



COMPUTERS LTD

36th Annual Report 2015-2016

The broadest range  
**All-in-One PCs**  
in the industry



## ZENITH COMPUTERS LTD

CIN : L72900MH1980PLC022652

**36<sup>th</sup> Annual Report 2015-2016**

### DIRECTORS

R.K.Saraf (*Chairman & Managing Director*)  
Vijay R. Mukhi (*Independent Director*)  
Vipin M. Shah (*Independent Director*)  
Manju A. Bhartia (*Woman Director*)

### COMPANY SECRETARY

Ramesh S. Sanghvi

### BANKERS

Indian Bank  
Federal Bank Limited  
IDBI Bank Limited

### AUDITORS

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

### INTERNAL AUDITORS

SRM & Co.,  
Chartered Accountants, Mumbai

### SECRETARIAL AUDITORS

Mohan Akalla & Co.  
Company Secretaries, Thane

### REGISTERED OFFICE

Plot No. EL – 117, 1st Floor, Mahape,  
M.I.D.C., TTC Area, Navi Mumbai 400 710.

### REGISTRAR & TRANSFER AGENTS

Link Intime India Private Limited,  
C-13, Pannalal Silk Mills Compound  
LBS Marg, Bhandup (West) Mumbai 400 078

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## NOTICE

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of Zenith Computers Limited will be held on Friday, 30<sup>th</sup> September, 2016 at 11.30 A.M. at the Auditorium of Hotel ABBOTT, Sector 2A, Near Vashi Bus Station, Vashi, 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 31<sup>st</sup> March, 2016 and the audited Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mrs. Manju Bhartia, a Woman Director who retires by rotation and being eligible, offers herself for re-appointment.
3. **To appoint auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification, the following resolution AS AN ORDINARY RESOLUTION:**

"RESOLVED that pursuant to provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013, M/s. C.L. Khanna & Company, Chartered Accountants (Membership No. 004988), the retiring auditors who were re-appointed by the Shareholders as the Statutory Auditors for a period of 3 years, up to and including the financial year ended 31.03.2017 at the Annual General Meeting (AGM) held on 23<sup>rd</sup> August, 2014, subject to confirmation of the said re-appointment every year at the AGM, and who are eligible for re-appointment pursuant to the aforesaid provisions be and re-appointed as the Statutory Auditors at the Thirty Sixth Annual General Meeting on a remuneration and reimbursement of out of pocket expenses as may be mutually agreed upon between the said Auditors and Board Directors of the Company.

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

**MUMBAI  
9<sup>th</sup> August, 2016**

**RAMESH S. SANGHVI  
COMPANY SECRETARY**

### 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 Saturday, 24<sup>th</sup> September, 2016 to Friday, 30<sup>th</sup> September, 2016 (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 (AGM) to enable the Management to keep the information ready.
- 5) As per Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a brief summary of Mrs. Manju Bhartia, a Director retiring by rotation and seeking re-appointment at the AGM, is given in the Statement annexed hereto. Mrs. Manju Bhartia has furnished the requisite consent / declaration for her re-appointment.

- 6) Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays between 11.00 p.m. and 1.00 p.m., up to the date of the Meeting.
- 7) **Electronic Voting:** Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014 and Clause 35B of the Listing Agreement entered into by the Company with BSE, and in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company provides the members the facility to exercise their right to vote by electronic means, as an alternative to vote physically at the Annual General Meeting (AGM), and the business may be transacted through e-voting services provided by the Central Depository Services (India) Limited (CDSL). Similarly, Members opting to vote physically can do the same by remaining present at the meeting and should not exercise the option of e-voting. However, in case Members cast their votes exercising both the options i.e. physically and e-voting, then votes cast through e-voting shall only be taken into consideration and treated valid whereas votes cast physically at the meeting shall be treated as invalid.

**The instructions for members for voting electronically are as under:-**

- (i) **The voting period begins on "Tuesday, 27<sup>th</sup> September, 2016 at 9.00 a.m." and ends on Thursday, 29<sup>th</sup> September, 2016 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut off date (record date) of Friday, 23<sup>rd</sup> September, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.**
- (ii) The Shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on "Shareholders".
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Now enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the Sequence Number which is printed on the Address Stickers provided on the envelope.</li> </ul>
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the Member ID / Folio Number</b> mentioned in the instruction (iv) in the <b>Dividend Bank details field</b>.</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the Company "Zenith Computers Limited (ZENITHCOMP)" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non Individual Shareholders and Custodians.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance user should be created to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**STATEMENT PURSUANT TO REGULATION 36(3) OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015**

**Item No. 2 :**

The Shareholders of the Company had, pursuant to the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges, appointed Mrs. Manju Bhartia as a Director to occupy the position of a non-executive Woman Director, with effect from 30<sup>th</sup> September, 2015. Pursuant to Clause 49 of the Listing Agreements with the BSE Limited and the National Stock Exchange of India Limited and Section 149 of the Companies Act, 2013, which came into force from April 1, 2014, every listed company is required to have at least one Woman Director, whose tenure of office is liable to retirement by rotation. Mrs. Manju Bhartia, a non-executive Woman Director of the Company, has given a declaration to the Board that she meets the criteria as provided under Section 149 of the Act. In the opinion of the Board, the said Director fulfills the conditions specified in the Act and the Rules framed thereunder for appointment of Woman Director. In compliance with the provisions Section 149 read with Schedule IV of the Act, the re-appointment of Mrs. Manju Bhartia a retiring Director as a Woman Director is now being placed before the Members for their approval. Mrs. Manju Bhartia is related to Mr. R.K. Saraf, the Chairman & Managing Director of the Company and both Mrs. Bhartia and Mr. Saraf may be deemed concerned or interested in the resolution; none of the other Directors and the key Managerial Personnel is concerned or interested in the resolution.

The terms and conditions of appointment of the said Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours from 11.00 a.m. to 1.00 p.m, on any working day except Saturdays, Sundays and National Holidays.

As per Clause 49 of the Listing Agreement with the Stock Exchanges a brief resume of the Director seeking appointment / re-appointment at the AGM is as follows:-

Particulars	Date of Birth	Date of Appointment at the AGM	Qualifications	Experience on specific functional areas	Directorships held in Companies (excluding Foreign Companies)	Membership of Board Committees (including Chairmanship)	No. of Shares held in the Company
Mrs. Manju Bhartia	17 <sup>th</sup> June, 1944	30.09.2015	B.A.	Business Woman for more than 35 years.	Director of other Companies - NIL	None	NIL

**By Order of the Board**

**MUMBAI**  
**9<sup>th</sup> August, 2016**

**RAMESH S. SANGHVI**  
**COMPANY SECRETARY**





## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 36<sup>th</sup> Annual Report and the audited Accounts for the financial year ended 31<sup>st</sup> March, 2016.

(Rs. in Lakhs)

FINANCIAL HIGHLIGHTS	2015-2016	2014-2015
Profit / (Loss) before Taxes	(919.80)	(3,191.22)
Less: Provision for Taxes	NIL	NIL
Profit after taxation available for appropriation	(919.80)	(3,191.22)
<b>Appropriations</b>		
Proposed Dividend	NIL	NIL
Tax on Proposed Dividend	NIL	NIL
Balance Profit / (Loss) carried to the Balance Sheet	(919.80)	(3,191.22)
<b>Basic &amp; Diluted Earnings per Share of face value of Rs.10/- fully paid up</b>	<b>(5.94)</b>	<b>(20.61)</b>

### COMPANY'S ACTIVITIES

Your Company has discontinued the business of manufacture of desktop and laptop computers and is presently only in the services segment of maintenance contracts and fulfilling warranty commitments.

### DIVIDEND

Your Directors do not recommend any Dividend in respect of the financial year ended 31<sup>st</sup> March, 2016, as the Company has suffered a Loss.

### REVIEW OF OPERATIONS

During the year under review, the net sales revenues at Rs. 150.46 lakhs were lower than the previous year's revenues of Rs. 2,201.22 lakhs. During the year the net Loss (Tax Expense was NIL) was Rs. 919.80 lakhs as against the previous year's Loss of Rs. 3,191.22 lakhs (Tax Expense was NIL); the Loss was due to discontinuation of the Company's core business activities relating to manufacture and sale of computers and accessories and the adverse market conditions and interest costs.

### FIXED DEPOSITS

The Company did not have any outstanding / unpaid Deposits or unpaid / unclaimed interest thereon as on 1<sup>st</sup> April, 2015; the Company has not accepted any deposits under Sections 73 to 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

### 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

During the year ended 31<sup>st</sup> March, 2016, the Company's Securities continue to be listed on the BSE Limited (BSE), Mumbai; the Company's securities on the National Stock Exchange of India Limited (NSE), Mumbai were listed only up to 18<sup>th</sup> March, 2016 as the Company's Voluntary Delisting application was accepted by NSE. The Company has paid the requisite Annual Listing Fees for the year 2016-17 to the BSE.

### VOLUNTARY DELISTING OF THE COMPANY'S SHARES FROM THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

The Company made an application to the NSE, pursuant to the Board Resolution passed on 13<sup>th</sup> June, 2015, on 17<sup>th</sup> June, 2015 for voluntarily delisting the Company shares as the Board felt that as there was no trading since September, 2014 till date, the Listing on NSE was no longer required; the Shares are already listed on the BSE Limited which has nation-wide terminals for enabling shareholders, investors and other stakeholders to deal in the Company's Shares. The NSE has approved the Delisting of the Company's Shares with effect from 18<sup>th</sup> March, 2016.

## DIRECTORS

Mrs. Manju Bhartia was appointed as a Director (as a Woman Director) in the 35<sup>th</sup> Annual General Meeting of the Company held on 30<sup>th</sup> September, 2015 in compliance of Clause 49 of the Listing Agreements with the Stock Exchanges.

In accordance with the Company's Articles of Association and the provisions of the Companies Act, 2013, Mrs. Manju Bhartia, as a Woman Director retires by rotation and offers herself for re-appointment. A brief resume of Mrs. Manju Bhartia, nature of experience and the names of Companies in which she holds Directorship and membership / Chairmanship of Board Committees, as stipulated in Clause 49 of the Listing Agreement / SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015 is provided in the Explanatory Statement annexed to the Notice convening the meeting.

### CORPORATE SOCIAL RESPONSIBILITY

The Company has been incurring losses in the previous 3 years and hence the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable.

### DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- (1) that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (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 31<sup>st</sup> March, 2016 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, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (4) that the Directors have prepared the annual accounts on a going concern basis; and
- (5) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively

### REGISTRATION OF THE COMPANY AS A SICK INDUSTRIAL COMPANY

Your Company was registered as a sick industrial company under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial and Financial Reconstruction (BIFR) with effect from 29<sup>th</sup> August, 2014; however on an application made by Indian Bank, the BIFR has abated the registration of reference by the Company as a sick industrial undertaking.

### TAKING OVER OF THE COMPANY'S PROPERTIES IN GOA AND MAHAPE

Indian Bank as the Lead Bank of the Consortium of Banks, has taken physical possession of the land, buildings and stocks of the Company in Goa in April, 2015 and the properties and stocks at Mahape, Navi Mumbai in June, 2015. Consequently, the Company had to discontinue its business of manufacture of desktop and laptop computers.

### SHIFTING OF THE REGISTERED OFFICE

Since the Registered Office of the Company located in Electronic Sadan was taken over by Indian Bank, the Company shifted its registered office to a rented premises at Mahape. Thus the Registered

Office of the Company has been shifted from B-5, Electronic Sadan – 1, MIDC, TTC Area, Mahape, Navi Mumbai 400 710 to Plot No. EL – 117, 1<sup>st</sup> Floor, Mahape, MIDC, TTC Area, Navi Mumbai 400 710 with effect from 6<sup>th</sup> June, 2015.

#### **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 as **Annexure 'D'** in accordance with Clause 49 of the Listing Agreements with the Stock Exchanges / SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

#### **STATEMENT SHOWING THE EXTRACT OF THE ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016**

In accordance with Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Statement showing the Extract of the Annual Return as on the financial year ended 31<sup>st</sup> March, 2016 is annexed as **Annexure 'C'** and forms part of this Report.

#### **PARTICULARS OF LOANS, ETC., UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

During the year, the Company has not given any loans, provided any guarantees or made any investments attracting the provisions of Section 186 of the Companies Act, 2013.

#### **RELATED PARTY TRANSACTIONS**

All transactions / contracts / arrangements of the nature specified in Section 188(1) of the Companies Act, 2013 entered into by the Company during the year under review with related party (ies) are in the ordinary course of business and on arm's length basis. Hence, Section 188(1) is not applicable and consequently no particulars in Form AOC – 2 are furnished.

#### **SECRETARIAL AUDIT**

The Secretarial Audit Report dated 30<sup>th</sup> July, 2016, of M/s. Mohan Akella & Company, Company Secretaries, Thane, pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014, of the Compliance of the applicable Statutory Provisions and adherence to good corporate practices by the Company is annexed hereto as **Annexure 'B'** and forms part of this report.

The Company's representatives have provided the material data for the qualifications / observations and / or remarks contained in the said Secretarial audit Report.

#### **AUDITORS**

M/s. C. L. Khanna & Company, Chartered Accountants, Mumbai, the Statutory Auditors of the Company, were re-appointed for a period of 3 years at the 34<sup>th</sup> Annual General Meeting, in accordance with Sections 139 and 141 of the Companies Act, 2013; the tenure of the said Auditors is to be confirmed at the ensuing AGM.

The Notes to Accounts mentioned in the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2016 are self explanatory to the observations made by the Statutory Auditors in their Report on the said Financial Statements.

#### **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 134 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended; the Company's paid-up Share Capital being less than Rs. 25 Crores, the Provisions of Rules 4 and 5 of the Companies (Accounts) Rules, 2014 are not applicable to the Company; moreover, the Company being a Sick Industrial Company did not pay any increased salary or perquisites to any KMP or any employee during the year; hence the statement under these provisions is not annexed.

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

The information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, 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**  
9<sup>th</sup> August, 2016

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



## ANNEXURE 'A' TO THE DIRECTORS' REPORT

STATEMENT OF PARTICULARS REQUIRED TO BE GIVEN UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(2) OF THE COMPANIES (ACCOUNTS) RULES, 2014 IN RESPECT OF THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016.

**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

NIL

(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 Lakh's

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 : 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

MUMBAI  
9<sup>th</sup> August, 2016

RAJKUMAR SARAF  
CHAIRMAN & MANAGING DIRECTOR

## ANNEXURE 'B' TO THE DIRECTORS' REPORT

### FORM NO. MR - 3

#### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016

{Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,  
The Members of  
**ZENITH COMPUTERS LIMITED**

Registered Office: Plot No. EL – 117, 1<sup>st</sup> Floor, Mahape,  
MIDC, TTC Area,  
**NAVI MUMBAI 400 710**

I have conducted the Secretarial Audit of the Compliance of the applicable Statutory Provisions and adherence to good corporate practices by **ZENITH COMPUTERS LIMITED** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conduct / Statutory Compliances and expressing our opinion thereon.

Based on our verification of the Company's (viz. ZENITH COMPUTERS LIMITED) books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended 31<sup>st</sup> March, 2016 (Audit Period) complied with the Statutory Provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

I have examined the books, papers, minutes' books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March, 2016 according to the provisions of:

- (1) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (2) The Securities Contracts (Regulations) Act, 1956 (SCRA) and the Rules made thereunder;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (4) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2013;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with the client.
  - d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period);
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and

- g) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (6) Information Technology Act, 2000;
- (7) Employees Provident Fund and Miscellaneous Provisions Act, 1953;
- (8) Employees State Insurance Act, 1948;
- (9) Employers Liability Act, 1938;
- (10) Environment Protection Act, 1986 and other environmental laws;
- (11) Equal Remuneration Act, 1976;
- (12) Factories Act, 1948;
- (13) Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rules, 2003;
- (14) Indian Contract Act, 1872;
- (15) Income Tax Act, 1961 and Indirect Tax Laws;
- (16) Indian Stamp Act, 1999,
- (17) Maternity Benefits Act, 1981,
- (18) Minimum Wages Act, 1948;
- (19) Negotiable Instruments Act, 1881;
- (20) Payment of Bonus Act, 1965;
- (21) Payment of Gratuity Act, 1972;
- (22) Payment of Wages Act, 1936 and other applicable laws.
- (23) The Special Economic Zone Act, 2005 and the Rules made thereunder;
- (24) Policy relating to Software Technology Parks of India and its Regulations
- (25) The Indian Copyright Act, 1957 and the Rules made thereunder;
- (26) The Patents Act, 1970 and the Rules made thereunder;
- (27) The Sick Industrial Companies (Special Provisions) Act, 1985; and
- (28) The Trade Marks Act, 1999 and the Rules made thereunder.

I have also examined compliance with the applicable laws of the following:-

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE) as applicable up to 30<sup>th</sup> November, 2015 and thereafter compliance of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

However, I hereby state and reiterate as follows:-

- (i) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion based on these secretarial records.
- (ii) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records.
- (iii) I believe that the processes and practices I have followed provide a reasonable basis for my opinion.
- (iv) The verification was done on a test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the





processes and practices I have followed provide a reasonable basis for our opinion.

- (v) I have not verified the correctness or appropriateness of the financial records and the Books of Account of the Company.
- (vi) Wherever required I have obtained the Management's views and representation about the compliance of the laws, rules and regulations and the happening of events.
- (vii) The compliance of the provisions of Corporate and other applicable laws, rules regulations and standards is the responsibility of the management; my examination was limited to the verification of the procedures on a test basis.
- (viii) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance of the provisions of the Act.

Adequate notice is given to all the Directors to schedule the Meetings of the Board, Audit Committees and other Board Committees and the agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting(s) and for meaningful participation at the meeting(s). Majority decisions are carried through while dissenting members' views are sought and recorded and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / debentures / seat equity, etc.
- (ii) Redemption / Buy Back of Securities.
- (iii) Major decisions taken by the members in pursuance of Section 180 of the Companies Act, 2013.
- (iv) Merger / amalgamation / reconstruction, etc.
- (v) Foreign Technical Collaborations.

I have however made the following observations, based on the Company's Representation and my verification of the Company's records:-

- (a) **The Company has been registered as a Sick Industrial Company under the provisions of Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985, by an Order dated 29<sup>th</sup> August, 2014 of the Board for Industrial and Financial Reconstruction, New Delhi; the BIFR has by a subsequent Order dated 6<sup>th</sup> May, 2016 abated the said reference and allowed the Creditors to enforce their claims against the Company.**
- (b) **The Bank of New York Mellon had filed a claim in the Hon'ble High Court of Justice, Queen's Bench Division, Commercial Court, London, in respect of moneys relating to default in paying overdue principal amount (as on 04.08.2011) on Foreign Currency Convertible Bonds issued on 4<sup>th</sup> August, 2006, and interest and remuneration aggregating to US \$ 14,396,013. The case has apparently been decided ex-parte in December, 2014 but the London's Court Order has not been communicated to / received by the Company.**

- (c) **Indian Bank as the Lead bank of the Consortium of Banks which had extended financial facilities to the Company, under the provisions of The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFESI in short), took possession of the Company's assets including inventories and factories in Goa after the Mumbai Debt Recovery Tribunal passed an Order on 21<sup>st</sup> April, 2015, in conjunction with the Order passed by the District Magistrate of Goa on 28<sup>th</sup> February, 2015.**
- (d) **Indian Bank has also taken physical possession of the Company's premises and assets including inventories at B-5,6,7 and 8, Electronic Sadan - 1, Mahape, Navi Mumbai on 21<sup>st</sup> May, 2015 and 10<sup>th</sup> June, 2015, under the said SARFESI Act. The said Bank has sold some properties in Goa in February, 2016; the Company has made the necessary accounting entries as required by law.**
- (e) **State Bank of India (SBI) had filed a Winding up Petition in the Hon'ble Bombay High Court in 2012; Indian Bank (IB) has filed an application to be impleaded as a Party to the said Petition – both matters were pending admission before the said Court as on 31<sup>st</sup> March, 2016. Thereafter, on 18<sup>th</sup> July, 2016, the Hon'ble Bombay High Court, with the consent of the parties, dismissed the said petition.**
- (f) **Insofar as the Compliance of the provisions of the Companies Act, 2013 and the Listing Agreements with the BSE and NSE are concerned –**
  - (i) **The Company did not comply with provisions of Section 203(1)(iii) read with Section 2(51)(iv) of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Clause 49 of the Listing Agreements with the Stock Exchanges, relating to the appointment of the Chief Financial Officer, one of the Key Management Personnel;**
  - (ii) **The Company did not hold in time, the Board meeting for consideration of its Audited Financial Results for the year ended 31<sup>st</sup> March, 2015 within 60 days of the end of the quarter (which board meeting was to be held on or before 30<sup>th</sup> May, 2015 but was actually held on 13<sup>th</sup> June, 2015); the NSE has levied a penalty of Rs. 60,000/- for violation of this timeline – the Company has paid the said penalties to NSE; and**
  - (iii) **The Company has not appointed a Woman Director before the time line issued by SEBI i.e. on or before the 31<sup>st</sup> March, 2015 / 30<sup>th</sup> June, 2015; NSE has levied a penalty of Rs. 50,000/- - the said penalty was paid to NSE. The Company did appoint a Woman Director on 14<sup>th</sup> August, 2015.**
  - (iv) **The Company has got itself Delisted in accordance with the provisions relating to Voluntary Delisting Guidelines of the SEBI, from the National Stock Exchange of India Limited (NSE) with effect from 18<sup>th</sup> March, 2016 – the Company's Shares continue to be LISTED only on the BSE Limited (BSE).**

FOR MOHAN AKELLA & CO.,  
COMPANY SECRETARIES  
BY THE HAND OF MOHAN AKELLA

PLACE: THANE  
DATE : 30<sup>th</sup> July, 2016

PROPRIETOR  
FCS : 1606;  
C.P. : 2189

## ANNEXURE 'C' TO THE DIRECTORS' REPORT

### STATEMENT SHOWING THE EXTRACT OF THE ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2016

{Pursuant Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014}

#### I. REGISTRATION AND OTHER DETAILS

i) CIN :	<b>L72900MH1980PLC022652</b>
ii) Registration Date :	<b>20<sup>th</sup> May, 1980</b>
iii) Name of the Company :	<b>ZENITH COMPUTERS LIMITED</b>
iv) Category / Sub-category: of the Company	<b>Company Limited by shares /Non- Government Company</b>
v) Address of the Registered Office :	<b>Plot No. EL – 117, 1<sup>st</sup> Floor, Mahape, MIDC, TTC Area, Navi Mumbai 400 710</b>
vi) Whether Listed Company:	<b>Yes</b>
vii) Name, Address and Contact Details of the Registrar and Transfer Agent, if any	<b>Link Intime India Private Limited C – 13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), MUMBAI 400 078 Tel. No. : 022- 25693838 - Mrs. Sujata Poojary</b>

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and description of the main products / services	NIC Code of the Product / Service	Turnover in Rs.	% to total turnover of the Company
1.	Annual Maintenance Service Contracts imbedded in the purchase orders.	847100 & 852400	Rs. 150.46 Lakhs	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN / GLN	Holding, Subsidiary / Associate	% of Shares held	Applicable Section
<b>The Company does not have any holding, subsidiary or associate company as defined in the Companies Act, 2013</b>					

#### IV. Shareholding Pattern (Equity Share Capital Break-up as percentage of total)

##### i) Category-wise Shareholding

Category of Share-holders	No. of Shares held at the beginning of the year (01.04.2015)				No. of Shares held at the end of the year (31.03.2016)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A) PROMOTERS</b>									
(1) Indian									
a) Individuals / HUF	47,55,621	NIL	47,55,621	30.72	47,55,621	NIL	47,55,621	30.72	NIL
b) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corporate	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Banks / FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-Total (A) (1)</b>	<b>47,55,621</b>	<b>NIL</b>	<b>47,55,621</b>	<b>30.72</b>	<b>47,55,621</b>	<b>NIL</b>	<b>47,55,621</b>	<b>30.72</b>	<b>NIL</b>
(1) FOREIGN									
a) NRIs – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Others – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corporate	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-Total (A) (2)</b>	<b>47,55,621</b>	<b>NIL</b>	<b>47,55,621</b>	<b>30.72</b>	<b>47,55,621</b>	<b>NIL</b>	<b>47,55,621</b>	<b>NIL</b>	<b>NIL</b>
<b>Total Shareholding of Promoters (A) = (A) (1) + (A) (2)</b>	<b>47,55,621</b>	<b>NIL</b>	<b>47,55,621</b>	<b>30.72</b>	<b>47,55,621</b>	<b>NIL</b>	<b>47,55,621</b>	<b>NIL</b>	<b>NIL</b>
<b>A. PUBLIC SHAREHOLDING</b>									
1. Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks / FIs	NIL	3,050	3,050	0.02	NIL	3,050	3,050	0.02	NIL
c) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) Foreign Portfolio Investors	NIL	3,600	3,600	0.02	NIL	3,600	3,600	0.02	NIL
h) UTI	NIL	5,800	5,800	0.04	NIL	5,800	5,800	0.04	NIL
i) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-Total (B) (1)</b>	<b>NIL</b>	<b>12,450</b>	<b>12,450</b>	<b>0.08</b>	<b>NIL</b>	<b>12,450</b>	<b>12,450</b>	<b>0.08</b>	<b>NIL</b>