



Feel Safe

^ **Winning** Combination



Zicom Electronic Security Systems Ltd.

Annual Report 2010-2011

Forward-looking statement

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

We cannot guarantee that these forward looking statements will be realized, although we believe that we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.



Contents

Vision, Mission, Values	02
Directors' Profile	03
Zicom at a Glance	04
Notice	16
Directors' Report	23
Corporate Governance Report	37
Management Discussion and Analysis	54
Standalone Financials	59
Consolidated Financials	83



UNISAFE
FIRE PROTECTION SPECIALISTS
Dubai



ZICOM
Products & Solutions



A Winning Combination...

Safety is a matter of choice and not a matter of chance. Zicom is yet again geared up to prove the same, with its trusted quality and impeccable security solutions!

Together with Zicom Products & Solutions, Zicom Saas, Unisafe India and Unisafe Dubai, Zicom is strengthening its focus and commitment in the electronic security industry.

After resurrecting its business last year, Zicom is all set to achieve its goals with a renewed and a clear vision of the future. This winning combination is sure to get progressive growth, as Zicom continues to win customers with uninterrupted peace of mind!



UNISAFE
FIRE PROTECTION SPECIALISTS
India



ZICOM
[Saas]
SECURITY AS A SERVICE

Our Vision

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

Mission

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 fulfill 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.

Values

Stay tuned to the Customer at all times
Keep raising the bar on Performance
Work with Transparency, Integrity and Accountability
Respect for Every Individual



MANOHAR BIDAYE, Promoter and Chairman

Manohar Bidaye, Chairman & Co-Founder of Zicom has earned his Masters in Commerce from the University of Mumbai. Apart from completing his professional curriculum in Company Secretary, he also has a Degree in Law to his credit. After establishing himself as a successful Consultant in Corporate Law and Finance he co-founded Zicom in 1994.

He is a proud recipient of the prestigious "Yashashree 2008 Award" given by The Maharashtra Times, in recognition and honour of his achievements across various industry segments. His vision of setting up this organization comes from his passion to make a difference to the society at large.



PRAMOUD RAO, Promoter & Managing Director

Pramoud Rao, Promoter & Managing Director of Zicom, is equipped with over 22 years of business experience and a graduation in Science. He is responsible for strategic planning, local and international partnerships, acquisitions, marketing & sales, technical and branding functions of Zicom. His vision is to make security solutions, technology driven and affordable so that every home and every office in India will "Feel Safe". He holds to his credit many National & International Honours.

MUKUL DESAI, Director

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.



VIJAY KALANTRI, Director

Vijay Kalantri, G.C.D. and Diploma holder in textile is an industrialist with 40 years of experience. He has been actively involved with various industries and government bodies in different capacities like President of All India Association of Industries, Indian Council of Foreign Trade and other such prestigious institutions.

He has also served as a Director of many institutions such as the Maharashtra Small Scale Industries Development Corporation Limited, Dena Bank and Canara Bank. He has been honoured with various prestigious awards by Institutions and Organizations representing industry, government bodies and socio-economic institutions.

ACHYUT GODBOLE, Director

Achyut Godbole is a Chemical Engineer from IIT Mumbai with over 30 years of experience in the field of Software Development in India, UK and USA. He has worked with world-renowned companies like IBM, Hindustan Lever, L&T Infotech, to name a few, and has been awarded thrice by IBM World Trade Corporation for performance excellence.

He has been instrumental in designing ERP packages and implementing them in many companies across the world & awarded twice by the Prime Minister for excellent export performance of his Company, Softexcel Consultancy Services. He has also been awarded for his contribution to Information Technology and Music.



K. D. HODAVDEKAR, Director

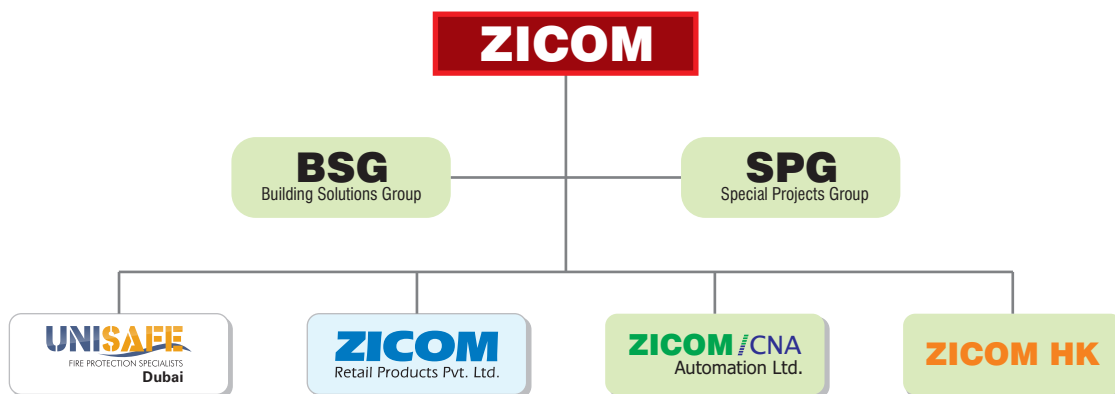
K. D. Hodavdekar, is a Certified Associate of Indian Institute of Bankers alongwith Masters in Commerce and Bachelors in Law from University of Mumbai. He is a Veteran Banker, with more than 33 years experience in varied areas like Banking, Finance and management, who retired from IDBI Bank Ltd. as a Chief General Manager. Formerly, he was Chief General Manager in-charge of United Western Bank's Strategic Business Unit, which was reorganized and merged in IDBI Bank in shortest possible time under his able leadership and guidance.

His specialisation includes project appraisal, project monitoring, corporate investments and resolution and management of NPAs. He has attended many national level and international training programs, seminars as participant and faculty.

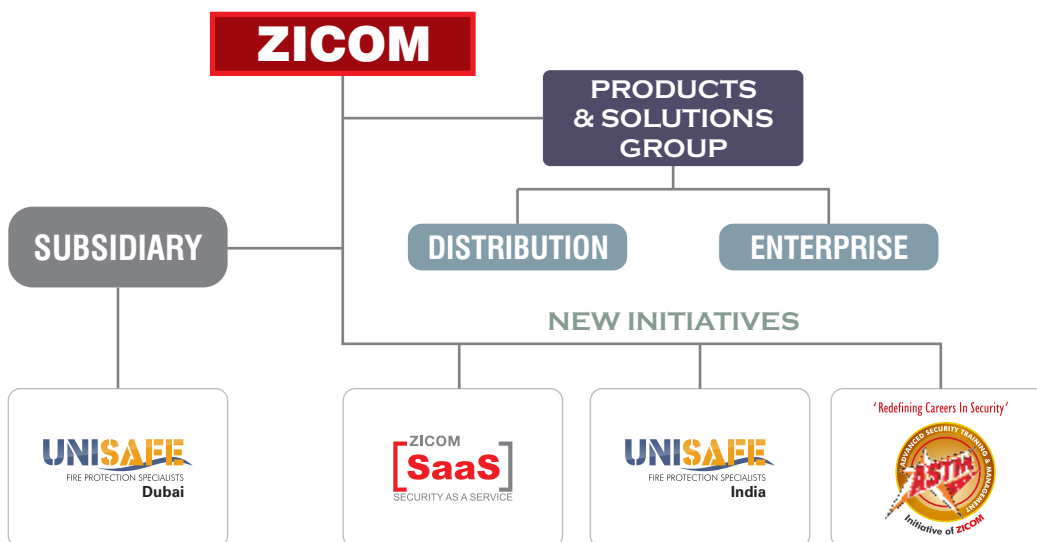


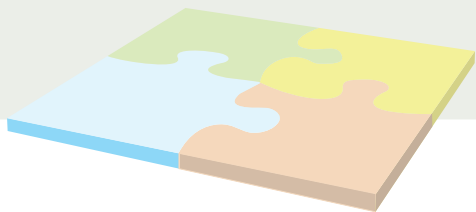
Feel Safe

Zicom Corporate Structure - 30th April, 2010



Zicom Corporate Structure - Under Construction





Growing With You, All Through...

Our Corporate Journey

The journey of Zicom started in 1994. During last 17 years we have built value for shareholders in the domain of Security and Safety.

To start with, we built project business of installation of Electronic Security Systems for corporate, banks, IT companies, industries and other clients clubbed under Building Solutions Group (BSG). Subsequently, with the growing demand from government and public sector establishments, we formed a niche group called Special Projects Group (SPG) to take up the challenges of security of vital public installation.

In 2006, we ventured into Retail by commencing security product distribution business through our owned retail outlets and channel partners to address the security need of Small Office Home Office (SOHO) market.

In 2007, we crossed the boundary to acquire Unisafe Fire Protection Specialists LLC, Dubai, a bold initiative. We quickly turned the company around to make it a leading Fire Detection and Protection company in the Middle East market. Today, Unisafe has built its niche in the fire protection industry for its specialised fire designing and implementation capabilities.

In 2010, Zicom built a business empire of 500 crores having presence across India, U.A.E., Oman and Qatar.

In April 2010, we divested part of our flagship business running under BSG and SPG to Schneider Electric India Private Limited. This has impacted operations of two subsidiaries viz. Zicom CNA Automation Limited and Zicom Manufacturing Co. (HK) Ltd. resulting in business of Zicom Retail and Unisafe Dubai as major continued business.

With this we have reached our first milestone on our journey of growth and prosperity.

In 2010-2011, Zicom embarked upon the restructuring process to create a new Winning Combination!

On September 30, 2010, we acquired, as a going concern on slump sale basis, the Retail Security Business of our wholly owned subsidiary Zicom Retail Products Private Limited and divested investments made in the said subsidiary.

As a part of our new initiative, we decided to launch Unisafe operations in India to address fire safety need of super speciality infrastructure coming up in the country. Also, looking at the great opportunities in the service sector, we moved on to promote Zicom SaaS Private Limited to offer managed security services.

Education is an upcoming industry in India. Zicom being the leader in Security took up responsibility to Redefine Careers in Security by imparting internationally accredited world class quality training and education in Security, Safety and Loss Prevention.

Zicom is also looking for inorganic growth through acquisitions in the domain of Safety and Security.





Feel Safe



Access Control & Time Attendance System



Fire Alarm System



Finger Print Lock



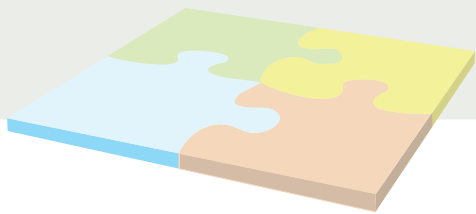
Fire Alarm System



Video Door Phone



CCTV Surveillance System



Products and Solutions Group (PSG)



Subsequent to sale of its Electronic Security Systems Business to Schneider, Zicom acquired the business of its wholly owned subsidiary Zicom Retail Products Private Limited and rechristened the Business Unit to Products and Solutions Group (PSG).

PSG has network of 18 branches across India with a dedicated workforce of 72.

PSG addresses the security needs of Consumer market through its unique Route-to-Market model which constitutes of Distribution Business, Small and Medium Enterprise (SME) focussed Business and Direct Sales targeting the Home Segment.

The Distribution Business Unit is chartered towards reaching every nook and corner of the country through the micro-distribution models that caters to Small Office Home Office (SOHO) and Small Medium Business (SMB) customers and has successfully added about 1000 Channel Partners in its portfolio. In its quest to provide wider options to Partners, Zicom has ventured into multi-brand distribution by partnering with prestigious brands like Honeywell, Pelco, Abloy, to name a few making Zicom the one-stop shop for every Entrepreneur in the business of Electronic Security.

The SME Focussed Business Unit is targeted towards reaching out to the more complex market needs that has long gestation periods between booking and billing cycles. This includes residential builders, national retail chain of stores with aggressive expansion plans, small scale industries, etc.

The Direct Sales team is passionate in reaching out to one market opportunity in Home Segment that can be termed as the "Sleeping Giant". Zicom is very confident that this one segment, when awakened, can bolster demand for Security products that can outshine all other market verticals in the country.

Backed by the expertise of providing security to several million homes and retail outlets in India, Zicom realized that India needs customized security solutions that are conducive to Indian environment and hence the manufacturing plant at Parwanoo, Himachal Pradesh, was conceptualized and established.

With a renewed focus on SME, Retail and Home Segment, Zicom will continue to dominate the market with high-tech state-of-the-art products manufactured in India targeting the B2C and B2B markets.

Zicom always believes in staying ahead thus making it the most preferred partner and the most preferred brand in the Security Industry among the end consumers.

Few of our product launches that gained the limelight this year included the new IP Camera called "Qube Camera". Designed on the globally acclaimed IP Surveillance platform, this camera aims to facilitate remote monitoring of office and home through Cell Phone or Laptop. The 1.3 megapixel, high definition CMOS Sensor, supports dual streaming formats such as MJPEG / MPEG4 dual codes, 3 GPP Streaming at speed of upto 30 fps. With the unique feature of Audio Recording, the Qube Camera is specially designed to record on a computer hard disk, thus giving an option of not purchasing a DVR as a storage device. These distinctive features make it an absolutely viable Security device for home and small retail outlets. The Progressive scan system of the Qube Camera ensures advanced Video Motion Detection and can be programmed with preset actions for scheduled or triggered event functionality.

In the Home Segment, the product that enthralled the consumers was the new 7" Video Door Phone – white and silver combination, sleek and classy that easily becomes an integral part of any well designed home. Attractively priced, this elegant Video Door Phone is now the fastest selling product in this segment.

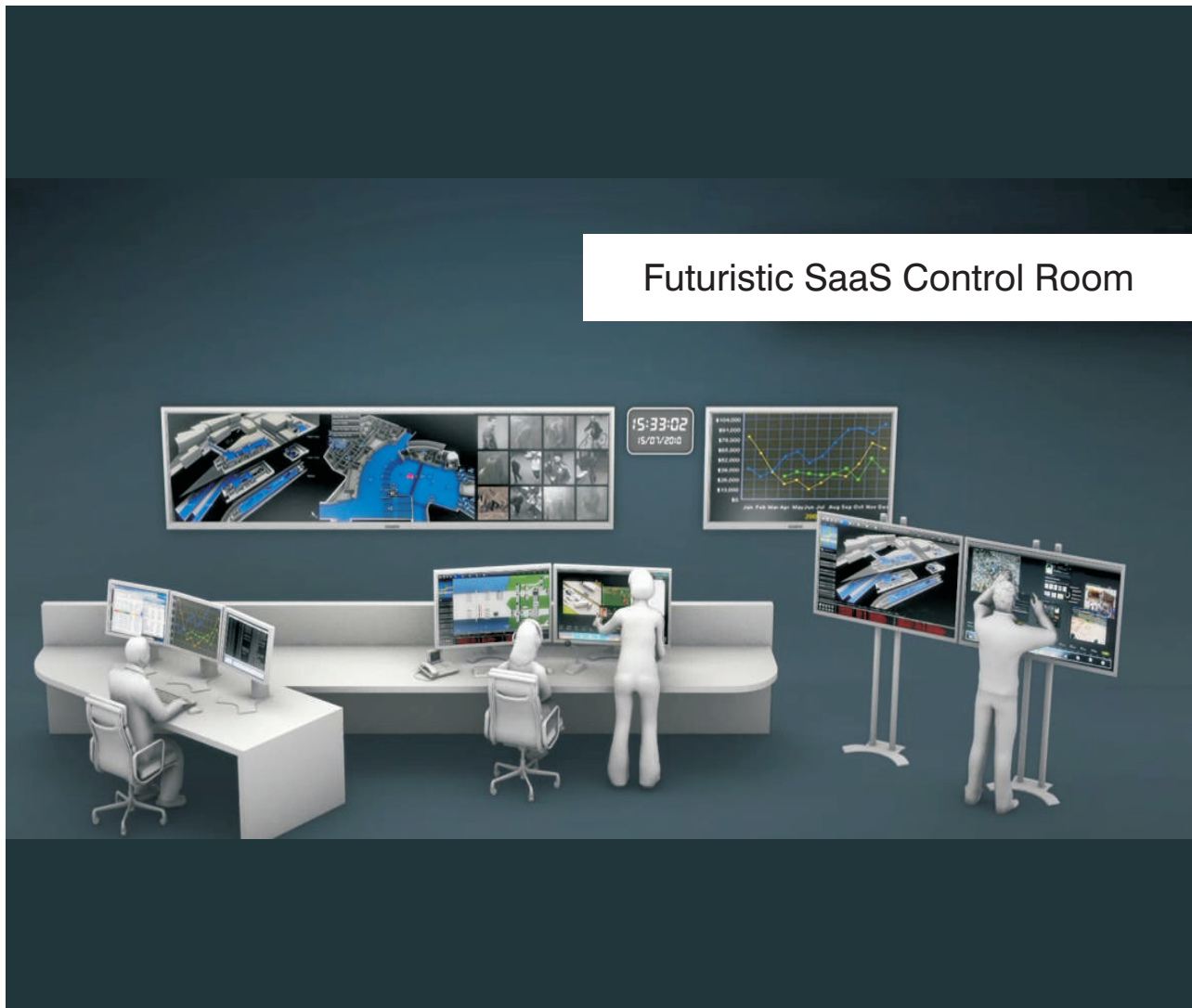
Evaluating the current trends in the Builders Segment in terms of the home owners security threat perception and the Builders requirement to set his project apart from the rest, Zicom introduced a new range of Multi-Apartment Video Door Phones that have additional features of not only screening visitors but also protecting the premises against Burglary and Fire i.e. having additional features of Intrusion built into the system.

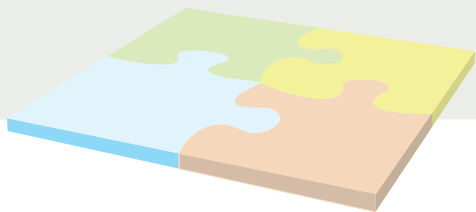
The SOHO Segment saw the introduction of the new Fingerprint Lock which was christened as "Elite". Equipped with an Optical sensor, it identifies and authenticates the fingerprint in less than 2 seconds. The Elite Fingerprint Lock has a USB Slot that enables it to download the entry / exit data along with time, thus assisting the SOHO Segment with data for attendance / scrutiny.



Feel Safe

Futuristic SaaS Control Room





Pioneering Managed Security Services...

Zicom SaaS Private Limited



Zicom SaaS is a company promoted by Zicom.

Zicom SaaS offers a range of Managed Security Services through various solutions for Security Resource Planning (SRP) on Easy-Pay Monthly Service Charge basis. This is another pioneering concept brought in India for the first time by Zicom, leveraging its decade old experience to deliver Managed Security Services.

SRP module combines value added offerings like Video Monitoring Services & Central Monitoring Services with various Zicom and 3rd Party hardware offerings on an Easy-Pay Service Charge basis that customers can choose to get started with, without having to invest in capital-intensive security equipment. The customers can scale up their scope of requirement as their business demands without any capital expenses and best, without having to worry about AMC and PMC, as these are considered and offered under the Easy-Pay model.

The Security Managed Services are offered under four levels of security, all built into an end to end security solution:

- ▶ SECURITY HARDWARE & SOFTWARE
- ▶ RESPONSE MANAGEMENT
- ▶ REMOTE MONITORING SERVICES
- ▶ INSURANCE COVER

Benefits Customer derives from SaaS Model

- ▶ SaaS delivers solutions for specific Security and Business Challenges
- ▶ Effective management of Cash Flows
- ▶ Customer gets the benefit of Technology without managing or owning it, on right to use basis.
- ▶ Low cost model
- ▶ We Fail, We Pay

3 - Step SRP Approach

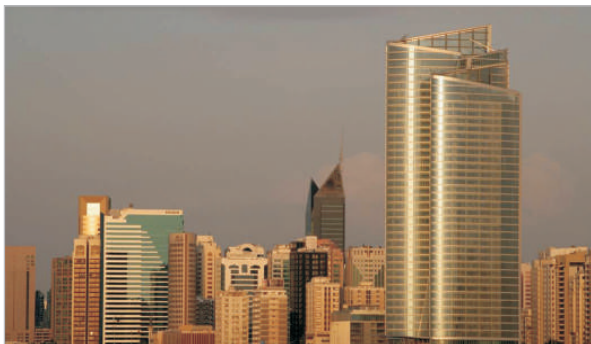
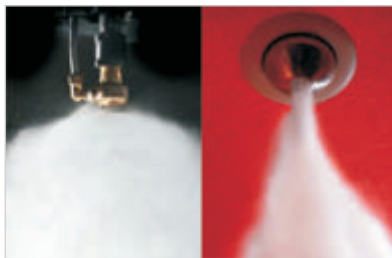
- ▶ Determine what Security and Surveillance needs to deliver
- ▶ Prioritize the risks and vulnerabilities of customer's site
- ▶ Selection of a right product-service mix with technology to fit real life needs that protect customer's business assets

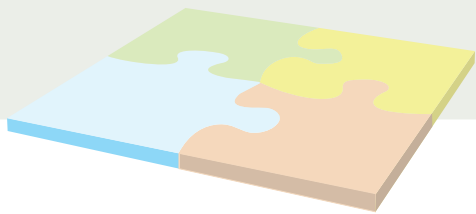
Core Security Value Proposition





Feel Safe





A Beginning of a Journey towards Proven Success...

Unisafe India - Fire Security Business



UNISAFE DUBAI:

Unisafe Dubai, is a subsidiary of Zicom in U.A.E. and is an icon of Zicom's success in the business of fire detection and protection in the Gulf region.

Unisafe Dubai offers wide spectrum of products and services in fire protection and detection, ranging from designing, supplying, installing and maintaining integrated fire protection system capabilities.

It is an ISO certified company, managed by professionals having vast experience of fire business. Unisafe Dubai is making profit since the last 4 years. It is approved by Civil Defence authorities and JAFZA (Jabel Ali Free Zone Authority) to operate in residential, commercial and infrastructure projects across U.A.E. and Qatar including special license to operate in Oil and Petrochemical field. Its operations are supported by a very skilled and experienced team of 168 employees. Over a period of time, Unisafe Dubai has earned good brand name for its 24x7 service capabilities. It has infrastructure at all important locations.

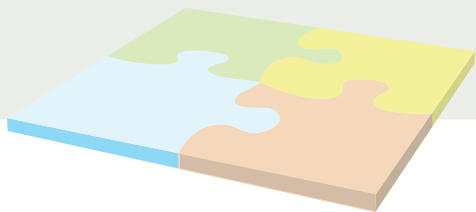
With successful track record of executing iconic projects and best of the Clientele, Unisafe Dubai is proud of its design and installation capabilities with best talent of the industry in the Gulf region.

UNISAFE INDIA:

Enthused by the thumping success with Unisafe Dubai in Gulf region, and in view of the Government of India's thrust on infrastructural developments coupled with faster economic development in India, Zicom planned to foray into the business of providing fire security and protection business in India. The business potential can be analyzed in the light of the fact that markets for Fire Protection in India are estimated around ₹ 3,500-4,000 crores. Out of more than 60 fire protection companies in India having sound order-book position, only a handful have capabilities to execute large infrastructure projects. The strong credentials of Unisafe Dubai of over 15 years in the area of project execution and servicing large infrastructure projects in the Gulf region, will provide an edge to Unisafe India over its competitors in execution of similar projects in India. Given the thrust on infrastructure development in India and the absence of specialist fire protection company in the organized sector, there is great potential in the business of providing fire protection to Airports, Metro Rail, High-rise buildings, Power Plants, etc.; particularly in view of the fact that the Industry is growing @ 30% p.a.

The business strategy would be to concentrate on large order size projects and iconic super specialty structures, where Unisafe India will have a design and installation edge. Focus will be more on expansion in infrastructure like railways and airports, offshore-marine and oil industries. Considering growth in infrastructure, industry growth rate of 30% & handful of credible players in the market, there are good growth opportunities for this new venture.





Entering the New Horizon of Security Education & Training

... ASTM



With a view to foray into education and training in security, safety and loss prevention; Zicom promoted Institute of Advanced Security Training and Management Private Limited (ASTM) with a vision to foster a secure environment in India by imparting internationally accredited, world class quality training and education in Security, Safety and Loss Prevention. The said training and education would be imparted through high quality training programs developed and designed with the aid of renowned security experts.

ASTM is governed by a Board constituting eminent personalities from various fields. Its faculty consists of people who are security experts. In a short span of time, ASTM has earned good reputation for providing training through high quality programs and courses.

Overview of ASTM

- ▶ First of it's kind premium security training institute in India
- ▶ Offers best of the class, high quality training programs to Security professionals and students
- ▶ Courses impart knowledge on state-of-the-art technology and best practices in Security Management
- ▶ Provides world class training modules and international best practices in the field of Security, Safety, Loss Prevention, Audits, Consultancy, Preparedness and Defense against terror attacks
- ▶ Builds a cadre of world class security professionals by imparting education through recognized certification programs
- ▶ Provides Security and Safety Audit services as part of preventive measures

Courses Offered

- ▶ Certificate Course in Security Management (CCSM)
- ▶ Professional Program in Security Management (PPISM)
- ▶ Executive CCSM Program
- ▶ Guard Plus
- ▶ Security Training to Corporates



Feel Safe

Aiming & Achieving Quality Standards...

Plant at Parwanoo

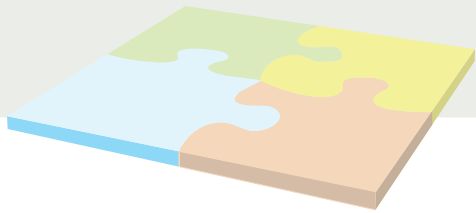
Zicom's manufacturing facility is located in the scenic hilly region of Himachal Pradesh at Parwanoo. It started commercial production in November 2009, and has gradually added products to its portfolio. It has three assembly lines:

- ▶ CCTV Cameras
- ▶ Digital Video Recorders – 4 Channel; 8 Channel & 16 Channel
- ▶ Video Door Phones – 5.6 inches & 7 inches

Further, Assembly Lines for other product category will be added during the current year.

There is intense Quality check on all products manufactured at the facility. The complete facility is anti-statically protected and temperature controlled, using state-of-the-art technology. It has capability of testing large quantities and different range of Cameras and DVRs at one go. The facility has skilled technicians and specialized zigs and fixtures for Camera and DVR production aiming and achieving zero rejections for manufactured products. Each and every product manufactured, follows rigorously prepared testing, inspection parameters and quality standards before packing and dispatching to the market.





A **Winning** Combination...





Feel Safe

Notice

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Members of ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED will be held on Thursday, September 15, 2011, at 3.00 p.m. at M.I.G. Cricket Club, M.I.G. Colony, Bandra (East), Mumbai 400051, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended March 31, 2011; the Balance Sheet as at that date, together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares of the Company for the financial year ended March 31, 2011.
3. To appoint a Director in place of Mr. Achyut Godbole, 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 thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. Malpani & Associates, Chartered Accountants, Mumbai, bearing ICAI 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 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."

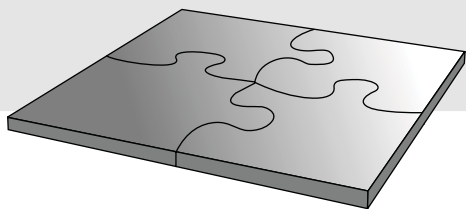
SPECIAL BUSINESS:

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

"RESOLVED THAT Mr. K. D. Hodavdekar, who was appointed as an Additional Director of the Company 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."

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

"RESOLVED THAT pursuant to Section 309, 310, 314 and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and other rules, regulations, guidelines, notifications and circulars and subject to necessary approval of the Central Government, and also subject to such terms and conditions that may be prescribed by the Central Government while granting the approval; consent of the Members of the Company be and is hereby accorded for payment of a monthly lump sum remuneration upto ₹ 8,00,000/- (Rupees Eight Lakhs only) and other perquisites to Mr. Manohar Bidaye, Director of the Company, for a further period of five years with effect from April 1, 2012; for his services to be availed by the Company, as set out in the Explanatory Statement to Item No. 6 of this Notice and also on the other terms and conditions as mentioned in the draft agreement to be



entered into between the Company and Mr. Manohar Bidaye, copy of which is now placed before the meeting and initialed by the Managing Director for the purpose of identification; which agreement and all the terms and conditions thereof be and are hereby specifically approved, with liberty to the Board of Directors / Remuneration Committee to alter and vary the terms and conditions of the said agreement, provided however that such alteration or variation shall not exceed the remuneration limits specified above, or the limits that may be specified in the approval of the Central Government.

RESOLVED FURTHER THAT the Board of Directors / Remuneration Committee of the Company be and is hereby authorized to obtain necessary approvals, to accept any modifications to the aforesaid terms of remuneration that may be required by the Central Government or any other appropriate authorities while granting its approval, and to do all such other acts, deeds, matters and things as it may in its absolute discretion deem fit for the purpose of giving effect to the above resolution, including to delegate the powers herein granted to them to any other Committee of Directors, or any Director, Officer or Consultant of the Company."

By Order of the Board of Directors

Kunjan Trivedi

Company Secretary

Place: Mumbai

Date: August 4, 2011

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. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send a duly certified copy of the Board Resolution authorizing such representative to attend and vote on their behalf at the ensuing Annual General Meeting.
3. 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.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, September 10, 2011 to Thursday, September 15, 2011 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.
5. 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 at Item Nos. 5 and 6 of the Notice, is annexed herewith and forms part of this Notice.

6. Dividend, for the year ended March 31, 2011, as recommended by the Directors, if declared at the Annual General Meeting, will be paid / dispatched on October 4, 2011 to those Members, whose names appear on the Register of Members of the Company at the close of business hours on September 9, 2011. In case of shares held in dematerialized form, to those Members whose names appear as beneficial owners as at the close of business hours on September 9, 2011 as per details to be furnished by the Depositories, viz. National Securities Depository Limited and Central Depository Services (India) Limited.
7. In order to protect the Members from fraudulent encashment of dividend demand drafts, the Members are requested to furnish their Bank Account Number, the name of the Bank and Branch where they would like to deposit the dividend demand drafts for encashment, whenever dividend is declared by the Company.

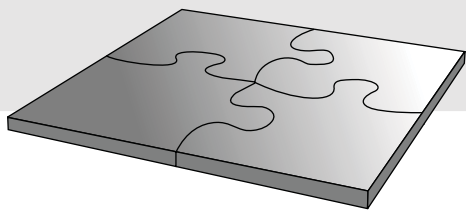
These particulars will be printed on the dividend demand draft besides the name of the Members, so that these dividend demand drafts cannot be encashed by anyone other than the Member.

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

8. As per RBI notification, with effect from October 1, 2009, the remittance of money through ECS is replaced by National Electronic Clearing Service (NECS) and banks have been instructed to move to the NECS platform. NECS essentially operates on the new and unique bank account number allotted by banks post implementation of Core Banking Solution (CBS) for centralized processing of inward instruction and efficiency in

handling bulk transactions. In this regard, if Members are holding shares in electronic form, they are requested to furnish new Bank Account Number allotted to them by their Bank after implementation of CBS, alongwith a photocopy of the cheque pertaining to the concerned account, to their DP at their earliest convenience. However, if the Members are holding shares in physical form they are requested to furnish their new account number alongwith photocopy of the cheque to the Company's Registrar & Transfer Agent.

9. Members are requested to notify immediately any change in Address, Signature and / or Bank details, in respect to their physical holdings, to the Registrar & Transfer Agent of the Company and to their respective DP in case of shares held in electronic mode.
10. Members must quote their Folio No. / Demat Account No. and contact details such as e-mail address, contact no., etc. in all correspondence with the Company / Registrar & Transfer Agent.
11. As per Circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009 issued by the Securities and Exchange Board of India (SEBI), it is mandatory to quote Permanent Account Number (PAN) for transfer / transmission of shares in physical form. Therefore, the transferee(s) / legal heir(s) are required to furnish a copy of their PAN to the Registrar & Transfer Agent of the Company.
12. Pursuant to the provisions of Section 109A of the Companies Act, 1956, every Member or joint holder(s) holding shares in physical form may nominate, in the prescribed manner, a person to whom all the rights in the shares shall vest in the event of death of the sole holder or all the joint holders. Member(s) or joint holder(s) holding shares in demat form may contact their respective DP for availing this facility.
13. Pursuant to Section 205A read with Section 205C of the Companies Act, 1956, the amount of dividend which remains unpaid / unclaimed for a period of 7 years is to be compulsorily transferred to the "Investor Education



and Protection Fund (IEPF)", constituted by the Central Government. Consequent to such transfer, Member(s) would not be able to claim any amount of dividend so transferred to IEPF in accordance with the aforesaid provision. Member(s) who have not yet encashed their dividend is / are requested, in their own interest; to immediately write to the Registrar & Transfer Agent of the Company or to the Company for claiming their outstanding dividend for 2003-2004 and subsequent years. The dividend for the aforesaid years shall be paid only on receipt of request and satisfactory compliance of the requisite procedure.

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

i) Mr. Achyut Godbole, B.Tech-Chemical,
IIT Mumbai (aged 61 years)

Mr. Achyut Godbole holds B.Tech (Chemical Engineer) from IIT Mumbai and possesses over 30 years of experience in Software Development in India, UK and USA in world renowned Companies like IBM, Hindustan Lever, L&T Infotech, etc. He has been awarded thrice by IBM World Trade Corporation for performance excellence.

He has been instrumental in designing an ERP package in UK and implementing it in many Companies worldwide. During this illustrious career, he has contributed to building of companies such as Patni, Syntel, L&T Infotech, Apar Technologies and Disha Technologies where he worked as Chief Executive Officer / M.D.

At present he is the Managing Director of Softexcel Consultancy Services. He was awarded twice by the Prime Minister for excellent export performance of his Company. Besides this, he is deeply involved in music, economics, science, psychology and literature about which he has written 6 books.

He has also written three text books on Information Technology published by MacGraw-Hill which are used worldwide. He has been awarded 'distinguished alumnus' by IIT, "Udyogratha" by Indian Economic Council for his contribution to Information Technology and "Kumar Gandharva Award" by Pandit Bhimsen Joshi for his contribution to music and computers. He has helped start a school for mentally challenged children.

ii) Mr. K. D. Hodavdekar, C.A.I.I.B.; LL.B.; M.Com.
(aged 60 years)

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

During the span of his successful carrier, he has achieved many milestones. He led and guided his team in various capacities. His specialisation inter alia includes project appraisal, project monitoring, corporate investments and resolution and management of NPAs.

He has been IDBI Bank's Nominee Director on the Board of many IDBI Bank assisted companies. He has been Nominee on various committees. He was appointed as a member of Core Group of Corporate Debt Restructuring, Credit Committee, Audit Committee, etc. He has attended many national level and international training programs, seminars as participant and faculty.

Both the above Directors do not have any financial or family relationship with any other Directors, senior management personnel or substantial or controlling shareholders of the Company.

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

Your Directors recommend appointments of the above Directors as proposed.

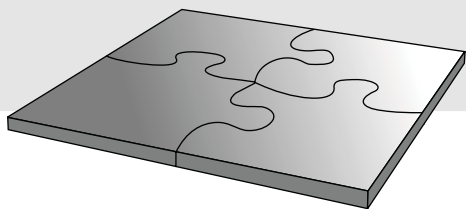
16. Members are requested to visit the website of the Company www.zicom.com for viewing the quarterly and annual financial results and for more information on the Company. For investor-related queries, communication may be sent by e-mail to investors@zicom.com.
17. Members are requested to send their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

space provided therein and surrender the same at the venue. Proxy / Authorized Representatives of Members should state on their attendance slip as 'Proxy' or 'Authorized Representative' as the case may be.

20. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in Corporate Governance" and issued two Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011 respectively. Under these Circulars, MCA has, inter alia, clarified that a Company would have complied with Section 53 of the Companies Act, if the service of documents has been made through electronic mode provided that the Company has obtained e-mail addresses of its Members for sending various communications / documents (including Notice of General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report and all other documents including Postal Ballot documents) through electronic mode by giving an advance opportunity to every Member to register their e-mail address and changes therein from time to time with the Company.

Accordingly, the Company had communicated to its Members with a request to register their e-mail address for the purpose of receiving Annual Report, Notices, other documents, communications, etc. in electronic mode. Most of the Members have yet to respond to the same. Members are therefore hereby once again requested to register their e-mail address(es) and changes therein from time to time, through any of the following manner:

- i) **Company's Website:** By visiting the website www.zicom.com 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 / DP ID Client 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: August 4, 2011

Registered Office:

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

EXPLANATORY STATEMENT

The following Explanatory Statement, pursuant to Section 173 of the Companies Act, 1956 (the Act), sets out all material facts relating to the business mentioned at Item Nos. 5 and 6 of the accompanying Notice dated August 4, 2011.

Item No 5:

Mr. K. D. Hodavdekar was appointed as an Additional Director of the Company by the Board on August 4, 2011. 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.

Your Directors feel that continuation of Mr. K. D. Hodavdekar 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. K. D. Hodavdekar, no other Director of the Company is in any way concerned or interested in the above resolution.

Item No. 6:

Pursuant to the resolution passed by the Members through Postal Ballot, results of which were declared on April 30, 2007, and approval of the Central Government, Mr. Manohar Bidaye, Director of the Company, was entitled for a remuneration for a period of five years w.e.f. April 1, 2007 with an overall ceiling limit of ₹ 800,000/- per month and perquisites, for the services availed by the Company. The period of five years expires on March 31, 2012; the Remuneration Committee of Directors and the Board of Directors at their



Feel Safe

respective meetings held on May 19, 2011 have approved that Mr. Manohar Bidaye be paid remuneration on the same terms i.e. monthly payment of ₹ 800,000/- and perquisites for a further period of five years, w.e.f. April 1, 2012, for his services to be availed by the Company and on such other terms and conditions as mentioned in the draft agreement to be entered into between the Company and Mr. Manohar Bidaye. This will be subject to necessary approval of the Central Government.

Mr. Manohar Bidaye is a Promoter Director of the Company and is associated with the Company since its incorporation. He has been advising the Company on overall corporate planning, strategy forming and implementation, financial management, taxation and legal aspects of the business of the Company. Mr. Manohar Bidaye is Master of Commerce from University of Mumbai, holds a General Degree in Law from University of Mumbai and is also a senior member of the Institute of Company Secretaries of India. He has got vast experience in the field of Corporate Planning / Strategy Forming, Corporate Law, Finance, Taxation and related areas.

Besides the monthly remuneration, Mr. Manohar Bidaye will be provided with the Company owned car with driver for attending to the business affairs of the Company, and will be provided with / reimbursed the telephone / mobile and other expenses incurred by him in connection with execution of his duties to the Company. Personal long distance calls and use of car for private purpose, if any, shall be billed by the Company to Mr. Manohar Bidaye.

As required under the applicable provisions of the Companies Act, 1956, approval of Members by way of Special Resolution is sought for payment of remuneration to Mr. Manohar Bidaye as above, subject to necessary approval of the Central Government.

The Board of Directors shall have liberty to decide / alter the terms and conditions of services to be tendered by Mr. Manohar Bidaye, which are incorporated in the draft agreement. Mr. Manohar Bidaye will not be paid any amount out of the above remuneration till the time the Company receives the Central Government's approval for payment of the aforesaid remuneration. If he receives the above remuneration, he will not be entitled to any sitting fees for attending the Board meetings and Committee meetings of the Company.

Accordingly, a Special Resolution as set out under Item No. 6 of the Notice is submitted for approval of the Members.

Except Mr. Manohar Bidaye, who is interested in the proposed resolution to the extent of the remuneration and / or benefits that he may receive by virtue of the proposed resolution under this item of business, no other Director of the Company is any way concerned or interested in the aforesaid resolution.

The Directors recommend the Special Resolution at Item No. 6 of the Notice for your approval.

By Order of the Board of Directors

Kunjan Trivedi

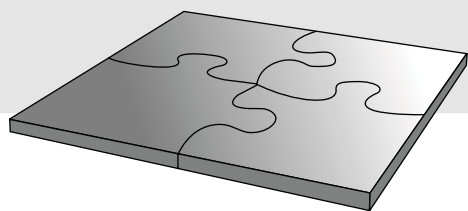
Company Secretary

Place: Mumbai

Date: August 4, 2011

Registered Office:

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



Directors' Report

To the Members,

Your Directors presents their Seventeenth Annual Report, together with the Audited Accounts of the Company for the financial year ended March 31, 2011.

FINANCIAL HIGHLIGHTS

(₹ in million)

Particulars	March 31, 2011 Consolidated	March 31, 2010 Consolidated	March 31, 2011 Standalone	March 31, 2010 Standalone
Net Sales / Income from Operations	3,733.67	5,279.71	1,157.49	2,447.68
Other Income	16.92	6.16	8.63	4.00
Total Income	3,750.59	5,285.87	1,166.12	2,451.68
Total Expenditure	3,493.79	4,740.76	1,153.04	2,178.31
Gross Profit before Interest and Depreciation	256.80	545.11	13.08	273.38
Interest and Finance Charges	131.10	235.92	60.01	148.05
Gross Profit before Depreciation and Taxation	125.70	309.18	(46.93)	125.32
Depreciation	152.01	121.75	89.46	34.99
Profit Before Tax, Exceptional & Extraordinary Items	(26.31)	187.44	(136.38)	90.33
Exceptional Item	(85.09)	Nil	Nil	Nil
Extraordinary Items	605.26	Nil	300.19	Nil
Profit Before Tax	493.86	187.44	163.81	90.33
Provision for Taxation:				
Current year	33.00	3.00	33.00	3.00
Deferred	(3.48)	11.68	(3.48)	26.79
Taxation of earlier years	(11.50)	(4.99)	(11.50)	Nil
Net Profit After Taxation	475.84	177.75	145.79	60.54
Less: Minority Interest	(31.26)	(27.46)	Nil	Nil
Profit for the year	444.58	150.29	145.79	60.54
Add: Balance brought forward from previous year	407.11	340.19	295.78	315.39
Profit available for Appropriation	851.69	490.48	441.57	375.93
APPROPRIATIONS:				
Transfer to General Reserve	Nil	6.10	Nil	6.10
Transfer to Legal Reserve	Nil	3.22	Nil	Nil
Provision for Dividend	12.70	63.50	12.70	63.50
Provision for Tax on Dividend	2.11	10.55	2.11	10.55
Balance of Profit carried forward to Balance Sheet	836.88	407.11	426.76	295.78



Feel Safe

OPERATIONAL PERFORMANCE

Your Directors are pleased to inform that, the transaction for sale and transfer of its Electronic Security Systems Business comprising of two divisions viz. Building Solutions Group (BSG) and Special Projects Group (SPG) and the business of Zicom CNA Automation Limited, as a going concern, on slump sale basis as contemplated under the Business Transfer Agreement (BTA) dated March 5, 2010 with Schneider Electric India Private Limited (Schneider), was successfully effected on April 30, 2010. The total consideration was ₹ 2,250 million, subject to specified adjustments.

Your Company has retained brand 'Zicom', consumer business, business of Central Monitoring Station and Video Monitoring Station and the business of fire detection and suppression on a standalone basis.

In continuation of restructuring exercise, on September 30, 2010 the consumer business which was being carried out in wholly owned subsidiary Zicom Retail Products Private Limited (ZRPPL) was acquired by your Company as a going concern, on slump sale basis, and consequently disinvested its stake in the said subsidiary. As a result, ZRPPL ceased to be a subsidiary of your Company effective the said date.

As the operations of Zicom Manufacturing Co. (HK) Ltd. (Zicom HK) were supporting the business of BSG and SPG, which were sold to Schneider, the Board of Directors have discontinued the operations in this subsidiary effective March 30, 2011 and your Company's entire stake of 76% was sold at a consideration of HKD 23,48,000 (INR 13.50 million). Consequently, Zicom HK ceased to be the subsidiary of your Company from the said date.

In view of the above restructuring exercise, the standalone and consolidated results of your Company for the year under review are not comparable with the respective results of the previous year. The said restructuring exercise has helped your Company to reduce its debt burden and resulted in Net Profit of ₹ 300.19 million. This is more elaborately described in Schedule 16, being the Notes forming part of the Accounts.

The Total Income of your Company as standalone entity was ₹ 1,166.12 million as against ₹ 2,451.68 million in 2009-2010. Before providing for Tax, Exceptional and Extraordinary Items there was a Loss of ₹ 136.38 million

in 2010-2011, as compared to Profit of ₹ 90.33 million in 2009-2010. After adjusting for Exceptional and Extraordinary Items and Taxation for ₹ 282.17 million, Net Profit After Tax was ₹ 145.79 million in 2010-2011 as compared to ₹ 60.54 million in 2009-2010.

On consolidated basis, the Total Income of your Company was ₹ 3,750.59 million as against ₹ 5,285.87 million in 2009-2010. Before providing for Tax, Exceptional and Extraordinary Items there was a Loss of ₹ 26.31 million in 2010-2011, as compared to Profit of ₹ 187.44 million in 2009-2010. After adjusting for Exceptional and Extraordinary Items and Taxation for ₹ 502.15 million, Net Profit After Tax was ₹ 475.84 million in 2010-2011 as compared to ₹ 177.75 million in 2009-2010.

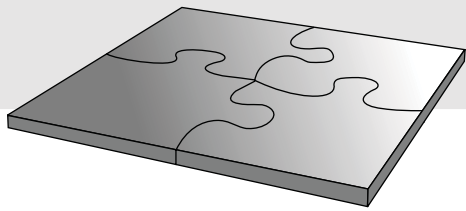
The discontinued business contributed ₹ 114.89 million to the total turnover and Profit After Tax of ₹ (33.01) million.

The Standalone Financial Statements include the financials upto April 30, 2010 of the business transferred to Schneider and of the business acquired from ZRPPL from October 1, 2010.

The Consolidated Financial Statements (CFS) include the financial statements of Zicom Electronic Security Systems Limited ("the Company") and its subsidiaries, namely, Zicom CNA Automation Limited ("ZCNA") and Unisafe Fire Protection Specialists LLC, Dubai ("Unisafe") and its subsidiaries. The CFS also includes the financial statements of Zicom Retail Products Private Limited ("ZRPPL") and Zicom Manufacturing Co. (HK) Ltd. ("Zicom HK") till the time they were subsidiaries of the Company.

BUSINESS DEVELOPMENTS AND PROSPECTS

The restructuring exercise as enumerated above, has not only enabled your Company to repay its major debt burden and that of its subsidiaries, but has also enhanced its flexibility to grow the retained businesses and pursue new growth opportunities. The decision to move away from project business was taken by your Directors with long term perspective in mind, to explore your Company's ability to build a business of services in the domain of security, such as Central Monitoring Station services, Video Monitoring Station services, remote asset monitoring services, fire safety business and education and training in security.



In this direction, your Company, after exploring various opportunities in the domain of security and considering restrictions of BTA, decided to venture into business of offering managed security services to protect remote assets and infrastructure using Central Monitoring Station and Video Monitoring Station. These services will be offered on a monthly recurring service charge to Telecom Operators, Banks, Retail Stores and other Small and Medium Enterprises (SME). To take this venture forward your Company has promoted Zicom SaaS Private Limited (Zicom SaaS).

As you are aware, your Company has built successful business in fire safety in U.A.E. through its subsidiary Unisafe Fire Protection Specialists LLC, Dubai (Unisafe). Over the last 15 years Unisafe has built designing and project execution capabilities to put up fire detection and fighting systems for large infrastructure projects. Unisafe has executed and served many iconic and prestigious projects in the Gulf region. Keeping in view India's thrust on infrastructure growth, your Directors thought it prudent to launch Unisafe business in India by forming a subsidiary. In this regard, the Company has promoted Unisafe Fire Protection Specialists India Private Limited. Your Directors are confident that with the brand name and reputation of Unisafe, this venture will capture sizable share of Indian fire protection market in a short span of time.

As Members are aware, in the Extraordinary General Meeting held on March 11, 2011 the Company had obtained permission of Members to invest in the business of education and training in security, safety and loss prevention. Pursuant to the said authority, your Company has made an initial investment in training and education venture viz. Institute of Advanced Security Training and Management Private Limited (ASTM). ASTM will drive best practices in Security Management through high quality training programs aimed at student education and corporate training. The initial response is good and your Company expects to drive this activity nationally in near future.

Although the restructuring exercise, initiated with Schneider business deal, is still to reach its logical end, your Directors are hopeful that your Company will build long term sustainable business model out of present structure. To accelerate the growth, your Company may also opt for acquisitions in security and safety domain.

DIVIDEND

In view of the profit earned on account of sale and transfer of its Electronic Security Systems Business to Schneider, the Board of Directors had with a view to reward the Members, recommended a special one-time dividend of ₹ 4/- per share (i.e. 40%), in addition to the normal dividend of ₹ 1/- per share (i.e. 10%), aggregating to ₹ 5/- per share (i.e. 50%) for the year 2009-2010, on 12,699,829 Equity Shares. This had entailed total payout of ₹ 74 million.

With a view to conserve resources for implementing the business plans of the Company as already discussed, your Directors have recommended a dividend of ₹ 1/- (Rupee One only) per Equity Share of ₹ 10/- each (i.e. 10%), on 12,699,829 Equity Shares of the Company for the financial year 2010-2011. This dividend will entail the total payout of ₹ 15 million.

FINANCE

The year under review witnessed major financial overhauling on account of total corporate restructuring. As can be observed from the Cash Flow Statement, your Directors tried to strike a balance between reducing the debt burden of your Company and its subsidiaries and making growth capital available to your Company for future businesses.

SUBSIDIARY COMPANIES

As on March 31, 2011, your Company had only one material subsidiary viz. Unisafe Fire Protection Specialists LLC, Dubai.

During the year, your Company has made the following structural changes in its subsidiary status:

- a. On April 29, 2010, your Company acquired the balance equity holdings of 49% in Zicom CNA Automation Limited (ZCNA) from CNA Group Ltd., Singapore and its Associates; thus making ZCNA its wholly owned subsidiary. Later on, your Company acquired the entire business of ZCNA as a going concern on slump sale basis under BTA dated April 29, 2010 for a consideration of ₹ 2.50 million. On April 30, 2010, your Company sold off the entire business of ZCNA acquired by it, as a going concern on slump sale basis to Schneider. This was done in accordance with the terms of Company's BTA dated March 5, 2010 with Schneider.



Feel Safe

- b. On September 30, 2010, your Company acquired the entire business of its wholly owned subsidiary Zicom Retail Products Private Limited (ZRPPL) as a going concern on slump sale basis under BTA dated September 30, 2010 for a consideration of ₹ 480.00 million. Subsequently, your Company disinvested its entire 100% stake in the said subsidiary. As a result, from the said date, ZRPPL ceased to be the subsidiary of your Company.
- c. On March 30, 2011, your Company sold its entire 76% stake in its subsidiary Zicom Manufacturing Co. (HK) Ltd. (Zicom HK) for a consideration of ₹ 13.50 million. In view of the same, Zicom HK ceased to be the subsidiary of your Company from the said date.

Information on financials of the subsidiaries for 2010-2011, is provided in Annexure B hereto. In respect of foreign subsidiary companies, figures in rupees are converted from applicable foreign currency at appropriate exchange rate.

In view of the aforesaid restructuring, as on date your Company has only one key operative subsidiary i.e. Unisafe Fire Protection Specialists LLC, Dubai. A brief on which is given below:

Unisafe Fire Protection Specialists LLC, Dubai

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

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

Unisafe has posted Total Income of ₹ 2,096.49 million and a Net Profit of ₹ 157.27 million for the financial year ended March 31, 2011.

CONSOLIDATED FINANCIAL STATEMENTS

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

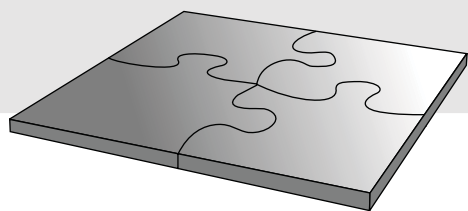
The Ministry of Corporate Affairs, Government of India, has issued a Circular No. 2/2011 dated February 8, 2011 granting general exemption to Companies under Section 212 (8) of the Companies Act, 1956 from attaching the documents referred to in Section 212 (1) of the said Act pertaining to its subsidiaries,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

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

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

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Article 110 of the Articles of Association, Mr. Achyut Godbole is the Director liable to retire by rotation at the ensuing Annual General Meeting. The brief profile of the Director retiring by rotation is given in the Notice of Annual General Meeting and discussed at length in Corporate Governance Report.



The above Director being eligible has offered himself for re-appointment.

On August 4, 2011, Mr. K. D. Hodavdekar 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. K. D. Hodavdekar as a Director of the Company liable to retire by rotation at the ensuing Annual General Meeting.

Your Directors recommend the above appointments for your approval.

GROUP

As required under Clause 3 (1) (e) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons constituting "Group" as defined under the Monopolies and Restrictive Trade Practices ("MRTP") Act, 1969, for availing exemption from applicability of provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations are disclosed in Annexure A to this Report.

AUDITORS

M/s. Malpani & Associates, Chartered Accountants, who were appointed as the Statutory Auditors of the Company at the Extraordinary General Meeting held on March 11, 2011, holds the office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

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

The Board recommends their re-appointment for your approval.

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 ₹ 11.43 million (previous year ₹ 49.06 million) in foreign currency, and has spent ₹ 0.34 million (previous year ₹ 0.15 million) in foreign exchange during the year under review. The details of the same are available at Note No. 25 (vi) of Schedule 16, being Notes forming part of the Accounts.

Your Company through its subsidiary in Dubai is catering to fire safety related requirements of the Gulf region and has registered very strong presence there. Your Company now eyes to extend these activities to GCC Countries and North African market where it is hopeful of getting good foothold. There was no direct export of materials and services during the year under review.

(b) 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.

(c) Corporate Governance

In pursuance of Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance, together with a certificate from the Company's Auditors confirming compliance of the conditions of Corporate Governance as stipulated under the said Clause is set out separately as Annexure F



Feel Safe

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 E.

HUMAN RESOURCES

As on March 31, 2010, the total strength of your Company along with its subsidiaries was around 385 employees at various locations in India and abroad. Under BTA with Schneider, 92 employees of the Company have joined Schneider on May 1, 2010. In addition, on account of further recruitment and some employees resigning, the total strength of employees as on March 31, 2011 stood at 257.

With the workplace becoming truly cosmopolitan and global in nature, the awareness of the fast changing dynamics and the need of upgrading skills on a regular basis is 'the need of the day'. Your Company conducts training sessions on an ongoing basis for technical aspects of products and selling skills to keep their employees updated.

As today's talent wants to ensure that their current assignment trains them to be 'employable'; this when looked internally within our Organization, is provided to individuals by giving opportunities in other business verticals.

An Employee Satisfaction Survey was carried out by a global agency, the results of which have shown a very positive trend. The morale of employees is very high as they believe to have a connection with your Company. They also believe that they are

able to contribute maximum as they are satisfied with the Career Development Opportunities and Trainings provided to them. Majority of them 'trust' their Senior Leaders as well as their Managers.

EMPLOYEES STOCK OPTION SCHEME

There are two Schemes of the Company viz. ESOS 2006 and ESOS 2007. Under these Schemes, the employees of the Company and its subsidiaries 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.

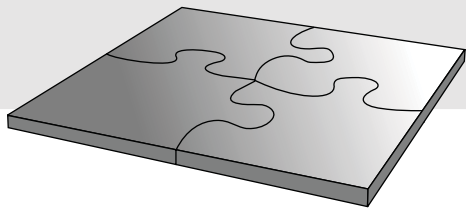
Under BTA with Schneider, as 92 employees of the Company had joined Schneider on May 1, 2010, all the unexercised Stock Options granted to them lapsed. Further, pursuant to the acquisition of Retail Security Business of ZRPPL vide BTA, all the employees belonging to the Sale Business became employees of your Company. As a result, Stock Options granted to them under ESOS 2007 are now held by them as employees of the Company. This has substantially changed the status of outstanding Employee Stock Option under ESOS 2006 and ESOS 2007 of the Company.

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 D 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, 2011:

- (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 for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

INSURANCE

All the assets of the Company are adequately insured.

CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY

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

Social initiatives – Spreading awareness for security, protection and care: Your Company has been one of the pioneers in promoting and supporting various activities under the banner of Fire and Security Association of India (FSAI), which are mainly aimed at educating common masses on safety measures in case of fire and other casualties. During the year, your Company has conducted various programs to build awareness amongst the citizens on disaster management and fire safety. To make various festival celebrations, involving mass gathering, safer and secure, like Ganesh festival, Durga Pooja festival, etc. your Company held various awareness meetings with Mumbai Police and Mumbai Fire Brigade. Your Company has also held various career guidance workshops in Maharashtra through ASTM to support economically backward students in their career development.

Employee Care and Betterment: Your Company being a service industry, it recognizes importance of human factor. It strongly believes that a healthy workforce forms a highly productive Team. Keeping this in mind, your Company follows

best possible human resource policies for the benefit and betterment of its employees, which includes better work place atmosphere, humanitarian and personalized approach, development of skill and career through continuous opportunities for in-house and on the job trainings, lectures, sessions and seminars, programs for better health and wellness, debt-free and better lifestyle. In this direction, the Company has taken various steps, as under, which has helped your Company in improvement of morale, zeal, enthusiasm and belongingness among its employees:

- Enlightening and building of team spirit, unity and involvement amongst employees vis-a-vis with the Company and its objectives through employees participation in various ways like social and occasional functions, event celebrations, picnics, participation and contribution in corporate magazines, etc.;
- Training in security and first aid and providing free medical assistance under insurance cover;
- Organizing 'Wellness Program' for all employees through lectures conducted by medical practitioners on subjects pertaining to health and illnesses;
- Organizing Inner Engineering workshop;
- Free medical camps were conducted for health check-up and diet advice;
- Cash flow management lecture was organized to explain the importance of debt free lifestyle.

Environment and Energy Conservation: Your Company is in the business of providing electronic security products and solutions and related services, which are non-pollutive in nature. The Company's activity does not envisage much use of energy. In fact Company's business facilitates energy conservation through various advanced security systems and solutions. The security equipments like sensors, control panels integrated with related software facilitates energy saving by automatically reducing operations of various electronic and electrical equipments like air conditioners, lights, etc. which senses weather conditions, level of light, temperature inside and outside premises and accordingly adjust the usage, thereby substantially reducing electricity consumption. These security systems, equipments and gadgets are made and



Feel Safe

marketed by your Company to its various customers thereby helping in energy conservation at large. At our offices also, with the installation of such systems, equipments and gadgets, we endeavor to minimize the energy usage and thereby directly and indirectly help in environmental protection.

Water Conservation: Water is becoming scarcer resource with increasing population, urbanization and industrialization. Water find its usage in every aspects of human life. Although your Company's activities do not involve much use of water, the Company has taken various steps to manage its usage like minimizing water consumption by educating employees to avoid its wastage and conserve water wherever possible, increasing awareness for water conservation by displaying graphics, designs and messages at every point of water usage like water coolers and dispensers, washrooms, basins and gardens.

Efficiency in material usage: Material usage is a very important factor in business cost control. It can lift or sunk an enterprise depending upon the management of material usage. Effective material usage facilitates cost controls. However, its implementation differs from industry to industry, organization to organization and the same also vary with the size and scale of a unit. Your Company being in electronic security industry in India, its requirements for systems, gadgets and equipments are different from such units and other countries in the world.

As we are now in Small Office Home Office (SOHO), Retail and SME segments, where customized pre-configured systems are required to meet the needs of various classes of retail customers, your Company cannot rely merely on imported material. Keeping in view the long term approach and also to facilitate cost reduction and strengthening the margin, the Company has operational manufacturing unit at Parwanoo in Himachal Pradesh. This unit is benefiting us in better material management, as we can have flexibility in timely sourcing of required materials to meet our customer needs, enable us to take advantage of our engineering capabilities developed through in-house R&D, avail various benefits of economies of scale, locational tax benefits and cost cutting due to in-house manufacturing using material sourced more economically. Also, to take advantage of better material management, both at sourcing and distribution ends; we have reworked our entire channel strategy, with implementation of which, we are hopeful to have sizable saving in material cost.

Creating job opportunity: A good corporate citizen should contribute in well being and prosperity of the society and people with whom it lives. The Company's business activities should be directed towards this motive. Your Company is associated in setting up Institute of Advanced Security Training and Management Private Limited which offers various training courses to students in different areas of security. Upon successful completion of training, the students can get employment opportunities as security executive, security officer or expert advisor depending upon the type of training obtained. Enormous job opportunities for trained students lie ahead in corporates, hotels, malls, offices of public sector enterprises and places of strategic importance, theatres, stadiums, places of devotion and other places of public gatherings. In this direction your Company has made some initial investment towards capital contribution for this noble cause and is closely associated for its management and further development. Your Company is in the process of scaling up these activities with its own and institutional support so that the benefit of this Institute can be extended to larger spectrum of Society.

In furtherance to achieve this objective, your Company has planned to help needy students by sponsoring their training, providing scholarships, finding suitable job opportunities, either at its owned establishment or that of its associates, customers and other stakeholders. We are confident, that in the long run many families will be benefited with availability of job opportunities, thereby raising family income, eradication of poverty and upliftment of standard of living.

ACKNOWLEDGMENTS

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

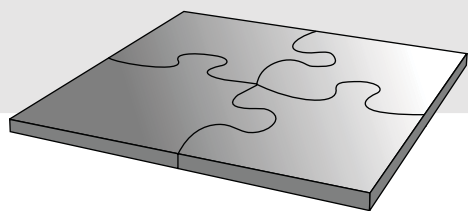
For and on behalf of the Board of Directors

Manohar Bidaye

Chairman

Place: Mumbai

Date: August 4, 2011



Annexure 'A' to Directors' Report

Persons constituting group coming within the definition of "Group" for the purpose of Regulation 3 (1) (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, include the following:

Sr. No.	Particulars
1.	Unisafe Fire Protection Specialists LLC, Dubai
2.	Zicom CNA Automation Limited
3.	Zicom SaaS Private Limited
4.	Unisafe Fire Protection Specialists India Private Limited
5.	Institute of Advanced Security Training and Management Private Limited
6.	Baronet Properties and Investments Private Limited
7.	Coronet Properties and Investments Private Limited
8.	Progressive Equifin Private Limited
9.	Success Equifin Private Limited
10.	Manohar Bidaye
11.	Madhura Bidaye
12.	Chaitra Bidaye
13.	Pramoud Rao
14.	Gauri Rao
15.	Divya Rao
16.	Harish Nayak
17.	Laxmi Harish Nayak

Annexure 'B' to Directors' Report

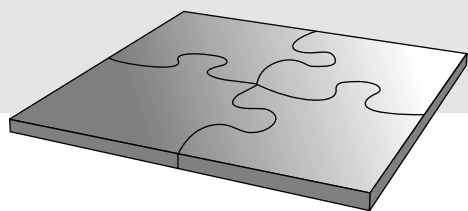
Information on the financials of the Subsidiary Companies:

(Amount in ₹)

Sr. No.	Particulars	Unisafe Fire Protection Specialists LLC, Dubai	Zicom CNA Automation Limited
	Financial year ending on	31-03-2011	31-03-2011
	Currency	AED	INR
	Exchange rate on the last day of the financial year	12.11	N.A.
1.	Share Capital (including Share Application money pending allotment)	60,550,000	20,000,000
2.	Reserves	558,341,928	(16,383,461)
3.	Liabilities	1,087,571,913	25,000
4.	Total Liabilities	1,706,463,841	3,641,539
5.	Total Assets	1,706,463,841	3,641,539
6.	Investments	Nil	Nil
7.	Turnover	2,096,490,799	163,035
8.	Profit Before Taxation	157,278,440	(1,223,163)
9.	Provision for Taxation	Nil	Nil
10.	Profit After Taxation	157,278,440	(1,223,163)
11.	Proposed Dividend – Equity	Nil	Nil

Note:

The Board of Directors has consented for not attaching the financials and other documents for the financial year 2010-2011 of Unisafe Fire Protection Specialists LLC, Dubai and Zicom CNA Automation Limited to the Annual Report of the Company in accordance with general approval given by the Ministry of Corporate Affairs (MCA) vide its Circular dated February 8, 2011.



Annexure 'C' to Directors' Report

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

Name of the subsidiary company	Unisafe Fire Protection Specialists LLC, Dubai	Zicom CNA Automation Limited
Financial year of the subsidiary company ended on	31-03-2011	31-03-2011
Extent of Interest of Zicom Electronic Security Systems Limited in its subsidiary companies	2,450 shares of AED 1,000 each i.e. 49%	2,000,000 Equity Shares of ₹ 10/- each i.e. 100%
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, 2011	Nil	Nil
(b) for previous financial years of the subsidiary since it became subsidiary of Zicom Electronic Security Systems Limited	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, 2011	₹ 125,847,663	₹ (1,198,163)
(b) for previous financial years of the subsidiary since it became subsidiary of Zicom Electronic Security Systems Limited	₹ 348,386,915	₹ (4,343,632)
Changes in the interest of Zicom Electronic Security Systems Limited between the end of the subsidiary's financial year and March 31, 2011		
Number of shares acquired	Nil	Nil
Material changes between the end of the subsidiary's financial year and March 31, 2011		
(i) Fixed Assets (net additions)	Nil	Nil
(ii) Investments	Nil	Nil
(iii) Moneys lent by the subsidiary	Nil	Nil
(iv) Moneys borrowed by the subsidiary company other than for meeting current liabilities	Nil	Nil

For and on behalf of the Board of Directors

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Mukul Desai
Director

Achyut Godbole
Director

Vijay Kalantri
Director

Hemendra Paliwal
Chief Financial Officer

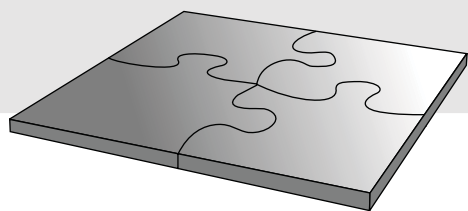
Kunjan Trivedi
Company Secretary

Mumbai, May 19, 2011

Annexure 'D' to Directors' Report

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

Sr. No.	Description	ESOS 2006	ESOS 2007
1.	Total number of Options under the Scheme	400,000 Options [each Option represents 1 (one) share]	300,000 Options [each Option represents 1 (one) share]
2.	Options granted during the year	Nil	Nil
3.	The pricing formula	The exercise price for the purpose of grant of Options will be decided by the Compensation Committee subject to a maximum discount of 25% on latest available closing price, one day prior to the date of the meeting of the Board of Directors / Compensation Committee in which the Options are granted, on that Stock Exchange where there is highest trading volume on the said date.	The exercise price for the purpose of grant of Options will be decided by the Compensation Committee subject to a maximum discount of 25% on latest available closing price, one day prior to the date of the meeting of the Board of Directors / Compensation Committee in which the Options are granted, on that Stock Exchange where there is highest trading volume on the said date.
4.	Options vested during the year	9,900 Options	5,700 Options
5.	Options exercised during the year	Nil	Nil
6.	Total No. of Shares arising as a result of exercise of Options	Nil	Nil
7.	Options lapsed at the end of the year	52,000 Options	14,000 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	33,000 Options	19,000 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 the Accounting Standard (AS) 20.	Not Applicable	Not Applicable
13.	The Company has calculated the employee compensation cost using the intrinsic value of the Stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that have been recognized if it had used the fair value of the Options, the impact of this difference on profits the impact of this difference on EPS	Not Applicable	Not Applicable
14.	Options whose exercise price either equals or exceeds or is less than the market price of the stock, weighted average exercise price weighted average fair values of Options	Not Applicable	Not Applicable
15.	A description of the method and significant assumptions used to estimate the fair values of Options, including the following weighted average information: 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 'E' to Directors' Report

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

Loans and advances in nature of loans to subsidiaries:

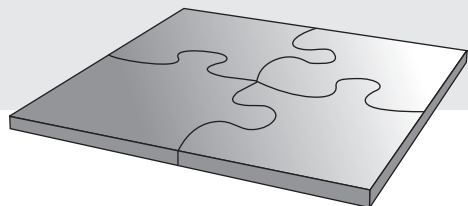
(Amount in ₹)

Name of the Company	Balances as on March 31, 2011	Maximum outstanding during the year
Zicom Retail Products Private Limited	Nil	1,102,573,054
Unisafe Fire Protection Specialists LLC, Dubai	131,311,789	131,311,789
Zicom CNA Automation Limited	Nil	2,900,000

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

(Amount in ₹)

Name of the Company	Balances as on March 31, 2011	Maximum outstanding during the year
Institute of Advanced Security Training & Management Private Limited		
• Advance recoverable in cash or kind	566,243	566,243
• Share Application Money Pending Allotment	21,900,000	21,900,000



Annexure 'F' to the Directors' Report

Corporate Governance Report

I COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance is a set of policies, processes and customs that are being followed to direct, administer, control or manage the Company i.e. it's corporate and other structures, culture and policies. It also includes the manner in which the Company deals with various stakeholders. Good Corporate Governance combined with strict compliance of laws, rules and regulations not only facilitates effective control and management of an organization, but also leads to enhancement of long term shareholder value and interest of other stakeholders.

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 our employees, shareholders, creditors, consumers and dealers; promotion of ethical practices at work place; satisfaction of the customers and interest of stakeholders.

II BOARD OF DIRECTORS

A) Composition and category of the Board

The composition of the Board of Directors of the Company is in conformity with Clause 49 of the Listing Agreement.

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. Dr. B. Samal, an Independent Director, resigned from the Board of your Company w.e.f. December 14, 2010. As a result, at the end of the year your Company's Board comprised of five Directors, with three Independent and two Promoters and 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 Board of Directors comprises professionals drawn from diverse fields, who bring with them a wide range of skills, expertise and experience.

Composition of the Board and category of Directors are as follows:

Board of Directors of the Company as on March 31, 2011:

Name of the Director	Category
Mr. Manohar Bidaye, Chairman	Non-Executive (Promoter)
Mr. Pramoud Rao, Managing Director	Executive (Promoter)
Mr. Mukul Desai	Non-Executive Independent
Mr. Vijay Kalantri	Non-Executive Independent
Mr. Achyut Godbole	Non-Executive Independent

Subsequent to the year end on August 4, 2011, Mr. K. D. Hodavdekar was appointed as an Additional Director on the Board of the Company. He is Independent Non-Executive Director.

B) Compensation and disclosures of Non-Executive Directors

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

None of the Independent Directors are holding any equity shares in the Company.

C) Other provisions related to Board and Committees

- **Board Meetings held:** The Board normally meets once in a quarter and additionally as and when required. During the year 2010-2011, the Board met on five occasions, i.e. on May 10, 2010; August 14, 2010; September 30, 2010; October 29, 2010 and February 14, 2011. 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.

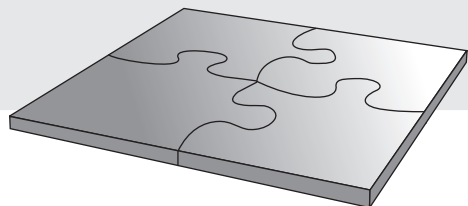
- **Periodical review of Compliance Reports:** Reports on compliance with all statutory laws applicable to the Company have been periodically placed before the Board for review.

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 ^① , Committee Chairmanships / Memberships ^②			Attendance		
	Directorships	Committee Memberships ^③	Committee Chairmanships	Board Meeting	Audit Committee Meeting	Last AGM
Mr. Manohar Bidaye	2	3	2	5	4	Yes
Mr. Pramoud Rao	2	1	-	5	N.A.	Yes
Mr. Mukul Desai	4	3	1	5	4	Yes
Mr. Vijay Kalantri	12	3	-	5	4	No
Mr. Achyut Godbole	-	-	-	5	N.A.	Yes
Dr. B. Samal [#] (resigned w.e.f. December 14, 2010)	12	10	4	4	N.A.	Yes

- ① 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.
- ② Chairmanships / memberships of only the Audit Committee and Shareholders' Grievance Committee of all public limited companies have been considered.
- ③ Also includes the committees in which a Director holds position as a Chairman.
- # Information for other directorships and committee memberships of Dr. B. Samal is based on declarations received from him till his resignation.

None of the Directors are related to each other in any way.



APPOINTMENT / RE-APPOINTMENT OF DIRECTORS

As per the provisions of the Companies Act, 1956 and Articles of Association of the Company, at every Annual General Meeting of the Company, one-third of the Directors are liable to retire by rotation. Mr. Achyut Godbole, Director of the Company, retire by rotation at the forthcoming 17th Annual General Meeting of the Company and being eligible; has offered himself for re-appointment at the ensuing Annual General Meeting.

Further, on August 4, 2011, Mr. K. D. Hodavdekar 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. K. D. Hodavdekar 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. Achyut Godbole	Mr. K. D. Hodavdekar
Father's Name	Mr. Shridhar Godbole	Mr. Dattaram Hodavdekar
Date of Birth	August 15, 1950	March 18, 1951
Date of Appointment	June 29, 2006	August 4, 2011
Nationality	Indian	Indian
Expertise in specific functional areas	Software development, designing ERP packages and its implementation	Banking, Finance, Restructuring, Reconstruction
Qualification	B.Tech.-Chemical, IIT Mumbai	M.Com.; LL.B.; C.A.I.I.B.
Number of Directorships in other companies	Nil	Nil
List of outside directorships held (includes public, private, foreign companies, companies under Section 25)	Nil	Nil
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)	Nil	Nil
Number of shares held in the Company	Nil	Nil

D) Code of Conduct

The Company has laid down and adopted two separate Codes of Conduct for its Directors and Senior Managerial Personnel for avoidance of conflicts of interest and ensuring the highest standard of honesty, dedication and professionalism in carrying out their functional responsibilities. 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 Code of Conduct as applicable to them, for the year ended March 31, 2011. 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 has constituted various Committees including Audit Committee, Remuneration Committee and Share Transfer and Investors' Grievance Committee. The Committees are constituted by a mix of Executive, Non-Executive and Independent Directors to meet the prescribed requirements. The Committees perform as per their terms of reference. The decisions taken by these Committees are noted by the Board through the minutes of their meetings. The brief particulars of Audit Committee, Remuneration Committee and Share Transfer and Investors' Grievance Committee as required pursuant to Clause 49 of the Listing Agreement are given hereunder:

a) Audit Committee

The Audit Committee is constituted in accordance with the provisions of Clause 49 (II) of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee inter-alia keeps checks on the adequacy of internal control systems, financial disclosures and statutory compliances. It is empowered to investigate any activity within its terms of reference, to seek information from any employee, to obtain outside legal or other professional advice.

Composition: The Audit Committee comprises of three Non-Executive Directors, and two-thirds of them are Independent. The Members of the Committee are financially literate and have accounting and financial management expertise. Mr. Mukul Desai, Chairman of Audit Committee, is in practice as a Chartered Accountant since 1982 and has varied experience in the field of audit and taxation. He has developed expertise in corporate law matters, direct and indirect taxation laws, corporate finance structuring, among others. The Chief Financial Officer (CFO), representatives of the Statutory Auditors and Internal Auditors of the Company remain present at the Meeting.

The Company Secretary acts as Secretary to the Committee Meetings.

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

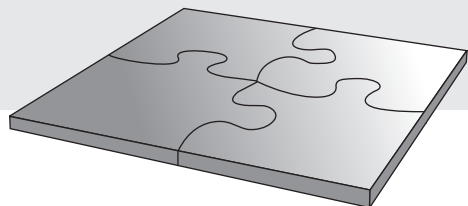
Objective: The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Committee's purpose is to oversee the accounting and financial reporting process of the Company, the audits of the Company's financial statements, the appointment, independence, performance and remuneration of the Statutory and Internal Auditors.

Meetings: During the financial year 2010-2011, the Audit Committee met four times on May 10, 2010; August 14, 2010; October 29, 2010 and February 14, 2011. 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. 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.
- xii. Approval of appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate.
- xiii. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- xiv. 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.
- xv. To review the functioning of the Whistle Blower Mechanism, in case the same is existing.

The Audit Committee reviews all the matters, prescribed under Clause 49 (II) (E), for mandatory review.

b) Remuneration Committee

Composition: The Remuneration Committee comprises of three Directors, all of whom are Independent. The Chairman of the Committee is nominated by the Board. The composition of the Remuneration Committee is as follows:

Name of Committee Member	Designation in Committee	Category
Mr. Mukul Desai	Chairman	Non-Executive Independent
Mr. Vijay Kalantri	Member	Non-Executive Independent
Mr. Achyut Godbole*	Member	Non-Executive Independent
Dr. B. Samal [#]	Member	Non-Executive Independent

* Appointed w.e.f. December 14, 2010

[#] Resigned w.e.f. December 14, 2010

Upon appointment of Mr. K. D. Hodavdekar as an Additional Director w.e.f. August 4, 2011, he replaced Mr. Achyut Godbole as a Member of Remuneration Committee effective the said date.

Terms of Reference:

The Committee determines, reviews and recommends remuneration payable to Managing Director in addition to reviewing overall compensation structure and policies of the Company with a view to attract, retain and motivate employees, reviewing compensation levels of the Company's employees vis-à-vis other companies and industry in general.

Meetings: The Committee did not meet during the financial year 2010-2011.

Remuneration Policy:

The main objective of the remuneration policy is to motivate persons and to promote excellence in their performance, recognize merits and achievements, retain talent in the Company and finally, to promote the feeling of belongingness.

The Remuneration Committee recommends the remuneration for Managing Director / other Wholtime Directors (as the case may be), for approval by the Board and Members. Their remuneration is determined keeping in view the industry benchmark, the relative performance of the Company to the industry performance, macro economic situation and review of remuneration packages of managerial personnel of other organizations.

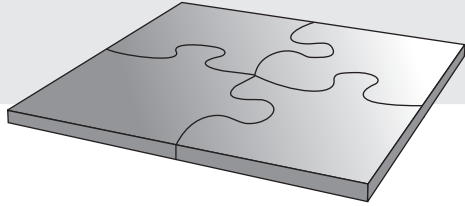
Non-Executive Directors are paid sitting fees for attending the meetings of the Board and various Board Committees, which is determined keeping in view comparable industry and corporate standards. As the Chairman is paid monthly remuneration in accordance with approval of the Members and the Central Government, he is not entitled for sitting fees.

Remuneration of employees largely consists of basic remuneration, perquisites and bonus and performance incentives. The components of the total remuneration vary for different grades and are governed by industry pattern, qualifications and experience of the employee, responsibilities handled and individual performance, etc.

In addition to the above, the Directors (other than Promoters) and the employees may be granted stock options under the Employees Stock Options Scheme of the Company as may be decided by the Compensation Committee 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	His term was renewed for a period of five years. The terms and conditions including remuneration have been approved by Members, which are valid till February 29, 2012. Remuneration paid to him during 2010-2011 is as under:	The Central Government has approved payment of remuneration to him, for a period of five years w.e.f. April 1, 2007, with an overall ceiling limit of ₹ 800,000 per month. During the financial year ended March 31, 2011, he was paid a monthly remuneration of ₹ 302,195 i.e. total remuneration of ₹ 3,626,340 for rendering his advisory services to the Company.	
	Salary (including Basic, HRA, Special Allowance, CCA)		₹ 5,409,000
	Commission		Nil
	Medical		₹ 15,000
	LTA		Nil
	PF		₹ 9,360
	Total		₹ 5,433,360
Contractual basis	Yes	Yes	
Commission & Fixed Components	Commission upto 2% of net profits for each financial year (as may be decided by the Board) and other fixed components which forms part of remuneration. No Commission has been paid for financial year 2010-2011.	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 the 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.	–	



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 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	114,500
Mr. Vijay Kalantri	102,500
Dr. B. Samal *	60,000
Mr. Achyut Godbole	75,000
Total	352,000

* Resigned w.e.f. December 14, 2010

- None of the Non-Executive Directors has any material pecuniary relationship or transactions with the Company.
- None of the Non-Executive Directors holds any shares or Stock Options of the Company, nor any of them, were 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 Share Transfer and Investors' Grievance Committee, inter alia, approves transfer of shares, issue of share certificates and deals with other related matters. The Committee also looks into redressal of shareholders' / investors' complaints to the extent they are unresolved. The Committee oversees performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services.

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 2010-2011, the Committee met 13 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	13
Mr. Mukul Desai	13

Compliance Officer: Ms. Kunjan Trivedi, Company Secretary, is the Compliance Officer for complying with the requirements of SEBI Regulations and the Listing Agreement 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 nine investor's complaints / requests were received. Break-up and the number of complaints / requests received under different category are given hereunder:

Nature of Complaint	Pending as on April 1, 2010	Received during the year	Redressed during the year	Pending as on March 31, 2011
Non-receipt of Dividend	Nil	5	5	Nil
Non-receipt of Share Certificate	Nil	3	3	Nil
Complaint received from Stock Exchange(s)	Nil	1	1	Nil
Total	Nil	9	9	Nil

All the complaints / requests received, during the year under report, were resolved within time to the satisfaction of the investors / shareholders and no complaints were pending as on March 31, 2011 for more than 30 days.

SUBSIDIARY COMPANIES

As on March 31, 2011, the Company has following two direct subsidiaries, of which one is Indian and the other foreign.

Sr. No.	Name of the Subsidiary
1.	Unisafe Fire Protection Specialists LLC, Dubai
2.	Zicom CNA Automation Limited

Although none of the above subsidiaries were material Indian non-listed subsidiary, the Company has nominated three Board Members (including an Independent Board Member) on the Board of its Indian subsidiary; and has nominated two Board Members on the Board of its subsidiary at Dubai.

INVESTORS INFORMATION

GENERAL BODY MEETINGS

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

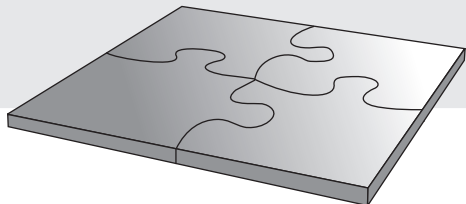
Respective Financial Year	2009-2010	2008-2009	2007-2008
Date of Meeting	September 29, 2010	August 29, 2009	September 12, 2008
Time of Meeting	10.30 a.m.	10.30 a.m.	4.00 p.m.
Place of Meeting	Mumbai Cricket Association Recreation Centre, RG – 2, G – Block, Bandra Kurla Complex, Mumbai 400051.	Hotel The Mirador, New Link Road, Chakala, Andheri (East), Mumbai 400099.	Hotel The Mirador, New Link Road, Chakala, Andheri (East), Mumbai 400099.
Items of Special Resolution passed at each Meeting	• Remuneration to Managing Director for the balance period of two years i.e. from March 1, 2010 to February 29, 2012.	Nil	Nil

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

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

During the year, on September 30, 2010; your Company entered into a Business Transfer Agreement (BTA) with its wholly owned subsidiary, Zicom Retail Products Private Limited (ZRPPL), for transfer of ZRPPL's Retail Business and subsequently disinvested its entire stake in the said subsidiary. Hence, from the end of business hours on September 30, 2010, ZRPPL ceased to be the subsidiary of your Company.

Further, on March 30, 2011; the Company sold its entire stake in its subsidiary Zicom Manufacturing Co. (HK) Ltd. In view of the same, Zicom Manufacturing Co. (HK) Ltd. ceased to be the subsidiary of your Company. Thus, at the end of the year the Company had only two subsidiaries.



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

Financial Year	2010-2011	2007-2008	2007-2008
Date of Meeting	March 11, 2011	January 17, 2008	December 20, 2007
Time of Meeting	10.00 a.m.	9.30 a.m.	4.00 p.m.
Place of Meeting	Mumbai Cricket Association Recreation Centre, RG – 2, G – Block, Bandra Kurla Complex, Mumbai 400051.	Hotel Kohinoor Continental, Opp. J. B. Nagar, Andheri Kurla Road, Andheri (East), Mumbai 400059.	Hotel Tunga International, Central Road, M.I.D.C., Andheri (East), Mumbai 400093.
Items of Special Resolution passed at each Meeting	<ul style="list-style-type: none"> To create mortgage / charge on any moveable or immovable 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. 	<ul style="list-style-type: none"> Issue of 1,575,000 warrants on preferential basis to various entities other than Promoters' or Promoters' Group Companies. 	<ul style="list-style-type: none"> Issue of 2,100,000 warrants on preferential basis to Promoters' Group Companies.

Details of Resolution passed through Postal Ballot:

Financial Year	2010-2011
Declaration of Results	April 16, 2010
Time of declaration of Results	4.00 p.m.
Place of declaration of Results	Registered Office of the Company
Items of Ordinary / Special Resolution passed through each Postal Ballot	<ul style="list-style-type: none"> To transfer, sell, assign, deliver or otherwise dispose off the Company's Electronic Security Systems Business, comprising all its business in respect of the same including its two divisions viz. Building Solutions Group (BSG) and Special Projects Group (SPG) (Sale Business), as a going concern on "Slump Sale" basis.

Resolution passed through Postal Ballot:

During the year, a resolution was 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 result of the Postal Ballot at Registered Office at 4.00 p.m. on April 16, 2010.

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



Feel Safe

Particulars	Votes in favour of the Resolution	Votes against the Resolution
Ordinary Resolution under Section 293 (1) (a) of the Companies Act, 1956 to transfer, sell, assign, deliver or otherwise dispose off the Company's Electronic Security Systems Business, comprising all its business in respect of the same including its two divisions viz. Building Solutions Group (BSG) and Special Projects Group (SPG) (Sale Business), more particularly defined in the Postal Ballot Notice, as a going concern on "Slump Sale" basis.	3,389,551	13,588

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 shareholders of the Company alongwith pre-paid self addressed business reply envelope. All the shareholders are requested to send their assent / dissent to the resolution by the specified time limit. A register shall be maintained by the Scrutinizer to record the consent or otherwise received from the members including electronic media. Also, he shall maintain a record for postal ballot which are received in defaced or mutilated form. The Scrutinizer, on the basis of all the postal ballot forms received from the Members, scrutinizes the same and prepares his report and submits the same to the Chairman for announcing results of the Postal Ballot. The results are declared by the Chairman, after which the same are forwarded to all the concerned authorities for their record.

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

INSIDER TRADING

Code of Conduct for prohibition of insider trading:

The Securities and Exchange Board of India (SEBI) has over the years introduced various amendments to the Insider Trading

Regulations of 1992 which ordain new action steps by corporates and other market intermediaries for the purposes of prohibition of insider trading.

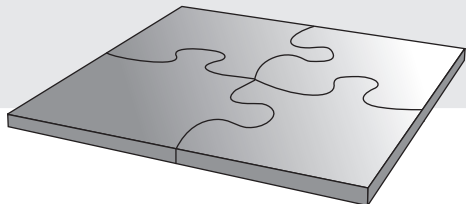
The Company has instituted a comprehensive Code of Conduct namely "Zicom Electronic Security Systems Limited Code of Conduct for Prohibition of Insider Trading" (Code), for its Directors and such designated employees who are expected to have access to unpublished price sensitive information relating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

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

DISCLOSURES

a. Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large

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 related party transactions are duly disclosed in the Notes to the accounts.



b. Disclosure of accounting treatment

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.

c. Risk management

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.

d. Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years

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.

e. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements

The Company is fully compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges, relating to Corporate Governance. Although it is not mandatory, the Board of Directors have constituted a Remuneration Committee comprising three Independent Directors, the details of which have been provided earlier in this Report, under the heading 'Remuneration Committee'.

f. Whistle Blower Policy and affirmation that no personnel has been denied access to the Audit Committee

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.

g. Disclosure relating to proceeds from public issue, right issue, preferential issue, etc.

During the year, the Company did not make any public issue, right issue, preferential issue, etc. and hence it did not exceed any proceeds from any such issues.

AUDITORS' CERTIFICATE

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

CERTIFICATE BY CEO AND CFO

As required under Clause 49 (V) of the Listing Agreement with the Stock Exchanges, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) of the Company have certified to the Board about the financial reporting and internal controls in the Company. The said certificate was reviewed by the Audit Committee and taken on record by the Board of Directors at the respective meetings held on May 19, 2011.

MEANS OF COMMUNICATION

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

Press releases and presentations: All our press and news releases are submitted to the Stock Exchanges and are also posted on the Company's website at www.zicom.com. 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 Sakaal (Marathi) (Mumbai Edition).

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



Feel Safe

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 officials of the Company who is responsible for assisting and handling investor grievances, etc. The contents of the said website are updated from time to time.

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

Stock Exchanges: 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.

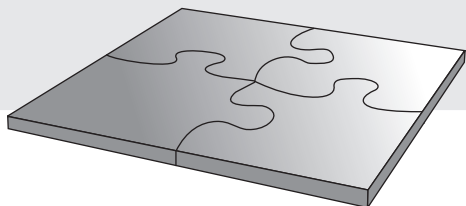
Shareholders Correspondence: For the benefit of the Shareholders, a separate email id has been created for shareholder correspondence viz. investors@zicom.com.

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. 17th Annual General Meeting	
Venue	M.I.G. Cricket Club, M.I.G. Colony, Bandra (East), Mumbai 400051.
Time	3.00 p.m.
Day	Thursday
Date	September 15, 2011
ii. Financial Calendar (tentative)	
Audited Annual Results of previous year ended March 31, 2011	End of May 2011
1 st quarter results for quarter ending June 2011	Second week of August 2011
2 nd quarter results for quarter ending September 2011	Second week of November 2011
3 rd quarter results for quarter ending December 2011	Second week of February 2012
Last quarter results for quarter ending March 2012	Second week of May 2012 (if unaudited) or by end of May 2012 (if audited)
iii. Financial year	April 1, 2011 to March 31, 2012
iv. Book closure dates	Saturday, September 10, 2011 to Thursday, September 15, 2011 (both days inclusive)
v. Dividend payment / dispatch date for financial year 2010-2011	October 4, 2011
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:

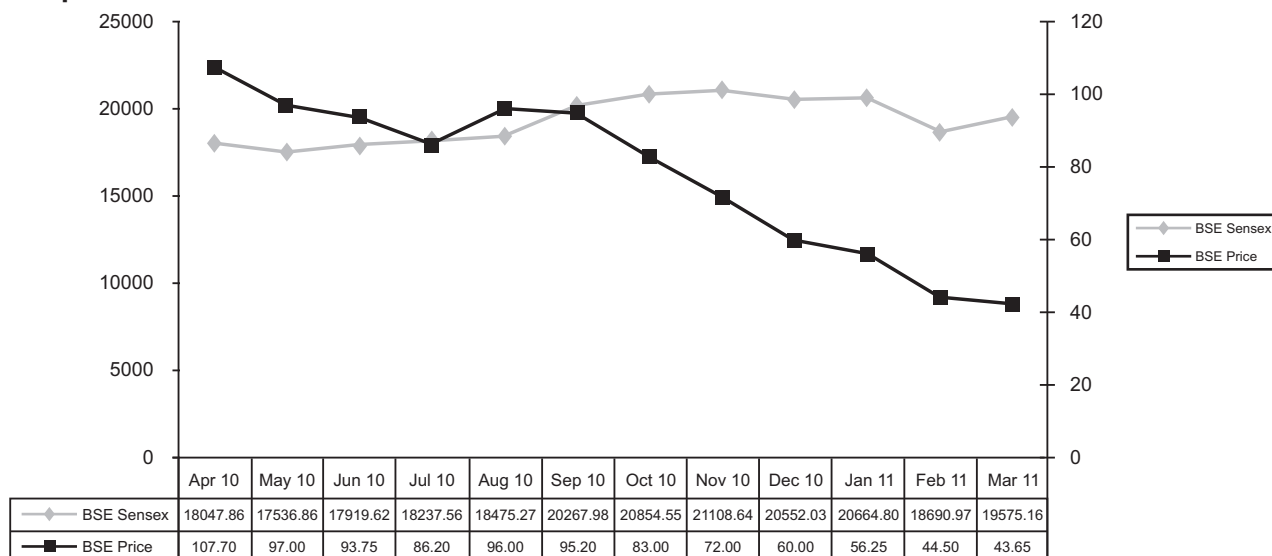
- i) the annual listing fees for the financial year 2011-2012 to Bombay Stock Exchange Limited and National Stock Exchange of India Limited.
- ii) the annual custodial fees for the financial year 2011-2012 to National Securities Depository Limited and Central Depository Services (India) Limited.

x. MARKET PRICE DATA for the financial year 2010-2011

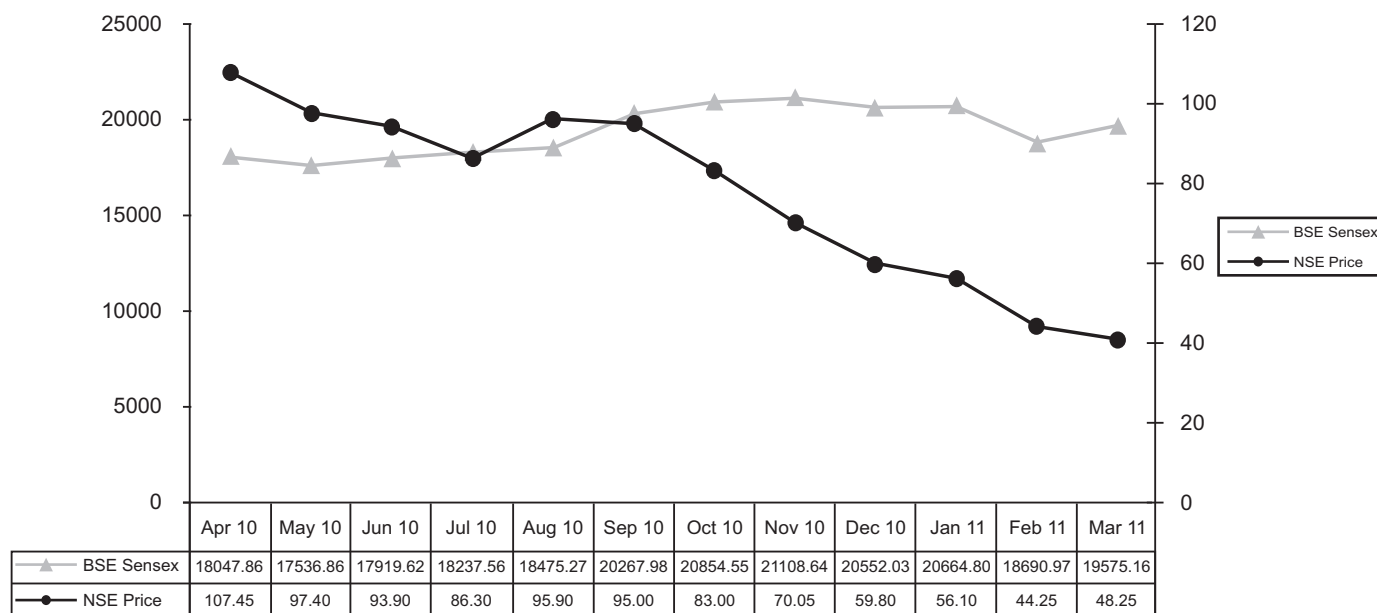
Month	BSE		No. of shares traded	NSE		No. of shares traded
	Share price High (₹)	Share price Low (₹)		Share price High (₹)	Share price Low (₹)	
April 2010	107.70	95.10	1,110,680	107.45	94.70	1,864,800
May 2010	97.00	76.00	482,361	97.40	77.05	932,973
June 2010	93.75	80.50	1,152,845	93.90	80.00	2,820,111
July 2010	86.20	76.15	410,890	86.30	76.00	859,503
August 2010	96.00	77.15	1,804,159	95.90	77.00	3,538,374
September 2010	95.20	77.05	1,468,027	95.00	75.90	3,348,054
October 2010	83.00	69.20	1,038,752	83.00	69.30	2,365,534
November 2010	72.00	48.50	972,536	70.05	48.25	2,086,611
December 2010	60.00	46.50	2,148,157	59.80	46.30	4,096,215
January 2011	56.25	40.75	552,727	56.10	40.00	1,101,542
February 2011	44.50	34.05	690,614	44.25	33.80	888,863
March 2011	43.65	35.05	1,045,420	48.25	35.80	1,137,044

Performance in comparison to broad based indices

BSE price



NSE price



xi. Registrar and Share Transfer Agent Bigshare Services Private Limited

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

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

Fax: (022) 2847 5207

Email: info@bigshareonline.com

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

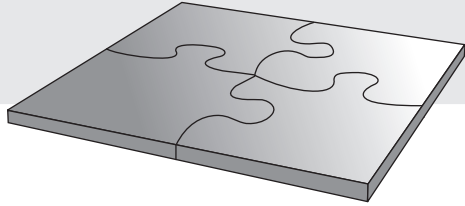
Email: investors@zicom.com

xiii. Share Transfer System

Shares in physical form lodged for transfer with the Company's Registrar and Share Transfer Agent are normally processed

within fifteen days from the date of lodgement, if the documents are clear in all respects; and put up for approval before the Share Transfer and Investors' Grievance Committee generally once in every fortnight. Share Transfer and Investors' Grievance Committee of the Directors is empowered to approve transfer of shares and to attend to the investors grievances, which are not normally resolved by the Company's Registrar and Share Transfer Agent / Compliance Officer. In case of shares in electronic form, the transfers are processed by NSDL / CDSL through respective Depository Participants.

Matters concerning investors' grievances and other miscellaneous matters relating to change of address, mandates, etc. are processed by the Company's Registrar and Share Transfer Agent. In compliance with the Listing Agreement with the Stock Exchanges, a Practising Company Secretary carries out audit of the System of Transfer and a certificate to that effect is obtained from him. The Company files a copy of the certificate with the Stock Exchanges within stipulated time.

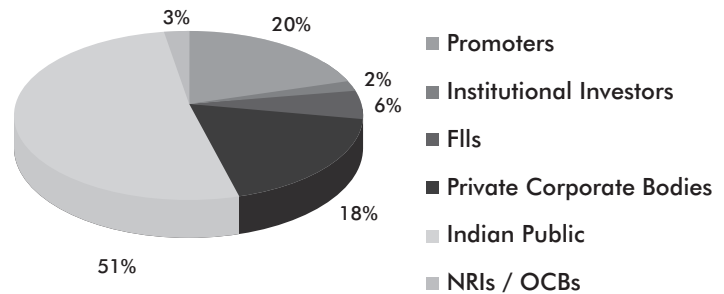


xiv. Distribution of Shareholding as on March 31, 2011

No. of shares	Total holders	% of total holders	Total holding in shares	% of total capital
1-500	15,882	85.59	2,388,068	18.80
501-1000	1,420	7.65	1,173,623	9.24
1001-2000	642	3.46	993,391	7.82
2001-3000	235	1.27	604,144	4.76
3001-4000	90	0.48	325,953	2.57
4001-5000	96	0.52	454,375	3.58
5001-10000	104	0.56	746,231	5.88
10001-999999999	87	0.47	6,014,044	47.35
Total	18,556	100.00	12,699,829	100.00

xv. Shareholding Pattern as on March 31, 2011

Category	No. of Shares	%
Promoters	2,582,350	20.33
Institutional Investors	226,057	1.78
FII's	721,277	5.68
Private Corporate Bodies	2,302,745	18.13
Indian Public	6,537,704	51.48
NRI's / OCB's	329,696	2.60
Total	12,699,829	100.00



xvi. Dematerialisation of shares and liquidity as on March 31, 2011

Physical shares	:	205,007 (1.61 %)
De-materialised shares	:	12,494,822 (98.39 %)
Total shares	:	12,699,829 (100.00%)

Out of the above de-mat shares, 8,407,780 (67.29%) are held through National Securities Depository Limited and 4,087,042 (32.71%) are held through Central Depository Securities (India) Limited.

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 dates when unpaid / unclaimed dividends are due for transfer to IEPF:

Financial Year	Date of Declaration	Due Date of Transfer to IEPF
2003-2004	15-09-2004	21-09-2011
2004-2005	08-08-2005	25-08-2012
2005-2006	24-08-2006	28-08-2013
2006-2007	28-09-2007	08-10-2014
2007-2008	12-09-2008	30-09-2015
2008-2009	29-08-2009	09-09-2016
2009-2010	29-09-2010	31-10-2017



Feel Safe

During the year under review, an amount of ₹ 337,656/- pertaining to unpaid dividend for the financial year 2002-2003 has been transferred to IEPF on November 10, 2010.

Shareholders who have so far not encashed their dividend demand drafts are requested to write to the Company / Registrar and Share Transfer Agent to claim the same, to avoid transfer to IEPF. Shareholders are advised that no claims shall lie against IEPF or the Company for the amounts of dividend so transferred to IEPF.

xviii. Outstanding ADR / GDR / other instruments

During the year under review, the Company did not issue any ADRs / GDRs / other instruments, which is convertible into equity shares of the Company; also as on year end March 31, 2011, no such instruments were outstanding.

xix. Plant Location

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

xx. Registered Office address

During the year, the Company changed its Registered Office w.e.f. June 28, 2010 to the following 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 Share Transfer Agent or Registered Office of the Company as stated above. In case of Members holding shares in demat form are requested to intimate change in certain specific personal information like address, PAN, etc., to their Depository Participant. Others can send their correspondence to the Registered Office of the Company or communicate to the Company on investors@zicom.com.

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. 20 of the Notice to the Annual General Meeting.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

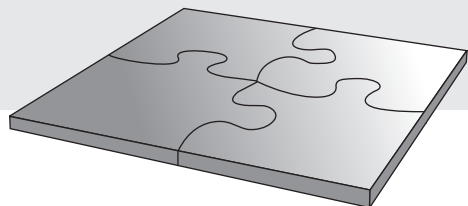
With a view to enhance economic value of corporate enterprises in India and also to enhance value for every stakeholders connected with the Indian corporate world, as also to bring corporate governance in India at par with global benchmarks, the Ministry of Corporate Affairs (MCA) had issued Corporate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

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

For and on behalf of the Board of Directors

Manohar Bidaye
Chairman

Place: Mumbai
Date: August 4, 2011



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, 2011.

Mumbai, May 19, 2011

Pramoud Rao
Managing Director & Chief Executive Officer

Auditors' Certificate on Corporate Governance

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

We have examined the compliance of conditions of Corporate Governance by **Zicom Electronic Security Systems Limited** (hereinafter called the Company), for the year ended on March 31, 2011, 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 the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Shyam Malpani
Proprietor
Membership No. 34171

Mumbai, May 19, 2011



Feel Safe

Management Discussion and Analysis

GLOBAL ECONOMIC SCENARIO AND SECURITY AND SAFETY MARKET

The year 2010-2011 witnessed recovery in developed economies of Europe and U.S.A., which were badly hit by double dip recession in previous two years. Improvements in various economic parameters like industrial and agro output, trade volume, capital movements, business and consumer sentiments made recovery in developed economies sustainable. On the other end, economies in developing countries which were on fast track like India, China, Brazil were not much affected and immediately showed improvement with recovery in developed economies.

The 21st century is seeing a fundamental reshaping of the way business, society and government operates. The economic power is shifting from developed to the emerging nations. However, there is a major challenge of managing the shift in the balance of power from the developed to emerging economies and use of natural resources on the global front. This global balancing needs to be a long term and collaborative process. It must cover those countries and section of societies who have been deprived for long the fruits of global prosperity and encourage those who have prospered to continue doing so in a sustainable manner. The recent economic crisis and social political tensions show that the risk can no longer be addressed in the single eco-system but require multi-disciplinary, multi-stakeholder effort to improve the global economic system's overall resilience.

Over the last 10 years, capital is flowing from developed economy into emerging markets promising more dramatic growth and strong return. However, some of these markets are associated with high volatility and social political tensions giving rise to new set of investment risk. Growing consumption demand in emerging markets is driving up commodity prices, both crude oil and other raw materials, which is expected to adversely affect global economic recovery.

Global security market which is estimated around USD 60 billion is showing steady growth at 4% in the developed and matured market, while showing remarkable growth over 9% in

Asia and Middle East market. The growth of market in these regions, as explained above, is more attributed to global terrorism caused by religious fundamentalist sentiments and social political turmoil experienced by economies of these regions.

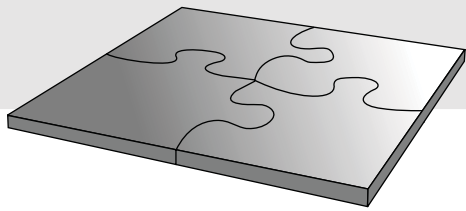
Besides socio economic factors; growing terrorism, new legislations and technological advances are driving world Electronic Security market.

INDIAN ECONOMIC SCENARIO AND SECURITY AND SAFETY MARKET

As far as Indian economy is concerned, it remained more or less insulated against global economic meltdown and continued to register impressive growth rate. The Indian economy witnessed a higher growth of 8.5% in GDP for the year 2010-2011, over a growth of 8% in 2009-2010. Government thrust on certain important sectors like infrastructure, power, coal and mining, in the recent times has helped Indian economy to sustain its growth. Economic growth was also supported on demand side by private consumption during the year, in the first three quarter of 2010-2011.

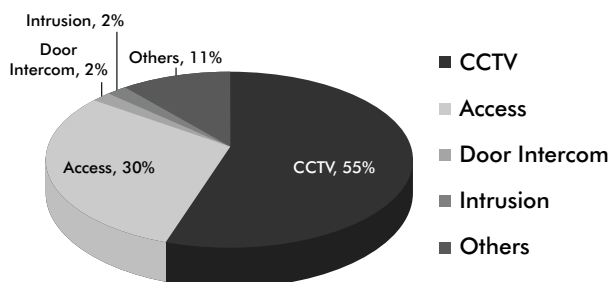
Indian economy with its young democratic profile is regarded as one of the youngest economies in the world with considerable opportunities as a consumer market and manufacturing hub. India is expected to be the third largest economy by 2050. Steady growth of household disposal income and growing middle class community with younger population augur well for the nation and could provide enormous growth opportunities for the enterprise and sustain value addition.

To achieve this sustainable growth, the country needs to push forward critical governance reforms, innovative public private partnership and upgradation of infrastructure to deliver rapid and inclusive growth. The major concern is to tame inflation and to protect the economy from adverse effects of stringent anti-inflationary steps of the Central Bank. Increasing interest rates and other measures like credit shrinkage may curtail the growth of development, capital inflow, set back in industrial



and consumer demands due to reduction in purchasing power. Despite all these, Indian economy is expected to grow between 8% - 9% in the year 2011-2012.

No market surveys or estimates are available to arrive at size of Indian Security and Safety Industry. The total size of the Indian Security market is estimated to be around ₹ 3,800 crores. The major components of Indian Security market comprises of CCTV and Access Control Systems, which together controls 85% of the Indian Security market. Door intercom and Intrusion both share 2% each, while all Others together share 11%.



Growth engines for security market are:

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

Fire Security and Safety Market:

The Indian market for fire security and safety is off late becoming lucrative mainly as demand for its systems and products is fueled by rapid expansion in industries and commercial units. With the arrival of international companies who bring with them expertise and efficient technology, the Indian security and safety industry is reaching new heights. The market size of Indian Fire Industry is estimated around ₹ 3,500-4,000 crores.

The driving forces for fire security and safety market are the changing perception for fire safety and security needs and increased compliance to safety standards. With IT and ITES

companies driving the Indian economy and introducing international best practices, especially in building management, there is increased demand for safety products. Increase in commercial activities as a result of new shopping malls and other entertainment outlets, and the increased industrial activities have catapulted the growth of these safety systems to new heights.

In India, the safety standards have yet to match international standards. The compliance rate has also been very low, especially in the commercial segment. With increase in awareness and introduction of low-cost solutions, the detection systems market is expected to grow. Most of the high-end brands are imported from countries like United States and United Kingdom, which are home to many multinational brands. Such brands currently lead the Indian market in terms of market share.

Fire detection systems consist of several components, including sensors, monitors, alarm panels, control panels and audible or visual alarms. Fire detection systems may be used as integrated or as standalone systems.

OPPORTUNITIES

The implementation of business and corporate restructuring has opened up a new avenue of opportunities. Now, the Company is more focused on implementation of its revised business plans and strategies. Towards this end, the Company has identified certain thrust areas for speedy growth, which are expected to help the Company to post better results in coming years and enhance shareholders' value.

Growth Strategies and Thrust Areas:

1. Electronic Security and Business:

With hiving off its Electronic Security Systems Business (BSG and SPG Divisions) to Schneider, the Company has embarked upon business restructure roll-out plan, with new thrust areas focusing around sale and distribution of electronic security products, solutions and services to Small Office Home Office (SOHO) and Small and Medium Enterprise (SME) markets across India. Also, the Company is launching exclusive fire protection business and services for higher-end infrastructure development.



As a part of business restructure plans, the Company acquired Retail Business of its wholly owned subsidiary Zicom Retail Products Private Limited (ZRPPL) for renewed thrust to address large market at the bottom of pyramid of electronic security industry. Post acquisition, the Retail Business was rechristened as Products and Solutions Group (PSG), and adopted multi channel strategy to drive growth in the sale of electronic security products. The market for these products and services was very dynamic in 2010-2011. Main contributor for the same was Police Department, whose swift action on various day-to-day crimes, gang-wars or terror-related crimes based on CCTV recordings from various sources, helped to curtail such crimes. The Media being the other major contributor, gave frequent publicity to advantages of electronic surveillance in resolving crime cases. Both these added a lot to the awareness of security needs, thus boosting the demand for surveillance systems.

Usage of electronic surveillance is moving beyond the realms of pure-play security, towards various other needs like productivity management and performance management. These factors helps to boost the demand of security product from various market verticals, be it small stores, mid-sized enterprise, large corporate, national retail chains, Banking, Financial Services and Insurance, Logistics, Residential and Commercial Building Segments, to name a few.

Realizing the need to provide customized security solutions across various verticals of market segments and to ensure uninterrupted supply of required electronic security systems and products, the Company established a manufacturing plant at Parwanoo, Himachal Pradesh.

With Government increasing its thrust on infrastructural development and continuing momentum in ITES facility construction, the sale of electronic security products and services which are closely associated with such developments are also expected to grow steadily. To capitalize these opportunities, PSG has in turn set up Direct Sales Team, Channel Partner Network and Builder Team.

The challenge of terrorism to India's infrastructure and economy has renewed focus on national security. There is an urgent need to built infrastructure for asset protection and business continuity. This will ensure that momentum of growth in sale of electronic security products and services will continue for next 10 years.

2. Fire Detection and Protection Business:

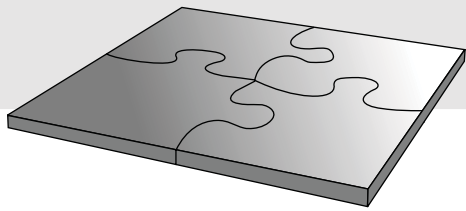
Leveraging its success in business of fire detection and protection in infrastructure projects in Gulf region through its flagship subsidiary in Dubai, viz. Unisafe Fire Protection Specialists LLC, Dubai (Unisafe Dubai), a leading fire protection company in U.A.E. having operations across seven emirates, Qatar and Oman; the Company is now venturing into this business in India through Unisafe Fire Protection Specialists India Private Limited (Unisafe India).

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

The thrust on infrastructure growth, growing public private partnership projects and stringent fire infrastructure regulations are expected to drive market for fire security and safety in India. Unisafe India is rightly poised to take the advantage of this growing market.

3. Offering Security as a Service (SaaS):

In last Annual Report, the Company had expressed its intention to offer Security as a Service (SaaS), which will revolve around the security of People, Property and Assets. SaaS aims to help customers in achieving reduced operational loss and improve operational efficiency, by reduction in operating cost. As the market-growth presented an unprecedented opportunity, the Company wasted no time in pioneering and capitalizing this opportunity. The "Security-as-a-Service" primarily



targeted towards Retail, Banking, Financial Services and Insurance (BFSI), and customers having remote assets such as mobile towers, windmills, etc. To implement this business plan of offering SaaS, the Company promoted Zicom SaaS Private Limited (Zicom SaaS).

4. Training and Education in Security:

To leverage pioneering and leading status of Zicom, its expertise in offering state-of-the-art world class customized security solutions and strong nationwide customer base, the Company has decided to venture into education sector to up-skill large talent pool of security manpower in India. The Company aims to build large scale education infrastructure, curriculum and delivery module, to redefine careers in security industry through its new venture, Institute of Advanced Security Training and Management Private Limited (ASTM).

RISKS, THREATS AND CONCERNS

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

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

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

1. Electronic Security and Business:

The Business of PSG is focused on SME which is more complex market and has long gestation period. Uncertainties in global and Indian economy as discussed earlier, may have their implications on the business of the Company.

However, the Company is optimistic to overcome all the odds on the back of expertise of providing security to several million homes and retail outlets in India over a period of time, which has provided recognition of being one of the leading electronic security brands in India.

It has been able to provide wider options to Partners by venturing into multi-brand distribution making the Company one-stop shop for every Entrepreneur in the business of Electronic Security.

2. Fire Detection and Protection Business:

The business of fire detection and protection mainly faces the challenges of delay in payments, high interest cost, talent retention and competition from unorganized players. Besides, this is a working capital centric business and not much supported by prevalent legislations.

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

3. Offering Security as a Service (SaaS):

SaaS is a novel concept being introduced in Indian Electronic Security market for the first time with an idea of monthly recurring payments for utilization of security services instead of owning the security assets. However, being a new concept, it lacks any proven track record of success, consumer response is uncertain, coupled with non-availability of market survey or peer group data. With revenue spreaded over a period of time in the form of monthly recurring payments, its collection may face uncertainty, pre-mature discontinuance of contract, etc., may also cause loss to the Company.

The Company has however, designed its Scheme after a long thoughtful process with various attractive offerings like no capex spending, only monthly payments, no recurring AMC charges, free up-gradation of software as technology changes, 24x7 Alarm Monitoring, Video Monitoring and Fire Hazard Monitoring, customized security solutions resulting into reduced cost and complexities, continuous support for improved quality and above all protection in the form of insurance coverage.

4. Training and Education in Security:

The business of training and education in security is again a unique concept and being taken up for the first time in organized sector in India. It faces all the risks which a start-up generally faces like lack of awareness, initial acceptability, continuous financial support without returns in initial gestation period, etc. Besides, setting up of an education institute is very demanding in terms of infrastructure facilities with lot of capital requirement.

To overcome the challenges, your Company has taken-up this business systematically and is scaling it in stages, so that the risk of financial crunch and loss of failure can be averted. It is also in discussion for financing the business by roping in some partner for furthering and scaling up the business. ASTM offers best of class high quality training programs to security professionals and students. The courses impart knowledge on state-of-the-art technology and best practices in Security Management. Recognition has been obtained from many government departments and corporate for providing trainings and offering jobs to trained candidates. Also, the Company is in the process of tying up with some prestigious educational institutions for offering certification course in security and safety management and loss prevention.

OUTLOOK

In view of various steps as discussed above, the Company is optimistic about successfully implementing its restructured business in verticals as enumerated. Besides, Company proposes to achieve growth through both organic and inorganic ways. In this regards, the Company has made some progress and is evaluating various acquisition opportunities. The restructured business plans are expected to provide high growth and sustained income with reasonable profitability, which will drive the Company on growth path in the coming years.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

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

The Internal Control inter-alia facilitates:

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

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

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

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

CAUTIONARY STATEMENT

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

Auditors' Report

The Members,
Zicom Electronic Security Systems Limited

- 1) We have audited the attached Balance Sheet of **Zicom Electronic Security Systems Limited** as at March 31, 2011, related Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2) We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3) As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors' Report) Amendment Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the company during the year.
- 4) Further to our comments in the Annexure referred to in Para 3 above, we report as follows:
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) The Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations provided to us, the said financial statements, read with Significant Accounting Policies and Notes forming part of the Accounts in Schedule – 16 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - iii) in case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Malpani & Associates

Chartered Accountants
Firm Registration No. 120438 W

Shyam Malpani

Proprietor
Membership No. 34171

Mumbai, dated May 19, 2011

Annexure referred to the Auditors' Report

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

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

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

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

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

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

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

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

- 3) According to the information and explanations provided to us and as per the records examined by us, during the year, the Company has granted unsecured loan to a 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 ₹ 12,367.85 Lacs and ₹ 1,313.12 Lacs respectively.

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

Based on the information and explanations provided to us, in our opinion, the parties to whom the above loans

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

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

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

In our opinion, the transactions made in pursuance of such contracts or arrangements have been made at reasonable prices having regard to the prevailing market prices at the relevant time.
- 6) As per the records verified and based on explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder.
- 7) 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.
- 8) According to the information and explanations given to us, the Central Government has not prescribed for the maintenance of the cost records under Section 209 (1) (d) of the Companies Act, 1956, for any of the products of the Company.

- 9) According to the information and explanations provided to us and on the basis of our examination of the books of account, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income tax, Value Added Tax, Customs Duty, Wealth Tax, Service Tax, Cess and other statutory dues during the year with the appropriate authorities. As

at the year end, there are no undisputed dues remaining payable for a period of more than six months from the date they became payable.

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

Name of the Statute	Nature of Dues	Amount (₹ in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Act	Classification Dispute	0.22	2002 – 2003	Deputy Commissioner Appeals
Sales Tax Act	Non-submission of Statutory Forms	0.69	2002 – 2003	Deputy Commissioner Appeals
Sales Tax Act	Levy of Penalty	1.38	2002 - 2003	Assistant Commissioner Appeals
Works Contract Tax	Disallowance of WCT TDS certificates	1.64	2002 – 2003	Deputy Commissioner Appeals
Works Contract Tax	Disallowance of WCT TDS certificates	2.18	2002 – 2003	Deputy Commissioner Appeals
Works Contract Tax	Disallowance of WCT TDS certificates	2.13	2003 – 2004	Deputy Commissioner Appeals
Sales Tax Act	VAT-Karnataka	1.42	2007 – 2008	Joint Commissioner Enforcement- Karnataka

- 10) The Company does not have accumulated losses at the end of the current financial year nor has it not incurred any cash losses in the current / immediately preceding financial 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, 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 ₹ 10,303.50 Lacs. In our opinion, the terms and conditions of such guarantees are not prima facie prejudicial to the interests of the Company.
- 16) As per the records and based on the explanations provided to us, in our opinion, the term loans were applied by the Company for the purpose for which they were obtained.
- 17) On the basis of overall examination of the records and cash flows of the Company, in our opinion, the funds raised on short-term basis have not been used for long-term investment.
- 18) During the year, the Company has not made any preferential allotment of equity shares to the parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- 19) As per the records verified, no debentures were issued or were outstanding during the year.
- 20) During the year, the Company has not raised any money through public issue.
- 21) Based upon the audit procedures performed and the information and explanations provided by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Malpani & Associates

Chartered Accountants
Firm Registration No. 120438 W

Shyam Malpani
Proprietor
Membership No. 34171

Mumbai, dated May 19, 2011

Balance Sheet as at March 31, 2011

(Amount in ₹)

Particulars	Schedule	March 31, 2011	March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	126,998,290	126,998,290
Reserves and Surplus	2	1,126,878,633	995,898,039
		1,253,876,923	1,122,896,329
Loan Funds			
Secured Loans	3	637,454,770	882,703,179
Unsecured Loans	4	-	386,301,321
		637,454,770	1,269,004,500
Deferred Tax Liability	5	41,873,718	45,354,149
Total		1,933,205,411	2,437,254,978
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross Block		915,312,744	491,511,723
Depreciation		152,605,617	89,104,182
Net Block		762,707,127	402,407,541
Capital Work-in-Progress		3,961,486	-
		766,668,613	402,407,541
Investments	7	183,222,152	602,191,637
Current Assets, Loans and Advances	8		
Inventories		238,664,221	118,560,104
Sundry Debtors		272,551,459	514,030,660
Cash and Bank Balances		183,132,182	166,431,707
Loans and Advances		615,799,922	983,856,548
		1,310,147,784	1,782,879,019
Current Liabilities and Provisions	9		
Current Liabilities		310,094,053	275,236,879
Provisions		16,739,085	74,986,340
		326,833,138	350,223,219
Net Current Assets		983,314,646	1,432,655,800
Total		1,933,205,411	2,437,254,978
Significant Accounting Policies and Notes forming part of the Accounts	16		

As per our attached report of even date

For and on behalf of the Board of Directors

For **Malpani & Associates**
Chartered Accountants

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Mukul Desai
Director

Achyut Godbole
Director

Vijay Kalantri
Director

Shyam Malpani
Proprietor
Mumbai, May 19, 2011

Hemendra Paliwal
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Profit & Loss Account for the year ended March 31, 2011

(Amount in ₹)

Particulars	Schedule	March 31, 2011	March 31, 2010
INCOME			
Sales & Services		1,157,486,088	2,447,684,977
Other Income	10	8,634,986	3,999,812
Total		1,166,121,074	2,451,684,789
EXPENDITURE			
Materials	11	971,140,190	2,005,902,979
Employee Cost	12	51,844,195	72,204,588
Administrative Expenses	13	130,051,964	100,198,917
Finance Cost	14	60,010,341	148,054,656
Depreciation		89,457,924	34,992,641
Total		1,302,504,614	2,361,353,781
Profit / (Loss) Before Extraordinary Items		(136,383,540)	90,331,008
Extraordinary Items (Net)		300,190,098	-
(Refer Note No.II Point 2 to 6 of Schedule 16)			
Profit / (Loss) from Continuing Operations		196,826,473	(45,843,631)
Tax Expenses	15	18,016,845	(15,120,687)
Profit / (Loss) After Tax from Continuing Operations		178,809,628	(30,722,944)
Profit / (Loss) Before Tax from Discontinuing Operations		(33,019,915)	136,174,639
Tax Expenses	15	-	44,914,725
Profit / (Loss) After Tax from Discontinuing Operations		(33,019,915)	91,259,914
Net Profit after Tax		145,789,713	60,536,970
Balance Brought Forward		295,781,596	315,390,185
Profit Available for Appropriation		441,571,309	375,927,155
APPROPRIATION			
Transfer to General Reserve		-	6,100,000
Provision for Dividend		12,699,829	63,499,145
Provision for Tax on Dividend		2,109,290	10,546,414
Balance carried to Balance Sheet		426,762,190	295,781,596
Basic Earnings Per Share of ₹ 10 each before extraordinary items		(12.16)	4.77
Diluted Earnings Per Share of ₹ 10 each before extraordinary items		(12.16)	4.76
Basic Earnings Per Share of ₹ 10 each after extraordinary items		11.48	4.77
Diluted Earnings Per Share of ₹ 10 each after extraordinary items		11.48	4.76
Significant Accounting Policies and Notes forming part of the Accounts	16		

As per our attached report of even date

For and on behalf of the Board of Directors

For **Malpani & Associates**
Chartered Accountants

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Mukul Desai
Director

Achyut Godbole
Director

Vijay Kalantri
Director

Shyam Malpani
Proprietor
Mumbai, May 19, 2011

Hemendra Paliwal
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Cash Flow Statement for the year ended March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	163,806,558	90,331,008
Depreciation	89,457,924	34,992,641
Finance Cost	60,010,341	148,054,656
Sundry Balances Written Off / (Written Back)	1,172,129	(3,244,144)
Loss on Sale / Discard of Fixed Assets	1,478,963	1,662,930
Profit from Extraordinary Items	(300,190,098)	-
Dividend Received	(6,620,148)	-
Profit from Sale / Purchase of Non-Trade Investments	(200,961)	-
Operating Profit Before Working Capital Changes	8,914,708	271,797,091
(Increase) / Decrease in Trade and Other Receivable	(884,507,852)	4,327,674
(Increase) / Decrease in Inventories	(230,183,424)	130,976,425
Increase / (Decrease) in Trade Payable	121,804,861	(23,963,236)
Cash Generated from Operations	(983,971,707)	383,137,954
Direct Taxes	(35,963,750)	(9,787,674)
Net Cash Flow from Operating Activities	(1,019,935,457)	373,350,280
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(507,864,459)	(204,062,989)
(Acquisition) / Liquidation of Trade Investments	(527,216,045)	(27,232,067)
(Acquisition) / Liquidation of Non-Trade Investments	200,961	-
Loans to Subsidiaries and Other Body Corporate	1,105,661,019	(573,884,499)
Sale of Fixed Assets	7,389,540	500,000
Interest Received	26,442,288	13,976,239
Dividend received	6,620,148	-
Net Cash Flow from Investment Activities	111,233,452	(790,703,316)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Business Sale on Slump Sale Basis	2,250,000,000	-
Expenses of the Slump Sale	(52,549,602)	-
Business Purchase on Slump Sale	(480,000,000)	-
Increase / (Decrease) in Secured Loans	(245,248,409)	86,232,726
Increase / (Decrease) in Unsecured Loans	(386,301,321)	386,301,321
Fluctuation Loss	(2,580,718)	(14,752,753)
Interest Paid	(83,871,911)	(147,278,142)
Dividend and Dividend Tax Paid	(74,045,559)	(10,400,715)
Net Cash used in Financing Activities	925,402,480	300,102,437
Net Increase in Cash and Cash Equivalents	16,700,475	(117,250,599)
Cash and Cash Equivalents (Opening Balance)	166,431,707	283,682,306
Cash and Cash Equivalents (Closing Balance)	183,132,182	166,431,707

For and on behalf of the Board of Directors

For **Malpani & Associates**
Chartered Accountants

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Mukul Desai
Director

Achyut Godbole
Director

Vijay Kalantri
Director

Shyam Malpani
Proprietor
Mumbai, May 19, 2011

Hemendra Paliwal
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Schedules forming part of the Accounts as at March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
SCHEDULE - 1 SHARE CAPITAL		
Authorised		
25,000,000 Equity Shares of ₹10 each	250,000,000	250,000,000
Issued, Subscribed & Paid-up		
12,699,829 Equity Shares of ₹10 each, Fully Paid-up	126,998,290	126,998,290
Total	126,998,290	126,998,290
SCHEDULE - 2 RESERVES AND SURPLUS		
Capital Reserve		
Transfer from Warrant Forfeitures	73,500,000	73,500,000
Securities Premium Account		
As per last Balance Sheet	604,516,443	604,516,443
General Reserve		
As per last Balance Sheet	22,100,000	16,000,000
Transfer from Profit & Loss Account	-	6,100,000
	22,100,000	22,100,000
Surplus		
Balance in Profit & Loss Account	426,762,190	295,781,596
Total	1,126,878,633	995,898,039
SCHEDULE - 3 SECURED LOANS		
i) Term Loan from Bank	250,000,000	350,000,000
ii) Working Capital Loan from Banks	387,454,770	532,703,179
Total	637,454,770	882,703,179
Notes :		
a. Term Loan is secured by the first charge by way of hypothecation of moveable Machinery and other Fixed Assets and Equitable Mortgage of properties situated in Mumbai and Bangalore and second charge on Current Assets of the company.		
b. Working Capital Loans and Banking Facilities mentioned in clauses 1(a) and 1(b) of Notes II of Schedule 16 are secured by the first charge ranking pari passu on current assets of the company and second charge ranking pari passu by way of hypothecation of Plant & Machinery, and other fixed assets and Equitable Mortgage of properties situated in Mumbai and Bangalore and Fixed Deposit Receipt Nil (₹ 124 Lacs) of the Company		
c. Instalment due within 12 months ₹ 1,000 Lacs (₹ 1,000 Lacs)		
SCHEDULE - 4 UNSECURED LOANS		
- From Bank	-	386,301,321
Total	-	386,301,321
SCHEDULE - 5 DEFERRED TAX LIABILITY		
Arising on account of Timing Difference in		
- Depreciation	81,959,903	45,653,401
- Losses	-	(299,252)
- MAT Credit	(29,485,180)	-
- Expenses	(10,601,005)	-
Total	41,873,718	45,354,149

Schedules forming part of the Accounts as at March 31, 2011

SCHEDULE - 6 FIXED ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on April 1, 2010	Additions	Deductions	As on March 31, 2011	Up to March 31, 2010	For the Year	Deductions / Adjustment	Up to March 31, 2011	As at March 31, 2011	As at March 31, 2010
Intangible										
Goodwill	-	201,920,978	-	201,920,978	-	10,096,049	-	10,096,049	191,824,929	-
Software	3,395,377	1,938,476	1,833,417	3,500,436	10,084	385,784	34,437	361,431	3,139,005	3,385,293
Tangible										
Land - Freehold	16,982,508	-	-	16,982,508	-	-	-	-	16,982,508	16,982,508
Buildings	28,295,174	-	5,471,515	22,823,659	5,483,839	548,895	359,186	5,673,548	17,150,111	22,811,335
Plant & Machinery	376,713,561	268,200,200	42,759,556	602,154,205	48,148,026	71,171,690	6,551,598	112,768,118	489,386,087	328,565,535
Office Equipments	32,847,596	13,430,558	13,301,253	32,976,901	13,621,208	2,765,096	6,823,322	9,562,982	23,413,919	19,226,388
Vehicles	8,248,278	9,903,196	5,914,048	12,237,426	2,704,310	1,347,577	1,819,552	2,232,335	10,005,091	5,543,968
Furniture & Fixtures	10,100,546	1,238,124	532,127	10,806,543	5,965,089	661,656	261,053	6,365,692	4,440,851	4,135,457
Leasehold Improvements	14,928,683	7,271,441	10,290,036	11,910,088	13,171,626	2,481,177	10,107,341	5,545,462	6,364,626	1,757,057
Subtotal	491,511,723	503,902,973	80,101,952	915,312,744	89,104,182	89,457,924	25,956,489	152,605,617	762,707,127	402,407,541
Capital Work In Progress*	-	3,961,486	-	3,961,486	-	-	-	-	3,961,486	-
Total	-	-	-	-	-	-	-	-	766,668,613	402,407,541
Previous Year	293,137,310	204,062,989	5,688,576	491,511,723	58,177,188	34,992,641	4,065,647	89,104,182	402,407,541	-

* It includes Capital Advance of ₹ 3,300,000 (Nil)

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
SCHEDULE - 7 INVESTMENTS		
At Cost		
(I) Trade, Long Term, Unquoted		
(a) Investment in Subsidiaries		
2,450 (2,450) Shares having Face Value of AED 1,000 per share in Unisafe Fire Protection Specialists LLC, Dubai	172,152,067	172,152,067
2,000,000 (1,020,000) Equity Shares having Face Value ₹ 10 per share in Zicom CNA Automation Limited	10,870,085	10,200,000
(6 Equity Shares held in the name of six Employees on behalf of the Company)		
Provision for Dimunition in Investment	(7,000,000)	-
Nil (456,000) Shares having Face Value of HKD 1 per share in Zicom Manufacturing Co. (HK) Limited	-	2,539,570
Nil (2,510,000) Equity Shares having Face Value of ₹ 10 per share in Zicom Retail Products Private Limited	-	410,100,000
(10 Equity Shares held in the name of a Director on behalf of the Company)		
(b) Investment in Others		
120,000 (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
(II) Non Trade, Long Term, Quoted		
200,000 (200,000) Equity Shares having Face Value of ₹ 10 per share in Vintage Cards & Creation Ltd.	6,000,000	6,000,000
[Market Value ₹ 2,910,000 (₹ 3,450,000)]		
Total	183,222,152	602,191,637

Schedules forming part of the Accounts as at March 31, 2011

Following Mutual Fund Investments were purchased and redeemed during the year

Particulars	Purchased		Redeemed / Sold	
	Units	₹	Units	₹
ICICI Prudential Flexible Income Plan Premium-Daily Dividend	2,286,131	240,811,022	2,286,131	241,724,053
ICICI Prudential Floating Rate Plan D -Daily Dividend	817,882	81,279,165	817,882	81,807,044
ICICI Prudential Liquid Super Institutional Plan-Div -Daily	1,449,937	145,000,000	1,449,937	146,209,494
ICICI Prudential Long Term Floating Rate Plan C -Weekly Dividend	8,076,131	80,414,395	8,076,131	80,803,304
SBI Magnum Insta Cash Fund -Daily Dividend Option	29,859,171	500,100,000	29,859,171	500,150,075
SBI-SHF-Ultra Short Term Fund -Institutional Plan-Daily Dividend	50,325,916	500,048,954	50,325,916	503,561,119
Baroda Pioneer Liquid Fund -Institutional Daily Dividend Plan	1,499,241	15,000,000	1,499,241	15,001,857
Baroda Pioneer Treasury Advantage Fund-Institutional Growth Plan	6,799,461	72,451,857	6,799,461	72,639,132
Kotak Bond (Regular)-Growth	4,091,431	50,000,000	4,091,431	50,030,425
Total		1,685,105,394		1,691,926,503

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
SCHEDULE - 8 CURRENT ASSETS, LOANS & ADVANCES		
A: CURRENT ASSETS		
Inventories		
(As taken, valued and certified by Management)		
Materials	232,203,212	104,751,116
Work-in-progress	-	13,808,988
Material in Transit	6,461,009	-
	238,664,221	118,560,104
Sundry Debtors		
(Unsecured and considered good)		
Debts outstanding for more than six months	28,375,574	187,905,509
Other Debts	244,175,885	326,125,151
Total	272,551,459	514,030,660
Cash and Bank Balances		
Cash in hand	1,188,757	744,902
Balance with Scheduled Banks		
In Current Accounts	125,651,476	15,176,343
In Fixed Deposit Receipts - Margin Money	20,991,485	115,589,294
Balance with Other Banks		
In Current Accounts	694,900	222,364
In Fixed Deposit Receipts - Margin Money	34,605,564	34,698,804
Total	183,132,182	166,431,707

Schedules forming part of the Accounts as at March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
B : LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Loans to Subsidiary Companies	128,515,943	776,674,727
Advances recoverable in cash or in kind or for value to be received (Refer Clause 12 of Note II of Schedule 16)	367,670,189	139,257,967
Share Application Money Pending Allotment	21,900,000	7,000,000
Advances to Suppliers	65,235,595	34,932,583
Taxation net of Payment	14,620,107	153,631
Other Deposits	17,858,088	25,837,640
	615,799,922	983,856,548
Total	1,310,147,784	1,782,879,019
SCHEDULE - 9 CURRENT LIABILITIES & PROVISIONS		
A: CURRENT LIABILITIES		
Sundry Creditors :		
- Micro Small & Medium Enterprises	-	-
- Others	174,613,107	218,609,036
- Acceptances	21,435,234	-
- Due to Subsidiary Company	-	4,006,963
Other Liabilities	25,187,571	10,364,028
Advances from customers	87,996,561	40,866,602
Unclaimed Dividend	861,580	1,390,250
	310,094,053	275,236,879
B: PROVISIONS		
Employee Benefits	1,529,966	940,781
Unexpired Warranties	400,000	-
Dividend and Tax thereon	14,809,119	74,045,559
	16,739,085	74,986,340
Total	326,833,138	350,223,219

Schedules forming part of the Accounts for the year ended March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
SCHEDULE - 10 OTHER INCOME		
Dividend	6,620,148	-
Miscellaneous Income	842,709	755,668
Sundry Balances Written Back (Net)	1,172,129	3,244,144
Total	8,634,986	3,999,812
SCHEDULE - 11 MATERIALS		
Opening Stock		
Materials	104,751,116	231,912,888
Work-in-Progress	13,808,988	17,623,641
Total	118,560,104	249,536,529

Schedules forming part of the Accounts for the year ended March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
Purchases		
Materials and Related Expenses	1,091,244,307	1,874,926,554
[Net of stock of ₹ 55,099,227 (Nil) transferred / received under Slump Sale deals]		
Total	1,091,244,307	1,874,926,554
Closing Stock		
Materials	232,203,212	104,751,116
Work-in-progress	-	13,808,988
Material in Transit	6,461,009	-
Total	238,664,221	118,560,104
	971,140,190	2,005,902,979
SCHEDULE - 12 EMPLOYEE COST		
Salaries, Wages and Bonus	47,586,105	67,970,126
Contribution to Provident and Other Funds	1,395,507	1,237,696
Workmen & Staff Welfare Expenses	2,862,583	3,236,369
Total	51,844,195	72,444,191
Less: Recovered from Subsidiary Company	-	239,603
Total	51,844,195	72,204,588
SCHEDULE - 13 ADMINISTRATIVE EXPENSES		
Advertisement Expenses (Net of Recovery of Nil (₹ 195 Lacs))	33,101,566	493,973
Auditor's Remuneration	952,939	728,195
Bank Charges, Guarantee Commission etc.	3,386,846	9,401,053
Commission & Brokerage	1,106,419	455,500
Directors' Sitting Fees	352,000	446,000
Donation	202,000	59,151
Insurance Charges	3,240,460	1,363,080
Legal and Professional Fees	25,164,130	20,959,691
Membership & Subscription	3,269,735	84,376
Miscellaneous Expenses	6,374,081	6,791,887
Postage, Telephone and Telex	5,895,661	6,337,410
Power and Fuel	3,666,388	6,673,974
Printing & Stationery	2,485,688	3,014,396
Rates and Taxes	4,606,101	3,910,313
Rent and Compensation	18,796,063	29,676,647
Repairs and Maintenance - Building	258,781	217,027
Repairs and Maintenance - Plant & Machinery	988,613	348,202
Repairs and Maintenance - Others	2,040,947	2,240,263
Sales Promotion Expenses	2,348,361	549,743
Staff Training & Recruitment	2,257,218	1,727,764
Traveling and Conveyance	7,865,244	14,449,349
Loss on Sale / Discard of Fixed Assets	1,692,723	1,662,930
Subtotal	130,051,964	111,590,924
Less: Recovered from Subsidiary Companies	-	11,392,007
Total	130,051,964	100,198,917

Schedules forming part of the Accounts for the year ended March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
SCHEDULE - 14 FINANCE COST		
INTEREST		
On Term Loan	36,515,025	46,903,249
On Working Capital Loans	44,194,765	81,847,096
Other Loans	3,162,121	18,527,797
Exchange Fluctuations	2,580,718	14,752,753
	86,452,629	162,030,895
Less :		
Interest Income		
- On Bank Fixed Deposits (TDS ₹ 527,052 (₹ 621,073))	6,757,177	6,198,739
- On Loans to Subsidiary	19,685,111	7,777,500
Total	60,010,341	148,054,656
SCHEDULE - 15 TAX EXPENSES		
- Corporate Tax	33,000,000	3,000,000
- Deferred Tax	(3,480,431)	26,794,038
- Corporate Tax for Earlier Years	(11,502,724)	-
	18,016,845	29,794,038

Notes forming part of the accounts for the year ended March 31, 2011

SCHEDULE - 16

I. 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. Basis of Accounting:

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

2. Use of Estimates:

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

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

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

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

Notes forming part of the accounts for the year ended March 31, 2011

4. Depreciation / Amortisation:

Tangibles:

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

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

Intangibles:

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

5. Investments:

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

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

6. Valuation of Inventories:

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

Work-in-Progress, finished goods and trading goods are valued at cost or realisable 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.

7. Foreign Exchange Fluctuations :

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

8. Revenue Recognition:

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

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

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.

9. 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.

10. Taxation:

- i. 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 accounts for the year ended March 31, 2011

- ii. 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.
- iii. 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.

11. Impairment of Assets:

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

12. Borrowing Costs:

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

13. Provisions for Contingencies:

A provision is recognised when:

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

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

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.

14. Accounting of Lease:

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

15. Accounting of Employee Stock Option Scheme:

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

Notes forming part of the accounts for the year ended March 31, 2011

II Notes forming part of the Accounts:

(Amount in ₹)

1. Contingent liabilities not provided for in respect of:	March 31, 2011	March 31, 2010
a. Letters of Credit by Bank	Nil	12,793,493
b. Guarantees issued by Bank (Gross)	24,504,200	115,307,573
c. Corporate Guarantee and Indemnities facility not availed / not utilised Nil (₹ 886,000,000)	1,030,350,000	2,363,025,700
d. Sales Tax Matters	965,470	823,601
e. Claim Lodged by Customers Not Acknowledged as Debt	1,144,501	653,365
f. Capital Contract	2,200,000	Nil
g. Warranty Claims	1,000,000	Nil

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

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

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

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

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
Gross Revenue	114,891,910	2,435,220,677
Total Expenditure	147,911,826	2,299,046,038
Profit Before Tax	(33,019,915)	136,174,639
Tax Expenses	Nil	44,914,725
Profit after Tax	(33,019,915)	91,259,914

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

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
Cash Generated from Activity:		
Operating	508,422,067	266,965,186
Investing	44,938,638	5,706,511
Financing	(893,953,750)	(54,769,114)
Net Cash Inflows / Out Flows	(340,593,045)	217,902,583

Notes forming part of the accounts for the year ended March 31, 2011

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

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

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

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

5. In March 2011, the Company has divested its entire stake in its subsidiary Zicom Manufacturing Co. (HK) Ltd. (ZHK) for a consideration of ₹ 135 Lacs and made the profit of ₹ 109 Lacs on the disposal of the same and has recognised in the books under the head Extraordinary items.
6. Thus considering the profit of ₹ 12,463 Lacs made on Business Transfer Agreement with SE as above, profit / loss on account of divestment of subsidiary ZHK and ZRPPL as above and diminution in the value of investment made in ZCNA has resulted in a net surplus of ₹ 3,002 Lacs which is shown as Extraordinary item in the profit and loss statement.

7. **Disclosure pursuant to Accounting Standard – 15 (revised) 'Employee Benefits': Defined Contribution Plans**
(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
Employer's Contribution to Provident Fund	178,983	311,572
Employer's Contribution to Pension Fund	403,453	708,606

Defined Benefit Plans

Amount of ₹ 1,172,752 (₹ 80,425) in respect of Gratuity and ₹ 89,279 (₹ 704,920) in respect of leave is recognised as expense and included in Employee Cost (Schedule No. 12) in the Profit and Loss Account.

(Amount in ₹)

Particulars	March 31, 2011		March 31, 2010	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
I Change in Defined Benefit Obligation (D.B.O.)				
Opening Defined Benefit Obligation	2,431,837	940,781	2,297,048	957,343
Service cost for the Year	382,856	418,950	488,560	393,255
Interest cost for the year on opening D.B.O.	129,426	73,402	166,396	44,745
Actuarial Losses (gains)	753,790	(403,073)	(363,297)	266,920
Benefit Paid	(1,628,034)	(46,515)	(156,870)	(721,482)
Closing Defined Benefit Obligation	2,069,875	983,545	2,431,837	940,781

Notes forming part of the accounts for the year ended March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011		March 31, 2010	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
II Fair Value of Plan Asset				
Opening fair value of plan assets	2,469,659	Nil	2,415,295	Nil
Expected return on Plan Assets	175,500	Nil	210,300	Nil
Actuarial gains (losses)	(82,180)	Nil	934	Nil
Contribution by employer	588,509	46,515	Nil	721,482
Benefit Paid	(1,628,034)	(46,515)	(156,870)	(721,482)
Closing balance of fair value of plan assets	1,523,454	Nil	2,469,659	Nil
III Actual Return on Plan Asset				
Expected return on Plan Assets	175,500	Nil	210,300	Nil
Actuarial gains (losses)	(82,180)	Nil	934	Nil
Actual Return on Plan Asset	93,220	Nil	211,234	Nil
IV Amount Recognised in Balance Sheet				
Liability at the end of Year	2,069,875	983,545	2,431,837	940,781
Fair Value of Plan Assets at the end of the Year	1,523,454	Nil	2,469,659	Nil
Difference	(546,421)	(983,545)	37,822	Nil
Funded status	(546,421)	(983,545)	37,822	(940,781)
Amount Recognised in Balance Sheet	(546,421)	(983,545)	##	(940,781)
V Amount Recognised in Income Statement				
Current Service Cost	382,856	418,950	488,560	393,255
Interest on Obligation	129,426	73,402	166,396	44,745
Expected return on Plan Assets	(175,500)	Nil	(210,300)	Nil
Net actuarial losses (gains) recognized	835,970	(403,073)	(364,231)	266,920
Expenses Recognised in Profit and Loss	1,172,752	89,279	80,425	704,920
VI Balance Sheet Reconciliation				
Opening Net Liability	(37,822)	940,781	(118,247)	957,343
Expenses as Above	1,172,752	89,279	80,425	704,920
Employee Contribution	(588,509)	(46,515)	Nil	(721,482)
Amount Recognised in Balance Sheet	546,421	983,545	##	940,781
VII Actuarial Assumptions: for the Year				
Discount Rate as on March 31, 2011	8.30%	8.30%	8.00%	8.00%
Withdrawal Rates	0.80%	0.80%	0.80%	0.80%
Expected Rate of Return on Plan Assets				
Annual Increase in Salary Cost	4.00%	4.00%	4.00%	4.00%

- Conservatively, no Asset has been recognised in the Balance Sheet.

Notes forming part of the accounts for the year ended March 31, 2011

General Description of significant defined plans

I. Gratuity Plan

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

II. Leave Plan

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

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

Particulars	March 31, 2011	March 31, 2010
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

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

9. 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 Profit and Loss account for the year and included under Rent and Compensation (Disclosed under Schedule 13).

Future minimum lease payments under non cancellable operating lease:

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
Not later than one year	14,918,710	22,675,038
Later than one year and not later than five years	15,330,125	877,500
Later than five years	Nil	Nil
Lease Payment made during the year recognised in the statement of profit and loss account	18,796,063	29,695,647

10. 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 accounts for the year ended March 31, 2011

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

(Amount in ₹)

Particulars	Year ended March 31, 2011	Year ended March 31, 2010
A. Net Profit for		
Basic	145,789,713	60,536,970
Diluted	145,789,713	60,536,970
B. Weighted Average No. of Equity Shares		
Basic	12,699,829	12,699,829
Diluted	12,699,829	12,722,746
C. Earning Per Share		
Basic	11.48	4.77
Diluted	11.48	4.76

12. Related Party Disclosure:

Information in accordance with the requirements of AS 18 – “Related Party Disclosures” issued by the Institute of Chartered Accountants of India are given below:

A. Related Parties with whom transactions have taken place:

i. Key Management Personnel:

- Mr. Manohar Bidaye
- Mr. Pramoud Rao

ii. Subsidiary Companies:

- Unisafe Fire Protection Specialists LLC, Dubai (subsidiary by virtue of control of the composition of Board)
- Zicom Manufacturing Co. (HK) Limited (upto March 30, 2011)
- Zicom Retail Products Pvt. Ltd. (upto September 30, 2010)
- Zicom CNA Automation Ltd.

iii. Companies in which company or its directors / relatives of director have substantial interest:

- Baronet Properties and Investments Private Limited
- Coronet Properties and Investments Private Limited
- Institute of Advanced Security Training & Management Private Limited

B. Transactions during the year with Related Parties mentioned above:

Key Management Personnel

Remuneration Paid – As disclosed in Note No. II, clause 20 A & 20 B of Schedule 16

Personal Guarantee given by one of director for unsecured loan taken by company

Subsidiary Companies

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
Investment in Shares	690,000,000	26,032,067
Advance recoverable in Cash or in Kind (Net)	549,907,722	556,040,267
Interest charged on loan	11,104,289	7,777,500
Purchase (excluding Taxes)	5,485	1,691,185
Sale (excluding Taxes)	21,875,797	8,153,132
Slump Sale Acquisition	482,500,000	Nil
Corporate Guarantee	228,463,500	635,100,000
Common Overheads Allocated / Expenses Re-Charged (excluding Taxes)	268,585	33,686,921

Notes forming part of the accounts for the year ended March 31, 2011

Companies in which company or its directors / relatives of director have substantial interest

Forfeitures of Warrant application money Nil (₹ 42,000,000)

Investment in Shares Nil (₹ 1,200,000)

Share Application Money Pending Allotment ₹ 21,900,000 (₹ 7,000,000)

Advance recoverable in cash or kind ₹ 566,243 (₹ 236,403)

C. Balance with Related Parties:

(Amount in ₹)

Particulars	Transaction Type	March 31, 2011	March 31, 2010
Key Management Personnel	Personal Guarantee Advance Recoverable	Nil Nil	386,301,321 390,000
Subsidiary Companies	Loans (including Interest) Creditors	128,515,943 34,908,950	773,844,398 6,837,292
Companies in which company or its directors / relatives of director have substantial interest	Advance recoverable in cash or kind Share Application Money Pending Allotment	566,243 21,900,000	236,403 7,000,000

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

(Amount in ₹)

Name of the company	As at March 31, 2011	Maximum Balance for the year ended on March 31, 2011	As at March 31, 2010	Maximum Balance for the year ended on March 31, 2010
Zicom Retail Products Private Ltd.	Nil	1,102,573,054	702,166,898	702,166,898
Unisafe Fire Protection Specialists LLC, Dubai	131,311,789	131,311,789	68,777,500	113,004,651
Zicom CNA Automation Ltd.	Nil	2,900,000	2,900,000	2,900,000

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

15. The Company is of the view that there are no indications of material impairment and the carrying amount of its fixed assets or where applicable, the cash generating unit to which these assets belong, do not exceed their recoverable amounts (i.e., the higher of the assets' net selling price and value in use). Hence, no impairment had arisen during the year as per the recommendations of AS 28 - "Impairment of Assets".

16. In respect of Investments other than ZCNA, no provision towards diminution is considered necessary in the books keeping in view the fact that the said Investments are of Long Term nature.

17. In the opinion of the Management, the Current Assets and Loans and Advances as shown in the books are expected to realise at their Book Values in the normal course of business and adequate provision have been made in respect of all know liabilities.

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

19. 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.

Further, pursuant to the transfer of Electronic Security Systems Business (Sale Business) of the Company, comprising of its two divisions viz. Building Solutions Group (BSG) and Special Projects Group (SPG), to Schneider Electric India Pvt. Ltd. (Schneider) vide Business Transfer Agreement (BTA) dated March 5, 2010; the employees belonging to the Sale

Notes forming part of the accounts for the year ended March 31, 2011

Business were transferred to Schneider. As a result, all the unexercised Stock Options granted to such employees lapsed, changing substantially the status of outstanding Employee Stock Option under ESOS 2006 and ESOS 2007 of the company.

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

Particulars	Scheme 2006	Scheme 2007
Summary as on March 31, 2011	Grant V	Grant I
Exercise Price (in ₹)	85.00	85.00
Options outstanding at the beginning of the year	85,000	33,000
Granted during the year	Nil	Nil
Exercised during the year	Nil	Nil
Forfeited / Surrendered / Lapsed during the year	52,000	14,000
Outstanding at the end of the year	33,000	19,000

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
20. A Remuneration to Managing Director		
Salaries	5,409,000	5,019,000
Perquisites	15,000	15,000
Retirement Benefit	9,360	9,360
	5,433,360	5,043,360
B Remuneration to Non-executive Directors (as per approval of Central Government)	3,626,340	3,626,340
C Directors Sitting Fees	352,000	446,000
D Computation of Net Profit in accordance with section 349 of the Companies Act, 1956		
Profit Before Tax	163,806,558	90,331,008
Add:		
Managerial Remuneration	9,059,700	8,669,700
Directors Sitting Fees	352,000	446,000
(Profit) / Loss on Sale / Discard of Fixed Assets	1,692,723	1,662,930
Net Profit as per Section 349 of the Companies Act, 1956	174,910,981	101,109,638
Commission payable to Managing Director @ 2% of the Net Profit as calculated above	3,498,220	2,022,193
Restricted to	Nil	Nil
21. Payments to Auditors: (Net of Service Tax)		
Audit fees	775,000	575,000
Corporate Governance and Other Certification Matters	177,939	152,500
Out of pocket expenses	Nil	695
22. Balances with non scheduled bank is as under		
Closing Balance		
HSBC Bank PLC, London	140,344	151,462
Union Bank of India, Hongkong	544,620	Nil
Citibank N.A., Singapore	Nil	70,902
Maximum Balance		
HSBC Bank PLC, London	140,344	151,462
Union Bank of India, Hongkong	544,620	Nil
Citibank N.A., Singapore	Nil	70,902

Notes forming part of the accounts for the year ended March 31, 2011

23. Unsecured loans are secured by personal guarantee of one of the directors of the Company.

24. Details of uncovered foreign currency exposures:

(Amount in ₹)

Particular	Currency	March 31, 2011	March 31, 2010
Trade Receivable & Deposits	USD	793,789	52,232
	AED	10,843,253	5,637,500
	Euro	Nil	1,598
Trade Payable	USD	722,392	259,064

25. Additional information pursuant to the provisions of the Companies Act, 1956.

(i) **Licensed and Installed Capacities and Actual Production:**

Description	Units	Licensed Capacity	Installed Capacity	Actual Production
Electronic Component	Nos.	Not Applicable	63,000 (21,000)	11,350 (990)

(ii) **Turnover:**

(Amount in ₹)

Description	Qty	March 31, 2011	March 31, 2010
A. Electronic Security Systems / Equipment (includes Access Control Systems and Software, C. C. T. V., Fire Alarm, Intrusion Smart Cards, Electronic Article Surveillance etc)	*	97,041,059	988,695,107
B. Electronic Security Equipments (includes Access Control, C. C. T. V., Fire Alarm, Home Alarm, Video Door Phone etc), Components, Software and Accessories	*	1,047,936,730	1,347,781,905
C. Software Services	#	Nil	11,400,000
D. Service Income	#	12,508,299	99,807,965

* Due to various equipments, components / accessories involved therein, quantities are not practically determinable.

In respect of development and maintenance of software, the production and sale cannot be expressed in any generic unit, and hence it is not practicable to give quantitative information.

(iii) **Purchases of Trading Goods:**

Description	Unit	Qty	Value (₹)
Electronic Security Equipments (includes Access Control, C. C. T. V., Fire Alarm, Home Alarm, Video Door Phone etc), Components, Software and Accessories	Nos.	* (20,166)	1,028,104,280 (1,220,213,331)

* Due to various equipments, components / accessories involved therein, quantities are not practically determinable.

Notes forming part of the accounts for the year ended March 31, 2011

(iv) **Materials consumed:**

Description	Qty.	Value (₹)
Electronic Security Systems / Equipment (includes Access Control Systems and Software, C. C. T. V., Fire Alarm, Intrusion, Smart Cards, Electronic Article Surveillance etc)	*	108,094,300# (670,119,384)

* Due to various components / accessories involved therein, quantities are not practically determinable.

Material consumption includes Foreign Exchange Fluctuation Gain of ₹ **429,423** (Previous Year ₹ 2,492,478)

(v) **Consumption of materials, components and spare parts and its percentage to total:**

Year Ended	March 31, 2011		March 31, 2010	
	Value (₹)	Percentage	Value (₹)	Percentage
Material				
Imported	49,882,916	46%	93,085,502	14%
Indigenous	58,211,384	54%	577,033,882	86%
Spare Parts				
Imported	Nil	Nil	Nil	Nil
Indigenous	Nil	Nil	Nil	Nil

(vi)

Particulars	March 31, 2011 (₹)	March 31, 2010 (₹)
Value of Imports on C.I.F. basis:		
Materials and Finished goods	123,096,620	61,553,794
Earnings in Foreign Currency:		
Export / Merchandise Trade Sales	Nil	23,170,282
Services	Nil	18,112,033
Interest	11,429,422	7,777,500
Expenditure in Foreign Currency:		
(On payment basis)		
Travelling	324,875	147,176
Bank Charges	16,116	4,360

26. Previous Year's figures have been regrouped and re-arranged, wherever necessary.

For and on behalf of the Board of Directors

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Mukul Desai
Director

Achyut Godbole
Director

Vijay Kalantri
Director

Hemendra Paliwal
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Mumbai, May 19, 2011

Balance Sheet abstract and Company's General Business Profile

I. Registration Details

Registration No.	83391	State Code	11
Balance Sheet Date	31-Mar-11		

II. Capital raised during the year

(₹ in Thousands)

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

III. Position of Mobilization and Deployment of Funds

(₹ in Thousands)

Total Liabilities	2,260,039	Total Assets	2,260,039
Source of Funds			
Paid up Capital	126,998	Reserve & Surplus	1,126,879
Secured Loans	637,455	Unsecured Loans	-
Deferred Tax Liability	41,874		
Application of Funds			
Net Fixed Assets	766,669	Investments	183,222
Net Current Assets	983,315	Misc. Expenditure	-

IV. Performance of Company

(₹ in Thousands)

Turnover	1,166,121	Total Expenditure	1,302,505
Profit before Tax	(136,384)	Profit after Tax	145,790
Earning Per Share (₹)	11.48	Dividend Rate %	10

V. Generic Names of Three Principal Product / Services of Company

(as per Monetary terms)

Product Description	Item Code
Control Panel & Switcher	8537.10
Cameras	8525.30
Access Readers	9031.90

For and on behalf of the Board of Directors

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Mukul Desai
Director

Achyut Godbole
Director

Vijay Kalantri
Director

Hemendra Paliwal
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Mumbai, May 19, 2011

Auditor's Report on Consolidated Financial Statements

To,
The Board of Director
Zicom Electronic Security Systems Limited

We have audited the attached Consolidated Balance Sheet of Zicom Electronic Security Systems Limited, its subsidiaries Unisafe Fire Protection Specialists LLC, Dubai and Zicom CNA Automation Limited as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cashflow Statement for the year ended on that date in respect of Zicom Electronic Security Systems Limited, Zicom Manufacturing Co. (HK) Limited (subsidiary till March 30, 2011 only), Zicom Retail Products Private Limited (subsidiary till September 30, 2010 only), Unisafe Fire Protection Specialists LLC, Dubai and Zicom CNA Automation Limited. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The financial statements of the subsidiaries, (i) Zicom Retail Products Private Limited (subsidiary till September 30, 2010 only) (ii) Zicom Manufacturing Co. (HK) Limited (subsidiary till March 30, 2011 only) (iii) Unisafe Fire Protection Specialists LLC, Dubai and (iv) Zicom CNA Automation Limited as at end for the year ended March 31, 2011, have been audited by other auditors whose reports have been furnished to us and wherever such audited statements were made available to us. We further report that the audited financial statement in respect of Zicom Retail Products Private Limited and Zicom Manufacturing Co. (HK) Limited included in the above are consolidated on the basis of unaudited financial statement as certified by the management. The above consolidation resulted in total assets (net) of ₹ 6,213.61 Lacs and negative cash out flows of ₹ 501.22 Lacs. The Company's share of net worth with respect to said subsidiary companies as at March 31, 2011 and profit for the year ended March 31, 2011

is ₹ 4,771.11 Lacs and ₹ 1,246.50 Lacs respectively. The above financial information, in our opinion, in so far as it relates to the amounts included in respect of the subsidiaries is based solely on the report of those auditors, wherever applicable.

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

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

- (1) in the case of the Consolidated Balance Sheet, of the state of affairs of Zicom Electronic Security Systems Limited and its subsidiaries as at March 31, 2011;
- (2) in the case of Consolidated Profit and Loss Account, of the profit of Zicom Electronic Security Systems Limited and its subsidiaries for the year ended on that date; and
- (3) in the case of Consolidated Cash Flow Statement, of the cash flows of Zicom Electronic Security Systems Limited and its subsidiaries for the year ended on that date.

For Malpani & Associates

Chartered Accountants
Firm Registration No. 120438 W

Shyam Malpani

Proprietor
Membership No. 34171

Mumbai, dated May 19, 2011

Consolidated Balance Sheet as at March 31, 2011

(Amount in ₹)

Particulars	Schedule	March 31, 2011	March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	126,998,290	126,998,290
Reserves and Surplus	2	1,527,172,602	1,102,981,424
		1,654,170,892	1,229,979,714
Loan Funds			
Secured Loans	3	1,354,043,893	1,854,583,070
Unsecured Loans	4	-	386,301,321
		1,354,043,893	2,240,884,391
Deferred Tax Liability	5	41,873,718	(68,906,659)
Minority Interest		142,548,885	118,388,587
Total		3,192,637,388	3,520,346,033
APPLICATION OF FUNDS			
Fixed Assets	6		
Gross Block		1,144,052,233	1,090,786,161
Depreciation		270,098,846	307,670,037
Net Block		873,953,387	783,116,124
Capital Work-in-Progress		3,961,486	145,250,000
		877,914,873	928,366,124
Investments	7	7,200,000	7,200,000
Current Assets, Loans and Advances	8		
Inventories		337,116,220	531,756,469
Sundry Debtors		1,539,329,671	1,832,940,916
Cash and Bank Balances		306,277,535	339,698,578
Loans and Advances		682,096,385	606,175,259
		2,864,819,811	3,310,571,222
Current Liabilities and Provisions	9		
Current Liabilities		523,382,223	651,745,754
Provisions		33,915,073	74,045,559
		557,297,296	725,791,313
Net Current Assets		2,307,522,515	2,584,779,909
Total		3,192,637,388	3,520,346,033
Significant Accounting Policies and Notes forming part of the Accounts	16		

As per our attached report of even date

For and on behalf of the Board of Directors

For **Malpani & Associates**
Chartered Accountants

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Mukul Desai
Director

Achyut Godbole
Director

Vijay Kalantri
Director

Shyam Malpani
Proprietor
Mumbai, May 19, 2011

Hemendra Paliwal
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Consolidated Profit & Loss Account for the year ended March 31, 2011

(Amount in ₹)

Particulars	Schedule	March 31, 2011	March 31, 2010
INCOME			
Sales & Services		3,733,674,533	5,279,705,769
Other Income	10	16,916,436	6,162,177
Total		3,750,590,969	5,285,867,946
EXPENDITURE			
Materials	11	3,020,272,522	4,125,871,225
Employee Cost	12	249,899,092	300,441,558
Administrative Expenses	13	223,618,445	314,445,976
Finance Cost	14	131,096,415	235,924,743
Depreciation		152,012,753	121,748,121
Total		3,776,899,227	5,098,431,623
Profit / (Loss) Before Tax		(26,308,258)	187,436,323
Exceptional Item		(85,090,078)	-
Extraordinary Items (Refer Note No II Point 2 of Schedule 16)		605,258,670	-
Profit from Continuing Operations		526,880,249	51,261,684
Tax Expenses	15	(18,016,845)	(35,227,103)
Profit After Tax Continuing Operations		508,863,404	86,488,787
Profit / (Loss) Before Tax from Discontinuing Operations		(33,019,915)	136,174,639
Tax Expense	15	-	44,914,725
Profit / (Loss) After Tax from Discontinuing Operations		(33,019,915)	91,259,914
Net Profit after Tax		475,843,489	177,748,701
Less : Minority Interest		(31,261,843)	(27,458,822)
Profit for the Year		444,581,646	150,289,879
Balance brought forward from previous year		407,110,262	340,189,792
Profit Available for Appropriations		851,691,908	490,479,671
APPROPRIATIONS			
Transfer to General Reserve		-	6,100,000
Transfer to Legal Reserve		-	3,223,850
Provision for Dividend		12,699,829	63,499,145
Provision for Tax on Dividend		2,109,290	10,546,414
Balance carried to Balance Sheet		836,882,789	407,110,262
Basic Earnings Per Share of ₹ 10 each before extraordinary item		(12.65)	11.83
Diluted Earnings Per Share of ₹ 10 each before extraordinary item		(12.65)	11.81
Basic Earnings Per Share of ₹ 10 each after extraordinary item		35.01	11.83
Diluted Earnings Per Share of ₹ 10 each after extraordinary item		35.01	11.81
Significant Accounting Policies and Notes forming part of the Accounts	16		

As per our attached report of even date

For and on behalf of the Board of Directors

For **Malpani & Associates**
Chartered Accountants

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Mukul Desai
Director

Achyut Godbole
Director

Vijay Kalantri
Director

Shyam Malpani
Proprietor
Mumbai, May 19, 2011

Hemendra Paliwal
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	493,860,334	187,436,323
Depreciation	152,012,753	121,748,121
Finance Cost	131,096,415	235,924,743
Extraordinary Items	(605,258,670)	-
Sundry Balances Written off	8,515,657	(4,990,766)
Provision for Doubtful Debt	15,601,350	75,080,240
Loss on Sale / Discard of Assets	1,692,723	3,509,687
Operating Profit Before Working Capital Changes	197,520,562	618,708,348
(Increase / Decrease) in Trade and Other Receivable	(1,332,512,929)	(749,842,809)
(Increase / Decrease) in Inventories	(161,641,915)	189,067,577
(Increase / Decrease) in Trade Payable	(10,238,546)	(43,056,654)
Cash Generated from Operations	(1,306,872,828)	14,876,462
Direct Taxes	(35,963,750)	(10,318,018)
Net Cash Flow from Operating Activities	(1,342,836,578)	4,558,444
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of Fixed Assets	(242,768,914)	(215,104,778)
Sale of Fixed Assets	93,843,807	(143,700,443)
Sale of Business	163,454,040	-
Investments	202,101,569	(1,200,000)
Interest Received	15,090,422	5,812,336
Net Cash Flow from Investment Activities	231,720,924	(354,192,885)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Minority Interest in Subsidiary Companies	(7,101,545)	14,881,939
Business Sale on Slump Sale Basis	2,250,000,000	-
Expenses of the Slump Sale	(52,549,602)	-
Foreign Currency Translation Reserve	(5,581,349)	(38,001,269)
Increase / (Decrease) in Secured and Unsecured Loans	(886,840,498)	580,103,928
Fluctuation Gain	2,580,718	(14,758,948)
Interest Paid	(148,767,555)	(226,978,131)
Dividend & Dividend Tax Paid	(74,045,559)	(10,400,715)
Net Cash used in Financing Activities	1,077,694,610	304,846,804
Net Increase in Cash and Cash Equivalents	(33,421,044)	(44,787,637)
Cash and Cash Equivalents (Opening Balance)	339,698,578	384,486,214
Cash and Cash Equivalents (Closing Balance)	306,277,535	339,698,578

For **Malpani & Associates**
Chartered Accountants

For and on behalf of the Board of Directors

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Mukul Desai
Director

Achyut Godbole
Director

Vijay Kalantri
Director

Shyam Malpani
Proprietor
Mumbai, May 19, 2011

Hemendra Paliwal
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Schedules forming part of the Consolidated Accounts as at March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
SCHEDULE - 1 SHARE CAPITAL		
Authorised		
25,000,000 Equity Shares of ₹10 each	250,000,000	250,000,000
Issued, Subscribed & Paid-up		
12,699,829 (12,699,829) Equity Shares of ₹ 10 each, fully paid-up	126,998,290	126,998,290
Total	126,998,290	126,998,290
SCHEDULE - 2 RESERVES AND SURPLUS		
Legal Reserve		
As per Last Balance Sheet	9,837,536	6,613,686
Transfer During the year	-	3,223,850
	9,837,536	9,837,536
Securities Premium Account		
As per last Balance Sheet	604,516,443	604,516,443
Capital Reserve		
Transfer from Warrant forfeiture	73,500,000	73,500,000
Foreign Currency Translation Reserve	(19,664,166)	(14,082,817)
General Reserve		
As per Last Balance Sheet	22,100,000	16,000,000
Transfer from Profit & Loss Account	-	6,100,000
	22,100,000	22,100,000
Balance in Profit & Loss Account	836,882,789	407,110,262
Total	1,527,172,602	1,102,981,424
SCHEDULE - 3 SECURED LOANS		
Term Loan from Bank - 1	250,000,000	350,000,000
Term Loan from Bank - 2	-	160,000,000
Working Capital Loan from Banks - 1	387,454,770	532,703,179
Working Capital Loan from Bank - 2	-	205,633,233
Working Capital Loan from Banks - 3	716,589,123	606,246,658
Total	1,354,043,893	1,854,583,070

Notes :

- Term Loan -1 is secured by the first charge by way of hypothecation of moveable machinery and other fixed assets and Equitable Mortgage of properties situated in Mumbai and Bangalore and second charge on current assets of the company.
- Term Loan - 2 is secured by the first charge on all the fixed assets of the company and Working Capital Loan - 2 and Letter of Credit and Bank Guarantee referred in Note no II 1 (a) and 1 (b) of Schedule 16 is secured by the first charge on entire current assets and an extended charge on Fixed Assets. These facilities are further secured by pledge of Nil (725,000) Equity Shares by a promoter group company.
- Working Capital Loans - 1 and banking facilities mentioned in Note No. II 1 (a) and 1 (b) of Schedule 16 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 moveable Machinery and Plant & Machinery, and other Fixed Assets and Equitable Mortgage of properties situated in Mumbai and Bangalore and Fixed Deposit Receipt of Nil (₹ 124 Lacs) of the company.
- 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.

Schedules forming part of the Consolidated Accounts as at March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
SCHEDULE - 4 UNSECURED LOAN		
Banks	-	386,301,321
	-	386,301,321
SCHEDULE - 5 DEFERRED TAX LIABILITIES		
Arising on account of Timing Difference in		
- Depreciation	81,959,903	44,104,257
- Losses	-	(99,731,862)
- MAT Credit	(29,485,180)	-
- Expenses	(10,601,005)	(13,279,054)
Total	41,873,718	(68,906,659)

SCHEDULE - 6 FIXED ASSETS

(Amount in ₹)

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on April 01,2010	Addition	Deductions/ Adjustment	As on March 31,2011	Up to March 31,2010	For the Year	Deductions/ Adjustment	Up to March 31,2011	As at March 31,2011	As at March 31,2010
Intangible										
Goodwill on Consolidation as per AS - 21	164,777,480	-	1,701,369	163,076,111	49,094,432	16,477,748	-	65,572,180	97,503,931	115,683,048
Goodwill on Acquisition	-	201,920,978	-	201,920,978	-	10,096,049	-	10,096,049	191,824,929	-
Software	3,395,377	1,938,476	1,833,417	3,500,436	10,084	385,784	34,437	361,431	3,139,005	3,385,293
Tangible										
Land - Freehold	16,982,508	-	-	16,982,508	-	-	-	-	16,982,508	16,982,508
Buildings	28,295,174	-	5,471,515	22,823,659	5,483,839	548,895	359,186	5,673,548	17,150,111	22,811,335
Plant & Machinery	665,660,013	145,875,749	186,369,247	625,166,515	137,747,540	100,001,169	102,911,272	134,837,437	490,329,078	527,912,473
Office Equipments	76,691,323	11,363,939	55,078,361	32,976,901	23,921,934	5,154,122	19,513,076	9,562,980	23,413,921	52,769,389
Vehicles	24,158,465	12,167,766	8,339,538	27,986,693	10,682,419	4,165,060	3,911,487	10,935,992	17,050,701	13,476,046
Furniture and Fixtures	95,897,138	3,519,079	61,707,873	37,708,344	67,558,163	12,702,749	52,747,145	27,513,767	10,194,577	28,338,975
Lease Hold Improvement	14,928,683	7,271,441	10,290,036	11,910,088	13,171,626	2,481,177	10,107,341	5,545,462	6,364,626	1,757,057
TOTAL	1,090,786,161	384,057,428	330,791,356	1,144,052,233	307,670,037	152,012,753	189,583,944	270,098,846	873,953,387	783,116,124
Capital Work in Progress*	-	3,961,486	-	3,961,486	-	-	-	-	3,961,486	145,250,000
Total	-	-	-	-	-	-	-	-	877,914,873	928,366,124
Previous Year	898,801,672	215,104,778	23,120,289	1,090,786,161	204,522,961	121,748,121	18,601,045	307,670,037	783,116,124	694,278,711

* It includes Capital Advance of ₹ 3,300,000 (Nil)

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
SCHEDULE - 7 INVESTMENTS (AT COST)		
Trade, Long Term, Unquoted		
120,000 (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
Non Trade, Long Term, Quoted		
200,000 (200,000) Equity Shares having Face Value of ₹ 10 per share in Vintage Card & Creations Ltd. [Market Value ₹ 2,910,000 (Previous Year ₹ 3,450,000)]	6,000,000	6,000,000
Total	7,200,000	7,200,000

Schedules forming part of the Consolidated Accounts as at March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
SCHEDULE - 8 CURRENT ASSETS, LOANS & ADVANCES		
A: CURRENT ASSETS		
Inventories		
(As taken, valued and certified by Management)		
Materials	331,866,211	393,649,513
Work-in-progress	-	139,326,956
Stock in Transit	6,461,009	-
Total	338,327,220	532,976,469
Provision for Slow Moving	(1,211,000)	(1,220,000)
	337,116,220	531,756,469
Sundry Debtors		
(Unsecured and considered good)		
Debts outstanding over six months	80,509,031	479,528,269
Other Debts	1,482,578,728	1,446,704,823
Total	1,563,087,759	1,926,233,092
Provision for Doubtful Debts	(23,758,088)	(93,292,176)
Total	1,539,329,671	1,832,940,916
Cash and Bank Balances		
Cash in hand	2,339,473	3,152,055
Balance with Scheduled Banks:		
In Current Accounts	125,987,637	24,743,668
In Fixed Deposit Receipts including Margin Money	20,991,485	115,589,294
Balance with Other Banks:		
Current Account	11,782,537	99,557,630
In Fixed Deposit Receipts	145,176,403	96,655,931
Total	306,277,535	339,698,578
B : LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Advances recoverable in cash or in kind or for value to be received	587,948,383	348,175,750
Share Application Money Pending Allotment	21,900,000	7,000,000
Advance to suppliers	34,875,341	180,072,537
Taxation net of Payments	15,035,905	1,300,363
Other Deposits	22,336,756	69,626,609
Total	682,096,385	606,175,259
Total	2,864,819,811	3,310,571,222
SCHEDULE - 9 CURRENT LIABILITIES & PROVISIONS		
A: CURRENT LIABILITIES		
Sundry Creditors:		
- Micro Small & Medium Enterprises	-	-
- Others	313,851,840	433,658,703
Acceptance	21,435,234	-
Other Liabilities	80,698,459	84,111,254
Advances from customers	102,897,032	127,436,336
Deposit and others	3,638,078	5,149,211
Unclaimed Dividend	861,580	1,390,250
	523,382,223	651,745,754

Schedules forming part of the Consolidated Accounts as at March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
B: PROVISIONS		
Employee Benefits	18,705,954	-
Unexpired Warranties	400,000	-
Dividend and Tax thereon	14,809,119	74,045,559
	33,915,073	74,045,559
Total	557,297,296	724,490,950

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
SCHEDULE - 10 OTHER INCOME		
Dividend Income	6,620,148	-
Miscellaneous Income	10,296,288	6,162,177
Total	16,916,436	6,162,177
SCHEDULE - 11 MATERIALS		
Opening Stock		
Materials	392,429,513	368,415,852
Work-in-Progress	13,808,988	17,623,641
Total	406,238,501	386,039,493
Purchases		
Material consumed	1,644,119,636	1,347,767,297
Purchase of Materials and Related Expenses	1,208,763,709	2,798,302,936
[Net of stock of ₹ 110,079,307 (Nil) transferred under Slump Sale]		
Total	2,852,883,345	4,146,070,233
Closing Stock		
Materials	232,388,315	392,429,513
Work-in-progress	-	13,808,988
Material in Transit	6,461,009	-
Total	238,849,324	406,238,501
	3,020,272,522	4,125,871,225
SCHEDULE - 12 EMPLOYEE COST		
Salaries, Wages and Bonus	243,551,836	294,953,092
Contribution to Provident and Other Funds	3,063,379	1,796,372
Workmen & Staff Welfare Expenses	3,283,877	3,692,094
Total	249,899,092	300,441,558

Schedules forming part of the Consolidated Accounts for the year ended March 31, 2011

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
SCHEDULE - 13 ADMINISTRATIVE EXPENSES		
Advertisement Expenses	35,991,387	29,342,633
Auditor's Remuneration	1,736,199	1,740,159
Bank Charges, Guarantee Commission etc.	7,693,957	10,671,164
Commission & Brokerage	1,367,537	2,247,947
Directors' Sitting Fees	352,000	446,000
Donation	202,000	59,151
Freight & Forwarding	2,921,815	2,315,445
Insurance Charges	7,201,609	10,942,281
Legal and Professional Fees	35,343,386	34,732,059
Membership & Subscription	3,321,753	104,376
Miscellaneous Expenses	11,265,293	15,850,672
Postage, Telephone and Telex	9,650,753	11,174,934
Power and Fuel	6,480,772	10,863,191
Printing & Stationery	3,381,422	4,506,961
Rates and Taxes	7,083,333	8,620,239
Rent and Compensation	35,059,122	58,917,765
Repairs and Maintenance - Building	258,781	286,815
Repairs and Maintenance - Plant & Machinery	988,613	802,564
Repairs and Maintenance - Others	2,575,254	2,549,979
Sales Promotion Expenses	3,154,010	1,984,402
Staff Training & Recruitment	2,696,367	3,261,896
Sundry Balances Written off / (Written Back) (Net)	8,515,657	(4,990,766)
Provision for Doubtful Debt	15,601,350	75,080,240
Traveling and Conveyance	19,083,352	28,240,107
Loss on Sale / Discard of Fixed Assets	1,692,723	3,509,687
Overheads allocated by Holding Company	-	1,186,075
Total	223,618,445	314,445,976
SCHEDULE - 14 FINANCE COST		
INTEREST		
Term Loan	40,817,050	66,313,528
Working Capital	99,500,931	137,708,601
Others	3,288,138	22,956,002
Exchange Fluctuation Loss	2,580,718	14,758,948
	146,186,837	241,737,079
Less :		
Interest Income		
- From Bank (TDS ₹ 408,492 (₹ 898,245))	15,090,422	5,812,336
Total	131,096,415	235,924,743
SCHEDULE - 15 TAX EXPENSES		
- Corporate Tax	33,000,000	3,000,000
- Deferred Tax	(3,480,431)	11,680,400
- Corporate Tax for Earlier Years	(11,502,724)	(4,992,778)
Total	18,016,845	9,687,622

Notes forming part of the Consolidated Accounts for the year ended March 31, 2011

SCHEDULE – 16

I 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. Basis of Accounting:

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

2. Use of Estimates:

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

3. Principles of consolidation:

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

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

Subsidiaries

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

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

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

Notes forming part of the Consolidated Accounts for the year ended March 31, 2011

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

Sr. No.	Name of the Subsidiary Company	Country of Incorporation	% of holding as at March 31, 2011
1	Zicom Retail Products Private Limited	India	100 % (Cease to be subsidiary wef September 30, 2010)
2	Zicom Manufacturing Co. (HK) Limited	Hong Kong	76 % (Cease to be subsidiary wef March 30, 2011)
3	Zicom CNA Automation Ltd.	India	100% (From April 2010)
4	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)

4. Fixed 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 costs, comprising direct cost related incidental expenses and interest on borrowings there against.

5. Depreciation / Amortisation:

Tangibles:

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

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

In the following foreign subsidiaries, depreciation is provided on straight line method at rates which are higher than the rates given in Schedule XIV of the Companies Act, 1956:

Assets	Unisafe Fire Protection Specialists LLC, Dubai	Zicom Manufacturing Co. (HK) Ltd.
Furniture, Fixtures and Equipment	20%	20%
Heavy Equipment and Machineries	20%	N.A.
Motor Vehicles	33.33%	N.A.
Computer Equipment	N.A.	30%

Intangibles:

These are amortised over their useful life, not exceeding five years.

Goodwill on consolidation is written off in ten years.

Goodwill purchased is amortised over a period of ten years.

6. Investments:

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

Notes forming part of the Consolidated Accounts for the year ended March 31, 2011

7. Valuation of Inventories:

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

Work-in-Progress, finished goods and trading goods are valued at cost or realisable 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.

8. Revenue Recognition:

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

Contract Revenue is recognised by reference to the stage of completion of the contract activity at the balance sheet date as measured by the proportion of the contract cost incurred for the work performed to the estimated total contract cost. Variations in the contract work, claims and incentive payments are included to the extent they have been agreed with the customer.

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

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.

9. 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.
- iii. Provision for leave encashment has been accrued and provided for at the end of the financial year, on the basis of actuarial valuation.

10. 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.

11. Borrowing Costs:

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

12. Provisions for Contingencies:

A provision is recognised when:

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

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Notes forming part of the Consolidated Accounts for the year ended March 31, 2011

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.

13. Accounting of Lease:

Leases, where the lessor effectively retains substantially risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Lease income is recognised on accrual basis in accordance with the terms of lease agreement.

14. 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 or applicable foreign tax law in case of foreign subsidiaries.
- Deferred Tax Assets / Liabilities resulting from timing difference between book and tax profits is accounted for using the tax rates and laws that has been enacted as of the balance sheet date.
- Deferred Tax Assets arising on the temporary timing differences are recognized only if, there is reasonable certainty of realization.

II Notes forming part of the Accounts:

1. Contingent Liabilities not provided for in respect of

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
a. Letters of Credit by Bank	20,050,963	39,837,854
b. Guarantees issued by Bank (Gross)	182,657,518	272,353,513
c. Sales Tax Matters	965,470	823,601
d. Capital Contract	2,200,000	Nil
e. Claim Lodged by Customer not acknowledged as Debt	1,144,501	1,695,315
f. Warranty Claims	1,000,000	Nil

2. Discontinuing Operations:

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

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

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

Notes forming part of the Consolidated Accounts for the year ended March 31, 2011

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

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
Income	114,891,910	2,435,220,677
Expenditure	147,911,826	2,299,046,038
Profit Before Tax	(33,019,915)	136,174,639
Tax	Nil	44,914,725
Profit After Tax	(33,019,915)	91,259,914

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

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
Cash Generated from Activity:		
Operating	508,422,067	266,965,186
Investing	44,938,638	5,706,511
Financing	(893,953,750)	(54,769,114)
Net Cash Inflows / Out Flows	(340,593,045)	217,902,583

3. Earnings Per Share (EPS): Equity Shares of ₹ 10 fully paid up

(Amount in ₹)

	Particulars	March 31, 2011	March 31, 2010
A.	Net Profit for Basic Earning Per Share as per Profit & Loss Account	44,617,646	150,289,879
B.	Weighted Average No of Equity Shares		
	Basic	12,699,829	12,699,829
	Diluted	12,699,829	12,722,746
C.	Earning Per Share		
	Basic	35.01	11.83
	Diluted	35.01	11.81

4. Related Party Disclosure:

Information in accordance with the requirements of AS 18 - "Related Party Disclosures" issued by the Institute of Chartered Accountants of India:

A. Related Parties with whom transactions have taken place:

i. Key Management Personnel:

- Mr. Manohar Bidaye
- Mr. Pramoud Rao

ii. Companies in which company or its directors / relatives of director have substantial interest:

- Baronet Properties and Investments Private Limited
- Coronet Properties and Investments Private Limited
- Institute of Advanced Security Training & Management Private Limited

Notes forming part of the Consolidated Accounts for the year ended March 31, 2011

B. Transactions during the year with Related Parties mentioned above:

Key Management Personnel

(Amount in ₹)

Remuneration	March 31, 2011	March 31, 2010
Managing Director		
Salaries	5,409,000	5,019,000
Perquisites	15,000	15,000
Retirement Benefit	9,360	9,360
Total	5,433,360	5,043,360
Non-executive Directors (as per approval of Central Government)	3,626,340	3,626,340

Personal Guarantee given by one of director for unsecured loan taken by company.

Companies in which company or its directors / relatives of director have substantial interest.

Forfeitures of Warrant application money Nil (₹ 42,000,000)

Investment in Shares Nil (₹ 1,200,000)

Share Application Money Pending Allotment ₹ 21,900,000 (₹ 7,000,000)

Advance recoverable in cash or kind ₹ 566,243 (₹ 236,403)

C. Balances with Related Parties:

(Amount in ₹)

Particulars	Transaction Type	Unit	March 31, 2011	March 31, 2010
Key Management Personnel	Personal Guarantee	₹	Nil	386,301,321
	Advance Recoverable	₹	Nil	390,000
Companies in which company or its directors / relatives of directors have substantial interest	Advance recoverable in cash or kind	₹	566,243	236,403
	Share Application Money Pending Allotment	₹	21,900,000	7,000,000
	Pledge of Equity share for Loan taken by the company	Numbers	Nil	725,000

5. Lease:

Disclosure as required by AS 19 - "Lease" 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 Profit and Loss Account for the year and included under Rent and Compensation (Disclosed under Schedule 13).

Notes forming part of the Consolidated Accounts for the year ended March 31, 2011

Future minimum lease payments under non cancellable operating lease are as under:

(Amount in ₹)

Particulars	March 31, 2011	March 31, 2010
Not later than one year	14,918,710	21,166,126
Later than one year and not later than five years	15,330,125	877,500
Later than five years	Nil	Nil
Lease Payment made during the year recognised in the statement of profit and loss account	7,083,333	58,917,765

(Amount in ₹)

	Particulars	March 31, 2011	March 31, 2010
6.	Auditor's Remuneration		
	Audit fees	1,558,260	1,586,964
	Corporate Governance and Other Certification Matters	177,939	152,500
	Out of pocket expenses	Nil	695

7.	Balance with non schedule bank is as under	March 31, 2011	March 31, 2010
	Closing Balance		
	HSBC Bank PLC, London	140,344	151,462
	Union Bank of India, Hongkong	544,620	Nil
	Citibank N.A., Singapore	Nil	70,902
	Maximum Balance		
	HSBC Bank PLC, London	140,344	151,462
	Union Bank of India, Hongkong	544,620	Nil
	Citibank N.A., Singapore	Nil	70,902

8. Certain balances under the heads Sundry Debtors, Loans & Advances, Sundry Creditors are subject to confirmations from the respective parties and consequential reconciliation, if any.
9. Previous Year's figures have been regrouped and re-arranged, wherever necessary

For and on behalf of the Board of Directors

Manohar Bidaye
Chairman

Pramoud Rao
Managing Director

Mukul Desai
Director

Achyut Godbole
Director

Vijay Kalantri
Director

Hemendra Paliwal
Chief Financial Officer

Kunjan Trivedi
Company Secretary

Mumbai, May 19, 2011

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 Seventeenth Annual General Meeting of the Company to be held at M.I.G. Cricket Club, M.I.G. Colony, Bandra (East), Mumbai 400051, on Thursday, September 15, 2011, 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 Seventeenth Annual General Meeting of the Company to be held at M.I.G. Cricket Club, M.I.G. Colony, Bandra (East), Mumbai 400051, on Thursday, September 15, 2011, at 3.00 p.m., and at any adjournment thereof.

Signed this day of 2011.

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. Vijay Kalantri	Director
Mr. Achyut Godbole	Director
Mr. K. D. Hodavdekar	Director

Chief Financial Officer

Mr. Hemendra Paliwal

Company Secretary

Ms. Kunjan Trivedi

Statutory Auditors

Malpani & Associates

Chartered Accountants

Bankers

Union Bank of India

Bank of Baroda

IDBI Bank Ltd.

Registered Office

501, Silver Metropolis,

Western Express Highway,

Goregaon (East), Mumbai 400063.

Tel.: 91-22-4290 4290 Fax: 91-22-4290 4291

Email: corporate@zicom.com

Website: www.zicom.com

Registrar and Share Transfer Agent

Bigshare Services Private Limited

E-2, Ansa Industrial Estate,

Sakivihar Road, Saki Naka,

Andheri (East), Mumbai 400072.

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

Fax: (022) 2847 5207

Email: info@bigshareonline.com



Feel Safe

Zicom Electronic Security Systems Ltd.
www.zicom.com