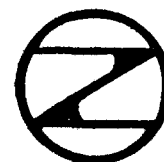


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MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		PNV	NA
TRA	✓		IC	✓
AGM	✓	✓	SH	✓
YE	✓	✓		✓

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ZICOM

ELECTRONIC SECURITY SYSTEMS LIMITED



ZICOM

ELECTRONIC SECURITY SYSTEMS LIMITED

BOARD OF DIRECTORS

(As on 2nd September 1998)

Shri Manohar Bidaye - Chairman

Shri Pramod V. Rao - Managing Director

Shri M. V. Rao - Executive Director

Shri Sateesh Sunke - Director

Shri Harish Nayak - Director

Shri Mukul Desai - Alternate to Shri Harish Nayak

AUDITORS

P. Raj & Co.

Chartered Accountants

BANKERS

Union Bank of India

REGISTERED OFFICE

45, Chimbai Road,
Behind St. Andrews Church,
Off Hill Road,
Bandra (West),
Mumbai - 400 050.

**REGISTRARS AND
SHARE TRANSFER AGENTS**

PCS Industries Limited,

Hyfa Building No.2,
Behind Johnson & Johnson,
Safed Pool,
Andheri (East),
Mumbai - 400 072.

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NOTICE

NOTICE is hereby given that the Fourth Annual General Meeting of the Members of **ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED** will be held on Wednesday, the 30th September, 1998 at 10.00 a.m. at Hotel Atithi, 77 A&B, Nehru Road, Vile Parle (East), Mumbai-400 099 to transact the following business :

AS ORDINARY BUSINESS

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date, together with the Reports of the Board of Directors and the Auditors thereon.
- 2) To appoint a Director in place of Shri Pramod V. Rao, who retires by rotation, and being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Shri Manohar Bidaye, who retires by rotation, and being eligible, offers himself for re-appointment.
- 4) To appoint Auditors to hold office from the conclusion of this meeting, until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

By Order of the Board

For **ZICOM ELECTRONIC SECURITY SYSTEMS LIMITED**

Place : Mumbai
Date : 2nd September, 1998.

(**MANOHAR BIDAYE**)
CHAIRMAN

Regd. Office :
45, Chimbai Road,
Behind St. Andrews Church,
Off Hill Road, Bandra (West),
Mumbai - 400 050.

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument appointing proxies in order to be effective, must be lodged at the Company's registered office not less than 48 hours before the time of the Meeting.
3. Members / Proxies should bring the Attendance Slip duly filled in for attending the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 22nd September, 1998 to Wednesday, the 30th September, 1998 (both days inclusive).

REQUEST TO THE MEMBERS

1. Members desiring any information on the Accounts at the Annual General Meeting are requested to write to the Company at least 7 (Seven) days in advance, so as to enable the Company to keep the information ready.
2. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report to the Meeting.
3. Members are requested to inform immediately any change in their address to the Company's Registrar and Share Transfer Agents, at their Office at PCS Industries Limited, Hyfa Building No.2, Near Johnson & Johnson, Andheri Kurla Road, Safed Pool, Andheri (East), Mumbai - 400 072.
4. Shareholders holding shares in identical order of name in more than one folio are requested to write to the Company's Registrar and Share Transfer Agents at address as above, enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.

**ZICOM****ELECTRONIC SECURITY SYSTEMS LIMITED****DIRECTORS' REPORT**

To

The Members,

Your Directors have pleasure in placing before you their 4th Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 1998.

1) FINANCIAL RESULTS :

Particulars	For the year ended 31/03/1998	For the year ended 31/03/1997
Net Sales/Income from operation	620.25	867.84
Other Income	3.80	3.11
Total Income	624.05	870.95
Total Expenditure	559.92	795.01
Gross Profit	64.13	75.94
Interest and Finance Charges	49.80	47.46
Gross Profit / (Loss) after Interest but Before Depreciation and Taxation	14.33	28.48
Depreciation	10.15	7.53
Provision for Taxation	0.54	2.71
Net Profit / (Loss) after Taxation	3.64	18.24

2) OPERATIONS :

During the year under review, the Company has achieved a total income of Rs.624.05 lakhs (Previous Year Rs.870.95 lakhs). The Profit before interest, depreciation and tax was Rs.64.13 lakhs (Previous Year Rs.75.94 lakhs) and the Net Profit after Tax was Rs.3.64 lakhs (Previous Year Rs.18.24 lakhs). The Gross Profit of the Company in terms of percentage to sales has increased compared to that of previous year, but the Net Profit has gone down mainly due to lower sale, higher interest cost and depreciation.

The year under review witnessed general depression on economic front in the country, resulting into sharp fall in the demand for various industrial and consumer goods. These created cascading effects in the economy, which adversely affected your Company also. Although your Company started the year with optimism with good order booked position, most of them could not be executed for want of capital/funds with the clients. These, coupled with closure of Telecommunication and Enterprise Net Working Divisions has adversely affected turnover and profitability of the Company during the year.

However, the efforts of your Company to concentrate on the core area of its operations, i.e. Electronic Security Systems has shown good results, which is evident by higher sales of the division at Rs.472.88 lakhs, compared to previous year's Rs.390.05 lakhs. This shows an increase of 21.24%. Further, the profitability of the Company increased by 10.19% mainly due to indigenisation of certain critical equipments.

3) PROSPECTS :

The economic slow down, depressed market conditions and currency crisis have now become a global phenomena and if this is not controlled soon, may result into severe economic crisis and slump in demand for all products worldwide.

Against this background, your company has been making unstilted efforts by aggressively marketing its products and creating its demand in various new sectors. Your Directors therefore express cautious optimism to end the current year with satisfactory results.

4) FINANCE :

The higher cost of finance has been one of the main factors putting pressure on the bottom line of the Company. Although, all efforts have been made to keep the finance cost at the minimum, it is difficult to control the same in view of delayed recovery from debtors.

5) FIXED DEPOSITS :

The Company has not accepted any deposits from the Public during the year.

6) DIRECTORS :

Pursuant to the provisions of the Companies Act, 1956 and Article 110 of the Articles of Association, Shri Pramod V. Rao and Shri Manohar Bidaye will be liable to retire by rotation at the ensuing Annual General Meeting. However being eligible, they have offered themselves for re-appointment. Your Directors recommend their re-appointments for your approval.

7) AUDITORS :

M/s. P. Raj & Co., Chartered Accounts, hold their office upto the conclusion of the 4th Annual General Meeting. The company has received an eligibility certificate from them as prescribed under Section 224(1)(B) of the Companies Act, 1956. Your Directors recommend their re-appointment for your approval.

8) STATUTORY INFORMATION :**(A) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :**

The operations of the Company do not involve much use of energy. However, the Company makes every possible efforts to conserve energy at all levels of operations.

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The Company has not imported any technology during the year. The company has not earned any foreign exchange during the year. However, it has spent Rs.93,89,325 (Previous year Rs.57,13,534) in foreign currency during the year under review.

(B) PARTICULARS OF EMPLOYEES

The particulars required to be given under Section 217(2A) of the Companies Act, 1956 is given herewith as an Annexure, and forms part of this report.

(C) COMPARISON OF PROJECTIONS V/S PERFORMANCE UNDER THE LISTING AGREEMENTS :

As required under Clause 43 of the Listing Agreement, the comparison of projections given in the prospectus of the Company dated 27th October, 1995 issued at the time of public issue, with actual performance are given here below:

Particulars	For the year ending 31/3/1998	
	Actual	Projection
	(Rupees in lakhs)	
Sales & Services 624.05	1317.30	
Profit Before Tax 4.18	597.85	
Profit After Tax	3.64	337.00
Earning Per Share (Rs.)	0.06	5.84

The Sale and Profitability of the Company could not meet the projection given in the prospectus on account of longer time taken for acceptance of the concept of Electronic Security Systems in India and the general depressed economic situation as already discussed under the heading "Operations" in this Report.

9) HUMAN RESOURCES :

The relationship of your Company with its employees remained cordial throughout the year. The Company is paying full attention in the development of Human Resources at all levels by group discussions, job related training etc. The Company appreciates the value of maintaining high moral among its employees and has always endeavored to keep it at highest level.

10) INSURANCE :

All the assets of the Company are adequately insured.

11) CORPORATE DEVELOPMENTS :

Your Directors are pleased to inform the members that in accordance with the Special Resolution passed by the members at the Annual General Meeting held on 29th September, 1997, the name of the Company was changed to Zicom Electronic Security Systems Limited and a fresh Certificate of Incorporation to that effect has been issued by the Registrar of Companies, Maharashtra.

Further, effective from 1st July, 1998, your Company has moved its Registered Office to its newly constructed building "Zicom House", where its state-of-the-art Central Monitoring Station is also located. The said Central Monitoring Station is working round the clock for providing services to valued customers of the Company.

The above developments will substantially help to improve the corporate image of your Company and better coordination of all its activities from one location.

12) ACKNOWLEDGEMENT :

Your Directors would like to place on record their sincere thanks to the Company's Bankers viz. Union Bank of India, for their valuable assistance and support. Your Directors also place on record their sincere appreciation for the valuable services rendered by the Employees of the Company at all levels. Your Directors thanks to the Shareholders of the Company for their continued support and co-operation.

For and on behalf of the Board

Place : Mumbai,
Date : 2nd September, 1998

(MANOHAR BIDAYE)
CHAIRMAN

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217 (2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Report of Directors for the year ended 31st March, 1998.

Name	Age	Designation	Nature of duties	Gross Remuneration (Rs.)	Qualification	Date of Joining	Particulars previous employment	Experience
Shri Pramod V. Rao	40 Years	Managing Director	Marketing & Operations	3,23,626/-	B.Sc.	01/03/95	Chaitra Telenet Pvt. Ltd. a Director for 4 years	18 Years

NOTES :

- 1) The employments of Managing Director is of contractual nature.
- 2) 'Gross' Remuneration includes salary, reimbursement of medical expenses, leave travel concession, Company's contribution to Provident Funds and other monetary benefits.
- 3) Shri Pramod V. Rao is son of Shri M. V. Rao, the Executive Director of the Company.