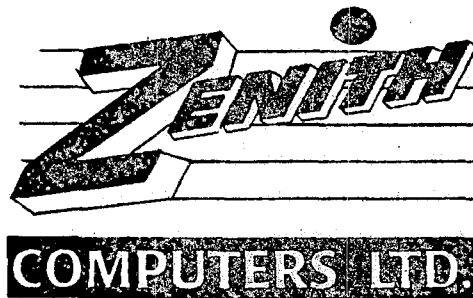


MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIY	✓
TRA	✓	✓	AC	✓
AGM	✓	✓	SM	✓
YE	✓	✓		

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18th Annual Report

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**COMPUTERS LIMITED****DIRECTORS**

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

**VICE-PRESIDENT (FINANCE) &
COMPANY SECRETARY**

K. Vaidyanathan

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.,
Chartered Accountants, 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 31/39,
Sancoale Industrial Estate,
P.O. Zuari Nagar,
Goa 403 726.

A-71, TTC, MIDC,
Thane Belapur Road,
Khairne,
Navi Mumbai - 400705.

ANNUAL REPORT 1997-98

NOTICE

Notice is hereby given that the EIGHTEENTH ANNUAL GENERAL MEETING of ZENITH COMPUTERS LIMITED will be held at 3.30 p.m. on Wednesday the 30th December, 1998 at Banquet Hall, Bageecha Banquet Centre & Lawns, Bageecha Complex, Marve Road, Malad (West), Mumbai - 400 095 to transact the following business:

A. ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and the audited Profit and Loss Account of the Company for the year ended on March 31, 1998 and the audited Balance Sheet as at that date.
2. To declare a Dividend.
3. To appoint a Director in place of Mrs. Vijayarani Saraf, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. S. V. Haribhakti, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

B. SPECIAL BUSINESS:

To consider and, if thought fit, to pass, with or without modification, the following resolutions:

6. AMENDMENT OF THE MEMORANDUM OF ASSOCIATION

As a Special Resolution

"RESOLVED THAT pursuant to the provisions of Sections 16, 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be increased from Rs. 16 Crores to Rs. 50 Crores by the creation of 34 Lakh new shares of Rs. 10/- each with authority to the Board of Directors to classify the unissued shares into several classes as permitted by law (including Equity shares with or without voting rights) and consequently the existing Clause V of the Memorandum of Association of the Company be substituted by the following:-

- V. The Authorised Share Capital of the Company is Rs. 50,00,00,000/- (Rupees Fifty Crores) divided into 1,60,00,000 Equity Shares of Rs.

10/- each (including non voting equity shares, if permitted under the law) and 3,40,00,000 unclassified Shares of Rs. 10/- each with power to increase or reduce the capital of the Company in accordance with the relevant provisions of the Articles of Association of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the provisions of the Act, and the regulations of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the Company".

7. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

As a Special Resolution

"RESOLVED THAT pursuant to Section 31 and all other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be altered in the following manner:-

- i) Substitute the following new Article as Article 4 for the existing Article 4:

- 4 The Authorised Share Capital of the Company shall be as specified in Clause V of the Memorandum of Association of the Company from time to time, with power to increase or reduce the capital of the Company in accordance with the relevant provisions of the Articles of Association of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the provisions of the Act, and the regulations of the Company and to vary, modify or abrogate any such rights, privileges or

**COMPUTERS LIMITED**

conditions in such manner as may for the time being be provided by the regulations of the Company."

- ii) Insert the following new Article as Article 12A after Article 12:

'Buy Back of Shares'

12A. 'Notwithstanding anything contained in these Articles, the company may purchase its own shares or securities and the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions, and subject to such approvals, as may be permitted by the law.'

- iii) Insert the following new Article as Article 16A after Article 16:

'Issue of Shares without voting rights'

16A. In the event it is permitted by law to issue shares without voting rights attached to them, the Directors may issue such shares upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by the law.'

- iv) Insert the following new Article as Article 85A after Article 85:

Dematerialisation of Securities

85A

Definitions

(1) For the purpose of this Article:

'Beneficial Owner' means a person or persons whose name is recorded as such with a depository.

'SEBI' means the Securities & Exchange Board of India;

'Depository' means a company formed and registered under the Companies Act, 1956,

and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992; and

'Security' means such security as may be specified by SEBI from time to time.

Dematerialisation of Securities

- 2) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its securities and to offer securities in a dematerialised form pursuant to the Depositories Act, 1996.

Options for Investors

- 3) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by the law, in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in Depositories to be in fungible form

- 4) All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C, 372 and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owner.

ANNUAL REPORT 1997-98**Rights of Depositories and Beneficial Owners**

- 5) (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of Documents

- 6) Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

Transfer of Securities

- 7) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of securities dealt with a Depository

- 8) Notwithstanding anything in the Act or these Articles, where securities are dealt with by a depository, the Company shall intimate the details

thereof to the depository immediately on allotment of such securities.

Distinctive numbers of Securities held in a Depository

- 9) Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

Register and Index of Beneficial Owners

- 10) The Register and Index of beneficial owners maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and index of Members and Security holders for the purposes of these Articles.

8. BUY-BACK OF SHARES/SECURITIES**As a Special Resolution**

"RESOLVED THAT subject to all applicable provisions or re-enactments thereof and the Companies (Amendment) Ordinance, 1998 and subject to approvals, permissions, and sanctions, as may be agreed to by the Board and subject to the regulations framed by the Securities and Exchange Board of India and such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board, the consent of the Company be and is hereby accorded to the Board, to purchase its own shares on buy back basis, such percentage of the total paid up capital and free reserves of the Company as may be thought fit, from the holders of the Equity Shares or other Securities of the Company in such proportion and manner as may be permitted by the law, from such funds of the Company as are permitted to be used for this purpose or out of the proceeds of any issue made by the Company, on such terms and subject to such conditions as may be prescribed by the law.



RESOLVED FURTHER that for the purpose of giving effect to this Resolution, the Board be and is hereby authorised to do all such acts and things and give such directions as may be necessary or desirable and to settle all questions or difficulties whatsoever that may arise with regard to the said purchase of Equity Shares or other Securities.

RESOLVED FURTHER that the Board be and is hereby authorised to appoint merchant bankers for this purpose and to determine the price at which the Equity Shares or other Securities of the Company would be bought back in accordance with the Rules/Regulations framed by Securities and Exchange Board of India.

RESOLVED FURTHER that nothing herein above contained shall confer any right on any shareholder to offer or any obligation on the Company or the Board to buy back any Equity Shares or Securities."

9. EMPLOYEES' STOCK OPTION SCHEME

As a Special Resolution

"RESOLVED that in accordance with Section 81 and all applicable provisions, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof) and the Companies (Amendment) Ordinance, 1998 and/or any other Ordinance that may be promulgated in respect thereof and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to or accepted by the Board in its sole discretion, the consent of the Company be and is hereby accorded to the Board to create, offer, issue or allot, in one or more tranches, to such persons as are in the permanent employment of the Company at the time the issue is made and to the Managing Director of the Company, as may be decided solely by the Board such number of Equity Shares of the Company of the face value of Rs. 10/- each, not exceeding such percentage, as permitted by law, of the Subscribed Equity Shares of the Company at that time, as the

Board may deem fit, for subscription for cash or allocated as an option to subscribe, or allotted as 'Sweat Equity' (which term shall mean and include Equity Shares allotted either on discount or for consideration other than cash for providing know-how, making available intellectual rights or value addition) on such terms and at such price as may be fixed and determined by the Board prior to the issue and offer thereof in accordance with the applicable guidelines and provisions of law and otherwise ranking pari passu with the Equity Shares of the Company as then issued and in existence and on such other terms and conditions and at such time or times as the Board may, in its absolute discretion and in the best interest of the Company deem fit; Provided that the aforesaid issue of Equity Shares may instead be in the form of fully or partly Convertible Debentures, Bonds, Warrants or other securities as may be permitted by the law, from time to time and the issuance of such securities in the aggregate will result in not more than such percentage, as may be permissible, of the Subscribed Equity Shares of the Company at that time.

RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required in pursuance of the above issue, and that the Equity Shares so allotted shall rank in all respects pari passu with the existing Equity Shares of the company save and except that such Equity Shares which may be with or without voting rights, if permitted by the law, shall carry the right to receive either the full dividend or a pro-rata dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the Shares shall become effective.

RESOLVED FURTHER that the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals to the Board to secure, if necessary, all or any of the above mentioned securities to be issued, by the creation of mortgages and/or charges on all or any of the Company's immovable and/or movable assets, both present and future, in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

"RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is

ANNUAL REPORT 1997-98

hereby authorised to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith including the creation of mortgages and/or charges and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues and to settle any questions or difficulties that may arise in regard to the Issue."

10. ISSUE OF SECURITIES IN THE INTERNATIONAL MARKET

As a Special Resolution

"RESOLVED that in accordance with Section 81 and other applicable provisions, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof or any ordinance that may be promulgated in respect thereof) and subject to such other approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors of the Company (hereinafter referred to as the "Board" which expression shall also include a Committee thereof), or as may be prescribed or imposed while granting such approvals, permissions and sanctions, and subject to the regulations that may be framed by the Securities and Exchange Board of India, the consent of the Company be and is hereby accorded to the Board to issue, in one or more tranches, in the international market to Foreign Financial Institutions, Foreign Investors/Companies and/or Foreign Investment Institutions operating in India, whether shareholders of the Company or not (hereinafter collectively referred to as "Investors") through a public issue and/or on private placement basis and/or on preferential allotment basis, Equity Share related instruments, including Convertible Bonds or Bonds with Share Warrants attached thereto (hereinafter collectively referred to as "Securities") as may be thought fit, upto an amount not exceeding US\$15 million inclusive of such premium as may be payable on the Equity Shares, at such time or times, on such terms and at such price or prices as the Board in its absolute discretion deems fit.

RESOLVED FURTHER that the Board be and is hereby authorised to issue and allot such number of additional Equity Shares as may be required in pursuance of the above issue, and that the Equity Shares so allotted shall rank in all respects pari

passu with the existing Equity Shares of the Company save and except that:

- (i) if prior to the issue of any of the Securities hereinabove mentioned, the Company is enabled as a result of any legislative changes or enactments, to issue Equity Shares without voting rights attached to them (such shares hereinafter being referred to as the "Non-voting Shares") the Board may, at its discretion issue the whole or any part of such Shares without voting rights upon such terms and conditions and with such rights and privileges annexed thereto as may be permitted by the relevant law and;
- ii) such Equity Shares, which may be with or without voting rights, shall carry the right to receive either the full dividend or a pro rata dividend from the date of allotment, as may be decided by the Board, declared for the financial year in which the allotment of the Shares shall become effective.

"RESOLVED FURTHER that the consent of the Company be and is hereby granted in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all necessary approvals, to the Board to secure, if necessary, all or any of the above mentioned securities to be issued by the creation of mortgages and/or charges on all or any of the Company's immovable and/or movable assets, both present and future in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

"RESOLVED FURTHER that for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form and terms of the Issue, the Issue price and all other terms and matters connected therewith including the creation of mortgages and/or charges and to make and accept any modifications in the proposal as may be required by the concerned authorities in India and abroad and to settle any questions or difficulties that may arise in regard to the Issue."

11. ISSUE OF SECURITIES TO FINANCIAL INSTITUTIONS

As a Special Resolution

"RESOLVED THAT in accordance with Section 81 and other applicable provisions, of the



Companies Act, 1956 and subject to all such consents, permissions or sanctions of the appropriate authorities that may be required in this connection and subject to all such conditions and modifications as may be prescribed while granting such approvals and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee which the Board may have constituted or may hereafter constitute to exercise its powers including the powers conferred by this Resolution), the consent of the Company be and is hereby accorded to the Board to issue, offer and allot, in one or more tranches privately or otherwise, to the Banks, Insurance Companies, Financial Institutions/Mutual Funds; Foreign Institutional Investors (including corporate bodies substantially owned by them) and other entities/persons, including Members of the Company, as the case may be, upto 50,00,000 Shares/Securities of Rs. 10/- each to such persons, companies and other entities for general corporate purposes including capital expenditure, working capital requirements, strategic investments or any other reorganisation/arrangements as the Board may deem fit on such terms and conditions as the Board may decide.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may deem necessary, proper or desirable and settle any question, difficulty or doubt that may arise in regard to offer/issue, allotment and utilisation of proceeds for the issue of securities and to finalise and execute all documents and writings as may be necessary, desirable or expedient."

12. REVISION IN TERMS OF REMUNERATION OF MANAGING DIRECTOR

As an Ordinary Resolution

"RESOLVED that in partial modification of the Resolution passed at the Annual General Meeting of the Company held on 26th November, 1997 for the re-appointment of Mr. R. K. Saraf, Managing Director of the Company, and in accordance with the provisions of Sections 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves of the change in salary scale applicable to Mr. R. K. Saraf (including the remuneration to

be paid in the event of loss or inadequacy of profits in any financial year during the tenure of his appointment) with authority to the Board of Directors to fix his salary within his scale, increasing thereby, proportionately, all benefits related to the quantum of salary, with effect from 1st November, 1998, for the remainder of the tenure of his contract as set out in the draft Agreement submitted to this meeting and initialled by a Director for the purpose of identification which Agreement is hereby specifically sanctioned."

13. PREFERENTIAL ALLOTMENT OF SHARES/ SECURITIES TO PROMOTERS

As a Special Resolution

"RESOLVED THAT pursuant to and in accordance with the provisions of Section 81 and other applicable provisions of the Companies Act, 1956 and subject to such consents and/or approvals and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as the 'Board' which term shall include a committee of Directors constituted hereunder and for the time being exercising the powers conferred on the Board by this resolution) or as may be prescribed in or while granting such consent or approval and which conditions and modifications may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to issue to the Indian financial institutions, to one or more of them and/or to the other Indian investment institutions, whether shareholders of the Company or not and/or to the shareholders of the Company including the shareholders who are non-resident (collectively hereinafter referred to as 'investors'), through a public/rights issue and/or on the basis of private placement and/or on the basis of preferential allotment, Equity Shares and/or Debentures/securities convertible into Equity Shares and/or securities with or without share warrants attached thereto or any other related instruments including convertible bonds or non-convertible debentures/bonds all of which are herein collectively referred to as 'securities' as may be thought fit and desirable upto an amount not exceeding Rs. 100 crores inclusive of any premium as may be payable in cash or credited as paid on the Equity Shares, at such time or times and at such price or prices as the Board in its absolute discretion may deem fit.

ANNUAL REPORT 1997-98

"RESOLVED FURTHER THAT the Board be and is hereby authorised to issue and allot such number of additional securities as may be required in pursuance of the above issue and that the Equity Shares so allotted shall rank in all respects pari passu with the existing Equity Shares of the Company save and except that in the event of any legislative enactment or modification of law coming into force enabling the Company to issue Shares without voting rights attached to them, the Board may at its discretion issue the whole or any part of the said Shares without voting rights on such terms and conditions with rights and privileges as may be laid down in the relevant legislative enactment or re-enactment or modifications of law and such shares with or without voting rights, shall carry the right to receive either the full dividend or a pro-rata dividend from the date of allotment as may be decided by the Board and declared for the financial year in which such allotment is made."

14. INTER CORPORATE LOANS/INVESTMENTS**As a Special Resolution**

"RESOLVED THAT pursuant to Section 372A of the Companies Act, 1956 (hereinafter referred to as the "the Act") and the requisite permission(s)/consents/approvals of any other appropriate authorities as may be necessary under the provisions of any other law for the time being in force, consent of the Company be and is hereby accorded to the Board of Directors of the Company to make any loan to any body corporate and/or to give any guarantee, or provide security in connection with a loan made by any other person to, or to any other person by, any body corporate and/or acquire by way of subscription, purchase or otherwise the securities of any other body corporate, incorporated or to be incorporated

and formed either in India or any countries outside India as the Board in its discretion may decide, upto an aggregate amount not exceeding the equivalent of US\$ 20 million in foreign currencies such as Singapore Dollars, Japanese Yen etc. or its Rupee equivalent thereof and that the Board of Directors be and is hereby authorised to determine the actual sums to be so granted as loans and/or to give guarantees or provide securities in connection with any loans so made and/or to determine the actual sums to be so invested for the acquisition by way of subscription, purchase or otherwise, the securities of any body corporate, either in rupees or any equivalent foreign currency or both and to settle all questions and matters arising out of or incidental to the proposed making of the loans and/or investments and to take all steps which the Board in its absolute discretion considers necessary, proper and expedient for implementing this resolution.

15. BORROWING POWERS**As an Ordinary Resolution**

RESOLVED THAT pursuant to Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to the Board of Directors of the Company borrowing from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that the total amount so borrowed shall not at any time exceed the limit of Rs. 200 Crores.

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 : November 24, 1998.