



2002 - 2003

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COMPUTERS LTD



**COMPUTERS LTD**

**23rd Annual Report 2002-2003**

**DIRECTORS**

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

**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 & Craigie  
Blunt & Caroe, Mumbai

**REGISTRAR &  
TRANSFER AGENTS**

Intime Spectrum Registry Limited,  
C-11, Pannalal Silk Mills Compound,  
LBS Marg, Bhandup (West),  
Mumbai - 400 078.

**REGISTERED OFFICE**

B-5, Electronic Sadan 1,  
MIDC, TTC Area,  
Mahape,  
Navi Mumbai- 400 709.

**PLANTS**

1. Shed No. P-31/39 and P-33/37,  
Sancoale Industrial Estate,  
P. O. Zuari Nagar,  
Goa 403 726.
2. Cochin Special Economic Zone,  
Plot No. 43, New SDF  
2nd Floor, 'F' Block, Kakkanad  
Cochin - 682 030.



## NOTICE

**NOTICE** is hereby given that the Twenty Third Annual General Meeting of **Zenith Computers Limited** will be held at 12.00 noon on Monday, the 8<sup>th</sup> September, 2003 at the Auditorium of ICSI – Centre for Corporate Research & Training, Plot No.101, Sector 15, Institutional Area, CBD Belapur, Navi Mumbai – 400 614, to transact the following business :-

### A. ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited Balance Sheet as at 31st March, 2003 and the audited Profit and Loss Account for the period ended on that date.
2. To appoint a Director in place of Mr. B.K. Tibrewala who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. B.H. Antia who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint the Statutory Auditors and to fix their remuneration.

**By Order of the Board  
for ZENITH COMPUTERS LIMITED**

**MUMBAI**  
**30<sup>th</sup> June, 2003**

**RAJKUMAR SARAF**  
**CHAIRMAN & MANAGING DIRECTOR**

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### 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 at least 48 hours before the time of the meeting.
- 2) The Register of Members and the Share Transfer Books of the Company would remain closed from Friday, 1<sup>st</sup> August, 2003 to Saturday, 9<sup>th</sup> August, 2003 (both days inclusive).
- 3) All matters in connection with the Shares of the Company may be addressed to the Company's Registrar and Transfer Agents viz. M/s. Intime Spectrum Registry Limited, C-11, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078. Members are requested to quote their respective folio numbers / ISIN –ID numbers and notify the change of address, if any, to the Company's Registrar and Transfer Agents.
- 4) Shareholders desiring 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.
- 5) Item No.2 additional information required under Clause 49 of the Listing Agreement :
  - a) Mr. B.K. Tibrewala, aged about 68 years is M.Com, LLB and is a proprietor of the firm doing business as a Stock Broker of the Bombay Stock Exchange. He was appointed as a Director on 20<sup>th</sup> May, 1980 (since Incorporation of Company) and continues to be a rotational director. He has over 35 years experience in the Finance and Management fields.
  - b) Mr. B.H.Antia is B.sc Hons, LLB aged about 69 years and is Director of 6 other Companies. He was appointed as a Director of Company in 1988 and continues to be a rotational director. He has over 40 years experience in legal matters as Solicitor and Advocate, Supreme Court of India.

# ANNUAL REPORT 2002-2003

## DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors have pleasure in presenting their Annual Report and the audited Accounts for the financial year ended 31st March, 2003.

### FINANCIAL HIGHLIGHTS

	2002-2003 (Rs.in 000's)	2001-2002 (Rs.in 000's)
Profit before Taxes	11088	6289
Less: Provision for Taxes	870	700
Profit after taxation available for appropriation	10218	5589
Add:Balance brought forward from previous year	359	432
Balance which the Directors have appropriated as under:	10577	6021
Provision for taxation in respect of earlier years	(-)1107	162
Proposed Dividend	Nil	Nil
Tax on Proposed Dividend	Nil	Nil
General Reserve	11000	5500
Balance Profit carried to the Balance Sheet	684	359

### COMPANY'S ACTIVITIES

Fiscal year 2003 continued to be a year of turmoil, however the economic recovery has been slow with demand for the products and services in the Information and Technology sector registering a modest growth in volumes with continued pressure on prices thus affecting the profitability of this sector. This trend is likely to continue in the current financial year also prodding companies to grapple with these phenomena by increasing productivity and upgrading/ developing its technological inputs and resources.

### DIVIDEND

Your Directors propose to retain the profits of the Company for internal use and therefore do not recommend payment of Dividend during the year.

### REVIEW OF OPERATIONS

The year under review continued to be challenging one, due to the just concluded U.S. led war on Iraq and the inflammatory crude oil prices dampening the world economic recovery. The tightening of Visa regulations by various Western countries especially led by USA and Germany by enacting laws imposing restrictions on Business Process Outsourcing in respect of Indian Corporates and India oriented employees has caused many Indian Companies to issue profit warnings; your company is no exception to this trend.

During the year, the Company's turnover registered a modest growth of 10.95% as compared to the previous year; however, the profit increased by about 83% as compared to the previous year. The demand for the products and services in the Information and Technology sector continues to be in the throes of high volatility and recession. This situation is likely to continue for some time. The Company could not escape from this worldwide phenomenon; notwithstanding this trend, the product sales and profitability in the current market conditions continue to remain stable. The implementation of the strategic cost management initiatives has resulted in improving productivity significantly.

The Company has also managed to maintain the export segment by shipping to Bangladesh, UAE and Srilanka, exports of Rs.102.14 Lakhs during the year under report.

### COMPULSORY DEMATERIALISATION OF COMPANY'S SHARES

The Company's Equity Shares were compulsorily dematerialized with effect from 28<sup>th</sup> August, 2000 and as such the Company's shares continue to be traded in the electronic form as per the relevant SEBI guidelines.



## **LISTING OF SHARES ON THE STOCK EXCHANGES**

The Company's Equity Shares continue to be listed on the Stock Exchange, Mumbai and the National Stock Exchange of India Limited, Mumbai. The Company has paid the requisite Annual Listing Fees for the year 2003-04, to the above Exchanges.

## **DIRECTORS**

Mr. S.V. Haribhakti, a Director of the Company resigned on 31<sup>st</sup> October, 2002 due to his other pre-occupations in India and abroad. In accordance with the Company's Articles of Association and the provisions of the Companies Act, 1956 Mr.B.K. Tibrewala and Mr. B.H. Antia retire by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offer themselves for re-appointment.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm:

- (1) that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- (2) that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2003 and of the profit of the Company for that year;
- (3) that the Directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (4) that the Directors have prepared the annual accounts on a going concern basis.

## **CORPORATE GOVERNANCE**

The Company has complied with the requirements of Corporate Governance, as applicable to the Company, during the period under report, as per the amended Listing Agreements with Stock Exchanges. The Report on Corporate Governance with the Auditors' Report thereon, is annexed hereto in accordance with Clause 49 of the Listing Agreements with the Stock Exchanges.

## **AUDITORS**

M/s. C.L.Khanna & Company, Chartered Accountants, Mumbai, the Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment.

## **EMPLOYEES**

Relations between the management and its employees have been cordial. Your Directors place on record their appreciation of the efficient and loyal services rendered by the employees of the Company at all levels.

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 Report.

## **ENERGY, TECHNOLOGY ABSORPTION and FOREIGN EXCHANGE**

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is appended hereto as Annexure 'A' and forms part of this Report.

## **ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation of the support received from the Company's Bankers and Shareholders and look forward to their continued support and goodwill.

By Order of the Board

MUMBAI  
June 30, 2003

**RAJKUMAR SARAF**  
CHAIRMAN



# ANNUAL REPORT 2002-2003

## ANNEXURE 'A' TO THE DIRECTORS' REPORT

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

- A. **Conservation of Energy** : Though the Company's manufacturing operations are not power intensive, regular and preventive maintenance of all equipment 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 | 2141  |
| (i) Expenditure in foreign currency    | 10214 |
| (ii) Foreign Exchange earned           |       |

### FORM B

#### Form of disclosure of particulars with respect to absorption

1. Specific areas in which R & D carried out by the Company :  
Designing / development of state-of-art systems, import substitution, technology upgradation. Upgradation of products and quality enhancement. Development and evaluation of alternate raw materials.
2. Benefits derived as a result of the above R & D :  
Cost reduction, product improvement, import substitution and effective time management.
3. Future plan of action :  
Development of new products and enhancing market revenues by upgrading existing spectrum of products.
4. Expenditure in R & D :

	<u>Rs. 000's</u>
a: Capital	NIL
b. Recurring	NIL
c. Total	NIL
d. Total R & D expenditure as a percentage of total turnover	NIL

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation :  
None
2. Benefits derived as a result of the above efforts :  
None
3. Imported Technology :  
None

By Order of the Board

MUMBAI  
June 30, 2003

**RAJKUMAR SARAF**  
CHAIRMAN

## ANNEXURE 'B' TO THE DIRECTORS' REPORT

### Statement under Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31<sup>st</sup> March, 2003

Sr. No.	Name	Age	Designation / Nature of Duties	Remune- -ration	Qualification / Experience (Year)	Date of Comme- -ncement	Previous Employment  Name of Company	Designation
1	2	3	4	5	6	7	8	9
A)	Employed throughout the year and in receipt of remuneration aggregating Rs.12,00,000/- per annum or more.							
	Mr. R. K. Saraf	56	Chairman & Managing Director	40,14,553	B.Com., LL.B.	01.11.1987		

- B) Employed for part of the year and in receipt of remuneration aggregating to not less than Rs.1,00,000/- per month - Nil

Notes : 1. The amount shown above includes salary and commission, HRA, Company's contribution to P.F. , Leave Encashment, Bonus and Exgratia as applicable.

2. Mr. R. K. Saraf is related to Mrs.V.R. Saraf and Mr.B.K. Tibrewala, Directors of the Company.

For and on behalf of the Board

MUMBAI  
June 30, 2003

**RAJKUMAR SARAF**  
CHAIRMAN



## Corporate Governance Report

The Board of Directors of the Company supports the broad principles of Corporate Governance. Given below is a report on Corporate Governance :

### 1. Company's Philosophy on Code of Governance

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and integrity. All employees are guided by the Company's policies on important issues, including our relationship with consumers, shareholders and Government.

### 2. Composition of Board

The Board of Directors has a mix of Executive and Non-executive Directors. The Board comprises of the Managing Director who is also the Chairman of the Board and six other Non-executive Directors. One of the independent Directors is also the representative of small shareholders. Accordingly, the composition of the Board is in conformity with the Listing Agreements with the Stock Exchanges.

Except the Chairman and Managing Director, all other Directors retire by rotation as per the provisions of the Companies Act, 1956.

The composition of the Board and other relevant details relating to Directors are given below:

Sr. No.	Name of Director	Category	No. of other Directorships	No. of Memberships of Board Committees	No. of Board Committees of which the Director is a Chairperson
1.	Mr. Rajkumar Saraf	Executive	4	4	1
2.	Mrs. Vijayrani Saraf	Non-Executive	2	1	Nil
3.	Mr. B.H. Antia	Non-Executive	5	2	2
4.	Mr. S.V. Haribhakti (upto 31.10.02)	Non-Executive	17	Nil	Nil
5.	Mr. H.P. Ranina	Non-Executive	5	Nil	Nil
6.	Mr. B.K. Tibrewala	Non-Executive	Nil	4	1
7.	Mr. K. Venkatachalam	Non-Executive	2	3	Nil

### 3. Board Meetings, Committee meetings and the Annual General Meeting :

During the year 2002-2003, 4 Board Meetings and 4 Meetings each of the Audit Committee and the Investors' Grievances Committee and ONE meeting of the Remuneration Committee, were held. The last Annual General Meeting of the Company was held on September 27, 2002 and two Special Resolutions were passed thereat.

ATTENDANCE OF DIRECTORS AT MEETINGS OF THE BOARD AND OF COMMITTEES OF THE BOARD AND AT THE 22<sup>ND</sup> ANNUAL GENERAL MEETING (AGM)

Sr. No.	Name of Director	Board Meetings 1- 29.06.02 2- 31.07.02 3- 31.10.02 4- 31.01.03	AGM 27.09.2002	Audit Committee 1- 25.06.02 2- 27.07.02 3- 31.10.02 4- 27.01.03	Rem. Committee 25.06.2002	Investors' Grievances Committee 1- 25.06.02 2- 30.09.02 3- 30.12.02 4- 24.03.03
		1 2 3 4		1 2 3 4		1 2 3 4
1.	Mr. R.K. Saraf	Y Y Y Y	Y	Y N Y Y	Y	Y Y Y Y
2.	Mr. B.H. Antia	Y Y Y Y	N	Y Y Y Y	Y	— — — —
3.	Mr. B.K. Tibrewala	Y Y Y Y	N	Y Y Y Y	Y	Y Y Y Y
4.	Mr. K. Venkatachalam	Y Y N N	Y	Y Y N N	Y	Y N N N
5.	Mr. S.V. Haribhakti					
	(upto 31.10.2002)	Y N — —	N	— — — —	—	— — — —
6.	Mr. H.P. Ranina	Y Y N Y	N	— — — —	—	— — — —
7.	Mrs. Vijayrani Saraf	Y Y Y Y	Y	— — — —	—	— — — —

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## A Audit Committee

The Audit Committee consists of four Directors, three of whom are independent non-executive Directors. The Members of the Committee are experts in finance matters, accounts, company law and general business practices. The composition of the Audit Committee is as under :

- A) Mr.B.H.Antia, Chairman
- B) Mr. B.K. Tibrewala
- C) Mr.R.K. Saraf
- D) Mr. K. Venkatachalam

The terms of reference of the Audit Committee include :

- a) reviewing financial statements and pre-publication announcements before submission to the Board.
- b) ensuring compliance of internal control systems and follow-up action on internal audit reports.
- c) apprising the Board on the impact of accounting policies, auditing standards and legislation
- d) holding periodical discussions with Statutory Auditors on the scope and content of the audit.
- e) reviewing the Company's financial and risk management policies.

During the financial year 2002-03, the Audit Committee Meeting was held on 25.06.2002, 27.07.2002, 31.10.2002 and 27.01.2003.

## B. Remuneration Committee

The Committee held its meeting on 25<sup>th</sup> June, 2002 and approved the re-appointment of Mr. Rajkumar Saraf as the Managing Director for a further term of 5 years from 31<sup>st</sup> October, 2002 to 30<sup>th</sup> October 2007 and payment of the present remuneration for a period of 3 years from 31<sup>st</sup> October 2002 to 30<sup>th</sup> October 2005. The Shareholders passed the Special Resolutions for increase in the remuneration of Mr.R.K.Saraf for the remainder of his tenure upto 30<sup>th</sup> October, 2002 and for his re-appointment as the Managing Director for a further term of 5 years and payment of remuneration to him as aforementioned, in the 22<sup>nd</sup> Annual General Meeting of the Company held on 27<sup>th</sup> September, 2002. The attendance of Committee members at the meeting of the Remuneration Committee is given in the table above.

The remuneration policy is directed towards rewarding performance. It is aimed at attracting and retaining talent. The Company incentive plan is linked to performance and achievement of the Company's objectives. The details of remuneration paid/payable to Directors of the Company during the year ended March 31, 2003 are given below:

	Rs. Lacs
a) Salary (including House Rent Allowance)	36.00
b) Benefits (Provident Fund)	2.88
c) Commission	2.98
d) Sitting fees to non-executive Directors	0.24
Total	42.10

## C. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee consists of three Directors. Mr.B.K. Tibrewala, a Non-executive Director heads this Committee.

The Committee held four meetings on 25<sup>th</sup> June, 2002, 30<sup>th</sup> September, 2002, 30<sup>th</sup> December, 2002 and 24<sup>th</sup> March, 2003 at quarterly intervals, and considered, inter alia, Shareholders'/investors' complaints relating to non-receipt of certificates after transfer, dividend, delay in confirmation/ rejection of requests for DEMAT of Shares, etc. During the financial year ended 31<sup>st</sup> March, 2003, complaints numbering 247 were received from shareholders/ investors. All complaints have been generally solved to the satisfaction of the complainants except for disputed cases and sub-judice matters, which would be solved on final disposal by the Courts.

The Company has acted upon all valid share transfers received during the financial year ended 31<sup>st</sup> March, 2003 and there were no pending transfers as on March 31, 2003.

Mr. K. Vaidyanathan, Sr.Vice President (Finance) & Company Secretary continues to be the Compliance Officer of the Company.