COMPUTERS LTD

# 33rd Annual Report 2012-2013

## ZENITH COMPUTERS LTD.

***33rd Annual Report 2012-2013***

| | |
|---|---|
| **DIRECTORS** | R.K.Saraf<br>*(Chairman & Managing Director)*<br>Vijay R. Mukhi<br>Vipin M. Shah |
| **COMPANY SECRETARY** | Ramesh S. Sanghvi |
| **BANKERS** | Indian Bank<br>IDBI Bank Limited<br>Federal Bank Limited |
| **AUDITORS** | C.L.Khanna & Co.,<br>Chartered Accountants, Mumbai |
| **REGISTRAR & TRANSFER AGENTS** | Link Intime (India) Private Limited,<br>C-13, Pannalal Silk Mills Compound<br>LBS Marg, Bhandup (West)<br>Mumbai 400 078 |
| **REGISTERED OFFICE** | B-5, Electronic Sadan - 1,<br>MIDC, TTC Area,<br>Mahape,<br>Navi Mumbai- 400 710 |
| **PLANT** | Plot No. P-33/37,<br>Sancoale Industrial Estate,<br>P.O. Zuari Nagar,<br>Goa 403 726 |

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## NOTICE

NOTICE is hereby given that the Thirty Third Annual General Meeting of Zenith Computers Limited will be held on Monday, 30th September, 2013 at 11.00 a.m. at the Auditorium of Hotel ABBOTT, Sector 2A, Near Vashi Bus Station, Vashi, Navi Mumbai 400 703, to transact the following business :-

### A. ORDINARY BUSINESS

**1.** To receive and adopt the Directors' Report and the audited Balance Sheet as at 31st March, 2013 and the audited Profit and Loss Account for the period ended on that date.

**2.** To appoint a Director in place of Mr. Vijay Mukhi who retires by rotation and being eligible offers himself for re-appointment.

**3.** To appoint the Statutory Auditors and to fix their remuneration.

### B. SPECIAL BUSINESS

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

### 4. AS A SPECIAL RESOLUTION:

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

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

By Order of the Board

For **ZENITH COMPUTERS LIMITED**

Mumbai
14th August, 2013

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

### NOTES :-

1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxy form to be effective must be duly executed and signed and must be lodged at the company's registered office at least 48 hours before the time of the meeting.

2) The Register of Members and the Share Transfer Books of the Company would remain closed from Friday, 20th September, 2013 to Monday, 30th September, 2013 (both days inclusive).

3) All matters in connection with the Shares of the Company may be addressed to the Company's Registrar and Transfer Agents viz. M/s. Link Intime (India) Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078. Members are requested to quote their respective folio numbers / ISIN –ID numbers and notify the change of address, if any, to the Company's Registrar and Transfer Agents.

4) Shareholders desiring information as regards the accounts are requested to write to the Company at least 10 days before the Annual General Meeting to enable the Management to keep the information ready.

5) Item No. 2 – additional information required to be furnished under Clause 49 of the Listing Agreements with the Stock Exchanges:-

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

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

**Item No. 4**

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

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

Hence the Special Resolution

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

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

Mumbai
14th August, 2013

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

## DIRECTORS' REPORT

To the Members,

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

(Rs. in Lakhs)

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

### COMPANY'S ACTIVITIES

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

### DIVIDEND

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

### REVIEW OF OPERATIONS

During the year under review,

- The net sales revenues at Rs. 10,084.39 lakhs were lower than the previous year's revenues of Rs. 18,044.04 lakhs. During the year the net Loss (Tax Expense was NIL) was Rs. 3,386.44 lakhs as against the previous year's Profit of Rs.208.41 lakhs; the Loss was due to the adverse market conditions for hardware and foreign exchange fluctuations and increased finance costs.
- The Company continues to endeavour in maintaining customers to their utmost satisfaction levels by registering impeccable track record of quality and delivery efficiency, thereby ensuring their continued patronage for your company's products and services.
- The Company's business of desktops and laptops has shrunk considerably due to the markets for I-Pads and high end Smart Phones which have dominated the purchases by the youth of the Country and as such the Company's products requirements have gone down.
- Further changes and improvisations are under way in the manufacturing process and development of new products.
- The Company has suffered a huge loss on account of foreign exchange as a result of the dramatic fall in the value of the Rupee vis-a vis the US Dollar.

## PROSPECTS AND OUTLOOK

- Vigorous marketing efforts and ceaseless cost reduction activities continue with more thrust and vigour to accomplish the Company's goals.
- Efforts are being intensified to sustain leadership position by constantly upgrading the products to match advancing technology trends, maintaining the superiority in quality, and continuing the unblemished timely service support.
- Your Directors are hopeful that all the above, coupled with continuous monitoring of inventory, receivables and overheads, would result in healthier results during the coming years.

## FIXED DEPOSIT

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

## DEMATERIALISATION OF COMPANY'S SHARES

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

## LISTING OF SHARES ON THE STOCK EXCHANGES

The Company's Securities continue to be listed on the Bombay Stock Exchange Limited, Mumbai and on the National Stock Exchange of India Limited, Mumbai. The Company has paid the requisite Annual Listing Fees for the year 2013-14, to the above Exchanges.

## DIRECTORS

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

## COMMUNITY DEVELOPMENT

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

## BUSINESS EXCELLENCE AND QUALITY INITIATIVES

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

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

(1) that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;

(2) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2013 and of the Loss of the Company for that year;

(3) that the Directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(4) that the Directors have prepared the annual accounts on a going concern basis.

## CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance, as applicable to the Company, during the period under report, as per the amended Listing Agreements with Stock Exchanges. The Report on Corporate Governance with the Auditors' Report thereon, is annexed hereto in accordance with Clause 49 of the Listing Agreements with the Stock Exchanges.

## AUDITORS

M/s. C. L. Khanna & Company, Chartered Accountants, Mumbai, the Statutory Auditors of the Company, retire at ensuing Annual General Meeting and are eligible for re-appointment.

## EMPLOYEES

Relations between the management and its employees have been cordial. Your Directors place on record their appreciation of the efficient and loyal services rendered by the employees of the Company at all levels.

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

## ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is appended hereto as an Annexure and forms part of this Report.

## ACKNOWLEDGEMENTS

Your Directors place on record their appreciation of the support received from the Company's Bankers and Shareholders and look forward to their continued support and goodwill.

**By Order of the Board**

MUMBAI
14th August, 2013

**RAJKUMAR SARAF**
Chairman & Managing Director

## ANNEXURE 'A' TO THE DIRECTORS' REPORT

**PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 IN RESPECT OF THE FINANCIAL YEAR ENDED 31ST MARCH, 2013.**

A. **Conservation of Energy :** Though the Company's manufacturing operations are not power intensive, regular and preventive maintenance of all equipment is undertaken by the Company.

B. **Technology Absorption :** Form B enclosed.

C. **Foreign Exchange Earnings and Outgo :**

| | **Rs. in Lakhs** |
|---|---|
| Total foreign exchange used and earned | |
| (i) Expenditure in foreign currency | 4,791.85 |
| (ii) Foreign Exchange earned | NIL |

### FORM B

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

1. Specfic areas in which R & D carried out by the Company :

   Designing / development of state-of-art systems, import substitution, technology upgradation. Upgradation of products and quality enhancement. Development and evaluation of alternate raw materials.

2. Benefits derived as a result of the above R & D :

   Cost reduction, product improvement, import substitution and effective time management.

3. Future plan of action :

   Development of new products and enhancing market revenues by upgrading existing spectrum of products.

| 4. Expenditure in R & D : | **Rs. in Lakhs** |
|---|---|
| a. Capital | NIL |
| b. Recurring | 10.51 |
| c. Total | 10.51 |
| d. Total R & D expenditure as a percentage of total turnover | 0.10 % |

**TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION**

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

By Order of the Board

MUMBAI
14th August, 2013

**RAJKUMAR SARAF**
Chairman & Managing Director

# CORPORATE GOVERNANCE REPORT

## Company's Philosophy on Corporate Governance

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

## I. Board of Directors

### (A) Composition of Board

The Board consisted of one Executive Director and three Non-Executive Directors. Out of the Non-Executive Directors, two are Independent Directors and the other Director represents the Promoters; the other Director resigned as a Director with effect from 14th August, 2012. The Non-Executive Directors with their diverse knowledge, experience and expertise bring in their independent judgment to the deliberations and decisions of the Board.

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

### (B) Non Executive Directors' compensation and disclosures

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

### (C) Other provisions as to Board and Committees

During the year 2012-13, 4 meetings of the Board of Directors were held on 15th May, 2012, 14th August, 2012, 12th November, 2012 and 14th February, 2013.

The 32nd Annual General Meeting of your Company was held on 28th September, 2012; the Company did not hold any Extra-ordinary General Meeting.

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

| Sr. No. | Name of Director | Category | Board Meetings attended during the year | Attendance at at the 32nd AGM held on 28.09.2012 | No. of other Director-ships | No. of Memberships of Board Committees of all Companies | No. of Board Committees of which the Director is a Chairperson in all companies |
|---|---|---|---|---|---|---|---|
| 1. | Mr. Rajkumar Saraf | Chairman and Managing Director (Executive)-Promoter | 4 | Yes | 5 | 7 | Nil |
| 2. | Mr. Vijay Ram Mukhi | Non-Executive | 4 | No | 1 | 7 | 4 |
| 3. | Mr. Vipin Maneklal Shah | Non-Executive | 4 | Yes | 4 | 6 | 2 |
| 4. | Mrs. Vijayrani Saraf * | Non-Executive - Promoter | 1 | NA | NA | NA | NA |

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

**(D) Code of Conduct**

(i) The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is applicable to the Managing Director (including Senior Management of the Company) and Non Executive Directors of the Company. The code also governs all the employees of the company.

(ii) The Members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code applicable to them during the year ended March 31, 2013.

## II. Audit Committee

**(A) Qualified and Independent Audit Committee**

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

(i) The Audit Committee consists of three directors as members two of whom are Independent Directors.

(ii) All members of the Committee are financially literate. The members carry with them the expertise in their individual fields of Finance, Accounts, I.T., and Legal etc. While one of the members is a Chartered Accountant, the other member is a Commerce and Law graduate.

(iii) The Chairman of the Audit Committee is an Independent Director.

(iv) The Chief Financial Officer, internal auditors and the representatives of the Statutory Auditors and such other officials of the Company are invited to attend the Audit Committee meetings as and when required.

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

**(B) Meetings of Audit Committee**

During the year, 4 Audit Committee meetings were held on 15th May, 2012, 14th August, 2012, 12th November, 2012 and 14th February, 2013. The Audit Committee meetings are held at the office of the Chairman of the Audit Committee.

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

| Name of Member | Composition of the Audit Committee | Number of meetings attended |
|---|---|---|
| Mr. Vijay Ram Mukhi | Chairman | 4 |
| Mr. R.K. Saraf | Member | 4 |
| Mr. Vipin Manekalal Shah | Member | 4 |

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

**(C) Powers of Audit Committee**

The Audit Committee has powers including :

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

**Role of Audit Committee**

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

- Recommendation to the Board on appointment of statutory auditors and fixation of audit fee and other fees to the auditors.
- Review of the adequacy of the internal control systems in the Company.

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

**(E) Review of information by Audit Committee**

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

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

## III Meeting of Investors' Grievances Committee

During the year 4 meetings of the Investors' Grievances Committee were held on15th May, 2012, 14th August, 2012, 12h November, 2012 and 14th February, 2013. The composition of the Investors' Grievances Committee was Mr. Vipin Shah as the Chairman, Mr. Vijay Mukhi and Mr. R.K. Saraf, as members of the committee. All the members were present in all the meetings of the said committee.

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

## IV Meeting of Share Transfer Committee

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents (RTA) of the Company.; the RTA attends to share transfer formalities on an on-going basis and effects all transfers that are found to be complete in all respects within a period of 7 – 10 days as per the new guidelines issued by the Securities and Exchange Board of India in July, 2012.

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

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

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

## V. Disclosures

**(A) Basis of related party transactions**

(i) The statements containing the transactions with related parties were submitted periodically to the Audit Committee and also disclosures made in Note No. 32 'Notes forming put of the Accounts'.

(ii) The transactions with related parties during the year were in the normal course of business as well as at an arm's length basis.

**(B) Disclosure of Accounting Treatment**

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

**(C) Board Disclosures – Risk Management**

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

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

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

**(E) Remuneration of Directors**

**(i) Managing Director**

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

**(ii) Non-Executive Directors**

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

(F) Additional Disclosures

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

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

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

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

**G) Means of Communication**

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

**Management Discussion and Analysis Report**

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

Industry Scenario & Review

The domestic IT sector comprises of Computer hardware – manufacturing and sale and services. The Company is mainly engaged in the activities of Computer hardware and its maintenance. The financial year 2012-2013 witnessed challenges. The pricing competition continued with Multi National Corporations (MNCs) and due to bad world markets the MNCs were dumping computer hardware.

Performance & Review Computer Hardware

The Company has achieved the Gross Turnover of Rs. 10084.39 lakhs and a Loss of Rs. 3386.44 lakhs as against previous year's Gross Turnover of

Rs. 18044.04 and a net Profit of Rs. 172.84. Post this scenario the turnover of the Company is not comparable with the Sales Turnover of the previous year. The Company has vastly reduced its computer hardware manufacturing.

Opportunities, Threats & Risks

The Company has been operating in extremely competitive market for Computer hardware and manufacturing. The growth prospects have remained subdued as the Company is facing pricing competition.

Future Outlook

The Company will continue to develop and improve computer hardware and services offerings to clients. However, the Company may face competition from companies offering I-Pads, Smart Phones and other similar products, which are operating a large volume of products at prices which compare adversely with the company's pricing mechanism.

Overseas & Indian Subsidiaries

The Company does not have any subsidiary companies, whether domestic or overseas.

Internal Control & Adequacy

The Company has good internal control system for business process and operations, financial reporting and compliance with applicable regulations and laws and to ensure that all the assets are safeguarded, protected, against loss from unauthorized use or disposition and these transactions are authorized, recorded and reported correctly. The adequacy of the Company's internal control systems 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.

**Report on Corporate Governance**

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

## General Shareholder Information

### Annual General Meeting

| | | | |
|---|---|---|---|
| (i) | **Day, Date, time and Venue** | : | Monday, 30th September, 2013 at 11.00 a.m.<br>Auditorium of Hotel ABBOT,<br>Sector 2, Vashi, Near Vashi Bus Station,<br>Navi Mumbai – 400 703. |
| (ii) | **Financial year** | : | 1st April to 31st March |
| (iii) | **Date of Book Closure** | : | Friday, 20th September, 2013 to Monday, 30th September, 2013 (both days inclusive) |
| (iv) | **Dividend Payment Date** | : | No dividend has been recommended; hence not applicable. |

**(v) Listing :**

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

| | |
|---|---|
| Bombay Stock Exchange Ltd.<br>Phiroze Jeejeebhoy Towers,<br>Dalal Street,<br>Mumbai – 400 001. | National Stock Exchange of India Ltd.<br>Exchange Plaza, 5th Floor,<br>Plot No.C/1, G Block,<br>Bandra-Kurla Complex,<br>Bandra (E), Mumbai-400051. |

**(vi) Stock Code**

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

**(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 |
|---|---|---|---|
| 2011-12 | 28/09/2012 | The Auditorium of 'Hotel Abbot, Sector 2A, Vashi, Near Vashi Bus Stand, Navi Mumbai – 400 703. | 11.00 a.m. |
| 2010-11 | 30/09/2011 | Vishnudas Bhave Natyagruha, Sector 16-A, Vashi, Opp.: Vashi Bus Stand, Navi Mumbai – 400 703. | 11.00 a.m. |
| 2009-2010 | 07/08/2010 | Vishnudas Bhave Natyagruha, Sector 16-A, Vashi, Opp.: Vashi Bus Stand, Navi Mumbai – 400 703. | 11.30 a.m. |

**(viii) Market price information**

The high and low closing prices during the year ended March 31, 2013 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, 2012 | 13.30 | 11.85 | 13.05 | 12.10 |
| May,2012 | 13.10 | 11.11 | 12.45 | 11.00 |
| June, 2012 | 11.95 | 11.00 | 11.95 | 11.00 |
| July, 2012 | 13.00 | 11.11 | 12.60 | 11.05 |
| August, 2012 | 12.65 | 10.66 | 12.40 | 10.90 |
| September, 2012 | 12.15 | 9.15 | 11.40 | 8.70 |
| October, 2012 | 11.49 | 9.71 | 11.60 | 9.85 |
| November, 2012 | 10.79 | 9.71 | 10.75 | 9.65 |
| December, 2012 | 10.45 | 9.00 | 10.65 | 9.35 |
| January, 2013 | 11.20 | 9.01 | 11.25 | 9.00 |
| February, 2013 | 9.95 | 8.00 | 9.55 | 8.00 |
| March, 2013 | 9.24 | 6.20 | 8.60 | 6.55 |

(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 Limited:

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, 2013:

| Category | | | No. of Equity shares held | Percentage of shareholding |
|---|---|---|---|---|
| A | | Promoters | | |
| | 1 | Indian Promoters (Individuals/HUF) | 67,17,531 | 43.39 |
| | 2 | Foreign Promoters | NIL | NIL |
| | 3 | Bodies Corporate | 16,92,224 | 10.93 |
| **B** | | Non-Promoters Holding | | |
| | **1** | **Institutional Investors** | | |
| | 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 | FIIs | 2,28,078 | 1.47 |
| | **2** | **Others** | | |
| | A | Bodies Corporate | 9,42,415 | 6.09 |
| | B | Clearing Members (Shares in Transit) | 1,75,734 | 1.14 |
| | C | NRIs/OCBs/Foreign Nationals | 6,83,792 | 4.41 |
| | D | Individuals holding nominal share capital upto Rs.1 lakh | 45,01,099 | 29.08 |
| | E | Individuals holding nominal share capital more than Rs.1 lakh | 5,31,017 | 3.43 |
| | | **TOTAL** | **15,480,840** | **100.00** |

(b) Shareholding pattern as on March 31, 2013:

| SHAREHOLDING OF NOMINAL VALUE OF RS. | | | SHAREHOLDERS NUMBER | %AGE OF TOTAL | SHARE AMOUNT RS. | %AGE OF TOTAL |
|---|---|---|---|---|---|---|
| 1 | - | 5000 | 18,815 | 91.53 | 2,83,71,530 | 18.33 |
| 5001 | - | 10000 | 995 | 4.84 | 80,30,940 | 5.19 |
| 10001 | - | 20000 | 412 | 2.00 | 62,81,950 | 4.06 |
| 20001 | - | 30000 | 144 | 0.70 | 36,76,350 | 2.37 |
| 30001 | - | 40000 | 50 | 0.24 | 17,45,690 | 1.13 |
| 40001 | - | 50000 | 41 | 0.20 | 19,06,090 | 1.23 |
| 50001 | - | 100000 | 52 | 0.25 | 37,54,280 | 2.43 |
| 100001 | - | ******** | 48 | 0.23 | 10,10,41,570 | 65.26 |
| TOTAL | | | 20557 | 100.00 | 15,48,08,400 | 100.00 |

(xi) Dematerialistion of shares and liquidity

92.37% of the equity shares have been dematerialized by about 60.79% of the shareholders as on March 31, 2013. The Company's shares can be traded only in dematerialized form as per SEBI notification. The Company has entered into Agreement 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.

(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

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
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 14th February, 2013 to re-appoint Mr. R.K. Saraf as the Chairman and Managing Director for a period of 5 years from 31st October, 2012 to 30th October, 2017 and payment of remuneration to him for a period of 3 years from 31st October, 2012 to 30th October, 2015.

(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

**RAJ KUMAR SARAF**
CHAIRMAN
& MANAGING DIRECTOR

Place: Mumbai,
Date: 14th August, 2013

## 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, 2013.

Place: Mumbai,
Date: 14th August, 2013

RAJ KUMAR SARAF
Chairman & Managing Director

## 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, 2011;

xv) complied with the provision of SEBI (Prohibition of Insider Trading) Regulations, 1992.

for **ZENITH COMPUTERS LIMITED**

**Mumbai**
**14th August, 2013**

**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, 2013, 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 Ccountants

Mumbai,
14th August, 2013

C.L. KHANNA
Proprietor
Membership No. : 004988

## INDEPENDENT AUDITOR'S REPORT

**To the Members of**

**Zenith Computers Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Zenith Computers Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor cons iders internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013.

(b) in the case of the Profit and Loss Account, of the loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, 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 purpose 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 those books and proper returns adequate for the purposes of our audit have been received from branches.

c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from branches.

d) in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.

e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

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

**Place: Mumbai**
**Date: 30th May, 2013**

## ANNEXURE TO THE INDEPENDENT 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 31st March, 2013.

(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.

(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 | 203.56 | Appellate Authorities/ Tribunal/ High Court |
| 2 | Customs Act, 1962 | Custom duty | 305.72 | Dy Commissioner of Customs, Adjudication Cell, Mumbai |
| 3 | Central Excise Act, 1944 | Excise duty | 517.15 | Assistant Commissioner of Central Excise (Adj), Goa |
| 4 | BMC Act, 1888 | Property tax | 19.83 | Small Causes Court, Mumbai |

(xi) The Company does not have accumulated losses at the end of the current year. The company has incurred cash losses during the current year, whereas, it did not incur cash losses in 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**

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

**Place: Mumbai**
**Date: 30th May, 2013**

## BALANCE SHEET AS AT 31ST MARCH, 2013

| | Notes | As at 31.03.2013 Rs.000's | Rs.000's | As at 31.03.2012 Rs.000's | Rs.000's |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **SHARE HOLDERS' FUNDS** | | | | | |
| Share Capital | 1 | 155000 | | 155000 | |
| Reserves & Surplus | 2 | (52798) | 102202 | 285846 | 440846 |
| **NON-CURRENT LIABILITIES** | | | | | |
| Long-term borrowings | 3 | 565577 | | 565577 | |
| Deferred tax liabilities (Net) | 4 | 47421 | | 47421 | |
| Other long-term liabilities | 5 | 6043 | | 6614 | |
| Long-term provisions | 6 | 17150 | 636191 | 20472 | 640084 |
| **CURRENT LIABILITIES** | | | | | |
| Short-term borrowings | 7 | 397235 | | 406846 | |
| Trade payables | 8 | 114341 | | 118177 | |
| Other current liabilities | 9 | 18561 | | 17814 | |
| Short-term provisions | | - | 530137 | - | 542837 |
| **TOTAL** | | | 1268530 | | 1623767 |
| **ASSETS** | | | | | |
| **NON-CURRENT ASSETS** | | | | | |
| **Fixed Assets:** | | | | | |
| Tangible | 10 | 445774 | | 602508 | |
| Intangible | | 85000 | | 85000 | |
| Non-current investments | | - | | - | |
| Deferred tax assets (Net) | | - | | - | |
| Long-term loans and advances | 11 | 14637 | | 16457 | |
| Other non-current assets | 12 | 53268 | 598679 | 52735 | 756700 |
| **CURRENT ASSETS** | | | | | |
| Current investments | | - | | - | |
| Inventories | 13 | 256686 | | 405099 | |
| Trade receivables | 14 | 257313 | | 333326 | |
| Cash and cash equivalents | 15 | 105528 | | 78356 | |
| Short-term loans and advances | 16 | 5725 | | 6215 | |
| Other current assets | 17 | 44599 | 669851 | 44071 | 867067 |
| **TOTAL** | | | 1268530 | | 1623767 |
| **Significant Accounting Policies** | | | | | |
| **Notes on financial statements** | 1 to 38 | | | | |

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

As per our Report of even date
**C. L. KHANNA & CO.**
CHARTERED ACCOUNTANTS

**C. L. KHANNA**
PROPRIETOR
(MEM.SHIP NO.004988)
MUMBAI,
Dated: 30th May, 2013

For & On behalf of the Board of Directors
**RAJKUMAR SARAF**
CHAIRMAN & MANAGING DIRECTOR

**VIJAY RAM MUKHI**
DIRECTOR

**RAMESH SANGHVI**
COMPANY SECRETARY

## STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

| | Notes | 2012-13 Rs.000's | 2011-12 Rs.000's |
|---|---|---|---|
| **INCOME :** | | | |
| Revenue from operations | **18** | **1008439** | 1804404 |
| Other Income | **19** | **6297** | 4522 |
| Total Revenue | | **1014736** | 1808926 |
| **EXPENDITURE :** | | | |
| Cost of materials and spares consumed | **20** | **895719** | 1549444 |
| Changes in inventories of finished goods | **21** | **62143** | (58837) |
| work-in-progress and stock-in-trade | | | |
| Employee benefits expense | **22** | **45364** | 73269 |
| Finance costs | **23** | **110891** | 99880 |
| Depreciation and amortization expense | | **11414** | 16010 |
| Other expenses | **24** | **227849** | 108319 |
| Total Expenses | | **1353380** | 1788085 |
| **Profit before tax** | | **(338644)** | 20841 |
| Tax expense | | | |
| Current tax | | **-** | 4200 |
| Less: MAT credit entitlement | | **-** | (4200) |
| Deferred tax | | **-** | 3556 |
| **Profit for the year** | | **(338644)** | 17284 |
| Basic & Diluted Earnings per Share of face value of Rs.10 each fully paid (Rs.) | | **(21.88)** | 1.12 |
| **Significant Accounting Policies** | | | |
| **Notes on financial statements** | **1 to 38** | | |

The notes 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
(MEM.SHIP NO.004988)

MUMBAI,
Dated: 30th May, 2013

For & On behalf of the Board of Directors

**RAJKUMAR SARAF**
CHAIRMAN & MANAGING DIRECTOR

**RAMESH SANGHVI**
COMPANY SECRETARY

**VIJAY RAM MUKHI**
DIRECTOR

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

| | As at 31.03.2013 | | As at 31.03.2012 | |
|---|---|---|---|---|
| | **Rs.000's** | **Rs.000's** | Rs.000's | Rs.000's |
| **NOTE 1** | | | | |
| **SHARE CAPITAL** | | | | |
| **AUTHORISED** | | | | |
| 50,00,000 Unclassified Shares of Rs.10/- each | **50000** | | 50000 | |
| 2,70,00,000 Equity Shares of Rs.10/- each | **270000** | | **270000** | |
| | | **320000** | | **320000** |
| **ISSUED AND SUBSCRIBED:** | | | | |
| 1,55,25,440 Equity Shares of Rs.10 each | | **155254** | | 155254 |
| **PAID UP** | | | | |
| 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 - by others | **(31)** | **155000** | **(31)** | 155000 |

**The details of Shareholders holding more than 5% shares:**

| Name of the Shareholder | **No. of Shares** | **% held** | No. of Shares | % held |
|---|---|---|---|---|
| Rajkumar Saraf | **964,534** | **6.23** | 964,534 | 6.23 |
| Rajkumar Saraf (H.U.F.) | **2,791,087** | **18.03** | 2,791,087 | 18.03 |
| Vijayrani Saraf | **1,000,000** | **6.46** | 1,000,000 | 6.46 |
| Akash Saraf | **1,000,000** | **6.46** | 1,000,000 | 6.46 |
| Devita Saraf | **961,910** | **6.21** | 961,910 | 6.21 |
| Zenith Technologies Pvt Ltd | **1,616,304** | **10.44** | 1,616,304 | 10.44 |

**Reconciliation of number of equity shares outstanding at the beginning and at the end of the reporting period**

| | **No. of Shares** | No. of Shares |
|---|---|---|
| Equity shares at the beginning of the year | **15,480,840** | 15,480,840 |
| Movement during the year | **NIL** | **NIL** |
| Equity shares at the end of the year | **15,480,840** | **15,480,840** |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

| | As at 31.03.2013 | | As at 31.03.2012 | |
|---|---|---|---|---|
| | **Rs.000's** | **Rs.000's** | Rs.000's | Rs.000's |
| **NOTE 2** | | | | |
| **RESERVES & SURPLUS :** | | | | |
| **Revaluation Reserve** | | | | |
| As per last Balance Sheet | **627** | | 141456 | |
| Less: Adjustments | **-** | **627** | (140829) | 627 |
| **General Reserve** | | | | |
| As per last Balance Sheet | **257311** | | 257311 | |
| Add: Transferred during the year | **(257311)** | **-** | - | 257311 |
| **Profit and Loss account** | | | | |
| As per last Balance Sheet | **27908** | | 10623 | |
| Add: Transferred from Profit and Loss account | **(338644)** | | 17285 | |
| | **(310736)** | | 27908 | |
| Less: Appropriations: | | | | |
| Transferred to General Reserve | **257311** | **(53425)** | - | 27908 |
| | | **(52798)** | | 285846 |
| **NOTE 3** | | | | |
| **Long-term borrowings** | | | | |
| **Secured:** | | | | |
| Term Loan from Banks (due for payment in March 2013) | **200000** | | 200000 | |
| (Term loan from Bank is secured by a first charge on the fixed assets and second charge on current assets) | | | | |
| **Unsecured:** | | | | |
| Foreign Currency Convertible Bonds (FCCB) | **365577** | **565577** | 365577 | 565577 |
| **NOTE 4** | | | | |
| **Deferred tax liabilities (Net)** | | | | |
| Related to Fixed Assets | | **47421** | | 47421 |
| **NOTE 5** | | | | |
| **Other Long-Term Liabilities** | | | | |
| Security Deposit received from Dealers | **5483** | | 6614 | |
| Rent deposit received | **560** | **6043** | 0 | 6614 |
| **NOTE 6** | | | | |
| **Long-Term Provisions** | | | | |
| Provision for taxation | **9769** | | 13965 | |
| Provision for gratuity | **7381** | **17150** | 6507 | 20472 |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

| | As at 31.03.2013 | | As at 31.03.2012 | |
|---|---|---|---|---|
| | **Rs.000's** | **Rs.000's** | Rs.000's | Rs.000's |
| **NOTE 7** | | | | |
| **Short-Term Borrowings** | | | | |
| Working Capital Borrowing from Banks | **369202** | | 62536 | |
| (Working Capital borrowings from banks are secured by way of hypothecation of Inventories, Book Debts and by way of second charge on Fixed Assets) | | | | |
| Acceptances | **28033** | **397235** | 344310 | 406846 |
| **NOTE 8** | | | | |
| **Trade Payables** | | | | |
| Sundry Creditors | | **114341** | | **118177** |
| (As per the information available with the Company, the amounts payable under the MSMED Act, 2006 are NIL) | | | | |
| **NOTE 9** | | | | |
| **Other Current Liabilities** | | | | |
| Interest payable on FCCB (coupon rate) | **914** | | 914 | |
| Interest on on Term Loan (Accrued and due) | **6647** | | 2247 | |
| Unclaimed dividend | **5683** | | 6667 | |
| Statutory liabilities | **1511** | | 3881 | |
| Payable to staff | **3708** | | 4105 | |
| Advance rent received | **98** | **18561** | 0 | 17814 |
| **NOTE 11** | | | | |
| **Long-term loans and advances** | | | | |
| (Unsecured and considered good) | | | | |
| Advance taxes | **9928** | | 10424 | |
| Security Deposits | **4709** | | 6033 | |
| | | **14637** | | 16457 |
| **NOTE 12** | | | | |
| **Other non-current assets** | | | | |
| MAT entitlement credit | **41574** | | 41574 | |
| Insurance claim receivable | **1256** | | 1228 | |
| Deposits with Govt, Court & municipal authorities | **10438** | **53268** | 9933 | 52735 |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

| | As at 31.03.2013 | | As at 31.03.2012 | |
|---|---|---|---|---|
| | **Rs.000's** | **Rs.000's** | Rs.000's | Rs.000's |
| **NOTE 13** | | | | |
| **Inventories** | | | | |
| Raw material | **169549** | | 265973 | |
| Work-in-progress | **6072** | | 4614 | |
| Finished goods | **25320** | | 88921 | |
| Stores and spares | **55745** | **256686** | 45591 | 405099 |

(**Mode of valuation:** lower of cost or net realisable value - FIFO basis)

| | | | | |
|---|---|---|---|---|
| **NOTE 14** | | | | |
| **Trade receivables** | | | | |
| (Unsecured and considered good) | | | | |
| Over six months | **44240** | | 10739 | |
| Others | **213073** | **257313** | 322587 | 333326 |

[Debts due from a private limited company in which two directors are members Rs.470.23 lakhs, since received Rs.119.96 lakhs ] (previous year Rs.884.41 lakhs)

| | | | | |
|---|---|---|---|---|
| **NOTE 15** | | | | |
| **Cash and cash equivalents** | | | | |
| Cash on hand | **131** | | 468 | |
| Balances with banks | **37652** | | 13390 | |
| Balances with banks - Unclaimed Dividend | **5683** | | 6667 | |
| Fixed deposit with Indian Bank | **20000** | | - | |
| Mutual Fund | **25000** | | - | |
| Fixed deposit with banks - Margin money | **16622** | | 57400 | |
| (Margin money includes fixed deposits of Rs.5354 with maturity of more than 12 months (previous year Rs. 7097) | | | | |
| Others | **440** | **105528** | 431 | 78356 |

| | | | | |
|---|---|---|---|---|
| **NOTE 16** | | | | |
| **Short-term loans and advances** | | | | |
| (Unsecured and considered good) | | | | |
| **Others:** | | | | |
| Deposits | **4332** | | 4815 | |
| Advances to Staff | **773** | | 635 | |
| Advances to Vendors | **620** | **5725** | 765 | 6215 |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

| | As at 31.03.2013 | | As at 31.03.2012 | |
|---|---|---|---|---|
| | **Rs.000's** | **Rs.000's** | Rs.000's | Rs.000's |
| **NOTE 17** | | | | |
| **Other current assets** | | | | |
| Deposits with Govt | **40326** | | 39884 | |
| Prepaid expenses | **2631** | | 2816 | |
| Interest on fixed deposits accrued but not due | **1074** | | 190 | |
| Others | **568** | **44599** | 1181 | 44071 |
| **NOTE 18** | | | | |
| **Revenue from Operations** | | | | |
| Sale of products | **1000267** | | 1835530 | |
| Sale of services | **69833** | | 57898 | |
| Other operating revenues | **1552** | | 1136 | |
| | **1071652** | | 1894564 | |
| Less: Excise duty and Service tax | **(63213)** | **1008439** | (90160) | 1804404 |
| **NOTE 19** | | | | |
| **Other income** | | | | |
| Interest on fixed deposit (margin money) with banks | **4207** | | 3112 | |
| Net gain on sale of investments | **1790** | | 1269 | |
| Rent received | **127** | | - | |
| Other non-operating income | **173** | **6297** | 141 | 4522 |
| **NOTE 20** | | | | |
| **Cost of material and spares consumed** | | | | |
| Opening Stock | **311564** | | 453285 | |
| Add : Purchases | **809449** | | 1407723 | |
| | **1121013** | | 1861008 | |
| Less: Closing Stock | **225294** | **895719** | 311564 | 1549444 |
| **NOTE 21** | | | | |
| **Changes in inventories of finished goods, work-in-progress and stock-in-trade** | | | | |
| Opening Stock | **93535** | | 34698 | |
| Closing Stock | **31392** | **62143** | 93535 | (58837) |

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2013

| | As at 31.03.2013 | | As at 31.03.2012 | |
|---|---|---|---|---|
| | **Rs.000's** | **Rs.000's** | Rs.000's | Rs.000's |
| **NOTE 22** | | | | |
| **Employee benefits expense** | | | | |
| Salaries, wages, bonus, gratuity | **42665** | | 69529 | |
| Contribution to P.F.,E.S.I.C. and other funds | **1221** | | 2383 | |
| Staff Welfare | **1478** | **45364** | 1357 | 73269 |
| **NOTE 23** | | | | |
| **Finance costs** | | | | |
| Interest expenses | **60921** | | 56157 | |
| Other borrowing costs | **331** | | 821 | |
| Loss/(gain) on foreign currency transactions | **49639** | **110891** | 42902 | 99880 |
| **NOTE 24** | | | | |
| **Other expenses** | | | | |
| Electricity Charges | **2938** | | 2428 | |
| Conveyance | **8219** | | 8360 | |
| Tours & Travel | **10219** | | 11508 | |
| Printing & Stationery | **1241** | | 1796 | |
| Directors Sittings Fees | **540** | | 740 | |
| Telephone,Telex,Postage & Courier | **6946** | | 7281 | |
| Rent | **3320** | | 4511 | |
| Rates & Taxes | **3663** | | 712 | |
| Insurance | **564** | | 976 | |
| Coolie,Cartage,Clearing & Forwarding | **8256** | | 12250 | |
| Subscriptions,Newspapers & Periodicals | **611** | | 929 | |
| Legal & Professional | **7199** | | 9184 | |
| Vehicle Expenses | **1279** | | 797 | |
| Bank charges | **8075** | | 13694 | |
| Sales Tax/VAT | **3617** | | 9583 | |
| Repairs & Maintenance | **866** | | 1146 | |
| Office expenses | **1510** | | 6742 | |
| Advertisement,Publicity & Sales Promotion | **2521** | | 8003 | |
| Prior year expenes/(income) | **96** | | 193 | |
| Assets written off | **150587** | | 0 | |
| Bad Debts written off | **3022** | | 3853 | |
| Commission on Sales | **2009** | | 3168 | |

| | As at 31.03.2013 | | As at 31.03.2012 | |
|---|---|---|---|---|
| | **Rs.000's** | **Rs.000's** | Rs.000's | Rs.000's |
| Auditors Remuneration : | **351** | | 351 | |
| **2012-13** 2011-12 | | | | |
| Audit Fees **326** 326 | | | | |
| Tax Audit Fees **25** 25 | | | | |
| Exess provision for income tax of earlier years | **0** | | (73) | |
| Miscellaneous Expenses | **200** | **227849** | 187 | 108319 |

**NOTE 25 Consumption of stores and spare parts**

The consumption of stores and spare parts represents components supplied to the customers under warranty or maintenance contract. As the same raw material is used for production as well after sales service/warranty / maintenance, a precise valuation of stores and spares consumed cannot be determined.

| **NOTE 26** | | | |
|---|---|---|---|
| **Value of imports on CIF basis** | | | |
| Raw material and spares | **527987** | | 866176 |
| Capital goods | **0** | | 134144 |
| | **527987** | | 1000320 |

| **NOTE 27** | | | |
|---|---|---|---|
| **Expenditure in foreign currency** | | | |
| Purchases (included in Note 26 above) | **477924** | | 909852 |
| Interest | **NIL** | | 635 |
| Foreign Travel | **783** | | 523 |
| Communication expenses | **365** | | 323 |
| Others | **113** | | 584 |

| **NOTE 28** | | | | |
|---|---|---|---|---|
| **Value of Indigenous and Imported raw material and spares consumed** | **Rs.000's** | **% of Total** | Rs.000's | % of Total |
| a. Imported | **Mixed** | **Mixed** | Mixed | Mixed |
| b. Indigenous | **Mixed** | **Mixed** | **Mixed** | Mixed |
| **Total** | **895719** | | **1549444** | |

| **NOTE 29** | | |
|---|---|---|
| **Remittance in foreign currency on account of dividend** | **NIL** | NIL |

| | As at 31.03.2013 | | As at 31.03.2012 | |
|---|---|---|---|---|
| | **Rs.000's** | **Rs.000's** | Rs.000's | Rs.000's |
| **NOTE 30** | | | | |
| **Earnings in foreign exchange** | | | | |
| FOB value of exports | | **NIL** | | NIL |
| Royalty, Knowhow, Professional and consultation fees | | **NIL** | | NIL |
| Interest and dividend | | **NIL** | | NIL |
| Other income | | **NIL** | | NIL |
| **NOTE 31** | | | | |
| **Contingent liability** | | | | |
| Bank guarantees | | **53538** | | 126240 |
| Unexpired Letters of Credit | | **6492** | | 16517 |
| Accreted value on FCCB principal | | **85616** | | 85616 |
| **Claims against the Company, not acknowledged as debt:** | | | | |
| Sales tax | | **16839** | | 20356 |
| Custom duty | | **30572** | | 30572 |
| Excise duty | | **51715** | | 51715 |
| Municipal property tax | | **1983** | | 1983 |
| Others | | **3417** | | 3417 |

**(Income tax assessments have been completed upto Assessment Year 2010-11)**

**NOTE 32**

**Related Party Disclosures:**

**List of Related Parties:**

Zenith Infotech Ltd.

Vu Technologies Pvt. Ltd.

Zeal Communications Pvt. Ltd.

Zenith Controls and Systems Pvt. Ltd.

Zenith Software Ltd.

Zenith Technology Pvt. Ltd.

| | | | | |
|---|---|---|---|---|
| **Transactions during the year with the Related Parties:** | | | | |
| Sales | | **82843** | | 319641 |
| Purchases | | **25061** | | 100600 |
| Reimbursement of expenses | | **10047** | | 16829 |
| Outstanding Receivables | | **48141** | | 88441 |
| Outstanding Payables | | **NIL** | | NIL |

**NOTE 33**

**Current and Deferred Taxation in accordance with AS22**

a) Current tax is not provided for, in view of the loss during the current accounting year.

b) Deferred tax for the current year is not provided for due to the expected adverse market conditions

**NOTE 34**

Provision for Bonus for current year has been made in the Accounts.

The 0.50% Foreign Currency Convertible Bonds (due 2011), appearing under Note 3, are yet to be paid and the consequent value accreted thereon has not been restated.

**NOTE 36**

In the opinion of the Board, the Assets other than fixed assets are approximately of the value, if realized, during the ordinary course of business.

**NOTE 37**

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

**NOTE 38**

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

As per our Report of even date

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

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

MUMBAI,
Dated: 30th May, 2013

For & On behalf of the Board of Directors

**RAJKUMAR SARAF**
CHAIRMAN & MANAGING DIRECTOR

**VIJAY RAM MUKHI**
DIRECTOR

**RAMESH SANGHVI**
COMPANY SECRETARY

## CASH FLOW STATEMENT

| | | 2012-13 RS.000'S | 2012-13 RS.000'S | 2011-12 RS.000'S | 2011-12 RS.000'S |
|---|---|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| | NET PROFIT BEFORE TAX | | **(338644)** | | 20841 |
| | ADJUSTMENTS FOR: | | | | |
| | DEPRECIATION | **11414** | | 16011 | |
| | (PROFIT)/LOSS ON SALE OF INVESTMENTS | **(1790)** | | (1269) | |
| | INTEREST RECEIVED | **(4207)** | | (3112) | |
| | INTEREST PAID & FOREX FLUCTUATION | **110891** | **116308** | 99880 | 111510 |
| | **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES** | | **(222336)** | | 132351 |
| | ADJUSTMENTS FOR: | | | | |
| | TRADE AND OTHER RECEIVABLES | **75975** | | 231857 | |
| | INVENTORIES | **148413** | | 82884 | |
| | TRADE AND OTHER PAYABLES | **(11825)** | | (92998) | |
| | | | **212563** | | 221743 |
| | **CASH GENERATED FROM OPERATIONS** | | **(9773)** | | 354094 |
| - | INTEREST PAID & FOREX FLUCTUATION | | **(110891)** | | (99880) |
| - | DIRECT TAXES PAID | | **(3700)** | | (2864) |
| | CASH FLOW BEFORE EXTRAORDINARY ITEMS | | **(124364)** | | 251350 |
| | PRIOR PERIOD ADJUSTMENTS | | **0** | | 0 |
| | **NET CASH FROM OPERATING ACTIVITIES** | | **(124364)** | | 251350 |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| | PURCHASE/SALE OF FIXED ASSETS (NET) | **(5267)** | | (78626) | |
| | FIXED ASSETS WRITE OFF | **150586** | | (140829) | |
| | INTEREST RECEIVED | **4207** | | 3112 | |
| | PROFIT/(LOSS) ON SALE OF INVESTMENTS | **1790** | | 1269 | |
| | **NET CASH USED IN INVESTING ACTIVITIES** | | **151316** | | (215074) |

| | | 2012-13 RS.000'S | 2012-13 RS.000'S | 2011-12 RS.000'S | 2011-12 RS.000'S |
|---|---|---|---|---|---|
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| | OTHER LONG-TERM LIABILITIES | **(571)** | | (884) | |
| | LONG-TERM LOANS & ADVANCES/ OTHER NON-CURRENT ASSETS | **791** | | (6608) | |
| | DIVIDEND PAID | **0** | | (13933) | |
| | **NET CASH USED IN FINANCING ACTIVITIES** | | **220** | | (21425) |
| | NET INCREASE/DECREASE IN CASH & CASH EQUIVALENT | | **27172** | | 14851 |
| | CASH & CASH EQUIVALENTS AS ON 1ST APRIL, 2012 | | **78356** | | 63505 |
| | CASH & CASH EQUIVALENTS AS ON 31ST MARCH, 2013 | | **105528** | | 78356 |
| | | | **27172** | | 14851 |

As per our Report of even date

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

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

MUMBAI,
Dated: 30th May, 2013

For & On behalf of the Board of Directors

**RAJKUMAR SARAF**
CHAIRMAN & MANAGING DIRECTOR

**VIJAY RAM MUKHI**
DIRECTOR

**RAMESH SANGHVI**
COMPANY SECRETARY

## Auditors' Certificate

We have examined the above cash flow statement of **Zenith Computers Ltd.** for the year ended **31st March, 2013**. 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 30th May, 2013 to the members of the Company.

For C.L. KHANNA & CO.
Chartered Accountants

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

MUMBAI
Dated: 30th May, 2013

**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 THIRD ANNUAL GENERAL MEETING held at the Auditorium of Hotel ABBOT, Sector 2, Near Vashi Bus Stand, Vashi, Navi Mumbai 400 703 at 11.00 a.m. on Monday, 30th September, 2013.**

Folio No……

No. of Shares held……..

(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 THIRD ANNUAL GENERAL MEETING** of the Company to be held at the Auditorium of Hotel ABBOT, Sector 2, Near Vashi Bus Stand, Vashi, Navi Mumbai 400 703 at 11.00 a.m. on Monday, 30th September, 2013.

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.

**Zenith Computers Ltd.**, Zenith House, 29, MIDC, Central Road, Andheri (E), Mumbai 400 093.
Tel.: 28377300 / 28366030 • Fax: 28364859 • E-mail: info@zenith-india.com • Website: www.zenithpc.com
**Regd. Office : B -5, 'Electronic Sadan – 1', MIDC, TTC Area, Mahape, Navi Mumbai - 400 710.**

# FORM A

## FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE STOCK EXCHANGES

| | | |
|---|---|---|
| 1. | **NAME OF THE COMPANY** | **ZENITH COMPUTERS LIMITED** |
| 2. | AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED | **31ST MARCH,2013** |
| 3. | TYPE OF AUDIT OBSERVATION | NO AUDIT OBSERVATION – UNQUALIFIED AUDIT REPORT |
| 4 | FREQUENCY OF OBSERVATION | NO AUDIT OBSERVATION TILL DATE |
| | **DESIGNATION** | **SIGNATURE** |
| 5. | **MR. RAJ KUMAR SARAF, CHAIRMAN & MANAGING DIRECTOR** | |
| 6 | **MR. VIJAY RAM MUKHI, DIRECTOR & CHAIRMAN OF THE AUDIT COMMITTEE** | (23 Sept 2013) |
| 7 | **STATUTORY AUDITORS OF THE COMPANY – M/S. C. L. KHANNA & COMPANY – BY THE HAND OF MR. C.L. KHANNA, PROPRIETOR** | |
| 8. | **CHIEF FINANCIAL OFFICER (CFO)** | THE COMPANY DOES NOT HAVE A CFO |

**Place : MUMBAI**

**DATE : 19th September, 2013**

23rd