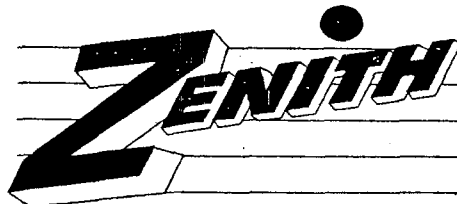


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VE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>

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**COMPUTERS LTD.**

***17th Annual Report***

***1 9 9 6 - 9 7***



**DIRECTORS**

R.K. Saraf  
(Chairman & Managing Director)  
H.P. Ranina  
B.H. Antia  
B.K. Tibrewala  
S.V. Haribhakti  
Vijayrani Saraf

**BANKERS**

Indian Bank  
State Bank of India  
Oriental Bank of Commerce  
Federal Bank Ltd.  
Union Bank of India  
Canara Bank

**AUDITORS**

C.L. Khanna & Co., Mumbai

**SOLICITORS**

Mulla & Mulla & Craige  
Blunt & Caroe, Mumbai

**REGISTRARS &  
TRANSFER AGENTS**

MCS Limited,  
27, MIDC Central Road,  
Andheri (East),  
Mumbai 400 093.

**REGISTERED &  
CORPORATE OFFICE**

29, MIDC Central Road,  
Andheri (East),  
Mumbai 400 093.

**PLANTS**

Shed No. SA 9,  
Sancoale Industrial Estate,  
P.O. Zuari Nagar,  
Goa 403 726.  
  
5, 6, 7, 8 & 52 SDF Bldg. 1,  
MIDC Electronics Zone,  
Trans Thane Creek Industrial Area,  
Mahape, Vashi, Navi Mumbai.

**ANNUAL REPORT 1996-97**

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**NOTICE**

NOTICE is hereby given that the SEVENTEENTH ANNUAL GENERAL MEETING of ZENITH COMPUTERS LIMITED will be held on Wednesday, 26th November, 1997 at 11.00 a.m. at "The Art Plaza", The Fine Arts Society Auditorium Complex, 16 & 21, R.C. Marg, Near Flyover, Chembur, Mumbai 400 071, to transact the following business:

1. To receive and adopt the Directors' Report and audited Profit and Loss Account of the Company for the year ended March 31, 1997 and the audited Balance Sheet as at that date.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. H.P. Ranina who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. B.K. Tibrewala who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.
6. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution:

"RESOLVED that subject to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, the approval of the Company be and is hereby accorded to the appointment of Mr. R.K. Saraf as Managing Director of the Company for a period of five years with effect from October 31, 1997 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into between the Company and Mr. R.K. Saraf, a copy whereof initialled by the Chairman for the purpose of identification is placed before this meeting, with liberty to the Board of Directors to alter and vary such terms and conditions, including remuneration within, however, the maximum limits prescribed under Schedule XIII to the Companies Act, 1956".

By order of the Board of Directors

**RAJKUMAR SARAF**  
Chairman & Managing Director

**Registered Office:**

29, MIDC Central Road,  
Andheri (East),  
Mumbai 400 093.

Place : Mumbai

Dated : September 30, 1997



1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Explanatory Statement in respect of the special business at item No. 6, pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books will remain closed from Thursday, the 13th November, 1997 to Saturday, the 22nd November 1997 (both days inclusive).
4. The dividend on Equity Shares as recommended by the Board of Directors, if declared, will be paid on or after 26th November, 1997 to those shareholders whose names are on the Company's Register of Members on the 22nd November, 1997.
5. All matters in connection with the Shares/Debentures of the Company may be addressed to our Transfer Agents.
6. Members while corresponding with the Company/Transfer Agents are requested to quote their respective folio no. and also notify the change of address if any, to the Company's transfer agents.
7. Shareholders desiring any information as regards the accounts are requested to write to the Company at least 10 days before the Annual General Meeting to enable the management to keep the information ready.
8. The Company has already transferred unclaimed dividend upto the financial year ended 31st March, 1993 to the General Revenue Account of the Central Government pursuant to Section 205A of the Companies Act, 1956. Claims to money so transferred may be addressed to the Registrar of Companies, Maharashtra, Mumbai. Dividend for financial year ended 31st March, 1994 is due to be transferred to the General Revenues Account of the Central Government on or around 30th November, 1997. Members who have not collected the dividend for the said financial year may approach the Company's Registrars, MCS Ltd., 27, MIDC, Central Road, Andheri (East), Mumbai 400 093 and obtain duplicate dividend warrants.

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**ANNUAL REPORT 1996-97****EXPLANATORY STATEMENT**

The following explanatory statement sets out all material facts pursuant Sec. 173 of the Companies Act, 1956 in respect of the business under item No. 6:

Mr. R.K. Saraf is the Managing Director of the Company and has been outstanding in qualification, experience and accomplishments in the computer industry. Mr. Saraf has substantial global exposure and is a well known personality in the computer industry in the country. His overall business acumen and experience will be vital as the Company will move forward in its mission to become "The Company of First Choice" in the computer industry. The Board of Directors of the Company have appointed him as a Managing Director for a further period of 5 years with effect from 31.10.1997 subject to the approval of shareholders of the Company. The Board has no hesitation in commending his appointment.

Material terms of the agreement:

1. Salary of Rs. 60,000/- p.m.
2. House Rent Allowance of Rs. 27,000/- p.m.
3. Commission of 1% of net profits computed in the manner set out in Sections 198, 269, 309, 349 and 350 of the Companies Act, 1956.
4. Provident Fund @10% of the Salary.
5. Superannuation Fund Contribution @15% of the Salary.
6. Gratuity — One half month's salary for every completed year of service.
7. Encashment of the Leave at the end of tenure.
8. If in any year the company does not have adequate profits or has no profits, the remuneration above except commission would be the minimum remuneration payable to Managing Director, Mr. R.K. Saraf, as per the provisions of Section II of Part II of Schedule XIII to the Act, i.e. to say the remuneration by way of salary, perquisites and other allowances not exceeding Rs. 10.50 lakhs per annum or Rs. 87,500/- per annum would be payable as remuneration to Mr. Saraf as your company has an effective capital of more than Rs. 15 crores.

None of the Directors except Mr. R.K. Saraf and Mrs. Vijayrani Saraf as a relative of Mr. R.K. Saraf is concerned or interested in this resolution.

The above may also be treated as an abstract of the terms and conditions of the appointment of Mr. R.K. Saraf as the Managing Director of Company, pursuant to Section 302 of the Companies Act, 1956.

By order of the Board of Directors

**RAJKUMAR SARAF**  
Chairman & Managing Director

**Registered Office:**

29, MIDC Central Road,  
Andheri (East),  
Mumbai 400 093.

Place : Mumbai

Dated : September 30, 1997



## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting their Seventeenth Annual Report and Audited Accounts for the year ended March 31, 1997.

### FINANCIAL HIGHLIGHTS & APPROPRIATIONS

	1996-97 (Rs. in 000's)	1995-96 (Rs. in 000's)
Profit before depreciation & taxes	24108	43998
Less: Depreciation	3874	6173
Profit before taxes	20234	37825
Less: Provision for taxes	1400	2300
Profit after taxes	18834	35525
Add: Balance b/f from previous year	8342	6746
Balance which the Directors have appropriated as under:	27176	42271
Provision for taxation in respect of earlier years	1564	2463
Short Provision for Dividend for earlier years	82	178
Proposed Dividend	9289	9288
Tax on Proposed Dividend	929	-
General Reserve	13000	22000
Balance carried forward	2312	8342

### COMPANY'S ACTIVITIES

In line with industry trends, after two years of rapid growth, fiscal year 1997 was a year of consolidation. The general economic slow down witnessed over the past year has affected the demand for information Technology (I.T.) goods and services. Additionally, political uncertainty has led to deferment of significant business, particularly in the telecom sector.

The past year has also witnessed aggressive pricing by some of the Company's competitors towards increasing their market share. Reduction of import duties and falling prices of components have led to lower unit sales realisations for the Company's products.

During the year, the Profit before depreciation and taxes registered a decrease of Rs. 1.99 crores (45%) and Profit after taxes is lower at Rs. 1.67 crores (46.98%) after provision both for depreciation and taxes.

### DIVIDEND

The Directors recommend payment of dividend @12% (Rs. 1.20 per share).

### RIGHTS ISSUE

The Company's Rights Issue of 77,40,420 equity shares of Rs. 10/- each for cash at a premium of Re. 1/- per share was oversubscribed by about 1.33% and the allotment of shares to the applicants was made on 30th September, 1997. These shares would also be listed at Mumbai, Delhi, Ahmedabad and Pune Stock Exchanges. The Directors thank the shareholders of the Company for the overwhelming response to the Rights Issue.

### PROSPECTS

The sluggish trends in the Indian economy witnessed in the previous year are still continuing. Expectations are that the demand for I.T. products and services will increase in the second half of the fiscal year.

## ANNUAL REPORT 1996-97

The Company is well poised to take advantage of any upturn in the economy. The Company continues to roll out best in class products and solution sets. The Company has an established network of sales and service offices spread across the country. It, therefore, has more reach than many of its competitors.

However, the outlook for the industry in the current Fiscal Year will depend to some extent, on external factors such as political stability, telecom and infrastructure projects remaining on track and the monetary policies of the Government.

Despite acute recessionary demand supply position, the Company has been able to maintain its profitability.

### DIRECTORS

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 1956, Mr. H.P. Ranina and Mr. B.K. Tibrewala will retire by rotation and being eligible offer themselves for re-appointment.

### AUDITORS

Messers C.L. Khanna & Co., Chartered Accountants, retiring auditors of the Company have given their consent for re-appointment and to act as auditors on such re-appointment.

### EMPLOYEE RELATIONS

The Company continues to maintain harmonious industrial relations with its employees.

### PERSONNEL

The Directors express their appreciation of the excellent efforts put in by the employees of the Company and commend their contribution to the all round progress achieved by the Company during the year.

A statement containing particulars of employees who were in receipt of remuneration of not less than Rs. 3 lacs during the year ended 31st March, 1997 or Rs. 25,000/- or more per month during part of the said year as required under Section 217(2A) of the Companies Act, 1956 and forming part of this report is attached.

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information regarding Conservation of energy, Technology, Absorption and Foreign Exchange Earnings and Outgo required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure.

### ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation of the support received from the Company's bankers, Financial Institutions, Customers and Shareholders and look forward to their continued support.

For & On behalf of the Board of Directors

**RAJKUMAR SARAF**  
Chairman & Managing Director

### Registered Office:

29, MIDC Central Road,  
Andheri (East),  
Mumbai 400 093.

Place : Mumbai

Dated : September 30, 1997