



33rd Annual Report 2012-2013

ZENITH COMPUTERS LTD.

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DIRECTORS

R.K.Saraf
(Chairman & Managing Director)
Vijay R. Mukhi
Vipin M. Shah

COMPANY SECRETARY

Ramesh S. Sanghvi

BANKERS

Indian Bank
IDBI Bank Limited
Federal Bank Limited

AUDITORS

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

REGISTRAR & TRANSFER AGENTS

Link Intime (India) Private Limited,
C-13, 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

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



NOTICE

NOTICE is hereby given that the Thirty Third Annual General Meeting of Zenith Computers Limited will be held on Monday, 30th September, 2013 at 11.00 a.m. at the Auditorium of Hotel ABBOTT, Sector 2A, Near Vashi Bus Station, Vashi, Navi Mumbai 400 703, 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, 2013 and the audited Profit and Loss Account for the period ended on that date.
2. To appoint a Director in place of Mr. Vijay Mukhi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint the Statutory Auditors and to fix their remuneration.

B. SPECIAL BUSINESS

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

4. AS A SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to Section 146 and other applicable provisions if any, of the Companies Act, 1956, the Registered Office of the Company be shifted from B-5, "Electronic Sadan – 1", Mahape, TTC Area, Thane – Belapur Road, Navi Mumbai 400 710 to Plot No. 29, MIDC, Central Road, Andheri (East), Mumbai 400 093.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all things that may be necessary or incidental to give effect to this resolution."

By Order of the Board

For **ZENITH COMPUTERS LIMITED**

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, 20th September, 2013 to Monday, 30th September, 2013 (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) Private 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) Item No. 2 – additional information required to be furnished under Clause 49 of the Listing Agreements with the Stock Exchanges:-

Mr. Vijay Ram Mukhi, is a Bachelor of Engineering, aged about 55 years and is Director of one other Company. He was appointed as a Director of the Company in 2005 and continues to be a rotational Director. He has over 30 years' wide and varied experience in the field of Information Technology and is considered the 'Guru of Internet', in India.

EXPLANTORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF SPECIAL BUSINESS.

Item No. 4

The Board of Directors of the Company resolved that the Registered Office of the Company be shifted from Navi Mumbai to Mumbai for administrative convenience and proximity to the financial nerve centre of the markets.

Section 146 of the Companies Act, 1956 stipulates that where a company desires to shift its Registered Office from one city to another within the same State, then the shareholders have to approve the decision of the Board by passing a Special Resolution.

Hence the Special Resolution

None of the Directors is concerned or interested in the resolution.

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

Mumbai
14th August, 2013

(R. K. SARAF)
Chairman & Managing Director

The Innovation Technology Group



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 33rd Annual Report and the audited Accounts for the financial year ended 31st March, 2013.

	(Rs. in Lakhs)	
FINANCIAL HIGHLIGHTS	2012-2013	2011-2012
Profit / (Loss) before Taxes	(3386.44)	208.41
Less: Provision for Taxes	NIL	35.57
Profit after taxation available for appropriation	(3386.44)	172.84
Add: Balance brought forward from previous year	279.08	106.23
Amount available for appropriations :	(3107.36)	279.08
Appropriations		
Proposed Dividend	NIL	NIL
Tax on Proposed Dividend	NIL	NIL
General Reserve	2573.11	NIL
Balance Profit carried to the Balance Sheet	(534.25)	279.08

COMPANY'S ACTIVITIES

Fiscal year 2013 was a year of much slower economic growth with demand for the products and services in the Information and Technology sector registering a negative growth in volumes amidst falling prices. The world wide demand for desktops and laptops has gone down substantially due to shifting of demand to tablets and smart phones.

DIVIDEND

Your Directors do not recommend any Dividend in respect of the financial year ended 31st March, 2013, as the Company has suffered a Loss.

REVIEW OF OPERATIONS

During the year under review,

- The net sales revenues at Rs. 10,084.39 lakhs were lower than the previous year's revenues of Rs. 18,044.04 lakhs. During the year the net Loss (Tax Expense was NIL) was Rs. 3,386.44 lakhs as against the previous year's Profit of Rs.208.41 lakhs; the Loss was due to

the adverse market conditions for hardware and foreign exchange fluctuations and increased finance costs.

- 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.
- The Company's business of desktops and laptops has shrunk considerably due to the markets for I-Pads and high end Smart Phones which have dominated the purchases by the youth of the Country and as such the Company's products requirements have gone down.
- Further changes and improvisations are under way in the manufacturing process and development of new products.
- The Company has suffered a huge loss on account of foreign exchange as a result of the dramatic fall in the value of the Rupee vis-a vis the US Dollar.

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PROSPECTS AND OUTLOOK

- Vigorous marketing efforts and ceaseless cost reduction activities continue with more thrust and vigour to accomplish the Company's goals.
- 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 coming years.

FIXED DEPOSIT

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 on the National Stock Exchange of India Limited, Mumbai. The Company has paid the requisite Annual Listing Fees for the year 2013-14, to the above Exchanges.

DIRECTORS

In accordance with the Company's Articles of Association and the provisions of the Companies Act, 1956, Mr. Vijay Mukhi 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, 2013 and of the Loss 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.



The Innovation Technology Group

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 (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

MUMBAI
14th August, 2013

RAJKUMAR SARAF
Chairman & Managing Director

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ANNEXURE 'A' 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, 2013.

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	4,791.85
(ii) Foreign Exchange earned	NIL

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 :	Rs. in Lakhs
a. Capital	NIL
b. Recurring	10.51
c. Total	10.51
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

MUMBAI
14th August, 2013

By Order of the Board
RAJKUMAR SARAF
Chairman & Managing Director



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 of one Executive Director and three Non-Executive Directors. Out of the Non-Executive Directors, two are Independent Directors and the other Director represents the Promoters; the other Director resigned as a Director with effect from 14th August, 2012. 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 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 2012-13, 4 meetings of the Board of Directors were held on 15th May, 2012, 14th August, 2012, 12th November, 2012 and 14th February, 2013.

The 32nd Annual General Meeting of your Company was held on 28th September, 2012; 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 28.09.2012	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	4	Yes	5	7	Nil
2.	Mr. Vijay Ram Mukhi	Non-Executive	4	No	1	7	4
3.	Mr. Vipin Maneklal Shah	Non-Executive	4	Yes	4	6	2
4.	Mrs. Vijayrani Saraf *	Non-Executive - Promoter	1	NA	NA	NA	NA

* Resigned as a Director on 14th August, 2012.



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(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, 2013.

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., and 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 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.
- (v) The Company Secretary acts as the Secretary to the Committee.

(B) Meetings of Audit Committee

During the year, 4 Audit Committee meetings were held on 15th May, 2012, 14th August, 2012, 12th November, 2012 and 14th February, 2013. 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	4
Mr. R.K. Saraf	Member	4
Mr. Vipin Manekalal Shah	Member	4

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 15th May, 2012, 14th August, 2012, 12th November, 2012 and 14th February, 2013. 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.

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 (RTA) of the Company.; the RTA attends to share transfer formalities on an on-going basis and effects all transfers that are found to be complete in all respects within a period of 7 – 10 days as per the new guidelines issued by the Securities and Exchange Board of India in July, 2012.

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

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 Note No. 32 'Notes 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.