



Moving to SaaS

Forward-looking statement

In this annual report we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the 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 realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind.

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

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“ The older order changeth,
yielding place to new ”
– Alfred, Lord Tennyson



Change is the only constant.

At Zicom Electronic Security Systems, we have transformed our business model with a singular objective: to grow our presence in futuristic business spaces.

In line with this, we divested project-centric businesses that could have turned unviable and graduated to a futuristic service driven business – Security as a Service (SaaS).

To make our growth robust and sustainable.

Zicom.

A change-leader in security.

Parentage

- Commenced operations in 1994
- Promoted and headed by Mr. Manohar Bidaye, Chairman and Mr. Pramoud Rao, Managing Director
- Promoter group held 18.36% stake in the Company as on March 31, 2010

Products and Services

- Offers a range of products comprising CCTV surveillance systems, Digital Video Recorders inclusive of Remote Video Surveillance, Fire Alarm, Fire Prevention and fire extinguishing products, Access Control Systems like Biometric and Proximity Readers, Finger Print Locks,

Video Door Phones and Home Alarm Systems including value-added services like i-Alert, CMS and VMS, among others

Clientele

- Caters to the diverse and demanding needs of private and public sectors
- Clients belong to diverse sectors like banking, telecom, entertainment, finance, media, BPO, religious places, industry, retail, aviation and international projects, among others

Presence

- Headquartered in Mumbai, India
- Fire systems business based out of Dubai

- Expansive footprint across more than 70 cities and towns across India; products exported across nations

- Shares traded on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited

Positioning

- First Indian listed company in the electronic security solutions domain
- Pioneered the concept of electronic security in India
- Pioneered the concept of Central Monitoring Station in India

- First electronic security systems company to customize solutions around specific industry needs
- Introduced India's first indigenously manufactured access controller with software capabilities
- First company in India to introduce

wireless security systems

- First company in India to introduce a service subscription scheme
 - Pioneered the Electronic Security Shoppe concept where the customer can touch and test security devices before owning them
-

Vision

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

Mission

- To provide safety to customers by developing and offering new technologies, innovative products and services
- To foster channel partners by providing profitable avenues of growth
- To maximize shareholders' wealth
- To adhere to fair practices in dealing with its employees and business partners

Core values

- To stay tuned to the customer 24x7
- To uplift the performance standards continuously
- To work with transparency, integrity and accountability

► Promoter's holding

18.36%

March 31, 2010

► Team size

240 members

March 31, 2010

► Revenue

Rs. 2,448 million

2009-10

► Profit After Tax

Rs. 61 million

2009-10

► Market capitalisation

Rs. 1,223 million

March 31, 2010

2009-10 in retrospect

In numbers

► Sales grew 41% from Rs. 3,756 million in 2008-09 to Rs. 5,280 million

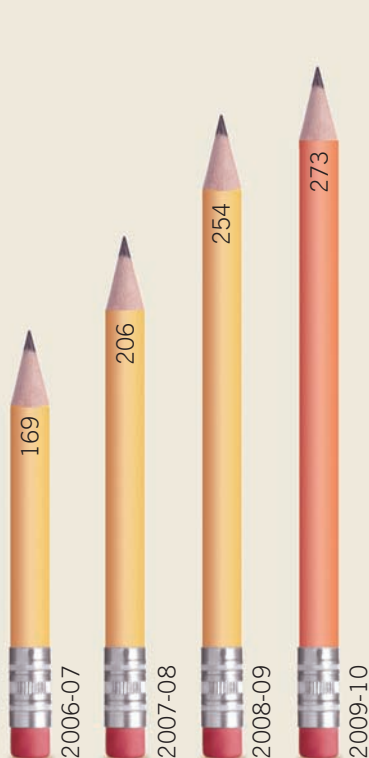
► EBIDTA grew 6% from Rs. 512 million in 2008-09 to Rs. 545 million

► Profit After Tax reduced from Rs. 196 million in 2008-09 to Rs. 150 million

There is profit in security.



Net Sales (Rs. million)



EBIDTA (Rs. million)



Profit After Tax (Rs. million)

In the facility

Commissioned a new unit in Parwanoo (Himachal Pradesh) to produce and assemble state-of-the-art equipment (installed capacity 21,000 units a year)

In the Board room

Sold two businesses – Building Solutions Group (BSG) and Special Products Group (SPG) and Business of Zicom CNA – to Schneider Electric, a France-based electronic company, for Rs. 2,250 million.





Starting **afresh**

“ This is the start of a new and exciting beginning. We have done it once. We are sure of doing it again. ”

– Manohar Bidaye, *Chairman*



Q | A

What was the Business Transfer Agreement all about?

Zicom Electronic Security Systems Ltd signed a Business Transfer Agreement (BTA) with Schneider Electric India Private Ltd for the transfer, sale or disposal of its Electronic Security Systems Business comprising of its two groups viz. Building Solutions Group (BSG) and Special Projects Group (SPG) – as a going concern, team and order book – for a consideration of Rs. 2,250 million, subject to adjustments on escrow and other accounts mutually agreed between the Company and Schneider.

Building Solutions Group: This flagship division was responsible for enhancing the Zicom brand's visibility in the business of electronic security systems and consequent industry leadership.

Special Projects Group: This division provides large, comprehensive security solutions to the government and public sector units against terrorism and anti-social elements on the one hand and restrictive access to government property and premises on the other. This Group has executed some of the most prestigious city surveillance projects of this country.

Both groups together contributed 46% to the Group turnover and 51% to the profits for the financial year 2009-10.

Team: Of the total team of 265 members, 231 operating in the two business divisions together with 139 indirect associates, were moved to the acquirer.

Q A Why was this business transfer necessary?

- For unlocking part of the value built over the past 16 years

- For protecting our viability

- For strengthening our prospective profitability

- For entering into emerging businesses

Q A What radical change in the business dynamics made this divestment advisable?

Electronic security systems are no longer simple and standalone; they represent a complex complement of a number of competencies. These systems are warranting holistic, integrated and intelligent Building Management Solutions (iBMS) covering automation, fire and security management. Not surprisingly, following the sophistication of these

systems, an increasing number of projects are being bagged by companies with strong technical and iBMS capabilities. Besides, the evolving nature of the solutions is encouraging a number of global players in intelligent building management, security solutions and IT solutions to enter this business. As a result, the security market, as we

know it, is expected to be replaced by a completely new segment of players and capabilities, requiring completely different resources. In view of this, it made better sense to exit the business than strain our balance sheet in trying to achieve international skills and scale.

Q A Why did the Company exit the Special Project Group segment?

We exited this business on account of two reasons – projects and profitability. Most of the projects in this segment are capital-intensive and time-intensive, requiring a large outlay of working capital on the one hand and a higher degree of competence on the other. The second point is

important: this business has evolved from traditional surveillance to networked video systems and analytics. As a result, our experience is that a number of these projects consume high debt and drain profitability. There is another downside: a number of these projects,

even though awarded, do not see the light of day. For instance, following the 26/11 attack on Mumbai, although the government announced the setting up of 5,000 surveillance cameras across Mumbai, and still the project is to see moment in this regard.