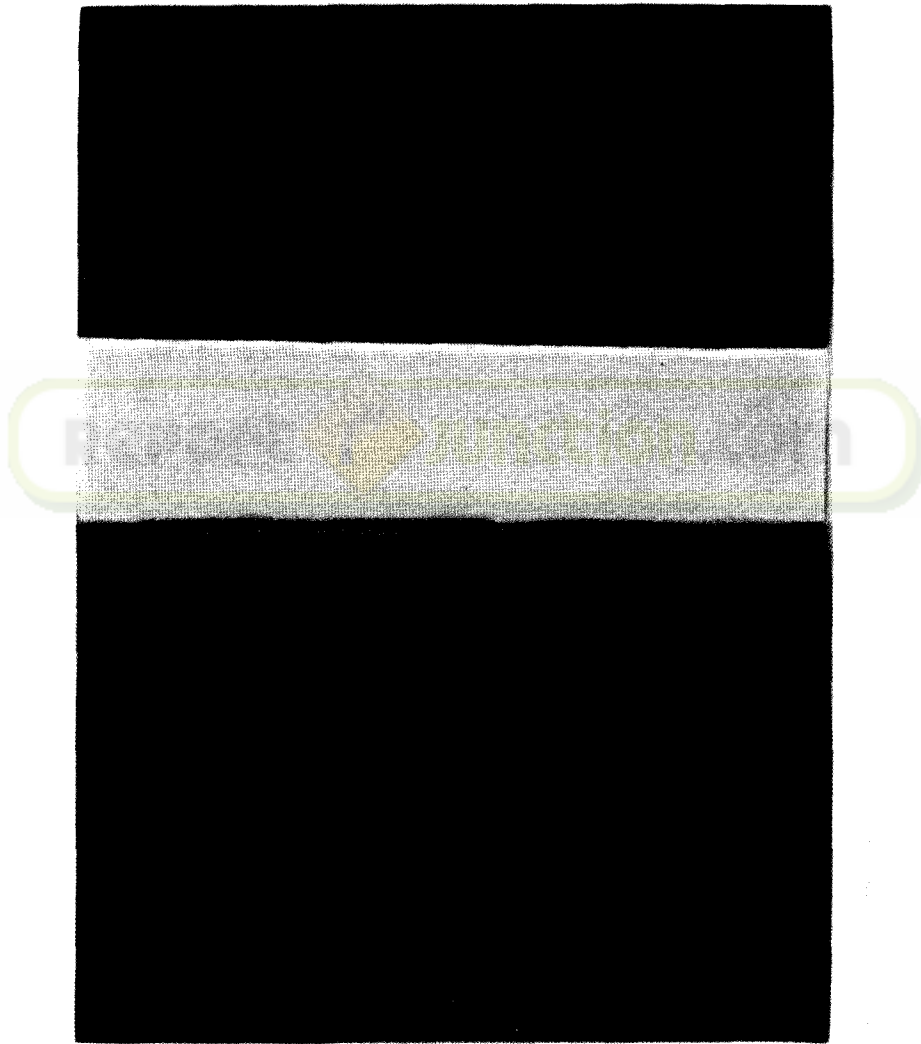




COMPUTERS LTD



25th Annual Report 2004-05



CHAIRMAN'S LETTER

Zenith. It's more than just a word. To us, it's what we come to work for. To strive to reach the highest point in everything we do.

Twenty-five years ago, armed with a conviction to give people the 'best quality at affordable prices' we set out to change the way India computes. And as we all know, the PC business is one of the most volatile and uncertain businesses where one has to constantly feel the pulse of the market and be able to re-engineer the company as the market changes. This is what Zenith as a company, mastered. We were able to adapt and mould ourselves to fit the changing market scenario.

Today, Zenith Computers is the 2nd largest Indian PC manufacturer and the largest Indian Laptop manufacturer (a segment that was touted to be playing field only for the hallowed MNCs). What makes our chests swell with pride is the fact that we've taken the 'Made in India' brand overseas. In 2002, we started exporting PCs and Laptops and now have distributors in Saudi Arabia, South Africa, Iran, the SAARC nations, Central Europe and even in Latin America. We compete with MNCs and local players in these countries under our own brand name and have cornered a major portion of the market.

But there's still a lot to be accomplished. In a country of a billion people, we have an installed base of only 5 million PCs. Whereas in a country like Mexico, the PC to people ratio is as high as 470:1000. We may be leaders in the home and corporate segment, but we will not slow down until we have created a different India with the power of computing.

We have achieved many milestones in the previous year, but we will always strive harder to make India a hardware superpower with our quality and value-based products. In conclusion, however far we've come, we can always go further.

Raj Saraf

Chairman and Managing Director

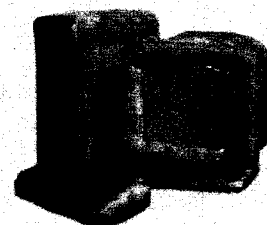
Zenith Computers

INNOVATIVE AND FLEXIBLE.

REPORT



Two words that sum up what Zenith is all about. An IT company that can adapt and mould itself to fit the changing market scenario. A company that uses its resources effectively and efficiently to come up with innovative products that make the market stand up and take notice.



DIRECTORS

R. K. Saraf (Chairman & Managing Director)
H. P. Ranina
B. H. Antia
B. K. Tibrewala (up to 29th July, 2005)
Vijayrani Saraf

BANKERS

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

AUDITORS

C. L. Khanna & Co.,
Chartered Accountants, Mumbai

SOLICITORS

Mulla & Mulla & Craige
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- 400 710.

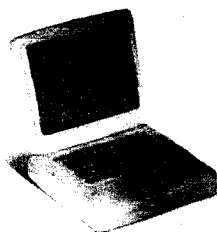
PLANT

Shed No. P-31/39 and P-33/37,
Sancoale Industrial Estate,
P.O. Zuari Nagar,
Goa 403 726.

TWENTY FIVE YEARS OF EXCELLENCE

The business of technology is a volatile one where the dynamics keep changing with every passing minute. In an industry touted as one of the most challenging, we have been able to hold our mantle and rise against the competition.

Twenty-five years ago, when we started out as a PC manufacturer, we were not even considered as a significant player amongst the other large business houses who had subsidiaries in this business. Today, we are one of the largest names in the PC industry and have built our reputation on never letting the MNCs rest easy.





LEADERSHIP THROUGH EXCELLENCE

We stayed true to our philosophy by introducing high quality PCs and laptops at affordable prices. And changing in the process, the way India computes.

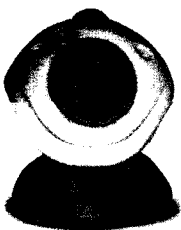
Today we rank fourth among the PC manufacturers in India. Just a few notches behind HP, HCL and IBM; no mean achievement considering we started out at the 60th position.

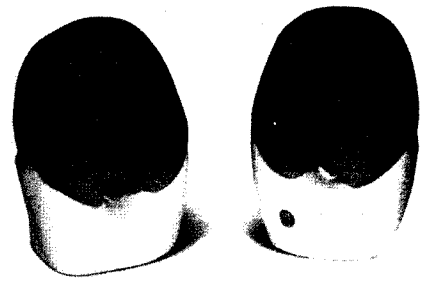
Within the laptop segment, we are the largest Indian laptop manufacturer with numerous awards for innovation and quality in the mobility segment. And currently rank 2nd in the Indian PC market.

THE ROAD AHEAD

The future is not some place we are going, but one we are creating. Our strategies make sure we stay ahead in the Indian PC market with innovative products and services.

In the last three years, we've also trained our sights on the international markets. Today, Zenith PCs and laptops are exported to countries in Europe, the Middle East, Africa and Asia. Our continued focus on delivering high quality products at the most affordable prices gives us the edge in the overseas markets.





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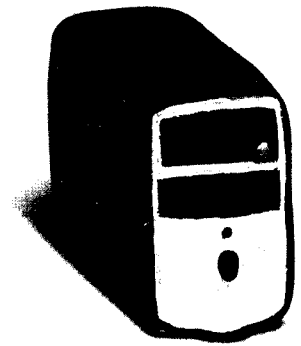
OUR PRINCIPLES AND POLICIES

- a) To continuously focus on the evolving needs of the market
- b) To focus on quality without compromise
- c) To keep our production systems lean and efficient to keep control on the costs
- d) To create the best support systems and customer service for our customers
- e) To invest in Research and Development
- f) To partner with the largest names in IT to build in-house expertise
- g) To create a corporate brand that inspires excellence, innovation and quality

TAKING ON NEW CHALLENGES

In August 2004, we launched the 'Power of Seven', a range of hi-tech laptops designed for executives at every level of the corporate ladder. Based on the latest Intel Centrino Mobile technology, these laptops were such a huge success that we sold over 7200 laptops in the last fiscal and led us to introduce two more laptops in January 2005. A success story that has cemented our position as the largest Indian laptop manufacturer.

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INVESTING IN OUR GROWTH

Large orders from the corporate sector combined with an aggressive pricing strategy led to an increase in the sales of our desktop range from 113,856 units in 2003-04 to 126,699 units in 2004-05. Our national network of 406 Zenith PC World stores also added to the sales in the home segment.

On the quality front, we have implemented several renowned quality certifications like the CE and the FCC at our Goa plant.

In the near future, we will also invest in the up gradation of our production line and in the R&D of products, meant specifically for emerging markets.