



COMPUTERS LTD

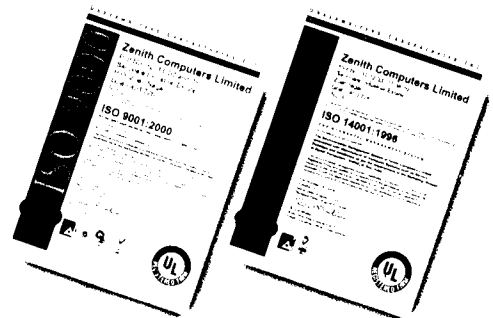
27th Annual Report 2006-07



[The All-New Zenith Grande Head Office in Mumbai]

The Zenith Factory

Zenith's 40,000 sq ft, ISO 9001 + 14001 state-of-the-art manufacturing plant in Goa is one of the most comprehensive in the PC industry. Its products are made, tested and dispatched from this factory only, for local customers as well as exports.





COMPUTERS LTD

DIRECTORS

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

COMPANY SECRETARY

K.Vaidyanathan
(Sr.Vice President-Finance & Company Secretary)

BANKERS

Indian Bank
State Bank of India
Federal Bank Ltd.

AUDITORS

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

**REGISTRAR &
TRANSFER AGENTS**

Intime Spectrum Registry Limited,
C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai 400 078
Tel.: (022) 25963838
(Contact Person-Mrs. Sujata Poojary/ Mr. Mahadevan Iyer)
E-mail : sujata.poojary@intimespectrum.com
E-mail : mahadevan.iyer@intimespectrum.com

REGISTERED OFFICE

B-5, Electronic Sadan - 1,
MIDC, TTC Area,
Mahape,
Navi Mumbai- 400 710
E-mail : shares@zenith-india.com

PLANT

Plot No. P-33/37,
Sancoale Industrial Estate,
P.O. Zuari Nagar,
Goa 403 726

27th Annual Report 2006-07



NOTICE

NOTICE is hereby given that the Twenty Seventh Annual General Meeting of Zenith Computers Limited will be held on Saturday, 29th September, 2007 at 10.30 a.m. 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 :-

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited Balance Sheet as at 31st March, 2007 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. H.P. Ranina 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

(K.VAIDYANATHAN)

Sr. Vice President (Finance) &
Company secretary

Mumbai
July 31, 2007

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, 21st September, 2007 to Saturday, 29th September, 2007 (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-13, 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) Shareholders desiring payments of dividend by Electronic Clearing Service (ECS) are requested to furnish the Bank details in the ECS Mandate Form printed overleaf together with a Xerox copy of your cheque leaf and return to our Registrars, Intime Spectrum Registry Limited on or before 15/09/2007 in case you hold shares in physical form. The said details in respect of the shares held in electronic form should be sent to your respective Depository Participant and not to the Registrar as the Registrar is obliged to use only the data provided by the Depository while making payment of dividend. Please mention the correct 9 digit MICR Code for giving the ECS credit to your account.

In case of receiving your request after the due date, the mandate will not be considered for this dividend. However, the same will be used for future dividend payments, unless the same is amended or revoked by you.

In the absence of adequate response from the shareholders of any particular centre(s), the Company reserves its right of paying the dividend by dividend warrants.

- 6) Item No.3 additional information required under Clause 49 of the Listing Agreement :

Mr. Homi Phiroze Ranina, aged 62 years, is B.Com.Hons. LL.B., F.C.A., and Advocate, Supreme Court of India. He has over 30 years experience in General Law and Taxation matters and is a Director of three other companies. He was first appointed as a Director on 29-6-1988 and continues to be a rotational Director.

By Order of the Board

For ZENITH COMPUTERS LIMITED

(K.VAIDYANATHAN)

Sr. Vice President (Finance) &
Company secretary

Mumbai
July 31, 2007


COMPUTERS LTD

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 27th Annual Report and the audited Accounts for the financial year ended 31st March, 2007.

FINANCIAL HIGHLIGHTS	2006-2007	2005-2006
	(Rs. in 000's)	(Rs. in 000's)
Profit before Taxes	111616	162367
Less: Provision for Taxes	15533	16082
Profit after taxation available for appropriation	96083	146285
Add: Balance brought forward from previous year	63	89
Balance which the Directors have appropriated as under:	96146	146374
Provision for taxation in respect of earlier years	360	55
Proposed Dividend	23221	23221
Tax on Proposed Dividend	3948	3035
General Reserve	68000	120000
Balance Profit carried to the Balance Sheet	617	63

COMPANY'S ACTIVITIES

Fiscal year 2007 continued to be a year of consolidation and staggering economic growth with demand for the products and services in the Information and Technology sector registering a healthy growth in volumes and prices.

DIVIDEND

Your Directors recommend payment of Dividend for the year @ 15% (Rs.1.50 per share) in respect of the financial year ended 31st March, 2007.

REVIEW OF OPERATIONS

During the year under review,

- As compared to that of the previous year, the net sales revenue of Rs. 35562.65 lacs, registered a growth of 11.24%.
- The Company continues to endeavour in maintaining customers to their utmost satisfaction levels by registering impeccable track record of quality and delivery efficiency, thereby ensuring their continued patronage for your company's products and services;

- Further changes and improvisations are under way in the manufacturing process and these changes are in compliance with international requirements;
- The Company has changed the method of accounting depreciation on computer systems from Straight Line Method to Written Down Value Method during the year and thus the depreciation provided in the current year was Rs.1250.69 lacs as compared to Rs.113.58 lacs in the previous year.
- The Profits before tax has been impacted to this extent resulting in a lower profit as compared to last year.

PROSPECTS AND OUTLOOK

- The Company has entered into the business of leasing/renting / hiring of computer systems to small businesses and to corporates and it is expected that this activity would generate an added revenue stream and contribute to the company's profits in a big way.
- Your Directors are fully seized of the fact that the need of the hour is to enhance the Revenue and Profit to higher levels and to achieve this end, efforts have been initiated by adding on value of products, customers and markets.
- Vigorous marketing efforts and ceaseless cost reduction activities continue with more thrust and vigour to accomplish these goals.
- The efforts are being intensified to sustain leadership position by constantly upgrading the products to match advancing technology trends, maintaining the superiority in quality, and continuing the unblemished timely service support;
- Your Directors are hopeful that all the above, coupled with continuous monitoring of inventory, receivables and overheads, would result in healthier results during the current and coming years.

FIXED DEPOSITS

During the year, the Company has not accepted any fixed deposits under Sections 58A of the Companies Act, 1956.

DEMATERIALISATION OF COMPANY'S SHARES

The Company's Securities continue to be traded in the electronic form only as per the relevant SEBI guidelines.

LISTING OF SHARES ON THE STOCK EXCHANGES

The Company's Securities continue to be listed on the Bombay Stock Exchange Ltd., Mumbai and the National Stock Exchange of India Limited, Mumbai. The Company has paid the requisite Annual Listing Fees for the year 2007-2008, to the above Exchanges.