

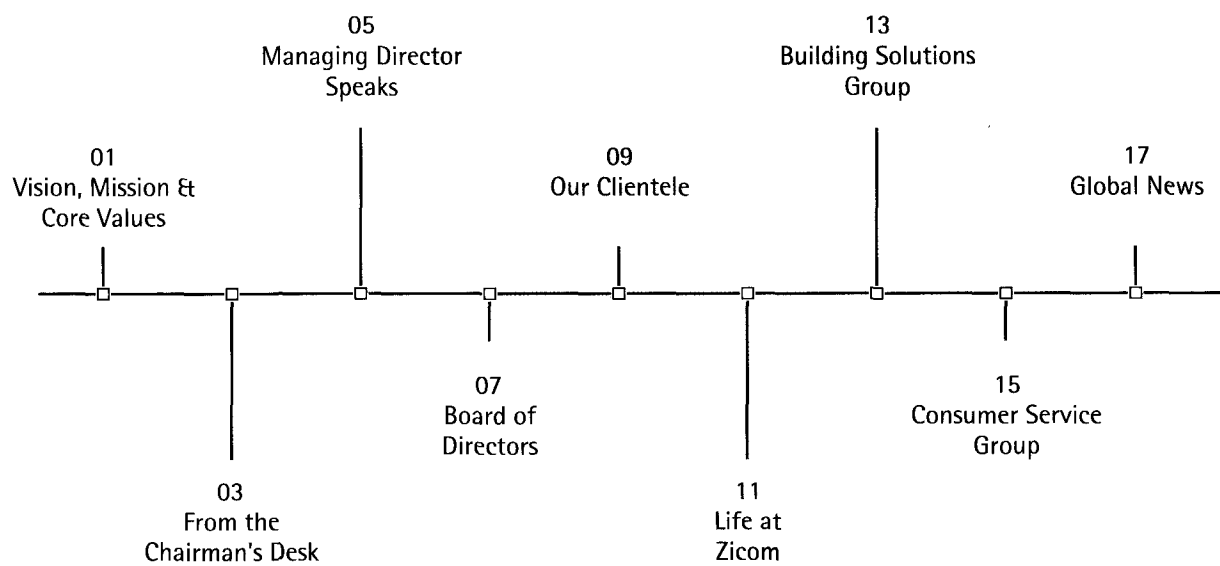


Feel Safe

...because everyone has something to protect



Zicom Electronic Security Systems Ltd.
Annual Report 2006-2007

Report  junction.com

C O N T E N T



19	21	37	53	57	59	65	76
Financial Performance for Last Five Years	Notice	Management Discussion & Analysis	Auditors' Certificate	Balance Sheet	Cash Flow	Notes to Accounts	Our Reach
		29	40	54	58	60	74
		Directors' Report	Corporate Governance Report	Auditors' Report	Profit & Loss Account	Schedules forming part of Annual Accounts	Balance Sheet Abstract

Vision, Mission &
Core Values



Vision Statement

"To be the Company you trust the most
To protect what you value the most"

Mission Statement

Zicom is committed to provide safety to customer 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.

Core Values

- ☐ Stay tuned to the Customer at all times
- ☐ Keep raising the bar on Performance
- ☐ Work with Transparency, Integrity and Accountability



From the Chairman's Desk

Today, I am proud to say that over the last twelve years, we have built a robust business model in the domain of electronic security with a huge business potential

Dear Shareholders,

I write to you with a sense of pride, as I present to you the annual accounts of your Company for the year ended March 31, 2007. The fiscal year 2006-2007 has been exciting and a challenging year for the Company. We have crossed Rs.150 crores milestone and achieved a turnover of Rs. 154.58 crores, with 106% growth over previous year, which is a break through performance in the history of the Company.

Today, I am proud to say that over the last twelve years, we have built a robust business model in the domain of electronic security with a huge business potential backed by the large distribution network of Zicom Security Partners (ZSP's) across the country.

Our vision "To be the Company you trust the most to protect what you value the most" is consistently driving us to build the trust of the customers by offering the most innovative and cost effective solutions backed by excellent service.

The Indian economy is moving at a good speed. The three engines of growth namely infrastructure, consumption and outsourcing are firing at a rapid speed of above 9% p.a. The requirement of investment in infrastructure alone is close to USD 50 billion per year for next five years. With these exponentially rising trajectories in most sectors, the Indian economy is expected to double itself in close to nine years. This huge investment in infrastructure is certainly going to accelerate the growth of the security industry in India, which is presently estimated to be around Rs. 800 crores. The Government, individuals and particularly commercial and institutional organizations are now increasingly focusing on their security arrangements in a more proactive rather than reactive manner.

During the year Consumer Service Group launched its products for the home and retail segment. This is just the beginning of a new era in the security industry where your company has taken an initiative in offering security solutions for millions of homes and retail shops across the country by creating a new business model in retailing of security products in India. More than 18 shops were opened on a company owned and dealer operated (CODO) basis. I am happy to share the fact, that the response of the consumers is encouraging enough to plan for more than 300 outlets in the current financial year. To increase its pace in this direction, the company has tied up with the Future Group and other big retailers to set up Zicom Shops in large retail formats on a Shop-in-Shop basis. Our flagship business of providing security solutions to the government, commercials and industrial establishments continues to perform well, as can be seen by the growth in the top line of your company.

I would also like to share with you the two most important accomplishments of Zicom. The first being the acquisition of 49% stake in Unisafe Fire Protection Specialists LLC, Dubai in UAE. With this acquisition we are aiming to participate in the infrastructure growth in the Middle East market. The second one being setting up a subsidiary in Hong Kong for taking up manufacturing activities in China and to promote international sale of Zicom branded products. This is the beginning of our vision to make Zicom a Global Company.

On the financial front, we are planning huge investments in direct marketing to take our security distribution network to over 100 cities in the country. We have obtained your consent for USD 35 million FCCB issue for funding our plans for both organic and inorganic growth. The best performer never stays still. For us, survival and growth depends upon efficiency, agility, ability to grasp new opportunities and implementing them effectively.

On behalf of the Board of Directors of Zicom Electronic Security Systems Limited, I specially take this opportunity to express our sincere gratitude to you, our shareholders, for the loyalty and the confidence you have reposed in us year after year.

Feel Safe,

Manohar Bidaye
Chairman



Managing Director Speaks

Since inception, we have driven the markets with innovation, technology and creating superior customers experiences. It's all thanks to our people, our stakeholders and our investors. We salute them.

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Dear Stakeholders,

With the global security markets changing rapidly, it is a no-brainer that the rub-off will be on India too. It's now over 12 years in this business and the manner in which the security industry is shaping up simply amazes me, we feel like a Rip Van Winkle. The game is still the same, but the rules of the game are getting redefined every single day.

Today, it's no longer restricted to product superiority or price competitiveness; it is also about brand image. With all its personality and flair, brand consciousness is seen across all market verticals / segments. In 2006-07, we unleashed two campaigns, first one targeted towards brand building and the more recent one, to create product awareness and value proposition. Our simple approach was to educate customers and we are ecstatic with the commercial success of our campaign. It simply rocked.

We propose to start our manufacturing activity by setting up a subsidiary called "Zicom Manufacturing (HK) Ltd". We plan to manufacture Access Control Systems, CCTV Surveillance Systems, Intruder Alarm Systems, Video Door Phones and Fire Alarm Systems. We will become more competitive in our quality, product offering as well as to fulfill our long term dream that we set of to achieve in 1995 of bringing our own manufactured products in the market place. We will now have complete control on production, quality and of course, the pricing.

Today, business is no longer restricted to home boundaries. So we have expanded our vision and network and acquired 49 % stake in Unisafe, Dubai. This company specializes in the business of fire protection. Unisafe is a big name in the business of fire protection having a very impressive list of customers like the Dubai Airport, Emirates Towers, Wafi City, Palm Jumeira Residency, Oberoi Hotels, to name a few. We are targeting business exceeding 60 Million Dirhams, this year from fire protection and will soon launch our core business of Electronic Security Solutions to cover the Middle East markets which are passing through boom times.

Nothing better to explain our growth than the fact that we have employees from 7 different nationalities in the Zicom family today. We are spreading our wings to other parts of the world making ourselves truly global; and what makes this more special is the fact that our own Zi-champs are now moving to other countries and taking charge of operations.

Today the tech quotients of Indians are rising. The Internet Generation, Gen Y, Nexters and the Millennia's are all grasping technology like never before. Sensing this, most of our future products are designed to work on IP, 3G, Wi-Fi, WiMax networks since security is slowly percolating as part and parcel of our everyday life.

Business is all about people, people and people. Mahatma Gandhi once said, "Organized Mind Power is greater than Military Power". Since inception, we have driven the markets with innovation, technology and creating superior customers experiences. It's all thanks to our people, our stakeholders and our investors. We salute them...

Feel Safe,

Pramoud Rao
Managing Director



Board of Directors

Zicom's Board of Directors comprises of prominent personalities from diverse industries. They bring with them extensive knowledge imbibed over decades of experience as industry captains. They infuse great energy and knowledge which adds impetus to our superlative growth.