



COMPUTERS LTD

Report  junction.com

20th Annual Report

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COMPUTERS LTD

20th Annual Report 1999-2000

DIRECTORS

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

**SR. 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.



ZENITH COMPUTERS LIMITED

NOTICE

Notice is hereby given that the TWENTIETH ANNUAL GENERAL MEETING of ZENITH COMPUTERS LIMITED will be held at 12.00 Noon on Monday, the 14th August, 2000 at the "Sivaswamy Auditorium" of The Fine Arts Cultural Centre, 16 & 21, R.C. Marg, Near Flyover, Chembur, Mumbai - 400 071 to transact the following business:

A. ORDINARY BUSINESS:

1. To receive and adopt the Directors' Report and the audited Balance Sheet of the Company as at March 31, 2000 and the audited Profit and Loss Account for the year ended on that date.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. B. K. Tibrewala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Vijayrani Saraf, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint the Statutory Auditors and to fix their remuneration.

B. SPECIAL BUSINESS:

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

6. As a Special Resolution:

"RESOLVED THAT pursuant to Section 146 and other applicable provisions, if any, of the Companies Act, 1956 and the Rules and Regulations made thereunder and subject to such amendments in the said Act that may hereafter be made and/or all or any Ordinances that may be promulgated before giving effect to this resolution, the Registered Office of the Company be shifted from 'Zenith House', 29, MIDC, Central Road, Andheri (East), Mumbai - 400 093 to Plot No. B-5, Electronic Sadan, Maharashtra Industrial Development Corporation, T.T.C. Area, Mahape, Thane - Belapur Road, Navi Mumbai on and from 1st October, 2000.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all necessary steps for giving effect to this resolution".

7. As a Special Resolution:

"RESOLVED THAT pursuant to to Section 17 and other applicable provisions, if any, of the Companies Act, 1956, the Memorandum of Association of the Company be and is hereby altered by inserting the following new sub-clause numbered as 26 after the existing sub-clause 25 of Clause III C of the Memorandum of Association.

"26. To guarantee the payment or repayment of any moneys or performances of any contracts or obligations by any person, firm or company including such companies which are or may come under the management and/or control of the Company and also to give guarantees in respect of any financial

arrangements that may be made by or on behalf of such company and if thought fit to secure or support such guarantees by mortgage, pledge or hypothecation of any properties or to mortgage, pledge or hypothecate any of the properties of the Company as security for any advance to be made to, or debts or obligations of any person, firm or company".

8. As a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149(2A) and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded for commencing and undertaking all or any of the business specified in the newly introduced sub-clause 26 of Clause III C of the Memorandum of Association as and when deemed fit by the Board of Directors of the Company upon the aforesaid sub-clauses coming into effect."

9. As a Special Resolution:

"RESOLVED THAT pursuant to the Guidelines issued by the Securities and Exchange Board of India, approval be and is hereby accorded to the Company to de-list the Shares of the Company from:

The Delhi Stock Exchange Association Limited;

The Stock Exchange, Ahmedabad; and

The Pune Stock Exchange Limited;

on and from 1st April, 2001 and that the said Stock Exchanges be accordingly informed.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to do all further needful in the matter for giving effect to this resolution."

10. As a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956 and also pursuant to Article 132 of the Articles of Association of the Company, consent of the Company be and is hereby accorded to a sum not exceeding in the aggregate 1% (one percent) per annum of the net profits of the Company computed in the manner laid down in Sections 198, 349 and 350 of the Companies Act, 1956 paid to and distributed amongst the Directors of the Company who are neither in the whole time employment of the Company nor the Managing Director(s) or whole time Director(s) of the Company, in the manner and proportion determined by the Board of Directors and in default of such determination, equally and such payment shall be made out of the profits of the Company for each of the five financial years comprised in the period commencing from 1st April, 2000 and ending with 31st March, 2005."

By order of the Board of Directors

RAJKUMAR SARAF

Chairman & Managing Director

Place : Mumbai

Dated : July 8, 2000.

NOTES:

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 OF THE COMPANY. THE PROXY FORM TO BE EFFECTIVE, MUST BE DULY EXECUTED AND SIGNED AND MUST BE LODGED AT THE COMPANY'S REGISTERED OFFICE ATLEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
2. Explanatory Statement in respect of the Special Business pursuant to Section 173 of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company would remain closed from Friday, the 4th August, 2000 to Monday, the 14th August, 2000 (both days inclusive).
4. The Interim Dividend paid on 29th May, 2000, pursuant to the Board Resolution passed on 15th March, 2000 is proposed to be confirmed and declared as Final Dividend.
5. All matters in connection with the Shares of the Company may be addressed to the Company's Transfer Agents viz. M/s. MCS Limited, 27, MIDC, Off Central Road, Andheri (East), Mumbai - 400 093. Members are requested to quote their respective folio numbers and also notify the change of address, if any, to the Company's Transfer Agents.
6. Shareholders desiring any information as regards the accounts are requested to write to the Company atleast 10 days before the Annual General Meeting to enable the management to keep the information ready.

ANNUAL REPORT 1999-2000**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No. 6**

The Company proposes to streamline and consolidate all its operations including manufacturing activities under one roof and towards this end, the registered office of the Company is proposed to be shifted to Navi Mumbai - only the marketing and service personnel would be stationed at the present office in Mumbai. The consolidation of the various functions would result in cost effective administrative control and synergy.

The provisions of Section 146 of the Companies Act, 1956 require a Company to pass a Special Resolution to shift the place of its registered office outside the municipal limits of the city where it is presently situated to any other place within the same State i.e. the State of Maharashtra.

Item No. 7 & 8

The Company may be required to furnish corporate guarantees to persons, firms and companies during the course of its business, including securing of any financial arrangements, contracts and obligations of such persons, firms and companies. The existing Clause 19 of the Company's Memorandum of association is sought to be enlarged so as to remove any doubts that arise in respect of the Company's capacity to give guarantees or provide security for any contract or arrangement on behalf of such category of persons. The Special Resolution passed by the Shareholders under Section 372A of the Companies Act, 1956, in the 18th Annual General Meeting of the Company held on 30th December, 1998, enables the Board of Directors of the Company to make loans and investments and to give guarantees and to furnish security for any loan made by or on behalf of any person, firm or company up to an amount not exceeding US \$ 20 million or equivalent Indian Rupees. The proposed special resolution at item no. 7, under Section 17 of the Companies Act, 1956, is intended to incorporate a new sub clause in Clause III C of the Company's Memorandum of Association by way of alteration of the Objects Clause thereof. The business covered by the new sub-clause 26 would be taken up after complying with requirements of Section 149(2A) of the Act, as given in resolution no. 8.

Item No. 9

The Company's Shares which continue to be listed on the Stock Exchanges at Mumbai, Delhi, Ahmedabad and Pune have now been listed on the National Stock Exchange of India Limited effective 10th May, 2000. In view of the extensive marketability available to the Company's Shares throughout the Country and SEBI's impending directive to compulsorily DEMAT the Company's Shares thereby ensuring electronically generated transactions, the continued listing of the Shares on the Delhi, Ahmedabad and Pune Stock Exchanges has become superfluous - moreover the quantum and value of trades and transactions on these Exchanges have been miniscule and there is no tangible benefit accruing to the Shareholders covered by these Exchanges in terms of geographical location, tradability and exit facility of the Company's Shares.

Hence the resolutions at item nos. 6, 7, 8 & 9. None of the Directors is concerned or interested in the said resolutions, save and except to the extent of the shares held by them in the Company.

Item No. 10

At the tenth and fifteenth Annual General Meetings of the Company held on September 24, 1990 and September 29, 1995 respectively, members had approved, pursuant to Section 309(4) of the Companies Act, 1956, payment of Commission at a rate not exceeding 1% of the net profits of the Company, computed in the manner laid down in Sections 198, 349 and 350 of the Act for periods of 5 years commencing from 1st April, 1990 and 1st April, 1995, respectively. The second of such approval of the members having now expired, it has become necessary to seek a fresh approval of the shareholders of the company in the general meeting and accordingly the resolution at item no. 10 of the accompanying notice is commended to the shareholders. All the Directors of the Company except Mr. R.K. Saraf, the Chairman and Managing Director, may be regarded as concerned or interested in the resolution as and by way of entitlement to commission. Mr. Saraf, being related to Mr. B.K. Tibrewala and Mrs. Vijayrani Saraf, may also be regarded to be concerned or interested in the resolution.

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 : July 8, 2000.



DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting their Twentieth Annual Report and Audited Accounts for the year ended March 31, 2000.

FINANCIAL HIGHLIGHTS & APPROPRIATIONS

	1999-2000 (Rs. in 000's)	1998-1999 (Rs. in 000's)
Profit before depreciation & taxes	70408	44895
Less: Depreciation	17393	9582
Profit before taxes	53015	35313
Less: Provision for taxes	2400	3700
Profit after taxes	50615	31613
Add: Balance b/f from previous year	1637	2282
Balance which the Directors have appropriated as under:	52252	33895
Provision for taxation in respect of earlier years	(-) 534	(-) 618
Short Provision for Wealth Tax for earlier years	2	6
Proposed Dividend	15139	11700
Tax on Proposed Dividend	1665	1170
General Reserve	35000	20000
Balance carried forward	980	1637

COMPANY'S ACTIVITIES

In line with industry trends, Fiscal year 2000 continued to be a year of consolidation. The demand for information Technology (I.T.) goods and services continues.

During the year, the Profit before depreciation and taxes registered an increase of Rs. 255.13 lakhs (56.8%) and Profit after taxes is higher at Rs. 19.02 lakhs (60.11%) after provision for both depreciation and taxes.

DIVIDEND

The Directors recommend declaration of interim dividend @12% paid on 29th May, 2000 –

- On 78,40,231 fully paid equity shares of Rs. 10/- each for the full year i.e. Rs. 1.20 per share; and
- Pro-rata on 76,40,609 shares on the basis of the paid-up value of the shares during the year, as final dividend.

PROSPECTS

The Indian economy has witnessed a rising trend for demand and supply except for certain sectors. The demand for I.T. products and services has been increasing substantially and would continue to be so for the next few years also.

The Company is well poised to take advantage of the upturn in the economy. The Company continues to roll out newer and better products and solutions sets. The Company continues to have an established network of sales and service offices spread across the country.

Zenith Infotainer was launched in 2000 for exploiting the demand for internet services in the Home and Small Office segment. This product has been well received by the market and has made substantial inroads in the market share held by other PC manufacturers. Your company is now third in terms of volume of PCs sold during the year and continues to maintain its market share of about 11%. The Company's PCs have been certified to be Year 2000 Compliant by National Software Testing Laboratory, USA. The company's advertisement program on the T.V. as well as the publicity program in the newspapers during the last one year for spreading information has had a positive impact on the sales turnover of the company.

DIRECTORS

In accordance with the Articles of Association of the Company and the provisions of the Companies Act, 1956, Mr. B.K. Tibrewalla and Mrs. Vijayrani Saraf will retire by rotation and being eligible offer themselves for re-appointment.

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AUDITORS

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

Y2K COMPLIANCE

The Company achieved Year 2000 (Y2K) Compliance for all its internal systems at the cost of Rs. 10 lacs, and the transition to January 1, 2000 was done without any difficulty.

PERSONNEL

The Company continues to maintain harmonious relations with its employees.

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.

Information in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, regarding employees is given in Annexure 'B' to the Directors' Report.

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 'A' to the Directors' Report.

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.



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 : July 8, 2000.

ANNEXURE 'A' TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

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|----|---|-----------|
| A. | Conservation of Energy : Though the Company's manufacturing operations are not power-intensive, regular and preventive maintenance of all equipments is undertaken by the Company. | |
| B. | Technology Absorption: Form B Enclosed | |
| C. | Foreign Exchange Earnings and Outgo: | Rs. 000's |
| | Total foreign exchange used and earned | |
| | i) Expenditure in foreign currency | 3062 |
| | ii) Foreign Exchange earned | 1588 |