



COMPUTERS LTD

31st Annual Report 2010-2011



# Zenith World

The **Innovation Technology** Group



[www.zenithpc.com](http://www.zenithpc.com)

## ZENITH COMPUTERS LTD

### 31<sup>st</sup> Annual Report 2010-2011

#### DIRECTORS

R.K.Saraf  
*(Chairman & Managing Director)*

H.P. Ranina

Vijay R. Mukhi

Vijayrani Saraf

Vipin M. Shah

#### COMPANY SECRETARY

Ramesh S. Sanghvi

#### BANKERS

Indian Bank

State Bank of India

Federal Bank Ltd

IDBI Bank Ltd

#### AUDITORS

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

#### REGISTRAR &

Link Intime India Pvt. Limited,

#### TRANSFER AGENTS

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



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**Laptops**



**Smart Style PCs**

## NOTICE

**NOTICE** is hereby given that the Thirty First Annual General Meeting of **Zenith Computers Limited** will be held on **Friday, 30<sup>th</sup> September, 2011 at 11.00 a.m.** at Vishnudas Bhav Natyagraha, Sector 16-A, Vashi, Opp. Vashi Bus Stand, 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, 2011 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. Vijay Mukhi who retires by rotation and being eligible offers himself for re-appointment.
4. 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-

#### 5. AS AN ORDINARY RESOLUTION

**"RESOLVED THAT** in accordance with the provisions of Section 256 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Vipin M. Shah be and is hereby appointed as a Director of the Company, whose tenure of office is subject to retirement by rotation."

#### 6. AS A SPECIAL RESOLUTION:-

**"RESOLVED THAT** pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the conditions specified in Schedule XIII to the Companies Act, 1956, the Company hereby approves the payment of remuneration to Mr. Raj Kumar Saraf as the Managing Director of the Company for the remaining period of his tenure from 31<sup>st</sup> October, 2010 to 30<sup>th</sup> October, 2012 on terms and conditions set out in the draft Supplemental Agreement submitted to this Meeting and for identification signed by a Director thereof, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and/or vary the terms and conditions of the said Agreement in such manner,

from time to time as may be agreed to between the Directors and Mr. Raj Kumar Saraf."

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

**(R. K. SARAF)**

**CHAIRMAN &**

**MANAGING DIRECTOR**

**MUMBAI**

**20<sup>th</sup> August, 2011**

### 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, 20<sup>th</sup> September, 2011 to Friday, 30<sup>th</sup> September, 2011 (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) Shareholders desiring payment 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 the cheque leaf and return to our Registrars, Link Intime India Private Limited on or before 15<sup>th</sup> September, 2011, 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 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 53 years and is Director of one other Company. He was appointed as a Director of the Company in the year 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.

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

**Item No. 5**

Mr. Vipin Maneklal Shah was appointed as a Director of the Company on 31<sup>st</sup> March, 2009, in the casual vacancy caused by the resignation of Mr. B.H. Antia and would hold that office up to the date of the ensuing Annual General Meeting (AGM). Mr. Vipin Shah, aged about 66 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.

The Company has received a notice from a Shareholder, along with the requisite deposit of Rs. 500/-, of his intention to move a resolution for the appointment of Mr. Vipin M. Shah as a Director at the said AGM.

**Item No. 6**

Mr. Raj Kumar Saraf was appointed as the Managing Director of the Company for a period of 5 years, from 31<sup>st</sup> October, 2007 to 30<sup>th</sup> October, 2012, on a

remuneration determined at 5% of the net profits of the Company or Rs. 4,00,000/- per month (and Commission @ 1% of the net profits); in case of insufficient or inadequate profits or loss made by the Company in any particular year this remuneration was the minimum remuneration payable to Mr. Saraf; this appointment and the remuneration payable to Mr. Raj Kumar Saraf was confirmed as a Special Resolution by the Shareholders at the 28<sup>th</sup> Annual General Meeting of the Company held on 6<sup>th</sup> September, 2008. The Remuneration Committee of the Board approved the remuneration of Mr. Raj Kumar Saraf of Rs. 4,00,000/- in its meeting held on the 20<sup>th</sup> August, 2011, in accordance with the amended Schedule XIII to the Companies Act, 1956 and the said decision of the Remuneration Committee was confirmed by the Board in its meeting held on the 20<sup>th</sup> August, 2011; the payment of remuneration is now required to be approved as a Special Resolution by the Shareholders in the ensuing 31<sup>st</sup> Annual General Meeting (AGM). The draft Agreement between the Company and Mr. Raj Kumar Saraf, the Managing Director, contains the terms and conditions, the more important of which are as follows :

- (1) Period of Agreement for enhanced remuneration—  
For a period from 31<sup>st</sup> October, 2010 to 30<sup>th</sup> October, 2012.
- (2) Nature of Duties –  
The Managing Director shall carry out such duties as are entrusted to him, subject to the supervision and control of the Board of Directors.
- (3) (A) Remuneration – 5% of the Net Profits of the Company (including commission of 1%) subject to a substantive salary of Rs. 4,00,000/- per month.  
(B) Perquisites: In addition to the above, the Managing Director shall also be entitled to provident fund and superannuation fund benefits, the aggregate of which shall not exceed 25% of the salary, gratuity not exceeding 15 days salary for every completed year of service, 30 days leave for every completed year of service and encashment of leave at the end of the tenure.  
(C) Minimum Remuneration: Notwithstanding anything to the contrary contained herein



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where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the substantive salary and perquisites as specified above.

- (4) The terms and conditions of the said appointment may be altered and/or varied from time to time by the Board as it may, in its discretion, deem fit, in accordance with Schedule XIII to the Companies Act, 1956, or any amendments made hereafter in this regard.
- (5) The Agreement may be terminated by either party giving to the other party three months' notice or by the Company paying three months' remuneration in lieu thereof.
- (6) If the Managing Director ceases to be a Director of the Company for any cause whatsoever, he shall cease to be the Managing Director of the Company.
- (7) The above may be treated as an abstract of the terms and conditions of appointment of Mr. Raj Kumar Saraf as the Managing Director of the Company pursuant to Section 302 of the Companies Act, 1956.

The following additional information, given in accordance with the amended Schedule XIII to the Companies Act, 1956, enables the Shareholders to consider the resolution on merits and decide accordingly at the AGM-

1. **General Information :-** The Company is a Computer hardware Company engaged in the manufacture, distribution, marketing, sale and maintenance of computer hardware products and services. The financial performance of the Company has been according to the expectations of the management. The Company's debt to equity ratio is less than 2:1 as per the norms of the industry and the Company's resources continue to be accessed mainly from the business and internal accruals. The Company has no overseas investments; the export earnings are shown in the audited Accounts for the year ended 31<sup>st</sup> March, 2011.
2. **Information about Mr. Raj Kumar Saraf :-** Mr. Raj Kumar Saraf is B.Com., LLB, is 65 years old

and has over 43 years of extensive exposure and well rounded experience in the area of computer hardware and software products, development and marketing. The Board of Directors considers him to be eminently suitable, based on the job profile, his experience and his knowledge for the post; the Board considers the remuneration payable to him to be based on the trends of executive remuneration packages payable to persons like him in the industry. Mr. Raj Kumar Saraf holds 37,55,621 Equity Shares in the Company (24.25 % of the paid-up Capital) and is related to Mrs. Vijayrani Saraf who holds 10,00,000 Equity Shares (6.44% of the paid-up capital).

3. **Other information :-** The Company has so far not incurred a loss – it is a record of sorts that the Company continues to make profits year after year, despite the sometimes gloomy and hard times of industry cycles; the profits have been as per the Management's expectations despite the erratic business of demand and supply in the industry as a whole both in India and overseas. The Company's management is of the view that these operations would positively impact the financial performance of the Company; the domestic operations of the Company are poised for a 25% growth, both in terms of products and services.
4. **Disclosures :-** The other Directors are paid sitting fees for attending meetings of the Board and / or its Committees. Mr. R.K. Saraf is related to Mrs. Vijayrani Saraf, a Director of the Company; they may be deemed to be concerned or interested in this resolution. None of the other Directors is concerned or interested in the resolution.

The remuneration is payable for a period of 2 years from 31<sup>st</sup> October, 2010 to 30<sup>th</sup> October, 2012 and the same was confirmed by the Board in its meeting held on 20<sup>th</sup> August, 2011, subject, however, to the approval of the Shareholders as a Special Resolution at the ensuing 31<sup>st</sup> Annual General Meeting.

**By Order of the Board  
For ZENITH COMPUTERS LIMITED  
(R. K. SARAF)  
CHAIRMAN &  
MANAGING DIRECTOR**

**MUMBAI  
20<sup>th</sup> August, 2011**

## DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 31<sup>st</sup> Annual Report and the audited Accounts for the financial year ended 31<sup>st</sup> March, 2011.

(Rs. in Lakhs)

FINANCIAL HIGHLIGHTS	2010-2011	2009-2010
Profit before Taxes	272.32	246.90
Less: Provision for Taxes	45.76	41.96
Profit after taxation available for appropriation	226.56	204.94
Add:Balance brought forward from previous year	42.14	0.21
Amount available for appropriations :	268.70	205.15
<b>Appropriations</b>		
Proposed Dividend	139.33	139.33
Tax on Proposed Dividend	23.14	23.68
General Reserve	NIL	NIL
Balance Profit carried to the Balance Sheet	106.23	42.14

## COMPANY'S ACTIVITIES

Fiscal year 2011 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 recommend payment of Dividend for the year @ 9% (Rs.0.90 per share) in respect of the financial year ended 31<sup>st</sup> March, 2011.

## REVIEW OF OPERATIONS

During the year under review,

- The net sales revenue at Rs. 20,407.05 lakhs, was lower than the previous year. However, during the year the profit before tax has increased to Rs. 272.32 lakhs from the previous year's Profit of Rs. 246.90 lakhs due to the Company's relentless efforts in the cost reduction activities.
- The Company has opted out of the State(s) and Central Governments' business;

- 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;

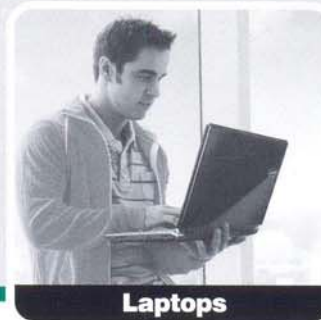
## PROSPECTS AND OUTLOOK

- 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.



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- 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 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 the National Stock Exchange of India Limited, Mumbai. The Company has paid the requisite Annual Listing Fees for the year 2011-12, to the above Exchanges.

#### **DIRECTORS**

Mr. H.P Ranina resigned as a Director of the Company; the Board of Directors placed on record its appreciation of the valuable advice and contribution of Mr. Ranina during his tenure as a Director of the Company.

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.

Mr. Vipin M. Shah, who was appointed as a Director of the Company on 31<sup>st</sup> March, 2009, in the casual vacancy caused by the resignation of Mr. B.H. Antia, holds the office of the Director up to the date of the ensuing Annual General Meeting. The Company received a notice from a member of the Company of his intention to move a resolution, along with the requisite deposit of Rs. 500/-, for appointing Mr. Vipin Shah as a Director of the Company.

#### **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 31<sup>st</sup> March, 2011 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.

## 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.

## 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 31<sup>ST</sup> MARCH, 2011.

- 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	8,522.93
(ii) Foreign Exchange earned	NIL

## FORM B

### Form of disclosure of particulars with respect to absorption

- 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.
- Benefits derived as a result of the above R & D :  
Cost reduction, product improvement, import

## 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  
20<sup>th</sup> August, 2011

**RAJKUMAR SARAF**  
Chairman &  
Managing Director

- substitution and effective time management.
- Future plan of action :  
Development of new products and enhancing market revenues by upgrading existing spectrum of products.
  - Expenditure in R & D : Rs. in Lakhs

a. Capital	NIL
b. Recurring	21.68
c. Total	21.68
d. Total R & D expenditure as a percentage of total turnover	0.11%

## TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION

- 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.
- Benefits derived as a result of the above efforts :  
On going
- Imported Technology : None

By Order of the Board

MUMBAI  
20<sup>th</sup> August, 2011

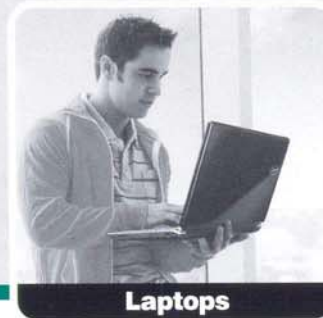
**RAJKUMAR SARAF**  
Chairman &  
Managing Director





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## 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 present Board consists of one Executive Director and four Non-Executive Directors. Out of the Non-Executive Directors, three are Independent Directors and the other Director represents 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. Apart from the sitting fees paid for attending Board/Committee Meetings, the Non-Executive Directors did not have any material pecuniary relationship or transactions with the Company during the year 2010-11.

The Company has the Executive Director as the 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 2010-11, 4 meetings of the Board of Directors were held on 29<sup>th</sup> May, 2010, 31<sup>st</sup> July, 2010, 13<sup>th</sup> November, 2010 and 12<sup>th</sup> February, 2011.

The 30<sup>th</sup> Annual General Meeting of your Company was held on 7<sup>th</sup> August, 2010, 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 30 <sup>th</sup> AGM held on 07.08.2010	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	11	9	2
2.	Mr. H.P. Ranina	Non-Executive	4	Yes	3	Nil	Nil
3.	Mr.Vijay Ram Mukhi	Non-Executive	4	Yes	1	8	4
4.	Mrs. Vijayrani Saraf	Non-Executive - Promoter	4	Yes	3	1	Nil
5.	Mr. Vipin Maneklal Shah	Non-Executive	4	Yes	4	6	2

**(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 Personnel 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, 2011.

**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 member 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, 4 Audit Committee meetings were held on 29<sup>th</sup> May, 2010, 31<sup>st</sup> July, 2010, 13<sup>th</sup> November, 2010 and 12<sup>th</sup> February, 2011. 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:

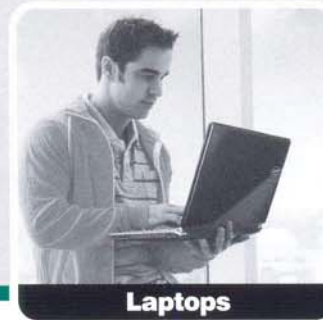
Name of Member	Composition of the Audit Committee	Number of meetings attended
Mr. Vijay Ram Mukhi	Chairman	4
Mr. Raj Kumar Saraf	Member	4
Mr. Vipin Manekalal Shah	Member	4

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



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### **(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.

### **D) 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 29<sup>th</sup> May, 2010, 31<sup>st</sup> July, 2010, 13<sup>th</sup> November, 2010 and 12<sup>th</sup> February, 2011. The composition of the Investors' Grievances Committee

was Mr. Vipin Shah as the Chairman, Mr. Vijay Mukhi and Mr. Raj Kumar 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 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 Schedule 17 'Notes forming part of the Accounts'.
- (ii) The transactions with related parties during the year, were in the normal course of business and at an arm's length basis.

##### **(B) Disclosure of Accounting Treatment**

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

The Company had issued Foreign Currency Convertible Bonds (FCCBs) of the value of US\$ 12 million, in an earlier year and the Company has not received any requests for conversion into Equity shares. The Company has outstanding FCCBs of US \$ 8.186 million, after the buyback of FCCBs of the value of US\$ 3.814 million in the previous years.

##### **(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.

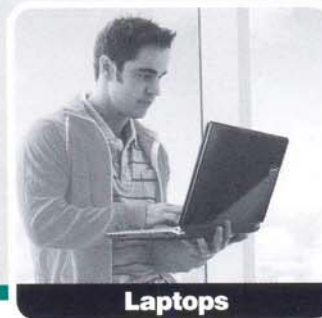
##### **(D) Proceeds from public issues, rights issues, preferential issues etc.**

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



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#### (E) Remuneration of Directors

(i) Managing Director

Mr.Rajkumar Saraf, the Chairman and Managing Director has not drawn any salary.

(ii) Non-Executive Directors

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

Is 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.

Are Quarterly results published in newspapers : Results are normally published in 'The Free Press Journal', 'Navshakti' (Marathi Mumbai edition) and in the '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 Company continues to take several steps to expand the market and to educate the people on the knowledge and use of computers and computer peripherals; the industry continues to get Government support both at Central and State levels to exempt the products from excise duty; efforts are still on to effectively reduce price of the products so that the larger section of people are able to own a computer for their personal use.

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.

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, 2011 was 631.

#### **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) <b>Day, Date, time and Venue</b> | : | Friday, 30 <sup>th</sup> September, 2011 at 11.00 a.m.<br>Vishnudas Bhave Natyagruh, Sector 16-A, Vashi,<br>Opp.: Vashi Bus Stand,<br>Navi Mumbai – 400 703. |
| (ii) <b>Financial year</b>           | : | 1 <sup>st</sup> April to 31 <sup>st</sup> March  |
| (iii) <b>Date of Book Closure</b>    | : | Tuesday, 20 <sup>th</sup> September, 2011 to Friday, 30 <sup>th</sup><br>September, 2011<br>(both days inclusive)  |
| (iv) <b>Dividend Payment Date</b>    | : | The dividend warrants will be posted and the<br>dividend credited under ECS on or<br>before 29 <sup>th</sup> October, 2011                                   |
| (v) <b>Listing:</b>                  |   |  |

The Stock Exchanges on which the Company's shares are listed :

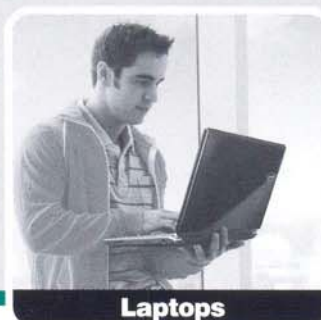
The Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001.

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



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**(vi) Stock Code**

The Bombay Stock Exchange (physical) : Code : 17164  
 The Bombay Stock Exchange (demat) : }  
 The National Stock Exchange (demat) : } Code : INE 598B01013

**(vii) Annual General Meetings**

Location and time where last three Annual General Meetings were held are given below:

Financial Year	Date	Location of the Meeting	Time
2009-2010	07/08/2010	Vishnudas Bhave Natyagruha, Sector 16-A, Vashi, Opp.: Vashi Bus Stand, Navi Mumbai – 400 703.	11.30 a.m.
2008-2009	08/08/2009	Vishnudas Bhave Natyagruha, Sector 16-A, Vashi, Opp.: Vashi Bus Stand, Navi Mumbai – 400 703.	11.30a.m.
2007-2008	06/09/2008	Auditorium of the ICSI - Centre for Corporate Research & Training, Plot No.101, Sector 15, Institutional Area, CBD Belapur, Navi Mumbai– 400 614.	10.30 a.m.

**(viii) Market price information**

The high and low closing prices during the year ended March 31, 2011 on the National Stock Exchange and the Bombay Stock Exchange, where your Company's shares are frequently traded, are given below:

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
April, 2010	27.80	23.45	28.05	23.35
May, 2010	28.15	22.20	28.45	21.90
June, 2010	30.75	23.20	31.00	21.15
July, 2010	35.30	26.60	35.40	24.90
August, 2010	36.00	27.10	36.35	25.00
September, 2010	33.70	27.00	33.80	27.55
October, 2010	34.50	29.50	34.45	29.00
November, 2010	31.50	25.60	30.90	25.50
December, 2010	28.00	23.75	28.00	20.50
January, 2011	29.50	22.50	29.50	22.00
February, 2011	26.00	20.00	26.80	20.50
March, 2011	25.80	22.00	26.50	22.10

**(ix) Registrars and Share Transfer Agents :**

The Members are requested to correspond with the Company's Registrars & Share Transfer Agents – M/s. Link Intime (India) Private Ltd.,

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

**(x) Distribution of shareholding**

(a) Distribution of shareholding (no. of shares) as on March 31, 2011:

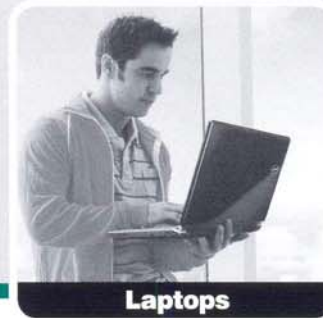
	Category	No. of Equity shares held	Percentage of shareholding
<b>A</b>	Promoters		
1	Indian Promoters (Individuals/HUF)	6,717,531	43.39
2	Foreign Promoters	NIL	NIL
3	Bodies Corporate	1,692,224	10.93
<b>B</b>	Non-Promoters Holding		
<b>1</b>	<b>Institutional Investors</b>		
A	Mutual Funds and UTI	5,800	0.04
B	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-Government Institutions)	3,150	0.02
C	FII's	1,340,528	8.66
<b>2</b>	<b>Others</b>		
A	Bodies Corporate	800,345	5.17
B	Clearing Members (Shares in Transit)	61,183	0.40
C	NRIs/OCBs/Foreign Nationals	679,173	4.39
D	Individuals holding nominal share capital upto Rs.1 lakh	3,804,412	24.57
E	Individuals holding nominal share capital more than Rs.1 lakh	376,494	2.43
	<b>TOTAL</b>	<b>15,480,840</b>	<b>100.00</b>





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(b) Shareholding pattern as on March 31, 2011:

SHAREHOLDING OF NOMINAL VALUE OF RS.			SHAREHOLDERS NUMBER	%AGE OF TOTAL	SHARE AMOUNT RS.	%AGE OF TOTAL
1	-	5000	19,542	93.56	2,93,93,620	18.99
5001	-	10000	845	4.05	67,39,280	4.35
10001	-	20000	290	1.39	43,99,220	2.84
20001	-	30000	93	0.45	23,50,280	1.52
30001	-	40000	27	0.12	9,49,320	0.61
40001	-	50000	22	0.10	10,02,700	0.65
50001	-	100000	37	0.18	27,06,830	1.74
100001	-	*****	31	0.15	10,72,67,150	69.30
TOTAL			20,887	100.00	15,48,08,400	100.00

**(xi) Dematerialisation of shares and liquidity**

83.24% of the equity shares have been dematerialized by about 62.14% of the shareholders as on March 31, 2011. The Company's shares can be traded only in dematerialized form as per SEBI notification. The Company has entered into Agreements with NSDL and CDSL whereby shareholders have the option to dematerialize their shares with either of the depositories. Equity shares are actively traded in BSE and NSE.

**(xii) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

The Company has not issued any GDRs/ADRs/Warrants. The Company had in 2006 issued and allotted Foreign Currency Convertible Bonds (FCCBs) of the value of U.S.\$ 12 million. The Company has bought back FCCBs of the value of US\$ 3.814 million in the previous years; the outstanding FCCBs are of US\$ 8.186 million as on 31<sup>st</sup> March, 2011.

**(xiii) Plant locations**

Your Company's manufacturing units are located at Plot No. P-33/37, Sancoale Industrial Estate, P.O.Zuari Nagar, Goa - 403 726 and the offices are located in almost all metropolitan cities in India.

**(xiv) Address for correspondence (Registered Office)**

Zenith Computers Limited  
B-5, Electronic Sadan 1,  
MIDC, TTC Area,  
Mahape,  
Navi Mumbai 400 710.

**(xv) Electronic Clearing Service (ECS)**

The Company is availing of the ECS facility to distribute dividend to those Members who have opted for it in metropolitan cities.

### NON-MANDATORY REQUIREMENTS

#### (a) Remuneration Committee

The Company has a Remuneration Committee consisting of, inter alia, two Non-Executive Directors, with the Chairman being an Independent Director. The members of the Remuneration Committee are as follows:

1. Mr. Vijay Ram Mukhi - Chairman
2. Mr. Raj Kumar Saraf - Member
3. Mr. Vipin M. Shah - Member

The scope and function of the Remuneration Committee is to review and fix the remuneration payable to the Managing Director of the Company. The Committee held a meeting on 13<sup>th</sup> November, 2010 for determining the increase in remuneration of Miss Devita Saraf, Executive Director and a relative of Mr. Raj Kumar Saraf, the Chairman and Managing Director and Mrs. Vijayrani Saraf, Director, respectively of the Company.

#### (b) Whistle Blower Policy

Your Company has established a mechanism called 'Whistle Blower Policy' for employees to report to the management instances of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy.

**By Order of the Board**

**Place: Mumbai,  
Date: 20<sup>th</sup> August, 2011**

**RAJ KUMAR SARAF  
CHAIRMAN & MANAGING DIRECTOR**

### DECLARATION OF THE MANAGING DIRECTOR & CEO

This is to certify that the Company has laid down Code of Conduct for all Board Members and Senior Management of the Company and the copies of the same are uploaded on the website of the Company.

This is to further certify that the Members of the Board of Directors and Senior Management personnel have affirmed having complied with the Code applicable to them during the year ended March 31, 2011.

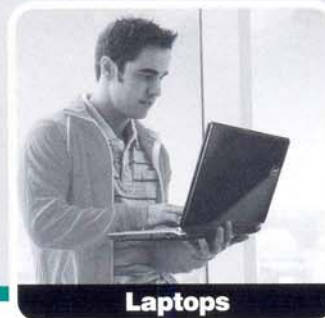
**Place: Mumbai,  
Date: 20<sup>th</sup> August, 2011**

**RAJ KUMAR SARAF  
CHAIRMAN & MANAGING DIRECTOR**



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### COMPANY SECRETARY'S RESPONSIBILITY STATEMENT

The Company Secretary confirms that the Company has:

- i) maintained all the books of accounts and statutory registers required under the Companies Act, 1956 ("the Act") and the rules made thereunder;
- ii) filed Annual Reports and Annual Returns with the Registrar of Companies and also filed the documents time to time with Stock Exchanges;
- iii) not entered into any contract or transactions in terms of Section 297 of the Act;
- iv) not provided any loan to any Director of the Company in terms of Section 295 of the Act;
- v) paid remuneration to its managerial personnel within the limits specified in terms of Section 198, 309 read with Schedule XIII of the Act;
- vi) issued all notices required to be given for convening of Board Meetings, Committee Meetings and Annual General Meeting within the limit prescribed by Law;
- vii) conducted the Board Meetings, Committee Meetings and Annual General Meeting as per the Act;
- viii) complied with all the requirements relating to the Minutes of the proceedings of the Meetings of the Board of Directors, Committees and the Shareholders;
- ix) made the disclosures required under the Act including those required in pursuance of the disclosures made by the Directors;
- x) obtained all necessary approvals of the Directors, Shareholders and other Authorities as per the requirements;
- xi) not exceeded its borrowing powers;
- xii) paid dividend amounts to the Shareholders within the time limit prescribed;
- xiii) complied with the requirements of the Listing Agreement entered into with the Stock Exchanges;
- xiv) complied with the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
- xv) complied with the provision of SEBI (Prohibition of Insider Trading) Regulations, 1992.

for ZENITH COMPUTERS LIMITED

Mumbai  
20<sup>th</sup> August, 2011

**RAMESH SANGHVI**  
COMPANY SECRETARY

C.L. KHANNA & CO.  
CHARTERED ACCOUNTANTS  
"CHIRANJEEV", PLOT NO. 8,  
GREATER BOMBAY C.H.S. LTD.,  
GULMOHAR CROSS ROAD NO.4,  
JVPD SCHEME,  
MUMBAI - 400 049  
Tel. : 2620 6678 ; 2620 3390;

To  
The Board of Directors,  
ZENITH COMPUTERS LIMITED  
B-5, Electronic Sadan 1,  
MIDC, TTC Area,  
Mahape,  
Navi Mumbai 400 710

We have read the Report of the Board of Directors on Corporate Governance and have examined the relevant records relating to compliance of conditions of Corporate Governance by Zenith Computers Limited ("the Company"), for the year ended March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the Guidance Note on Certification of Corporate Governance' issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance. Our examination was neither an audit nor was it conducted to express an opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and on the basis of our examination described above, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For C.L. KHANNA & CO.  
CHARTERED ACCOUNTANTS**

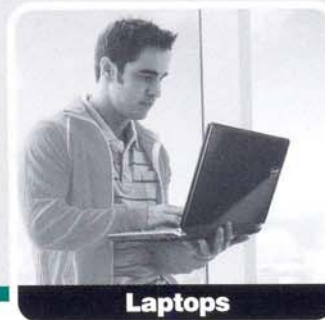
**C.L. KHANNA  
PROPRIETOR  
MEMBERSHIP NO. : 004988**

Mumbai,  
20<sup>th</sup> August, 2011



**COMPUTERS LTD**

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## AUDITORS REPORT

### To The Members of Zenith Computers Limited

1. We have audited the attached Balance Sheet of **Zenith Computers Limited** as at 31<sup>st</sup> March, 2011 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conduct our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraph 4 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of such books and proper returns adequate for the purposes of our audit have been received from the branches.
- (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- (e) On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2011 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a Director in terms of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31<sup>st</sup> March, 2011;
  - (ii) In the case of Profit and Loss Account of the profit for the year ended on that date, and
  - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For C.L. Khanna & Co.**  
**Chartered Accountants**

**Place: Mumbai**  
**Date: 20<sup>th</sup> August, 2011**  
**(C.L. KHANNA)**  
**Proprietor**  
**(MEMBERSHIP NO.004988)**

## ANNEXURE TO THE AUDITORS REPORT

### Re: Zenith Computers Limited

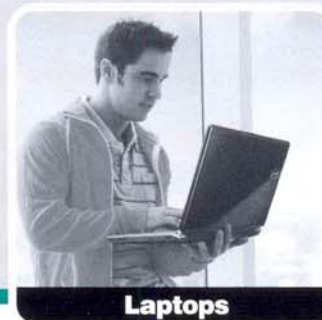
(Referred to in paragraph 3 of our report of even date)

- (i) The nature of the Company's business activities during the year is such that Clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year ended on 31<sup>st</sup> March, 2011.
- (ii) In respect of Fixed Assets:
  - (a) The Company has maintained proper records to show full particulars, including quantitative details wherever feasible and situation of fixed assets.
  - (b) The fixed assets have been physically verified by the Management periodically and the frequency of verification of fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
  - (c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposals during the year.
- (iii) In respect of Inventories:
  - (a) The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company, and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
- (v) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
- (vi) In respect of particulars of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act 1956;
  - (a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
  - (b) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services aggregating during the year in excess of Rs. 5 Lakhs in respect of each party have been made at prices that are reasonable having regard to the prevailing market prices of such goods, materials or services or the prices at which transaction for similar goods, materials or services have been made with other parties.
- (vii) The Company has not accepted any deposits from the public, consequently the provisions of Section 58A, Section 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.
- (viii) The Company's internal audit work is being carried out by M/s S R M & Co., Chartered Accountants, Mumbai. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.



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- (ix) The books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records in respect of the Company's products under Section 209(1)(d) of the Companies Act, 1956, are broadly reviewed by us and we are of the opinion that prima facie, the prescribed accounts and records are maintained. We have not, however, made a detailed examination of the records, with a view to determining whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of Statutory and other dues:
  - (a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, VAT, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities during the year.
  - (b) The disputed statutory dues that are pending before appropriate authorities are as under:

SR. NO.	NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (RS. IN LAKHS)	FORUM WHERE DISPUTE IS PENDING
1	Central Sales tax Act, 1956 and Sales tax & VAT Acts of various States	Sales tax	183.39	Appellate Authorities/ Tribunal/ High Court
2	Customs Act, 1962	Custom duty	305.72	Dy Commissioner of Customs, Adjudication Cell, Mumbai
3	BMC Act, 1888	Property tax	14.83	Small Causes Court, Mumbai

- (xi) The Company neither has accumulated losses at the end of the year, nor incurred cash losses during the current and the immediately preceding financial year.

- (xii) Based on the Audit procedures and on the information and explanation given by the Management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks.
- (xiii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xv) The term loan taken was applied for the purposes for which it was taken.
- (xvi) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- (xvii) The Company has not made any preferential allotment during the year.
- (xviii) No securities have been created by issue of debentures during the year.
- (xix) The Company has not raised any money by public issue during the year.
- (xx) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**For C.L. Khanna & Co.**  
**Chartered Accountants**

**Place: Mumbai** (C.L. KHANNA)  
**Date: 20<sup>th</sup> August, 2011** Proprietor  
(MEMBERSHIP NO.004988)

**BALANCE SHEET AS AT 31ST MARCH, 2011**

	Schedule	As at 31.03.2011		As at 31.03.2010	
		Rs.000's	Rs.000's	Rs.000's	Rs.000's
<b>SOURCES OF FUNDS</b>					
<b>SHARE HOLDERS' FUNDS</b>					
Share Capital	1	155000		155000	
Reserves & Surplus	2	409390	564390	268566	423566
<b>LOAN FUNDS</b>					
Secured Loans	3	397652		201154	
Unsecured Loans	4	327194	724846	399700	600854
<b>TOTAL</b>			<b>1289236</b>		<b>1024420</b>
<b>APPLICATION OF FUNDS</b>					
<b>FIXED ASSETS</b>					
Gross Block		1083395		928234	
Less : Depreciation		458506		471508	
<b>NET BLOCK</b>			<b>624889</b>		<b>456726</b>
<b>INVESTMENTS</b>	5		0		0
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
Inventories	6	487983		504648	
Sundry Debtors	7	550271		242081	
Cash & Bank Balances	8	43409		77615	
Loans & Advances	9	136122	1217785	123335	947679
<b>LESS : CURRENT LIABILITIES AND PROVISIONS :</b>					
Liabilities	10	475296		344447	
Provisions	11	78142	553438	35538	379985
<b>NET CURRENT ASSETS</b>			<b>664347</b>		<b>567694</b>
<b>MISCELLANEOUS EXPENDITURE</b>					
(to the extent not written off or adjusted)			0		0
<b>TOTAL</b>			<b>1289236</b>		<b>1024420</b>
<b>NOTES TO ACCOUNTS</b>	17				

The schedules referred to above, form an integral part of the Balance Sheet

As per our Report of even date

C. L. KHANNA & CO.  
CHARTERED ACCOUNTANTS

For & On behalf of the Board of Directors

C. L. KHANNA  
PROPRIETOR  
(MEMBERSHIP NO.004988)

**RAJKUMAR SARAF**  
CHAIRMAN & MANAGING DIRECTOR

MUMBAI,  
Dated: 20<sup>th</sup> August, 2011

**RAMESH SANGHVI**  
COMPANY SECRETARY

**VIJAY RAM MUKHI**  
DIRECTOR





**COMPUTERS LTD**

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**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2011**

	Schedule	2010-11 Rs.000's	2009-10 Rs.000's
<b>INCOME :</b>			
Sales, Services, Income from Operations		2040705	2772918
Less: Excise duty & Service tax		(117484)	(163008)
		<u>1923221</u>	<u>2609910</u>
Increase/(Decrease) in cl.stock(FG)	12	133812	64896
Other Income	13	5106	6975
		<u>1794515</u>	<u>2681781</u>
<b>EXPENDITURE :</b>			
Cost of Materials Consumed	14	1409153	2308341
Manufacturing, Selling & Administrative Expenses	15	111995	160786
Salaries, Wages and other employees benefits	16	92062	105628
Interest & Other Financial exps		32979	26696
Depreciation		120203	55640
		<u>1766392</u>	<u>2657091</u>
Profit Before Tax & Exceptional items		28123	24690
Less: Exceptional items		891	0
<b>Profit Before Tax</b>		<u>27232</u>	<u>24690</u>
Provision for Taxation :			
Current tax		5427	4196
Less: MAT credit entitlement		(5427)	0
Deferred tax expense		4877	0
Excess provision of earlier years		(301)	0
<b>Profit after Tax</b>		<u>22656</u>	<u>20494</u>
Balance brought forward from previous year		4214	21
<b>Profit available for appropriation</b>		<u>26870</u>	<u>20515</u>
<b>APPROPRIATIONS :</b>			
Proposed dividend		13933	13933
Tax on proposed Dividend		2314	2368
General Reserve		0	0
		<u>16247</u>	<u>16301</u>
Balance carried to Balance Sheet		10623	4214
Basic & Diluted Earnings per Share of face value of Rs.10 each fully paid (Rs.)		1.46	1.32

**NOTES TO ACCOUNTS**

17

The schedules referred to above, form an integral part of the Profit and Loss Account

As per our Report of even date

C. L. KHANNA & CO.

CHARTERED ACCOUNTANTS

C. L. KHANNA

PROPRIETOR

(MEMBERSHIP NO.004988)

MUMBAI,

Dated: 20<sup>th</sup> August, 2011

For & On behalf of the Board of Directors

**RAJKUMAR SARAF**

CHAIRMAN & MANAGING DIRECTOR

**RAMESH SANGHVI**

COMPANY SECRETARY

**VIJAY RAM MUKHI**

DIRECTOR

**SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011**

	As at 31.03.2011		As at 31.03.2010	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
<b>SCHEDULE 1</b>				
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b>				
50,00,000 Unclassified Shares of Rs.10/- each	50000		50000	
2,70,00,000 Equity Shares of Rs.10/- each	<u>270000</u>		<u>270000</u>	
		<u>320000</u>		<u>320000</u>
<b>ISSUED AND SUBSCRIBED:</b>				
1,55,25,440 Equity Shares of Rs.10 each		<u>155254</u>		<u>155254</u>
<b>PAID UP</b>				
1,54,80,840 Equity Shares of Rs.10 each fully paid	154808		154808	
Add : Forfeited Shares (44600 shares)	223		223	
Less : Calls In Arrears	<u>(31)</u>	<u>155000</u>	<u>(31)</u>	<u>155000</u>
i) (of the above shares 80,000 equity shares of Rs.10/- each were allotted as fully paid-up by way of bonus shares by capitalisation of General Reserves)				
ii) (2,08,800 Equity Shares of Rs.10/- each fully paid were allotted without payment being received in cash, pursuant to the scheme of amalgamation of Telelink Products Ltd. with the Company)				
<b>SCHEDULE 2</b>				
<b>RESERVES &amp; SURPLUS :</b>				
<b>Revaluation Reserve</b>				
As per last Balance Sheet	0		23006	
Add: During the year	141456		0	
Less: Adjustments	<u>0</u>	<u>141456</u>	<u>(23006)</u>	0
<b>General Reserve</b>				
As per last Balance Sheet	264352		264352	
Add: Mat Credit entitlement of earlier years	31947		0	
Less: Deferred tax provision for earlier years	<u>(38988)</u>		0	
Add: Transferred to/from Profit & Loss a/c	0	<u>257311</u>	0	264352
<b>Profit and Loss account</b>		<u>10623</u>		<u>4214</u>
		<u>409390</u>		<u>268566</u>



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	As at 31.03.2011		As at 31.03.2010	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
<b>SCHEDULE 3</b>				
<b>SECURED LOANS</b>				
Working Capital Borrowing from Banks		195611		1154
Term Loan from Banks		202041		200000
		<u>397652</u>		<u>201154</u>

- a) Working Capital borrowings from banks are secured by way of hypothecation of Inventories, Book Debts and by way of second charge on Fixed Assets.
- b) Term loan from Bank is secured by a first charge on the fixed assets and second charge on current assets

	As at 31.03.2011		As at 31.03.2010	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
<b>SCHEDULE 4</b>				
<b>UNSECURED LOANS</b>				
Foreign Currency Convertible Bonds (FCCB)		327194		399700
		<u>327194</u>		<u>399700</u>

**SCHEDULE 5**  
**FIXED ASSETS**

DESCRIPTION	GROSS BLOCK					DEPRECIATION			NET BLOCK	
	COST AS ON 1.4.10	ADDI-TIONS	SALE/ ADJ	COST AS ON 31.3.11	UPTO 31.3.10	FOR THE YEAR 1.4.10-31.3.11	DEDUCTED ON SALE/ADJ	UPTO 31.3.11	AS ON 31.3.11	AS ON 31.3.10
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's
LAND (LEASEHOLD)	45460	66108	0	111568	0	0	0	0	111568	45460
BUILDING	117134	98121	0	215255	16083	2352	0	18435	196820	101051
PLANT & MACHINERY	9074	0	0	9074	3531	431	0	3962	5112	5543
COMPUTERS SYSTEMS	722429	718	10894	712253	428853	115400	133205	411048	301205	293576
ELECTRICAL FITTINGS & INSTALLATION	3881	46	0	3927	2394	185	0	2579	1348	1487
FACTORY & OFFICE EQUIPMENT	13841	127	0	13968	7211	661	0	7872	6096	6630
FURNITURE & FIXTURES	12499	150	0	12649	10547	796	0	11343	1306	1952
VEHICLES	3916	785	0	4701	2889	378	0	3267	1434	1027
<b>TOTAL</b>	<b>928234</b>	<b>166055</b>	<b>10894</b>	<b>1083395</b>	<b>471508</b>	<b>120203</b>	<b>133205</b>	<b>458506</b>	<b>624889</b>	<b>456726</b>
PREVIOUS YEAR	731305	251773	54844	928234	416817	55640	949	471508	456726	314488

- NOTE : 1) Opening balance of Buildings includes inter alia Rs.39106 towards revaluation in the year 2008-09
- 2) Additions to Land, Buildings includes inter alia, Rs.66108 and Rs.75348 respectively, towards revaluation during the current year 2010-11.
- 3) The reduction in depreciation on Computer Systems Rs.133205 includes Rs.129221 being the excess charge of depreciation upto 31.3.2010, due to change in the method of charging depreciation from Written Down Value method to Straight Line method.

	As at 31.03.2011		As at 31.03.2010	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
<b>SCHEDULE 6</b>				
<b>INVENTORIES</b>				
Raw Materials & Stock in process, including in-Transit stock.	459570		342423	
Finished Goods	28413	487983	162225	504648
<b>SCHEDULE 7</b>				
<b>SUNDRY DEBTORS (UNSECURED)</b>				
Over six months, considered good	50880		22745	
Others, considered good	499391	550271	219336	242081
<b>SCHEDULE 8</b>				
<b>CASH AND BANK BALANCES</b>				
Cash on hand	188		117	
Balances with scheduled banks:				
on current account	28221		77498	
on Fixed Deposit account	15000	43409	0	77615
<b>SCHEDULE 9</b>				
<b>LOANS &amp; ADVANCES</b>				
Advances recoverable in cash or kind or for value to be received	128343		107888	
Advance Taxes	7779	136122	15447	123335
<b>SCHEDULE 10</b>				
<b>LIABILITIES</b>				
Sundry Creditors	238070		93143	
Acceptances	182586		185391	
Accrued Interest on FCCB	38662		47233	
Statutory Liabilities	2162		4345	
Other Liabilities	13816	475296	14335	344447
<b>SCHEDULE 11</b>				
<b>PROVISIONS</b>				
Taxation	55734		14634	
Proposed Dividend	13933		13933	
Tax on proposed dividend	2314		2368	
Provision for gratuity	6161	78142	4603	35538



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**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT  
FOR THE YEAR ENDED 31st MARCH, 2011**

	2010-11		2009-10	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
<b>SCHEDULE 12</b>				
<b>INCREASE/(DECREASE) IN CLOSING STOCK OF FINISHED GOODS</b>				
Opening Stock	162225		97329	
Closing Stock	<u>28413</u>	<u>(133812)</u>	<u>162225</u>	<u>64896</u>
<b>SCHEDULE 13</b>				
<b>OTHER INCOME</b>				
Interest received on Income Tax Refund	399		0	
Interest received on Margin Money	1216		3804	
[TDS Rs.1.21 lakhs (previous year Rs.3.90 lakhs)]				
Dividend received	2		503	
Profit on sale of assets	0		2592	
Gain on buyback of FCCB	3412		0	
Miscellaneous receipts	<u>77</u>	<u>5106</u>	<u>76</u>	<u>6975</u>
<b>SCHEDULE 14</b>				
<b>COST OF MATERIALS CONSUMED/SOLD</b>				
Raw Materials, Maintenance spares consumed				
Opening Stock	342423		515148	
Add : Purchases	<u>1526300</u>		<u>2135616</u>	
	<u>1868723</u>		<u>2650764</u>	
Less: Closing Stock	<u>459570</u>	<u>1409153</u>	<u>342423</u>	<u>2308341</u>

	2010-11		2009-10	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
<b>SCHEDULE 15</b>				
<b>MANUFACTURING, ADMINISTRATIVE &amp; SELLING EXPENSES</b>				
Electricity Charges		2650	4870	
Technical Seminars		9	29	
Conveyance		8032	8925	
Tours & Travel		13519	15376	
Printing & Stationery		1598	4404	
Directors Sittings Fees		660	640	
Telephone,Telex,Postage & Courier		7642	10547	
Rent		3110	4750	
Rates & Taxes		379	985	
Insurance		832	1082	
Coolie, Cartage, Clearing & Forwarding		16516	28132	
Subscriptions, Newspapers & Periodicals		1059	873	
Legal & Professional		8603	12372	
Vehicle Expenses		754	895	
Bank charges		11067	21125	
Sales Tax/VAT		4270	14155	
Repairs & Maintenance		2333	1957	
Office expenses		9667	12950	
Advertisement, Publicity & Sales Promotion		8495	706	
Conference		870	312	
Demonstrations		31	12	
Bad Debts written off		3789	1741	
Commission on Sales		5527	13028	
Auditors Remuneration :		351	351	
	<b>2010-11</b>		<b>2009-10</b>	
Audit Fees	326		326	
Tax Audit Fees	25		25	
Miscellaneous Expenses		232		160786
		<u>111995</u>	<u>569</u>	<u>160786</u>
<b>SCHEDULE 16</b>				
<b>SALARY, WAGES &amp; OTHER EMPLOYEE BENEFITS</b>				
Salaries, Wages, Bonus, Gratuity, etc.		87339	100466	
Contribution to P.F., E.S.I.C., etc.		3469	3001	
Staff Welfare		1254	2161	105628
		<u>92062</u>	<u>2161</u>	<u>105628</u>



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## SCHEDULE : 17

### NOTES TO THE ACCOUNTS

#### 1. Significant Accounting Policies

##### A) Basis of Preparation of Financial Statements

- a) The Financial Statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- b) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the Company.

##### B) Fixed Assets and Depreciation

- a) Fixed Assets are stated at cost of acquisition or construction and include amounts added on revaluation less accumulated depreciation and impairment loss, if any. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising out of exchange rate variations attributable to the fixed assets are capitalized.
- b) Depreciation on Fixed Assets, is provided on the basis of Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. No depreciation is charged on the appreciation on revaluation of the fixed assets.
- c) During the current year the method of charging depreciation on Computer Systems was changed from Written Down Value method in the previous year to Straight Line method.

##### C) Impairment of Assets

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

##### D) Foreign Currency Transactions

- a) Transactions denominated in Foreign Currencies are normally recorded at the exchange rate prevailing at the time of the transactions or that exchange rate which approximates the actual rate at the date of the transaction.
- b) Gains and losses on Foreign Exchange Transactions other than those relating to fixed assets are charged to the Profit and Loss account.
- c) Monetary items denominated in foreign currencies at the year end are restated at year end rates as per AS11.

##### E) Investments

Long Term Investments are stated at cost. Current Investments are stated at cost or quoted/fair value whichever is lower. Provision for diminution in the value of long-term investments is made only if such a decline is other than temporary.

**F) Inventories**

Items of inventory are valued at cost or net realizable value, whichever is lower, after providing for obsolescence, if any, and on a first-in, first-out (FIFO) basis. Cost of inventories comprises of cost of purchase, costs of conversion and other costs incurred in bringing them to their respective present location and condition.

**G) Revenue Recognition**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. The revenue from Sales & Services includes sale of goods, services, excise duty, service tax, sales tax/VAT and are net of discounts and sales returns. Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.

**H) Excise duty/ Service tax/ Sales tax/ VAT**

Excise duty / Service tax is accounted for on the basis of payments made in respect of goods cleared/ services provided. Sales tax/VAT paid is charged to Profit and Loss account.

**I) Employee Retirement Benefits**

- a) Short term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered. Company's contributions to Provident Fund/ Family Pension Fund and Employee's State Insurance Scheme during the year are charged to Profit and Loss account.
- b) Post employment and other Long term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services at the present value of the amounts payable. Gratuity is charged to Profit and Loss account on the basis of actuarial valuation as required by AS 15 issued by ICAI.

**J) Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to Profit and Loss account.

**K) Provision for Current and Deferred tax**

Provision for current tax is made as per the applicable provisions of the Income Tax Act, 1961. The Deferred tax resulting from 'timing differences' between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date.

**L) Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the Notes to the Accounts. Contingent Assets are neither recognized nor disclosed in the financial statements except in accordance with the Accounting Standards.

**M) Segment Reporting**

The Company operates in a single business segment.





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**N) Research and Development Expenses**

Expenditure related to Capital items is debited to fixed assets and depreciated at applicable rates. Revenue expenditure is charged to Profit and Loss Account of the year in which they are incurred.

**2. Deferred Taxation in accordance with AS22**

- a) Deferred tax for the current year amounting to Rs. 0.49 crores has been provided for in the Profit and Loss account. Deferred tax for earlier years till 31.3.2010 amounting to Rs.3.90 crores has been charged to General Reserves in accordance with AS 22. The total deferred tax liability as on 31.3.2011 is Rs.4.39 crores (Previous Year Rs. NIL).
- b) As per the provisions of the Income Tax Act, 1961, the Company is entitled to Minimum Alternative Tax (MAT) credit of Rs.3.19 crores as on 31.3.2010, which is recognized in the Books in the current year as a Deferred Tax Asset by crediting General Reserves in accordance with the recommendations contained in the Guidance Note issued by the Institute of Chartered Accountants of India.
- c) The income tax provision on MAT basis for the current year Rs.54.27 lakhs has been recognized in the Books as a Deferred Tax Asset as 'MAT credit entitlement' by crediting the same to the Profit and Loss account.

**3. Contingent Liabilities (not provided for)**

Particulars	Current Year (Rs. In thousands)	Previous Year (Rs. In thousands)
a) Bank Guarantees	129062	162914
b) Unexpired Letters of Credit	NIL	30429
c) Accreted value on FCCB principal	77025	65172
d) <b>Claims against the Company, not acknowledged as debts:</b>		
Sales tax	18339	16786
Custom duty	30572	NIL
Municipal Property tax	1483	NIL
Others	3417	NIL

- 4. Provision for Bonus for current year has been made in the Accounts.
- 5. Out of the Foreign Currency Convertible Bonds (FCCB) issue of US\$ 12 million, the Company bought back FCCB of US\$ 2 million during the year 2009-10 and US\$ 1.814 million during the current year 2010-11.
- 6. Additions to Land, Buildings includes interalia, Rs.661.08 lakhs and Rs.753.48 lakhs respectively, towards revaluation during the current year 2010-11.
- 7. Exceptional item of Rs.8.91 lakhs is arrived at by setting off arrears of depreciation of Rs.1292 lakhs on Computer Systems due to change in the method of charging depreciation from WDV to SLM against the depletion in the value of stocks due to obsolescence to the tune of Rs.1301 lakhs.

**8. Sundry Debtors**

- a) Due from a private limited company in which the directors of the company are interested as members Rs.1408.78 lakhs, since received (Previous year Rs. NIL)
- b) Due from a company under the same Management as per Section 370(IB) of the Companies Act, 1956: Zenith Infotech Ltd Rs. 247.73 lakhs, since received (Previous year Rs. NIL)

**9. Related Party Disclosures**

**a) List of Related Parties:**

- (i) Zenith Infotech Ltd.
- (ii) Vu Technologies Pvt. Ltd.
- (iii) Free Systems Technology Labs Pvt. Ltd.
- (iv) Zeal Communications Pvt. Ltd.
- (v) Managed Data Center Services Ltd.
- (vi) Vu Telepresence Ltd.
- (vii) Zenith Controls and Systems Pvt. Ltd.
- (viii) Zenith Software Ltd.
- (ix) Zenith Technology Pvt. Ltd.

**b) Transactions during the year with the Related Parties:**

	<b>Rs. In Lakhs</b>
(i) Sales	2945.61
(ii) Purchases	661.56
(iii) Outstanding Receivables	1656.52
(iv) Outstanding Payables	152.71

**10. Accounting Standards**

Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956 have been followed wherever applicable. The year end balances in Foreign Currency Convertible Bonds and the value accreted thereon have not been restated (AS11).

**11. Disclosure under the Micro, Small and Medium Enterprises Act, 2006:**

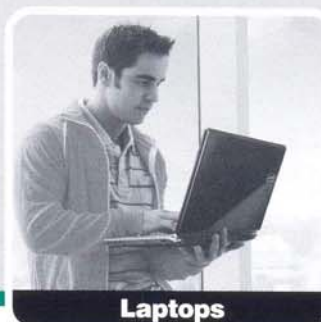
For compliance with MSMED Act, 2006, requisite information was sought from the Vendors. As per the information available with the Company, the amounts payable under the MSMED Act, 2006 is NIL.

- 12. Provision for taxation for the current year has been made after considering the applicability of the provision of Section 80 IB of the Income Tax Act, 1961 in respect of a New Industrial Unit at Goa. The provision for taxation for the current year has been made on MAT basis



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13. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value, if realized, during the ordinary course of business.

14. Income Tax Assessments have been completed up to Assessment Year 2009-2010.

15. Licensed and Installed Capacity and Production

	2010-2011	2009-2010
i) Licensed Capacity	<b>No limits</b>	No limits
ii) Installed Capacity	<b>200000 Micro Processors</b>	200000 Micro Processors
iii) Actual Production Computer/Micro Processor based systems and peripherals.	<b>61125 Nos.</b>	105865 Nos.

16. Sales

	2010-2011		2009-2010	
	Qty	Amount Rs.000's	Qty	Amount Rs.000's
Computers, Micro Processor based systems and sale of services and consumables, and others.	<b>*Mixed Items</b>	<b>2040705</b>	*Mixed Items	2772918

17. Consumption of Raw Materials and Maintenance Spares :

	2010-2011		2009-2010	
	Qty	Amount Rs.000's	Qty	Amount Rs.000's
* Raw Materials including Components, CD, Winchester, Magnetic Tape Drives, Monitors, Terminals, Printers, Diskettes, Power Supply and other consumables.	<b>*Mixed Items</b>	<b>1409153</b>	*Mixed Items	2308341

18. Opening & Closing Stock of Goods (At Cost)

	Qty	2010-2011		2009-2010	
		OP. STOCK	CL. STOCK	OP. STOCK	CL. STOCK
Raw Materials, Stock in process Maintenance Spares and components etc.	Rs.000's	<b>343423</b>	<b>459570</b>	515149	343423
Finished Goods	Rs.000's	<b>162225</b>	<b>28413</b>	97329	162225

19. Value of Indigenous and Imported spares consumed :	2010-2011		2009-2010	
	Rs.000's	% of Total Consumption	Rs.000's	% of Total Consumption
a. Imported	*Mixed	*Mixed	*Mixed	*Mixed
b. Indigenous	*Mixed	*Mixed	*Mixed	*Mixed
<b>Total</b>	<b>36460</b>		<b>37412</b>	

\*It is not practicable to give quantitative information in the absence of common expressible unit.

	2010-2011	2009-2010
20. Details of Value of imports on CIF basis	<b>920209</b>	1131602
<b>21. Expenditure incurred in Foreign Currency</b>		
Purchases (included in note no.20 above)	847754	1038931
Interest	2099	2859
Foreign Travel	775	731
Communication Exps.	301	315
Financial expenses	848	1901
Others	516	674
<b>22. Earning in Foreign Exchange on</b>	<b>2010-2011</b>	<b>2009-2010</b>
Export of Goods (FOB Value)	<b>NIL</b>	6248
Interest	<b>NIL</b>	NIL

23. The amounts in the Balance Sheet and Profit and Loss Account are rounded off to the nearest thousands.

24. The figures of Previous Year have been regrouped and reclassified wherever necessary.

As per our report of even date attached.

C.L. KHANNA & CO.  
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

**C.L. KHANNA**  
PROPRIETOR  
(MEM.SHIP NO. 004988)

**RAJKUMAR SARAF**  
CHAIRMAN & MANAGING DIRECTOR

MUMBAI,  
Dated : 20<sup>th</sup> August, 2011

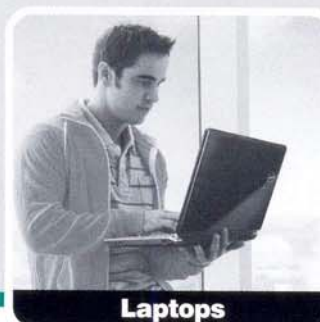
**RAMESH SANGHVI**  
COMPANY SECRETARY

**VIJAY RAM MUKHI**  
DIRECTOR



**COMPUTERS LTD**

31st Annual Report 2010-2011



**CASH FLOW STATEMENT**

	2010-2011 RS.000'S	2010-2011 RS.000'S	2009-2010 RS.000'S	2009-2010 RS.000'S
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT BEFORE TAX		27232		24690
ADJUSTMENTS FOR:				
DEPRECIATION	(13002)		55640	
(PROFIT)/LOSS ON SALE OF ASSETS	0		(2592)	
INTEREST RECEIVED	(1216)		(3804)	
INTEREST PAID & FOREX FLUCTUATION	32979		18235	
DIVIDEND RECEIVED	(2)	18759	(503)	66976
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		45991		91666
ADJUSTMENTS FOR:				
TRADE & OTHER RECEIVABLES/ADJUSTMENTS	(328645)		500687	
INVENTORIES	16665		107829	
TRADE PAYABLES	132407		(32280)	
MISC EXPENDITURE	0	(179573)	0	576236
<b>CASH GENERATED FROM OPERATIONS</b>		(133582)		667902
- INTEREST PAID & FOREX FLUCTUATION		(32979)		(18235)
- DIRECT TAXES PAID		34783		(9116)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		(131778)		640551
PRIOR PERIOD ADJUSTMENTS		0		0
<b>NET CASH FROM OPERATING ACTIVITIES</b>		(131778)		640551
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
PURCHASE/SALE OF FIXED ASSETS (NET)	(13705)		(197878)	
FIXED ASSETS WRITTEN OFF/DEVALUED	0		(58052)	
INTEREST RECEIVED	1216		3804	
DIVIDEND RECEIVED	2		503	
PROFIT/(LOSS) ON SALE OF ASSETS	0		2592	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(12487)		(249031)

**CASH FLOW STATEMENT**

	2010-2011 RS.000'S	2010-2011 RS.000'S	2009-2010 RS.000'S	2009-2010 RS.000'S
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
BUYBACK OF FCCB	(72506)		(79940)	
PROCEEDS FROM BORROWINGS, INCL. FOREX FLUCTUATION	196498		(257019)	
DIVIDEND PAID	(13933)		(13933)	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>110059</b>		<b>(350892)</b>
NET INCREASE/DECREASE IN CASH & CASH EQUIVALENT		<b>(34206)</b>		40628
Cash & Cash Equivalents As On 1st April, 2010		<b>77615</b>		36987
Cash & Cash Equivalents As On 31st March, 2011		<b>43409</b>		77615
		<b>(34206)</b>		40628

For & On behalf of the Board of Directors

MUMBAI,  
Dated: 20<sup>th</sup> August, 2011

**RAMESH SANGHVI**  
Company Secretary

**RAJKUMAR SARAF**  
Chairman & Managing  
Director

**VIJAY RAM MUKHI**  
Director

**Auditors' Certificate**

We have examined the above cash flow statement of **Zenith Computers Ltd.** for the year ended **31st March, 2011**. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with Stock Exchange and is based on and is in agreement with the corresponding Profit & Loss Account and Balance Sheet of the Company covered by our report of 20<sup>th</sup> August, 2011 to the members of the Company

For C.L. KHANNA & CO.  
Chartered Accountants

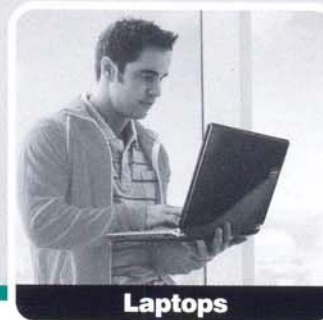
MUMBAI  
Dated: 20<sup>th</sup> August, 2011

**C.L. KHANNA**  
Proprietor  
(MEMBERSHIP NO.004988)



**COMPUTERS LTD**

31st Annual Report 2010-2011



## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details :

Registration No.	22652
State Code	11
Balance Sheet Date	<b>31.3.2011</b>

### II. Capital Raised during the year :

(Amount in Rs. Thousands)

Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placement	Nil

### III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousands)

Total Liabilities	1289236
Total Assets	1289236

#### Sources of Funds:

Paid-up Capital	155000
Reserves & Surplus	409390
Secured Loans	397652
Unsecured Loans	327194

#### Application of Funds:

Net Fixed Assets	624889
Investments	0
Net Current Assets	664347
Misc. Expenditure	Nil
Accumulated Losses	Nil



The Innovation Technology Group

**IV. Performance of Company**

(Amount in Rs. Thousands)

Turnover	2040705
Total Expenditure	2013473
Profit Before Tax	27232
Profit After Tax	22656
Earning per Share in Rs.	1.46
Dividend	9%

**V. Generic names of Three Principal Products/Services of Company :**

(as per monetary terms)

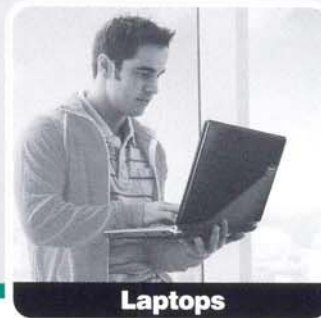
item Code No. (ITC Code)	847100
Product Description	Computer Systems
item Code No. (ITC Code)	847300
Product Description	Computer Parts & Accessories
item Code No. (ITC Code)	852400
Product Description	Computer Software





**COMPUTERS LTD**

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**ATTENDANCE SLIP**

**Zenith Computers Limited**

Regd. Office: B-5, Electronic Sadan, 1, MIDC, TTC Area, Mahape, Navi Mumbai 400 710

TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL DULY FILLED IN.  
(Please fill in BLOCK Letters)

Name of the attending Member (in Block Letters) .....

Name of Proxy (in Block Letters) .....  
(To be filled in if the Proxy attends instead of the Member)

**I hereby record my presence at the THIRTY FIRST ANNUAL GENERAL MEETING held at Vishnudas Bhave Natyagruha, Sector 16-A, Vashi, Opp.: Vashi Bus Stand, Navi Mumbai – 400 703 at 11.00 a.m. on Friday, 30<sup>th</sup> September, 2011.**

(To be signed at the time of handing over this slip)

.....  
Member's/Proxy's Signature

**PROXY FORM**

**Zenith Computers Limited**

Regd. Office: B-5, Electronic Sadan, 1, MIDC, TTC Area, Mahape, Navi Mumbai 400 710

(Please fill in BLOCK Letters)

I/ We .....of ..... being a  
member(s) of the above named Company, hereby appoint .....  
.....of .....  
or failing him/her ..... of .....

**as my/our proxy to vote for me/us on my/our behalf at the THIRTY FIRST ANNUAL GENERAL MEETING of the Company to be held at Vishnudas Bhave Natyagruha, Sector 16-A, Vashi, Opp.: Vashi Bus Stand, Navi Mumbai – 400 703 at 11.00 a.m. on Friday, 30<sup>th</sup> September, 2011 and at any adjournment thereof.**

Folio No .....

No. of Shares held .....

Date .....

Signature \_\_\_\_\_

Revenue  
Stamp  
30 P.

Note: Proxies to be valid, must be deposited at the Registered Office of the Company at B-5, Electronic Sadan, 1, MIDC, TTC Area, Mahape, Navi Mumbai 400 710, not less than 48 hours before the time of the meeting.



**COMPUTERS LTD**

31st Annual Report 2010-2011



**Laptops**



**Smart Style PCs**

## PERFORMANCE AT A GLANCE

	2010-11	2009-10	2008-09	2007-08	2006-07
<b>TOTAL INCOME</b>	19,120	28,448	31,494	32,837	35,493
<b>EXPENDITURE</b>	17,316	27,378	29,943	30,093	32,426
<b>EBIDTA</b>	1,804	1,070	1,551	2,744	3,068
<b>INTEREST</b>	330	267	385	721	701
<b>DEPRECIATION</b>	1,202	556	1,019	1,644	1,251
<b>PROFIT BEFORE TAX</b>	272	247	147	379	1,115
<b>TAX EXPENSE</b>	46	42	38	67	155
<b>PROFIT AFTER TAX</b>	226	205	109	312	960

	2010-11	2009-10	2008-09	2007-08	2006-07
<b>EARNING PER SHARE (Rs.)</b>	1.46	1.32	0.70	2.01	6.21
<b>DIVIDEND PER SHARE (%)</b>	9%	9%	9%	12%	15%
<b>BOOK VALUE PER SHARE (Rs.)</b>	27.32	27.36	30.84	33.15	32.66
<b>NET WORTH</b>	4,229	4,236	4,774	5,133	5,057
<b>CAPITAL EMPLOYED</b>	11,478	10,244	14,152	12,513	13,626

**Break-up of Total Income 2010-11**

