



Laptops



Smart Style PCs

NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of **Zenith Computers Limited** will be held on Friday, **28th September, 2012 at 11.00 a.m.** at the Auditorium of Hotel ABBOT, Sector 2, Vashi, Near Vashi Bus Stand, **Navi Mumbai – 400 703** to transact the following business :-

ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited Balance Sheet as at 31st March, 2012 and the audited Profit and Loss Account for the period ended on that date.
2. To appoint a Director in place of Mr. Vipin M. Shah who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint the Statutory Auditors and to fix their remuneration.

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

MUMBAI
14th August, 2012

(R. K. SARAF)
**CHAIRMAN & MANAGING
DIRECTOR**

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 Tuesday, 18th September, 2012 to Friday, 28th September, 2012 (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. Link Intime India Pvt Ltd, 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) Item No. 2 – additional information required to be furnished under Clause 49 of the Listing Agreements with the Stock Exchanges:-

Mr. Vipin Maneklal Shah was appointed as a Director retiring by rotation in the Annual General Meeting held on 30th September, 2011. Mr. Vipin Shah, aged about 67 years, is a Chartered Accountant (B. Com., FCA) and has more than 40 years' experience in the industry and in legal, management and accounting matters. He is a Director of 4 other Companies.



COMPUTERS LTD

32nd Annual Report 2011-2012

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 32nd Annual Report and the audited Accounts for the financial year ended 31st March, 2012.

(Rs. in Lakhs)

FINANCIAL HIGHLIGHTS	2011-2012	2010-2011
Profit before Taxes	208.41	275.34
Less: Provision for Taxes	35.56	48.77
Profit after taxation available for appropriation	172.85	226.56
Add:Balance brought forward from previous year	106.23	42.14
Amount available for appropriations :	279.08	268.70
Appropriations		
Proposed Dividend	NIL	139.33
Tax on Proposed Dividend	NIL	23.14
General Reserve	NIL	NIL
Balance Profit carried to the Balance Sheet	279.08	106.23

COMPANY'S ACTIVITIES

Fiscal year 2012 was a year of lower economic growth with demand for the products and services in the Information and Technology sector registering a small growth in volumes but falling prices.

DIVIDEND

Your Directors do not recommend any Dividend for the financial year ended 31st March, 2012, as the Company intends to plough back the profits.

REVIEW OF OPERATIONS

During the year under review,

- The net sales revenue at Rs. 180.44 lakhs, was lower than the previous year. However, during the year the profit before tax was Rs. 208.41 lakhs as against the previous year's Profit of Rs. 275.34 lakhs; the profits were lower due to the adverse market conditions and foreign exchange fluctuations.
- 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.

PROSPECTS AND OUTLOOK

- The Company's businesses of leasing/renting / hiring of computer systems to small businesses and to corporates have added a revenue stream and contributed to the company's profits.
- Your Directors endeavour is to enhance the Revenue and Profit to higher levels and for this purpose, efforts have been initiated by value addition to 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 sustained 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 coming years.

FIXED DEPOSITS

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

DEMATERIALIZATION 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 Limited, Mumbai and the National Stock Exchange of India Limited, Mumbai. The Company has paid the requisite Annual Listing Fees for the year 2012-13, to the above Exchanges.

DIRECTORS

Mrs. Vijayrani Saraf resigned as a Director with effect from 14th August, 2012. The Board placed on record the valuable advice and contribution of Mrs. Saraf during her tenure.

In accordance with the Company's Articles of Association and the provisions of the Companies Act, 1956, Mr. Vipin Shah retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.

COMMUNITY DEVELOPMENT

The Company has been promoting and supporting the activities related to community services. The Company continues to focus its efforts towards helping the underprivileged children and schools run by the various institutions of the States and the Center by donating computers and also helping the institutions with financial support.

BUSINESS EXCELLENCE AND QUALITY INITIATIVES

Your Company had embarked on the excellence journey with the adoption of Zenith Group Excellence Model. The Company is undergoing external assessment process for evaluation of benchmarks for improvement over the previous year.

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 judgments 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 31st March, 2012 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 Statutory Auditors of the Company, retire at ensuing Annual General Meeting and are eligible for re-appointment.



COMPUTERS LTD

32nd Annual Report 2011-2012

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.

The Company did not have any employee(s) during the year or part of the year drawing remuneration specified in the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 IN RESPECT OF THE FINANCIAL YEAR ENDED 31ST MARCH, 2012.

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. in Lakhs

Total foreign exchange used and earned

(i) Expenditure in foreign currency
9,119.17

(ii) Foreign Exchange earned
210.39

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.

(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 an Annexure 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

RAJKUMAR SARAF
Chairman &
Managing Director

MUMBAI
14th August, 2012

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 : **Rs. in Lakhs**
 - a. Capital NIL
 - b. Recurring 18.27
 - c. Total 18.27
 - d. Total R & D expenditure as a percentage of total turnover 0.10%

TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Introduction of All-in-one PC and Touch Panel LCD Monitor for Industrial and Commercial applications towards improvement of efficiency and productivity.
2. Benefits derived as a result of the above efforts :
On going
3. Imported Technology : None

By Order of the Board

RAJKUMAR SARAF
Chairman &
Managing Director

MUMBAI
14th August, 2012



Laptops



Smart Style PCs

CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

As part of the Zenith Group, the Company's philosophy on Corporate Governance is founded upon a rich legacy of fair and transparent governance practices. The Corporate Governance philosophy has been further strengthened with the adoption by the Company of the Zenith Business Excellence Model and Zenith Code of Conduct and the adoption of the requirements under Clause 49 of the Listing Agreement with the Stock Exchanges.

I. Board of Directors

(A) Composition of Board

The Board consisted, up to 20th August, 2011, of one Executive Director and four Non-Executive Directors. Out of the Non-Executive Directors, three were Independent Directors and the other Director represents the Promoters. Mr. H.P. Ranina resigned as a Director on 20th August, 2011; the Board now consists of one Executive Director and three Non-Executive Directors – two independent Directors and the other Director representing the Promoters. The Non-Executive Directors with their diverse knowledge, experience and expertise bring in their independent judgment to the deliberations and decisions of the Board.

The Company has an Executive Chairman. The number of Independent Directors is more than one-third of the total number of Directors. The Company meets the requirements relating to the composition of Board of Directors.

(B) Non Executive Directors' compensation and disclosures

The Non Executive Directors of the Company are paid sitting fees as fixed by the Board of Directors within the limits prescribed under the Companies Act, 1956. No stock options were granted to Non Executive Directors or Independent Directors during the year under review.

(C) Other provisions as to Board and Committees

During the year 2011-12, 5 meetings of the Board of Directors were held on 14th May, 2011, 9th August, 2011, 20th August, 2011, 15th November, 2011 and 14th February, 2012.

The 31st Annual General Meeting of your Company was held on 30th September, 2011; the Company did not hold any Extra-ordinary General Meeting.

None of the Directors of the Board serve as Members of more than 10 committees nor do they chair more than 5 committees, as per the requirements of the Listing Agreement. The detailed information is given in the table :

Sr. No.	Name of Director	Category	Board Meetings attended during the year	Attendance at the 32 nd AGM held on 30.09.2011	No. of other Directorships	No. of Memberships of Board Committees of all Companies	No. of Board Committees of which the Director is a Chairperson in all companies
1.	Mr. Rajkumar Saraf	Chairman and Managing Director (Executive)- Promoter	5	Yes	5	9	2
2.	Mr. H.P. Ranina*	Non-Executive	2	NA	3	Nil	Nil
3.	Mr. Vijay Ram Mukhi	Non-Executive	5	Yes	1	8	4
4.	Mrs. Vijayrani Saraf	Non-Executive - Promoter	5	Yes	1	1	Nil
5.	Mr. Vipin Maneklal Shah	Non-Executive	5	Yes	4	6	2

* Resigned as a Director on 20th August, 2011.



COMPUTERS LTD

32nd Annual Report 2011-2012

(D) Code of Conduct

- (i) The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is applicable to the Managing Director (including Senior Management of the Company) and Non Executive Directors of the Company. The code also governs all the employees of the company.
- (ii) The Members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code applicable to them during the year ended March 31, 2012.

II. Audit Committee

(A) Qualified and Independent Audit Committee

The Company complies with the provisions of Section 292A of the Companies Act, 1956 as well as requirements under the listing agreement pertaining to the Audit Committee. Its functioning is as under:

- (i) The Audit Committee consists of three directors as members, two of whom are Independent Directors.
- (ii) All members of the Committee are financially literate. The members carry with them the expertise in their individual fields of Finance, Accounts, I.T., Legal etc. While one of the members is a Chartered Accountant, the other member is a Commerce and Law graduate.
- (iii) The Chairman of the Audit Committee is an Independent Director.
- (iv) The Chairman of the Audit Committee was present at the last Annual General Meeting.
- (v) The Chief Financial Officer, internal auditors and the representatives of the Statutory Auditors and such other officials of the Company are invited to attend the Audit Committee meetings as and when required.
- (vi) The Company Secretary acts as the Secretary to the Committee.

(B) Meetings of Audit Committee

During the year, 5 Audit Committee meetings were held on 14th May, 2011, 9th August, 2011, 20th August, 2011, 15th November, 2011 and 14th February, 2012. The Audit Committee meetings are held at the office of the Chairman of the Audit Committee.

The Composition of the Audit Committee and number of meetings attended by the Members are given below:

Name of Member	Composition of the Audit Committee	Number of meetings attended
Mr. Vijay Ram Mukhi	Chairman	5
Mr. R.K. Saraf	Member	5
Mr. Vipin Manekalal Shah	Member	5

All the Members were present in all the meetings of the Audit Committee.



(C) Powers of Audit Committee

The Audit Committee has powers including :

1. To investigate any activity within its terms of reference
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary

Role of Audit Committee

Review of the Company's financial reporting process, the financial statements and financial/risk management policies.

- ⇒ Recommendation to the Board on appointment of statutory auditors and fixation of audit fee and other fees to the auditors.
- ⇒ Review of the adequacy of the internal control systems in the Company.
- ⇒ Review of the internal audit report forwarded by the internal auditors.
- ⇒ Discussions with the management and the external auditors, the audit plan for the financial year and a joint post-audit review of the same.
- ⇒ Review of the quarterly and annual financial statements before submission to the Board.
- ⇒ Review of the statutory and internal auditors' performance.
- ⇒ Review the functioning of the Whistle Blower mechanism, as existing in the Company.
- ⇒ To carry out any of the functions contained in the Corporate Governance Clause of the Listing Agreement.

(E) Review of information by Audit Committee

The Audit Committee has reviewed the following information during the year:

1. Management discussion and analysis of financial condition and results of operations of the Company.
2. Statement of related party transactions.
3. The reports of Statutory Auditors,
4. The reports of Internal Auditors.
5. The appointment of Internal Auditors.

III Meeting of Investors' Grievances Committee

During the year 4 meetings of the Investors' Grievances Committee were held on 14th May, 2011, 9th August, 2011, 15th November, 2011 and 14th February, 2012. The composition of the Investors' Grievances Committee was Mr. Vipin Shah as the Chairman, Mr. Vijay Mukhi and Mr. R.K. Saraf, as members of the committee. All the members were present in all the meetings of the said committee.

Grievances received from Members and other miscellaneous correspondence on change of address, mandates etc. are processed by the Registrars within 20 days.

32nd Annual Report 2011-2012

IV Meeting of Share Transfer Committee

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company; the Board Committee attends to share transfer formalities at least once in 15 days.

All requests for dematerialization of shares are processed and the confirmation is given to the Depositories within 21 days.

Shares held in the dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agents of the Company periodically receive from the Depository the beneficiary holdings so as to enable them to update their records and to send all corporate communications, dividend warrants etc.

Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

V. Disclosures

(A) Basis of related party transactions

- (i) The statements containing the transactions with related parties were submitted periodically to the Audit Committee and also disclosures made in Notes on financial statements 1 to 39 forming part of the Accounts'.
- (ii) The transactions with related parties during the year, were in the normal course of business as well as at an arm's length basis.

(B) Disclosure of Accounting Treatment

During the year, there has been no change in accounting policies.

(C) Board Disclosures – Risk Management

The Company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically.

(D) Proceeds from public issues, rights issues, preferential issues etc.

The Company did not have any of the above issues during the year under review.

(E) Remuneration of Directors

(i) Managing Director

Mr. Rajkumar Saraf, the Chairman and Managing Director does not draw any remuneration.

(ii) Non-Executive Directors

- (a) The Non-Executive Directors are entitled to a sitting fee for attending the Board/Committee Meetings. A sitting fee of Rs.20,000/- per meeting of the Board and of each Committee of the Board is paid to every Director/ Member. No sitting fee is paid to the members for attending the Share Transfer Committee meetings.



(F) Additional Disclosures

- a) Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

The Company has received all relevant disclosures; there is no conflict of interest.

- b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

NIL - the Company has complied with the requirements of regulatory authorities on capital markets and no penalty/stricture was imposed on the Company during the last three years.

(G) Means of Communication

Quarterly report sent to each household	:	The results of the Company are not sent to the Household of each shareholder but are published in the newspapers.
Quarterly results and in which newspaper	:	Results are normally published in 'The Free Press Journal', 'Navshakti' (Marathi Mumbai edition) and 'Economic Times'.
Any website where displayed	:	Yes, the results are displayed on the Company's website.
Whether it also displays official news releases	:	Yes

Management Discussion and Analysis Report

(within the limits set by the Company's competitive position)

The Company is engaged in the business of manufacture and sale of personal computers and laptops, accessories and peripherals. The computer hardware industry has become akin to home appliances segment; there has been modest growth in the sale of computers both in terms of volume and turnover with prices remaining depressed and challenging, during the year. The market penetration of the Company's product in the moffusil and rural areas of the Country together with the product visibility and product bundling have helped your Company to continue to generate sales and make a profit. The Company's objectives of information of the products, its standing vis-à-vis the MNC brands, the price and superior quality sensitivity have been achieved. The Company's advertisement program with a frequency of 5-6 weeks for bringing the products of the company to the knowledge of the public and road shows for effective sales of its products continues to generate interest especially among students and senior citizens.

The outlook for industry continues to be positive. The Company is hopeful that with the combination of market development and expansion activity, there will be healthy growth over the next year.



COMPUTERS LTD

32nd Annual Report 2011-2012

The Company has good internal control systems, the adequacy of which has been reported by its auditors in their report as required under the Companies (Auditor's Report) Order, 2003. The discussion on financial performance of the Company is covered in the Directors' Report. The number of people employed as on March 31, 2012 was 170.

Report on Corporate Governance

The quarterly compliance report has been submitted to the Stock Exchanges where the Company's equity shares are listed in the requisite format duly signed by the Compliance Officer. The other information on Corporate Governance for the benefit of the shareholders is given hereunder.

General Shareholder Information

Annual General Meeting

- | | | | |
|-------|---|---|---|
| (i) | Day, Date, time and Venue | : | Friday, 28 th September, 2012 at 11.00 a.m.
Auditorium of Hotel ABBOT, Sector 2,
Vashi, Near Vashi Bus Station,
Navi Mumbai – 400 703. |
| (ii) | Financial year | : | 1 st April to 31 st March |
| (iii) | Date of Book Closure | : | Tuesday, 18 th September, 2012 to Friday,
28 th September, 2012 (both days inclusive) |
| iv) | Dividend Payment Date : | | No dividend has been recommended;
hence not applicable. |
| (v) | Listing | : | |
| | The Stock Exchanges on which the
Company's shares are listed | | Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001.

National Stock Exchange of India Ltd.
Exchange Plaza, 5 th Floor,
Plot No.C/1, G Block,
Bandra-Kurla Complex,
Bandra (E), Mumbai-400051. |