25 Finance Costs		
Interest	84,341,265	96,050,251
Bank Charges	9,910,196	3,392,472
Net (Gain) / Loss on Exchange Fluctuation	1,605,707	(25,714,978)
Total	95,857,168	73,727,745

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Note 26 Other Expenses		
Advertisement	6,992,541	8,258,286
Auditor's Remuneration	1,144,382	1,110,266
Business Promotion	25,139,249	5,035,112
Communication	5,506,624	4,513,769

Notes forming part of the Financial Statements

Particulars	[Amount in ₹]	
	Year ended March 31, 2013	Year ended March 31, 2012
Directors' Sitting Fees	293,000	303,500
Donations And Contributions	-	87,500
Insurance	2,468,477	1,280,654
Legal And Professional	21,932,059	25,231,214
Membership & Subscription	215,697	308,580
Power and Fuel	3,396,091	2,865,037
Printing And Stationery	2,178,355	1,629,008
Rates And Taxes	2,712,403	7,748,977
Rent and Compensation	20,633,053	21,139,408
Repairs And Maintenance - Buildings	337,646	361,542
Repairs And Maintenance - Machinery	1,207,779	959,572
Repairs And Maintenance - Others	1,420,090	1,275,003
Staff Training & Recruitment	1,201,781	2,972,720
Travelling And Conveyance	11,801,438	8,831,594
Loss on Sale/Discard of Fixed Assets	822,166	3,614,095
Provision for Dimunition in Investment	-	5,270,000
Miscellaneous Expenses	4,720,127	4,039,460
Total	114,122,958	106,835,297
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As Auditors - Statutory Audit	775,000	775,000
For Other Services	369,382	230,000
Total	1,144,382	1,005,000

Note 27 Additional Information To The Financial Statements

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

Particulars	[Amount in ₹]	
	As at March 31, 2013	As at March 31, 2012
(a) Letters of Credit by Bank	18,499,247	43,002,826
(b) Guarantees issued by Bank (Gross)	7,087,000	5,846,027
(c) Standby Letter of Credit (SBLC) #	522,500,000	-
(d) Corporate Guarantee and Indemnities	2,724,580,000	1,677,670,000
(e) Sales Tax Matters	534,471	751,974
(f) Claim Lodged by Customers Not Acknowledged as Debt	476,215	1,133,180

Notes forming part of the Financial Statements

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.

- 27.2** Exceptional Expenses in previous year represents the adjustments to the final consideration receivable by the Company from Schneider Electric India Private Limited (SE) kept under Escrow as per the terms of Business Transfer Agreement (BTA) dated March 5, 2010.

27.3 Details of consumption of imported and indigenous items

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	₹	Percentage	₹	Percentage
Material				
Imported	Nil	Nil	6,143,819	100
Indigenous	Nil	Nil	Nil	Nil
Spare Parts				
Imported	Nil	Nil	Nil	Nil
Indigenous	Nil	Nil	Nil	Nil

During the year Company has not manufactured any products at it's Facility in Parwanoo

**27.4 Disclosure pursuant to Accounting Standard – 15 (revised) 'Employee Benefits':
Defined contribution plans**

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Employer's Contribution to Provident Fund	279,421	269,515
Employer's Contribution to Pension Fund	616,612	606,586

Employee benefit plans

"Amount of ₹ 32,325 (₹ 653,095) in respect of Gratuity and ₹ -303,733 (₹ 146,939) in respect of leave is recognised as expense and included in Employee Cost (Note No. 24) 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:

Notes forming part of the Financial Statements

(Amount in ₹)

Particulars	Year ended March 31, 2013		Year ended March 31, 2012	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
I Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	2,580,207	1,130,484	2,069,875	983,545
Interest cost	213,886	96,091	160,360	81,634
Current service cost	474,142	332,400	489,858	501,180
Actuarial (gains) / losses	-1,242,689	-732,224	-135,770	-435,875
Benefits paid	-127,797	-	-275,656	-
Present value of DBO at the end of the year	1,897,749	826,751	2,580,207	1,130,484
II Change in Fair Value of Assets during the year				
Plan assets at beginning of the year	2,176,610	Nil	1,523,454	Nil
Expected return on plan assets	207,100	Nil	160,500	Nil
Actual company contributions	377,863	Nil	795,919	Nil
Benefits paid	-127,797	Nil	-275,656	Nil
Actuarial gain / (loss)	-18,894	Nil	-27,607	Nil
Plan assets at the end of the year	2,614,882	Nil	2,176,610	Nil
III Amount Recognized in Statement of Profit and Loss				
Current service cost	474,142	332,400	489,858	501,180
Interest cost	213,886	96,091	160,360	81,634
Expected return on plan assets	-207,100	-	-160,500	Nil
Actuarial losses/(gains)	-1,223,795	-732,224	163,377	-435,875
Expense recognized in the Statement of Profit and Loss	-742,867	-303,733	653,095	146,939
IV Net asset / (liability) recognized in the Balance Sheet				
Present value of defined benefit obligation	1,897,749	826,751	2,580,207	1,130,484
Fair value of plan assets	2,614,882	-	2,176,610	Nil
Funded status [Surplus / (Deficit)]	717,133	-826,751	-403,597	-1,130,484
Net asset / (liability) recognized in the Balance Sheet	717,133	-826,751	-403,597	-1,130,484
V Actuarial assumptions				
Discount rate	8.05%	8.50%	8.50%	8.50%
Expected return on plan assets	9.00%	9.00%	9.00%	9.00%
Withdrawal Rates	0.80%	0.80%	0.80%	0.80%
Annual Increase in Salary Cost	4.00%	4.00%	4.00%	4.00%

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	As at March 31, 2013	As at March 31, 2012
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
Total	100	100

27.5 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:

Particulars	As at March 31, 2013	(Amount in ₹) As at March 31, 2012
Not later than one year	5,242,795	15,888,106
Later than one year and not later than five years	450,000	2,387,373
Later than five years	Nil	Nil
Lease Payment made during the year recognised in the Statement of Profit and Loss	20,633,053	19,687,408

27.6 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.

Notes forming part of the Financial Statements

27.7 1. During the year under review, on July 13, 2012, 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. 3,300,000 Equity Shares of ₹10 each, for cash, at a price of ₹ 46 per Equity Share, i.e. at a premium of ₹ 36 per Equity Share, to the following foreign entities:

Name of Allottees	Maximum No. of Equity Shares allotted
Aark Singapore Pte. Ltd., Singapore	2,900,000
Mr. V. Raman Kumar	400,000
Total	3,300,000

- b. 1,600,000 Warrants, each Warrant carrying an entitlement to subscribe to one (1) Equity Share of ₹ 10 each of the Company, for cash, at a price of ₹ 46 per Equity Share, i.e. at a premium of ₹ 36 per Equity Share, to the following Promoters' Group Companies:

Name of the Promoter Group Companies	Maximum No. of Warrants allotted
Baronet Properties & Investments Private Limited	800,000
Coronet Properties & Investments Private Limited	800,000
Total	1,600,000

- c. Out of the above Warrants, on July 20, 2012, the Company allotted 1,000,000 Equity Shares of ₹10 each at a price of ₹ 46 per Share to the holders of the Warrants (i.e. Promoter Group Companies), against exercise of options attached to the 1,000,000 Warrants. Details of the allotment are as under:

Name of the Promoter Group Companies	No. of Equity Shares allotted
Baronet Properties & Investments Private Limited	500,000
Coronet Properties & Investments Private Limited	500,000
Total	1,000,000

With the above allotments at (a) and (c) above, the Paid-up Share Capital of the Company has increased to 16,999,829 Equity Shares of ₹ 10 each aggregating to ₹ 169,998,290 and the Securities Premium Account of the Company has increased by ₹ 154,800,000. As the result of the above allotments Promoter Group now holds 3,637,023 Equity Shares i.e. 21.39% of post issue capital.

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

I. In Foreign Subsidiaries:

- a. Invested towards Share Capital SGD 5 for acquiring 100% (i.e. 5 Ordinary Shares of SGD 1 each) in its wholly owned subsidiary viz. Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore, which was incorporated on February 15, 2012.

Notes forming part of the Financial Statements

- b. Incorporated Zicom Security Projects Pte. Ltd., Singapore, as a wholly owned subsidiary on May 2, 2012 and invested towards Share Capital SGD 1 for acquiring 100% (i.e. 1 Ordinary Shares of SGD 1 each) in its wholly owned subsidiary.
- c. The Company, jointly with its wholly owned subsidiary, viz. Unisafe Fire Protection Specialists Singapore Pte. Ltd., Singapore, entered into a Share Sale Agreement (SSA), inter-alia, to acquire Phoenix International WLL, a Limited Liability Company in Qatar, engaged in the business of fire detection, protection, safety and related services.

As a part of the SSA, the Company has acquired 5% stake (i.e. 50 Shares of QR 1,000 each), while Unisafe Fire Protection Specialists Singapore Pte. Ltd. has acquired 44% stake (i.e. 440 Shares of QR 1,000 each), in Phoenix International WLL, aggregating to joint acquisition of 49% stake (i.e. 490 Shares of QR 1,000 each); and complete management control in Phoenix International WLL, at a valuation of USD 15 million.

II. In Indian Subsidiary:

- a. Invested in further issue of Equity Shares made by Zicom SaaS Private Limited, a wholly owned subsidiary, by subscribing to 10,000,000 Equity Shares of ₹ 10 each aggregating to ₹ 100,000,000. With this allotment (made on March 29, 2013), the total Investment of the Company in its said subsidiary has increased to ₹ 150,000,000 comprising of 15,000,000 Equity Shares of ₹ 10 each (out of which 5,000 Equity Shares are held by Director as a Nominee of the Company).

III. In Associate Company

- a. Invested in further issue of 1% Non-Cumulative Compulsorily Convertible Preference Shares made by Institute of Advanced Security Training and Management Private Limited (ASTM), a Promoter Group Company, by subscribing to 2,000,000 Preference Shares of ₹ 10 each, aggregating to ₹ 20,000,000. With this allotment (made on February 18, 2013), the total Investment of the Company in ASTM's Preference Shares has increased to ₹ 72,500,000 comprising of 7,250,000 1% Non-Cumulative Compulsorily Convertible Preference Shares of ₹ 10 each (i.e. 100%).

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

(Amount in ₹)

Particulars	Before Exceptional Item		After Exceptional Item	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
A. Net Profit for				
Basic	81,046,148	54,917,126	81,046,148	35,530,528
Diluted	81,046,148	54,917,126	81,046,148	35,530,528
B. Weighted Average No. of Equity Shares				
Basic	15,767,226	12,699,829	15,767,226	12,699,829
Diluted	16,186,404	12,699,829	16,186,404	12,699,829
C. Earning Per share				
Basic	5.14	4.32	5.14	2.80
Diluted	5.01	4.32	5.01	2.80

Notes forming part of the Financial Statements

27.9 Related Party Transactions

Details of related parties:

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

Note: Related parties have been identified by the Management.

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

(Amount in ₹)

Particulars	Subsidiaries		KMP	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Transactions during the year				
Purchase	39,360,300	Nil	Nil	Nil
Sale	108,119,424	1,928,359	Nil	Nil
Investment in Shares	188,544,952	100,000,000	Nil	Nil
Advance Recoverable in cash or in kind (Net)	62,471,340	(33,811,120)	Nil	Nil
Interest paid on Loan	9,130,290	Nil	Nil	Nil
Corporate Guarantee Fee	25,148,927	Nil	Nil	Nil
Standby Letter of Credit (SBLC) #	522,500,000	Nil	Nil	Nil
Corporate Guarantee	2,724,580,000	1,677,670,000	Nil	Nil
Common Overhead Allocated / Expenses re-charged (excluding Taxes)	Nil	4,104,194	Nil	Nil
Loans taken	Nil	Nil	7,500,000	Nil
Remuneration Paid	Nil	Nil	9,059,700	9,059,700
Balances outstanding at the end of the year				
Loans and advances	188,483,700	85,918,083	Nil	Nil
Expenses re-charged	Nil	4,045,472	Nil	Nil
Trade payables	23,742,179	2,795,846	Nil	Nil

Notes

forming part of the Financial Statements

(Amount in ₹)

Particulars	Associate Company	
	March 31, 2013	March 31, 2012
Transactions during the year		
Purchase	198,525	611,140
Sale	5,768,849	476,263
Investment in Preference Share	20,000,000	52,500,000
Share Application Money Pending Allotment	Nil	11,000,000
Rent	2,696,640	Nil
Deposits	10,000,000	Nil
Advance Recoverable in cash or kind	Nil	200,000
Common Overhead Allocated / Expenses re-charged (excluding Taxes)	Nil	58,073
Balances outstanding at the end of the year		
Share Application Money Pending Allotment	Nil	11,000,000
Loans and advances	Nil	200,000
Trade payables	Nil	38,088
Common Overhead Allocated / Expenses re-charged (excluding Taxes)	Nil	624,316

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

(Amount in ₹)

Name of the company	As at	Maximum Balance for the Year Ended on	As at	Maximum Balance for the Year Ended on
	March 31, 2013	March 31, 2013	March 31, 2012	March 31, 2012
Unisafe Fire Protection Specialists LLC, Dubai	18,230,140	88,713,929	88,713,929	138,998,665
Unisafe Fire Protection Specialists Singapore Pte. Ltd. Singapore	139,826,645	139,826,645	Nil	Nil
Zicom Security Projects Pte. Ltd., Singapore	421,915	421,915	Nil	Nil
Unisafe Fire Protection Specialists India Pvt. Ltd.	30,005,000	46,500,000	Nil	Nil

27.10 Segment Reporting: The Company has only single reportable segment namely "Security and Safety".

27.11 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".

27.12 The Company had advanced an Inter-Corporate Deposit (ICD) of ₹ 60,000,000 to Trusted Aerospace Engineering Ltd. (TASE). As per the Consent Terms, agreed and filed with the 33rd Metropolitan Magistrate Court, TASE had paid an amount

Notes forming part of the Financial Statements

of ₹ 12,500,000. The Company has during the year accrued interest on the same based on the terms agreed between the parties which has been shown in other income in the financial statement as the Management is confident of recovering the principal amount along with interest in the FY 2013-2014.

27.13 In respect of a sum of ₹ 10,556,674 due from a customer shown under Other Non Current Assets in Previous Year, the Company has received an amount of ₹ 4,233,000 towards principal pursuant to an award granted by the Honourable Supreme Court of India. As such, the Management is confident of recovering the balance sum of ₹ 6,323,674 disclosed under the head Other Current Asset; and hence no provision has been considered necessary in this regard.

27.14 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 known liabilities.

27.15 Employee Stock Option Scheme (ESOS)

"In accordance with two ESOS Schemes viz. ESOS 2006 and ESOS 2007 of the company, the employees of the company and the employees of the subsidiaries have been offered options as per respective eligible criteria fixed under the aforesaid schemes. Against each of the above options, eligible employee is entitled to acquire one equity share of ₹10 of the Company at a price mentioned against each series of option. Against each option 40% can be exercised by the end of first year from the date of grant of option, 30% can be exercised at the end of second year from the date of grant of the options and balance 30% can be exercised at the end of third year from the date of grant of the options. The validity of ESOS 2006 was upto August 2011 and ESOS 2007 was upto September 2012. However, the outstanding Options as on March 31, 2013 i.e. 9,900 Options under ESOS 2006 and 1,800 Options under ESOS 2007 respectively are effective upto December 26, 2013."

Particulars	Scheme 2006	Scheme 2007
Summary as on March 31, 2012	Grant V	Grant I
Exercise Price (in ₹)	85	85
Options outstanding at the beginning of the year	19,800	5,400
Granted during the year	Nil	Nil
Exercised during the year	Nil	Nil
Forfeited / Surrendered / Lapsed during the year	9,900	3,600
Outstanding at the end of the year	9,900	1,800

27.16 Details on unhedged foreign currency exposures

(Amount in ₹)

Particulars	Currency	As at March 31, 2013	As at March 31, 2012
Trade Receivable, Loans & Deposits	USD	3,732,464	811,428
	AED	-	6,405,338
Trade Payable	USD	1,250,237	911,400

Notes forming part of the Financial Statements

27.17

(Amount in ₹)

Particulars	For the year ended	
	March 31, 2013	March 31, 2012
Value of imports calculated on CIF basis		
Raw Material	149,020,821	157,791,325
Earning in Foreign Currency		
Sales	3,616,054	-
Corporate Guarantee Fee	25,148,927	-
Interest	9,490,503	15,485,836
Expenditure in Foreign Currency		
On Payment Basis		
Travelling	1,430,659	307,556
Bank charges/ Interest	818,228	11,215

27.18 Product wise details for the year ended

(Amount in ₹)

Sales	March 31, 2013	
	March 31, 2013	March 31, 2012
Safety Products	14,488,051	18,933,525
Security Products	2,628,136,825	2,162,666,131
Others	1,456,683	1,085,493
Total	2,644,081,559	2,182,685,149

(Amount in ₹)

Inventory	March 31, 2013	
	March 31, 2013	March 31, 2012
Safety Products	3,258,337	2,491,686
Security Products	307,938,641	310,693,482
Total	311,196,978	313,185,168

(Amount in ₹)

Purchase	March 31, 2013	
	March 31, 2013	March 31, 2012
Safety Products	3,258,337	17,063,441
Security Products	2,221,228,527	1,830,714,189
Others	176,023	928,170
Total	2,224,662,887	1,848,705,800

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

As per our report of even date

For **Shyam Malpani & Associates**
Chartered Accountants

Shyam Malpani
Proprietor
Place : Mumbai
Date : May 16, 2013

Manohar Bidaye
Chairman

V. Raman Kumar
Director

Hemendra Paliwal
Chief Financial Officer

For and on behalf of the Board of Directors

Pramoud Rao
Managing Director

Vijay Kalantri
Director

Mukul Desai
Director

K. D. Hodavdekar
Director

Kunjan Trivedi
Company Secretary

Independent Auditors' Report on Consolidated Financial Statements

The Members,

Zicom Electronic Security Systems Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of **Zicom Electronic Security Systems Limited** (the "Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for 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 accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of

Chartered Accountants of India. 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.

4. 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 control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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 basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements / consolidated financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

Further without qualifying our report we draw attention to

In respect of Sundry Debtors representing an opening amount of ₹ 105.56 Lacs due from the customer, the

Independent Auditors' Report on Consolidated Financial Statements

company has recovered its principle amount during the year under review an amount of ₹ 42.33 Lacs being the award from the Honourable Supreme Court of India in its favor. The management is confident of recovering even the accrued interest on the same which has been disclosed under the head Other Current Asset amounting to ₹ 63.24 Lacs and hence no provision has been considered in this regard.

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

- 6. We did not audit the financial statements / consolidated financial statements of certain subsidiaries, whose financial statements / consolidated financial statements reflect total assets (net) of ₹ 43,182.25 Lacs as at March 31, 2013, total

revenue (net) of ₹ 2,221.53 Lacs and net cash flows amounting to ₹ 3,742.80 Lacs for the year ended on that date. These financial statements / consolidated financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, is based solely on the reports of the other auditors.

Our opinion is not qualified in respect of other matters.

For **Shyam Malpani & Associates**

Chartered Accountants

Firm Registration No. 120438 W

Shyam Malpani

Proprietor

Membership No. F-34171

Mumbai, dated May 16, 2013

Consolidated Balance Sheet as at March 31, 2013

(Amount in ₹)

Particulars	Note No.	As at March 31, 2013	As at March 31, 2012
Equity and Liabilities			
Shareholders' Funds			
Share Capital	1	169,998,290	126,998,290
Reserves And Surplus	2	2,245,285,071	1,758,177,379
Warrant Application		6,900,000	-
		2,422,183,361	1,885,175,669
Minority Interest		302,432,240	207,635,280
Non-Current Liabilities			
Long-Term Borrowings	3	1,252,652,085	95,354,000
Deferred Tax Liabilities (Net)	4	68,816,571	47,930,209
Other Long-Term Liabilities	5	10,379,242	502,500
Long-Term Provisions	6	33,564,896	21,790,958
		1,365,412,794	165,577,667
Short-Term Borrowings	7	1,822,786,672	1,358,250,888
Trade Payables	8	412,084,496	249,216,778
Other Current Liabilities	9	395,911,967	236,432,941
Short-Term Provisions	10	59,794,166	16,332,585
		2,690,577,301	1,860,233,192
Total		6,780,605,696	4,118,621,808
Assets			
Non-Current Assets			
Fixed assets			
Tangible Assets	11	592,481,015	405,200,722
Intangible Assets	11	852,070,008	262,506,965
Capital Work-In-Progress	11	56,235,066	88,470,000
		1,500,786,089	756,177,687
Non-Current Investments	12	96,895,600	75,482,000
Long Term Loans And Advances	13	11,169,445	10,943,714
Other Non-Current Assets	14	-	10,556,674
		1,608,851,134	853,160,075
Current Assets			
Inventories	15	830,339,615	448,514,799
Trade Receivables	16	2,812,830,667	2,061,020,209
Cash And Cash Equivalents	17	498,752,138	258,900,737
Short-Term Loans And Advances	18	1,023,508,468	438,292,278
Other Current Assets	19	6,323,674	58,733,710
		5,171,754,562	3,265,461,733
Total		6,780,605,696	4,118,621,808

See accompanying Notes forming part of the Financial Statements.

As per our report of even date

For **Shyam Malpani & Associates**
Chartered Accountants

Shyam Malpani
Proprietor
Place : Mumbai
Date : May 16, 2013

Manohar Bidaye
Chairman

V. Raman Kumar
Director

Hemendra Paliwal
Chief Financial Officer

For and on behalf of the Board of Directors

Pramoud Rao
Managing Director

Vijay Kalantri
Director

Mukul Desai
Director

K. D. Hodavdekar
Director

Kunjan Trivedi
Company Secretary

Consolidated Statement of Profit and Loss for the year ended March 31, 2013

(Amount in ₹)

	Note No.	Year ended March 31, 2013	Year ended March 31, 2012
Revenue From Operations (Gross)	20	6,912,954,653	4,840,504,463
Other Income	21	23,103,814	15,673,156
Total		6,936,058,467	4,856,177,619
Cost Of Materials Consumed	22	3,077,849,803	2,022,216,018
Purchases Of Stock-In-Trade	23	2,365,895,500	1,942,770,546
Changes In Inventories	24	-2,658,905	-87,710,498
Employee Benefits Expense	25	373,907,603	258,386,904
Finance Costs	26	251,836,448	138,611,350
Depreciation Expense	11	180,775,944	143,273,784
Other Expenses	27	272,522,229	200,043,187
Total		6,520,128,622	4,617,591,291
Profit / (Loss) Before Extraordinary Items And Tax		415,929,845	238,586,328
Exceptional Expenses		-	19,386,598
Profit / (Loss) Before Tax		415,929,845	219,199,730
Current Tax Expense For Current Year		26,078,000	5,410,000
Current Tax Expense Relating To Prior Years		-	-2,508,805
Net Current Tax Expense		26,078,000	2,901,195
Deferred Tax		20,886,362	6,056,491
Total		46,964,362	8,957,686
Profit After Tax		368,965,483	210,242,044
Less : Minority Interest		65,765,956	41,838,964
Profit / (Loss) For The Year		303,199,527	168,403,080
EPS Before Exceptional Item			
Basic		19.23	14.79
Diluted		18.73	14.79
EPS After Exceptional Item			
Basic		19.23	13.26
Diluted		18.73	13.26

See accompanying Notes forming part of the Financial Statements.

As per our report of even date

For **Shyam Malpani & Associates**
Chartered Accountants**Shyam Malpani**
Proprietor
Place : Mumbai
Date : May 16, 2013**Manohar Bidaye**
Chairman**V. Raman Kumar**
Director**Hemendra Paliwal**
Chief Financial Officer

For and on behalf of the Board of Directors

Pramoud Rao
Managing Director**Vijay Kalantri**
Director**Mukul Desai**
Director**K. D. Hodavdekar**
Director**Kunjan Trivedi**
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2013

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
A. Cash Flow From Operating Activities		
Net Profit / (Loss) Before Extraordinary Items And Tax	415,929,845	238,586,328
Adjustments For:		
Depreciation And Amortization	180,775,944	143,273,784
(Profit) / Loss On Sale / Write Off Of Assets	822,166	3,614,095
Finance Costs	251,836,448	138,611,350
Interest Received	-11,612,727	-9,855,589
Diminution Of Investment	-	5,270,000
Sundry Balance Written Off	6,330,575	-678,794
Provision For Doubtful Debt	-	9,539,181
Extraordinary Item	-	-19,386,598
	428,152,406	270,387,429
Operating Profit / (Loss) Before Working Capital Changes	844,082,251	508,973,757
Changes In Working Capital:		
Adjustments For (Increase) / Decrease In Operating Assets:		
Inventories	-381,824,816	-111,398,578
Trade Receivables	-758,141,033	-541,107,599
Short-Term Loans And Advances	-585,216,190	206,868,202
Long-Term Loans And Advances	-51,851,625	21,900,000
Other Current Assets	62,966,710	-58,733,710
Adjustments For Increase / (Decrease) In Operating Liabilities:		
Trade Payables	162,867,718	-86,070,296
Other Current Liabilities	201,951,364	-98,510,097
Other Long-Term Liabilities	9,876,742	-2,649,611
Short-Term Provisions	34,512,488	-16,003,462
Long-Term Provisions	11,773,938	20,260,992
Subtotal	-1,267,536,810	-665,444,159
Cash Generated From Operations	-449,002,453	-156,470,402
Net Income Tax (Paid) / Refunds	25,547,894	1,190,996
Net Cash Flow From/(Used In) Operating Activities (A)	-423,454,559	-155,279,406

Consolidated Cash Flow Statement for the year ended March 31, 2013 (Continued)

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
B. Cash Flow From Investing Activities		
Capital Expenditure On Fixed Assets, Including Capital Advances	-926,206,512	-188,995,313
Proceeds From Sale Of Fixed Assets	-	163,844,619
Interest Received	11,612,727	9,855,589
Purchase Of Long-Term Investments		
- Associate	-21,413,600	-52,500,000
- Investment In Bonds	-	-21,052,000
Net Cash Flow From / (Used In) Investing Activities (B)	-936,007,385	-88,847,105
C. Cash Flow From Financing Activities		
Minority Interest	29,031,004	23,247,431
Net Increase/(Decrease) In Working Capital Borrowings	197,800,000	-
Increase in Share Capital including Securities Premium	6,900,000	-
Net Increase/(Decrease) In Working Capital Borrowings	464,535,784	254,206,995
Net Increase/(Decrease) In Of Long Term Borrowings	1,114,825,747	-4,646,000
Finance Cost	-251,836,448	-138,611,350
Foreign Currency Transalation Reserve	57,814,884	77,361,756
Dividends Paid	-16,999,829	-12,699,829
Tax On Dividend	-2,757,797	-2,109,290
Net Cash Flow From / (Used In) Financing Activities (C)	1,599,313,345	196,749,713
Net Increase / (Decrease) In Cash And Cash Equivalents (A+B+C)	239,851,401	-47,376,798
Cash And Cash Equivalents At The Beginning Of The Year	258,900,737	306,277,535
Cash And Cash Equivalents At The End Of The Year	498,752,138	258,900,737

As per our report of even date

For **Shyam Malpani & Associates**
Chartered Accountants**Shyam Malpani**
Proprietor
Place : Mumbai
Date : May 16, 2013**Manohar Bidaye**
Chairman**V. Raman Kumar**
Director**Hemendra Paliwal**
Chief Financial Officer

For and on behalf of the Board of Directors

Pramoud Rao
Managing Director**Vijay Kalantri**
Director**Mukul Desai**
Director**K. D. Hodavdekar**
Director**Kunjan Trivedi**
Company Secretary

Notes forming part of the Consolidated Financial Statements

1 Significant Accounting Policies

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

1.1 Change in Accounting Policy

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

1.2 Basis of Accounting:

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

1.3 Use of Estimates:

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

1.4 Principles of Consolidation:

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

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 recognized 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

Notes forming part of the Consolidated Financial Statements

on consolidation is amortized over its estimated useful life i.e. ten years. Consolidated financial statements are prepared using uniform accounting policies for transactions and other events in similar circumstances except where it is not practicable to do so. Minority interest's share of net profit is adjusted against the income to arrive at the net income attributable to shareholders. Minority interest's share of net assets is presented separately in the balance sheet

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

Name of the Subsidiary Company	Country of Incorporation	Percent of holding as at March 31, 2013
Unisafe Fire Protection Specialists LLC, Dubai, (Consolidated)	Dubai (U.A.E.)	49% in Equity and Profit Sharing in the Ratio of 80% to Company : 20% to Minority (Subsidiary by virtue of control over composition of Board of Directors)
Phoenix International WLL	Qatar	49% in Equity and Profit Sharing in the Ratio of the Ratio of 95% to Company : 5% to Minority (w.e.f. June 1, 2012) (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
Zicom CNA Automation Ltd.	India	100% Subsidiary
Unisafe Fire Protection Specialists Singapore Pte. Ltd.	Singapore	100% Subsidiary
Zicom Security Projects Pte. Ltd.	Singapore	100% Subsidiary

The financial statements are prepared to comply in all material aspects with the applicable accounting principles in India,

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

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

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

1.6 Depreciation / Amortization

Tangibles:

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

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

Intangibles:

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

Notes forming part of the Consolidated Financial Statements

1.7 Investments

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

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

1.8 Valuation of Inventories:

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

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

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

1.9 Foreign Exchange Fluctuations :

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

1.10 Revenue recognition:

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

1.11 Retirement Benefits:

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

1.12 Taxation :

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

Notes forming part of the Consolidated Financial Statements

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

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

1.13 Impairment of Assets:

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

1.14 Borrowing Costs

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

1.15 Provisions for Contingencies:

A provision is recognized when:

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

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

1.16 Leases

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

1.17 Accounting of Employee Stock Option Scheme:

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

Notes

forming part of the Consolidated Financial Statements

Particulars	(Amount in ₹)	
	As at March 31, 2013	As at March 31, 2012
Note 1 Share Capital		
Authorised:		
25,000,000 (2012:25,000,000) Equity shares of ₹ 10 each with voting rights	250,000,000	250,000,000
Issued Subscribed and Paid up:		
16,999,829 (2012:12,699,829) Equity shares of ₹ 10 each with voting rights	169,998,290	126,998,290
Total	169,998,290	126,998,290

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

	2013		2012	
	Number	₹	Number	₹
As per last Balance sheet	12,699,829	126,998,290	12,699,829	126,998,290
Add: Issued during the year	4,300,000	43,000,000	-	-
Outstanding at the end of the year	16,999,829	169,998,290	12,699,829	126,998,290

Shares held by each shareholder holding more than 5% of equity share capital

	As at March 31, 2013		As at March 31, 2012	
	Number	Percentage	Number	Percentage
Baronet Properties & Investments Pvt. Ltd	1,235,652	7.27	651,279	5.13
Coronet Properties & Investments Pvt. Ltd.	1,086,286	6.39	586,732	4.62
Aark Singapore Pte. Ltd.	2,900,000	17.06	-	-
V. Raman Kumar*	400,000	2.35	-	-

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

Shares reserved for issue under the Employee Stock Options Scheme (ESOS) plan of the Company, please refer note no 27.15 under Standalone Financials

Particulars	(Amount in ₹)	
	As at March 31, 2013	As at March 31, 2012
Note 2 Reserves And Surplus		
Capital reserve		
As per Last Balance Sheet	73,500,000	73,500,000
Securities Premium Account		
As per Last Balance Sheet	604,516,443	604,516,443
Received During Year	154,800,000	-
Closing Balance	759,316,443	604,516,443

Notes

forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
General Reserve		
As per Last Balance Sheet	22,100,000	22,100,000
Add: Transferred from surplus in Statement of Profit and Loss	2,500,000	-
Closing balance	24,600,000	22,100,000
Legal Reserve		
As per Last Balance Sheet	15,503,727	9,837,536
Foreign Currency Translation Reserve	115,512,474	57,697,590
Surplus / (Deficit) in Statement of Profit and Loss		
As per Last Balance Sheet	990,525,810	836,882,789
Add: Profit / (Loss) for the year	303,199,527	168,403,080
Less: Appropriation		
Proposed Dividend on Equity Share		
(Dividend Per Share ₹ 1.20 (2012: ₹ 1))	20,399,795	12,699,829
Tax on dividend	3,309,357	2,060,230
Previous Year dividend and Tax Thereon	4,997,567	-
Transferred to General Reserve	8,166,191	-
Balance in Profit and Loss Account	1,256,852,427	990,525,810
Total	2,245,285,071	1,758,177,379

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Note 3 Long-term borrowings		
Term loans		
1. Foreign Currency Bank Loan (Secured)	564,720,000	-
2. Foreign Currency Bank Loan (Secured)	475,125,000	-
3. Indian Rupee Bank Loan (Secured)	206,000,000	95,354,000
4. Vehicle Loan	6,807,085	-
Total	1,252,652,085	95,354,000

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 of the company.

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

Term Loan 3 above is secured by the first charge by way of hypothecation of moveable Machinery and other Fixed Assets and second charge on Current Assets of the company.

Term Loan 4 above is secured against the asset funded.

Notes

forming part of the Consolidated Financial Statements

Particulars	[Amount in ₹]	
	As at March 31, 2013	As at March 31, 2012
Note 4 Deferred Tax Liability		
Deferred Tax Liability		
Impact of difference between depreciation under Income Tax and Company Law	88,163,444	81,612,005
Total	88,163,444	81,612,005
Deferred Tax Assets		
MAT Credit	-	18,182,831
Business Losses	15,365,871	-
Disallowance under Income Tax	-	11,517,963
Provision for Diminution in Value of Investments	3,981,002	3,981,002
	19,346,873	33,681,796
Total	68,816,571	47,930,209

Particulars	[Amount in ₹]	
	As at March 31, 2013	As at March 31, 2012
Note 5 Other Long-Term Liabilities		
Deposit	10,379,242	502,500
Total	10,379,242	502,500

Particulars	[Amount in ₹]	
	As at March 31, 2013	As at March 31, 2012
Note 6 Long Term Provisions		
For Leave Encashment	33,564,896	21,790,958
Total	33,564,896	21,790,958

Particulars	[Amount in ₹]	
	As at March 31, 2013	As at March 31, 2012
Note 7 Short-Term Borrowings		
1. Cash Credit from Banks (Secured)	470,529,219	388,560,530
2. Cash Credit from Banks (Secured)	56,931,343	41,669,861
3. Cash Credit from Banks (Secured)	1,191,965,690	928,020,497
4. Cash Credit from Banks (Secured)	81,301,854	-
5. Cash Credit from Banks (Secured)	21,832,432	-
6. Vehicle Loan	226,134	-
Total	1,822,786,672	1,358,250,888

Notes forming part of the Consolidated Financial Statements

Notes:

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

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

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

Working Capital Loan - 4 is 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.

Working Capital Loan - 5 is secured by Personal guarantee of one of the directors of the company and assignment of the Insurance Policy.

Vehicle Loan - 6 above is secured against the asset funded.

(Amount in ₹)		
Particulars	As at March 31, 2013	As at March 31, 2012
Note 8 Trade Payables		
Acceptances	71,449,676	26,448,472
Others	340,634,820	222,768,306
Total	412,084,496	249,216,778

		(Amount in ₹)
Particulars	As at March 31, 2013	As at March 31, 2012
Note 9 Other Current Liabilities		
Current maturities of long-term debt #	107,527,662	150,000,000
Unpaid Dividends	1,531,803	710,304
Deposits	-	376,742
Advances from Customers	134,913,519	38,507,691
Other Payable	151,938,983	46,838,204
Total	395,911,967	236,432,941

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	As at March 31, 2013	As at March 31, 2012
Note 10 Short-Term Provisions		
For Warranty	1,290,000	1,005,000
For Gratuity	34,795,014	567,526
For Proposed Equity Dividend	20,399,795	12,699,829
For Tax on Proposed Dividend	3,309,357	2,060,230
Total	59,794,166	16,332,585

Note 11 Fixed Assets

(Amount in ₹)

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
Tangible Assets	As on	Additions	Deductions	As on	Up to	For the	Deductions /	Up to	As at	As at	
	April 1, 2012			March 31, 2013	March 31, 2012	Year	Adjustment	March 31, 2013	March 31, 2013	March 31, 2012	
Freehold Land	16,982,508	-	-	16,982,508	-	-	-	-	16,982,508	16,982,508	
Buildings	22,823,659	-	-	22,823,659	6,199,448	524,462	-	6,723,910	16,099,749	16,624,211	
Plant and Equipment	459,331,736	233,482,730	-	692,814,466	135,253,614	65,923,324	-3,676,093	204,853,031	487,961,435	324,078,122	
Furniture and Fixtures	35,861,606	20,573,544	-	56,435,150	27,959,972	3,599,440	-3,494,962	35,054,374	21,380,776	7,901,634	
Vehicles	28,783,518	26,851,252	950,000	54,684,770	14,618,563	6,833,269	-9,428,168	30,880,000	23,804,770	14,164,955	
Office equipment	29,344,062	11,991,793	-	41,335,855	9,151,738	4,825,035	-2,788,273	16,765,046	24,570,809	20,192,324	
Leasehold improvements	14,404,553	-	-	14,404,553	9,147,585	3,576,001	-	12,723,586	1,680,967	5,256,968	
Total	607,531,642	292,899,319	950,000	899,480,961	202,330,920	85,281,531	-19,387,496	306,999,947	592,481,014	405,200,722	

(Amount in ₹)

GROSS BLOCK					DEPRECIATION				NET BLOCK	
Intangible assets	As on	Additions	Deductions	As on	Up to	For the	Deductions /	Up to	As at	As at
	April 1, 2012			March 31, 2013	March 31, 2012	Year	Adjustment	March 31, 2013	March 31, 2013	March 31, 2012
Goodwill on Consoli- dation as per AS - 21	163,076,111	684,789,456	-	847,865,567	82,049,928	73,373,399	-	155,423,327	692,442,240	81,026,183
Goodwill	201,920,978	-	-	201,920,978	10,096,049	20,192,100	-	30,288,149	171,632,829	191,824,929
Computer software	3,500,436	268,000	-	3,768,436	361,431	1,928,914	-	2,290,345	1,478,091	3,139,005
Total	368,497,525	685,057,456	-	1,053,554,981	92,507,408	95,494,413	-	188,001,821	865,553,160	275,990,117
Capital Work in Progress									56,235,066	88,470,000
Grand Total	976,029,167	977,956,775	950,000	1,953,035,942	294,838,328	180,775,944	-19,387,496	495,001,768	1,514,269,240	769,660,839
Previous year	1,144,052,233	104,486,799	264,942,657	983,596,375	270,098,846	143,273,784	97,483,942	315,888,688	756,177,687	877,914,873

Notes

forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Note 12 Non Current Investments		
Trade Investments (Valued at cost unless Stated otherwise)		
Unquoted Equity Instruments		
Investments in Associates		
120,000 (2012:120,000) Equity Shares having Face Value of ₹ 10 Per Share in Institute of Advanced Security Training & Management Private Limited	1,200,000	1,200,000
Total	1,200,000	1,200,000
Unquoted Preference Instruments		
Investments in Associates		
7,250,000 (2012:5,250,000) 1% Non-Cumulative Compulsorily Convertible Preference Shares having Face Value of ₹ 10 Per Share in Institute of Advanced Security Training & Management Private Limited	72,500,000	52,500,000
Total	72,500,000	52,500,000
Non Trade Investment		
Quoted Equity Instruments		
200,000 (2012:200,000) Equity Shares having Face Value of ₹ 10 Per Share in Vintage Cards & Creation Ltd.	730,000	730,000
Total	730,000	730,000
Investment in Bonds		
15,200 (2012:15,200) Bonds of Anka's Sukuk Ltd.	22,465,600	21,052,000
Total	22,465,600	21,052,000
Total	96,895,600	75,482,000
Aggregate amount of quoted investment (Market value: ₹ 382,000 (2012: ₹ 730,000))	23,195,600	21,782,000
Unquoted Investments	73,700,000	53,700,000
Aggregate Value of Diminuation	5,270,000	5,270,000

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Note 13 Long-Term Loans and Advances		
Unsecured, Considered Good		
Deposits	755,837	-
Advance Income Tax (Net of Provisions for Taxation)	10,413,608	10,943,714
Total	11,169,445	10,943,714

Notes

forming part of the Consolidated Financial Statements

Particulars	(Amount in ₹)	
	As at March 31, 2013	As at March 31, 2012
Note 14 Other Non-Current Assets		
Unsecured, Considered Good		
Long Term Trade Receivables	-	10,556,674
Total	-	10,556,674

Particulars	(Amount in ₹)	
	As at March 31, 2013	As at March 31, 2012
Note 15 Inventories		
(At lower of cost and net realisable value)		
Finished Goods	830,339,615	449,899,799
Total	830,339,615	449,899,799
Provision	-	-1,385,000
Total	830,339,615	448,514,799

Particulars	(Amount in ₹)	
	As at March 31, 2013	As at March 31, 2012
Note 16 Trade Receivables		
Unsecured and considered Good		
Debts outstanding for more than six months	246,880,100	263,844,088
Other Debts	2,609,870,283	1,830,880,941
Total	2,856,750,383	2,094,725,029
Provision for Doubtful Debt	-43,919,716	-33,704,820
Total	2,812,830,667	2,061,020,209

Particulars	(Amount in ₹)	
	As at March 31, 2013	As at March 31, 2012
Note 17 Cash and Cash Equivalents		
Balances with banks		
In Current Accounts	165,134,993	30,768,716
Unpaid Dividend Accounts	1,531,803	710,304
Cash on hand	2,464,791	1,697,541
Other Bank Balance		
Deposit with original maturity less than 12 months	139,898,475	-
Fixed Deposit Receipt - Margin Money	189,722,076	225,724,176
Total	498,752,138	258,900,737

Notes

forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Note 18 Short Term Loans and Advances		
Unsecured, considered Good		
Advance Recoverable in Cash or kind	595,972,400	302,784,069
Amount Recoverable from Statutory Authority	42,769,691	-
Share Application Money Pending Allotment	108,600,000	11,000,000
Inter Corporate Deposit	71,776,296	-
Security deposits	17,530,349	27,362,046
Loans and advances to employees	10,831,631	704,673
Advance to supplier	176,028,101	96,441,490
Total	1,023,508,468	438,292,278

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Note 19 Other Current Assets		
Unsecured, considered good		
Others	6,323,674	58,733,710
Total	6,323,674	58,733,710

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Note 20 Revenue from Operation		
Sales	6,875,655,855	4,826,261,459
Services	37,298,798	14,243,004
Total	6,912,954,653	4,840,504,463

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Note 21 Other Income		
Interest income		
From Banks	4,402,453	1,353,208
From Others	7,210,274	8,502,381
Rent Received	2,400,000	-
Other Non-Operating Income		
Other	9,091,087	5,817,567
Total	23,103,814	15,673,156

Notes

forming part of the Consolidated Financial Statements

Particulars	Year ended March 31, 2013	(Amount in ₹) Year ended March 31, 2012
Note 22 Cost of Materials Consumed		
Cost of Materials Consumed	3,077,849,803	2,022,216,018
Total	3,077,849,803	2,022,216,018

Particulars	Year ended March 31, 2013	(Amount in ₹) Year ended March 31, 2012
Note 23 Purchase of Traded Goods		
Materials and Related Expenses	2,365,895,500	1,942,770,546
Total	2,365,895,500	1,942,770,546

Particulars	Year ended March 31, 2013	(Amount in ₹) Year ended March 31, 2012
Note 24 Changes in Inventories		
Inventories at the end of the year:		
Finished Goods	327,388,678	324,311,207
Total	327,388,678	324,311,207
Inventories at the beginning of the year:		
Material in Transit	-	6,461,009
Stock-in-trade	324,729,773	230,139,700
Total	324,729,773	236,600,709
Net (increase) / decrease	-2,658,905	-87,710,498

Particulars	Year ended March 31, 2013	(Amount in ₹) Year ended March 31, 2012
Note 25 Employee Expense		
Salaries and Wages	356,675,217	254,888,494
Contribution to Provident and Other Funds (Refer Note No. 28.6)	2,681,658	1,848,042
Staff welfare expenses	14,550,728	1,650,368
Total	373,907,603	258,386,904

Notes

forming part of the Consolidated Financial Statements

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Note 26 Finance Costs		
Interest	223,500,194	126,691,583
Bank Charges	26,759,783	11,919,767
Net (Gain) / Loss on Exchange Fluctuation	1,576,471	-
Total	251,836,448	138,611,350

(Amount in ₹)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Note 27 Other Expenses		
Advertisement	12,751,121	16,349,860
Auditor's Remuneration	2,405,065	1,737,705
Business Promotion	29,893,064	6,607,981
Communication	14,966,699	7,837,504
Directors' Sitting Fees	293,000	303,500
Donations And Contributions	-	87,500
Freight And Forwarding	-	3,719,745
Insurance	8,471,440	4,526,854
Legal And Professional	41,446,358	40,965,871
Membership & Subscription	215,697	308,580
Power and Fuel	10,296,782	6,339,517
Printing And Stationery	5,828,692	3,282,194
Rates And Taxes	3,112,641	17,650,167
Rent and Compensation	70,538,226	34,785,215
Repairs And Maintenance - Buildings	345,146	361,542
Repairs And Maintenance - Machinery	1,718,242	959,572
Repairs And Maintenance - Others	4,023,036	1,683,237
Sales Commission	-	417,383
Staff Training & Recruitment	1,315,480	3,584,569
Travelling And Conveyance	48,535,942	19,365,905
Sundry Balances Written off / (Written Back) (Net)	6,330,575	(678,794)
Provision for Doubtful Debt	-	9,539,181
Loss on Sale/Discard of Fixed Assets	822,166	3,614,095
Miscellaneous Expenses	9,212,857	16,694,304
Total	272,522,229	200,043,187
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As Auditors - Statutory Audit	2,035,683	1,507,705
For Other Services	369,382	230,000
Total	2,405,065	1,737,705

Notes forming part of the Consolidated Financial Statements

Note 28 Additional information to the Consolidated Financial Statements

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

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
(a) Letters of Credit by Bank	67,277,341	78,210,621
(b) Guarantees issued by Bank (Gross)	145,309,604	75,008,177
(c) Standby Letter of Credit (SBLC) #	522,500,000	Nil
(d) Sales Tax Matters	534,471	751,974
(e) Claim Lodged by Customers Not Acknowledged as Debt	476,215	1,133,180

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.

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

(Amount in ₹)

Particulars	Before Exceptional Expenses		After Exceptional Expenses	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
A. Profit/(Loss) as per Statement of Profit and Loss				
Basic	303,199,527	187,789,678	303,199,527	168,403,080
Diluted	303,199,527	187,789,678	303,199,527	168,403,080
B. Weighted Average No. of Equity Shares				
Basic	15,767,226	12,699,829	15,767,226	12,699,829
Diluted	16,186,404	12,699,829	16,186,404	12,699,829
C. Earning Per share				
Basic	19.23	14.79	19.23	13.26
Diluted	18.73	14.79	18.73	13.26

28.3 Related Party Transactions

Details of related parties:

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

Note: Related parties have been identified by the Management.

Notes

forming part of the Consolidated Financial Statements

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

(Amount in ₹)

Particulars	Associate Company		KMP	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Transactions during the year				
Purchase	198,525	611,140	Nil	Nil
Sale	5,768,849	476,263	Nil	Nil
Investment in Preference Share	20,000,000	52,500,000	Nil	Nil
Rent	2,696,640	Nil	Nil	Nil
Deposits	10,000,000	Nil	Nil	Nil
Advance Recoverable in cash or kind	Nil	200,000	Nil	Nil
Share Application Money	Nil	11,000,000	Nil	Nil
Common Overhead Allocated / Expenses re-charged (excluding Taxes)	Nil	58,073	Nil	Nil
Remuneration Paid	Nil	Nil	9,059,700	9,059,700
Balances outstanding at the end of the year				
Share Application Money Pending Allotment	Nil	11,000,000	Nil	Nil
Loans and advances	Nil	200,000	Nil	Nil
Trade payables	Nil	38,088	Nil	Nil
Common Overhead Allocated / Expenses re-charged (excluding Taxes)	Nil	624,316	Nil	Nil

28.4 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 recognized in the Statement of Profit and Loss for the year and included under Rent and Compensation (Disclosed under Schedule 27).

Future minimum lease payments under non cancellable operating lease:

(Amount in ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
Not later than one year	5,332,795	15,888,106
Later than one year and not later than five years	450,000	2,387,373
Later than five years	Nil	Nil
Lease Payment made during the year recognized in the Statement of Profit and Loss	70,538,226	34,785,215

Notes forming part of the Consolidated Financial Statements

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

As per our report of even date

For **Shyam Malpani & Associates**
Chartered Accountants

Shyam Malpani
Proprietor
Place : Mumbai
Date : May 16, 2013

Manohar Bidaye
Chairman

V. Raman Kumar
Director

Hemendra Paliwal
Chief Financial Officer

For and on behalf of the Board of Directors

Pramoud Rao
Managing Director

Vijay Kalantri
Director

Mukul Desai
Director

K. D. Hodavdekar
Director

Kunjan Trivedi
Company Secretary

ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED

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



ATTENDANCE SLIP

Folio No.:

No. of Shares:

*DP ID / Client ID:

Name:

Address:

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

I / We hereby record my / our presence at the Nineteenth Annual General Meeting of the Company to be held at Mumbai Cricket Association Recreation Centre, RG-2, G-Block, Near Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400051, on Friday, August 30, 2013, at 3.00 p.m.

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

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

NOTES:

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

* Applicable for investors holding shares in electronic form.

ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED

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



PROXY FORM

Folio No.:

No. of Shares:

*DP ID / Client ID:

I / We of being a Member / Members of the above mentioned Company, hereby appoint of or failing him of as my / our proxy to attend and vote for me / us on my / our behalf at the Nineteenth Annual General Meeting of the Company to be held at Mumbai Cricket Association Recreation Centre, RG-2, G-Block, Near Laxmi Tower, Bandra Kurla Complex, Bandra (East), Mumbai 400051, on Friday, August 30, 2013, at 3.00 p.m., and at any adjournment thereof.

Signed this day of 2013.

Signature:

Revenue
Stamp

NOTES:

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

* Applicable for investors holding shares in electronic form.

Company Information

Board of Directors

Mr. Manohar Bidaye	Chairman
Mr. Pramoud Rao	Managing Director
Mr. Mukul Desai	Director
Mr. Venu Raman Kumar	Director
Mr. Vijay Kalantri	Director
Mr. K. D. Hodavdekar	Director

Chief Financial Officer

Mr. Hemendra Paliwal

Company Secretary

Ms. Kunjan Trivedi

Statutory Auditors

Shyam Malpani & Associates
Chartered Accountants

Bankers

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

Registered Office

501, Silver Metropolis,
Western Express Highway,
Goregaon East, Mumbai 400063.
Tel.: (022) 4290 4290 Fax: (022) 4290 4291
Email: corporate@zicom.com
Website: www.zicom.com

Registrar and Transfer Agent

Bigshare Services Private Limited
E-2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (East), Mumbai 400072.
Tel: (022) 4043 0200, 2847 0652 Fax: (022) 2847 5207
Email: investor@bigshareonline.com

Zicom Electronic Security Systems Limited
501, Silver Metropolis,
Western Express Highway, Goregaon (E),
Mumbai 400063.