

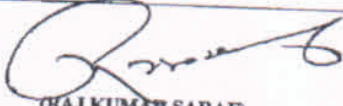
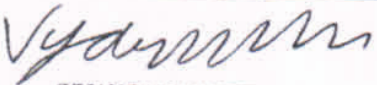
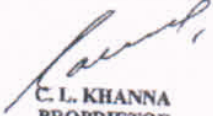


## COMPUTERS LTD

Registered Office: Plot No. EL 117, 1st floor, TTC Area, MIDC, Mahape, Navi Mumbai 400 710.  
CIN : L72900MH1960PLC022652  
Tel.: 28377300 / 28366030. Fax: 28364859. Email: info@zenith-india.com. www.zenithpc.com

### FORM A

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

S. No.	Particulars / Details	Company Data
1.	Name of the Company	ZENITH COMPUTERS LIMITED
2.	Annual financial statements for the year ended	YEAR ENDED 31 <sup>ST</sup> MARCH, 2015
3.	Type of Audit observation Un-qualified / Matter of Emphasis	ANNUAL INDEPENDENT AUDIT REPORT - NO AUDIT QUALIFICATIONS
4.	Frequency of observation Whether appeared first time .... / repetitive .... / since how long period .....	YEARLY
5.	(i) Managing Director	 (RAJ KUMAR SARAF)
	(ii) Audit Committee Chairman	 (VIJAY RAM MUKHI) C.L. KHANNA & CO. CHARTERED ACCOUNTANTS
	(iii) M/s. C.L. Khanna & Co. - by the Hand OF MR. C. L. KHANNA, Proprietor, the Statutory Auditors of the Company	 C. L. KHANNA PROPRIETOR MUMBAI
	PLACE	MUMBAI
	DATE	3 <sup>RD</sup> SEPTEMBER, 2015



35th Annual Report 2014-2015

COMPUTERS LTD

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



**ZENITH COMPUTERS LTD**  
**CIN : L72900MH1980PLC022652**

**35<sup>th</sup> Annual Report 2014-2015**

**DIRECTORS**

R.K.Saraf  
(Chairman & Managing Director)  
Vijay R. Mukhi  
Vipin M. Shah  
Manju Bhartia  
(Additional Director w. e. f. 14.08.2015)

**COMPANY SECRETARY**

Ramesh S. Sanghvi

**BANKERS**

Indian Bank  
Federal Bank Limited  
IDBI Bank Limited

**AUDITORS**

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

**REGISTERED OFFICE**

PLOT NO. L – 117, 1<sup>ST</sup> FLOOR, MAHAPE,  
MIDC, TTC AREA, NAVI MUMBAI 400710

**REGISTRAR &  
TRANSFER AGENTS**

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

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Directors' Report
Extract of Annual Return
Secretarial Audit Report
Report on Corporate Governance (including Management Discussion & Analysis)
Independent Auditors' Report
Balance Sheet as at 31 <sup>st</sup> March, 2015 and notes thereto
Profit & Loss Account for the year ended 31 <sup>st</sup> March, 2015 and notes thereto
Cash Flow Statement

## ZENITH COMPUTERS LIMITED

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

### NOTICE

NOTICE is hereby given that the Thirty Fifth Annual General Meeting of **Zenith Computers Limited** will be held on **Wednesday, 30<sup>th</sup> September, 2015 at 12.00 Noon** 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, 2015 and the audited Profit and Loss Account for the period ended on that date.
2. **To appoint auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification, the following resolution AS AN ORDINARY RESOLUTION:**

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

#### **B. SPECIAL BUSINESS**

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

3. **AS AN ORDINARY RESOLUTION:**

#### **APPOINTMENT OF MR. VIJAY RAM MUKHI AS AN INDEPENDENT DIRECTOR**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Mr. Vijay Ram Mukhi (DIN 00002633), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from September 30, 2015 to 29<sup>th</sup> September, 2019.”

4. **AS AN ORDINARY RESOLUTION:**

#### **APPOINTMENT OF MRS. MANJU BHARTIA AS A WOMAN DIRECTOR**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, and Clause 49 of the Listing Agreements with the Stock Exchanges, Mrs. Manju Bhartia (DIN 02185660), a non-executive Director of the Company, who was appointed as a Woman Director in the capacity as an Additional Director with effect from 14<sup>th</sup> August, 2015 and who holds that office up to the date of the ensuing AGM and who has submitted a declaration that she meets the criteria as provided in Section 149 of the Act and who is eligible for appointment, and in respect of whom the Company has received a notice in writing under Section 160 of the said Act from a member proposing her candidature, be and is hereby appointed as a Woman Director of the Company with effect from September 30, 2015 as a Director whose term of office is subject to retire by rotation.”

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

MUMBAI  
14<sup>th</sup> August, 2015

**RAMESH S. SANGHVI  
COMPANY SECRETARY**

## NOTES :-

- 1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxy form to be effective must be duly executed and signed and must be lodged at the company's registered office at least 48 hours before the time of the meeting.
- 2) The Register of Members and the Share Transfer Books of the Company would remain closed from Thursday, 24<sup>th</sup> September, 2015 to Wednesday, 30<sup>th</sup> September, 2015 (both days inclusive).
- 3) All matters in connection with the Shares of the Company may be addressed to the Company's Registrar and Transfer Agents viz. M/s. Link Intime (India) Private Limited, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078. Members are requested to quote their respective folio numbers / ISIN –ID numbers and notify the change of address, if any, to the Company's Registrar and Transfer Agents.
- 4) Shareholders desiring information as regards the accounts are requested to write to the Company at least 10 days before the Annual General Meeting (AGM) to enable the Management to keep the information ready.
- 5) As per Clause 49 of the Listing Agreement with the Stock Exchanges brief resume of the Directors seeking appointment / re-appointment at the AGM are included in the statement pursuant to Section 102 (1) of the Companies Act, 2013 set out in the Notice convening this meeting. The Directors have furnished the requisite consent / declarations for their appointment / re-appointment
- 6) Electronic Voting: Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules 2014 and Clause 35B of the Listing Agreements entered into by the Company with BSE and NSE, the Company provides the members the facility to exercise their right to vote by electronic means, as an alternative to vote physically at the Annual General Meeting (AGM), and the business may be transacted through e-voting services provided by the Central Depository Services (India) Limited (CDSL). Similarly, Members opting to vote physically can do the same by remaining present at the meeting and should not exercise the option of e-voting. However, in case Members cast their votes exercising both the options i.e. physically and e-voting, then votes cast through e-voting shall only be taken into consideration and treated valid whereas votes cast physically at the meeting shall be treated as invalid.

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

- (i) The voting period begins on "Saturday, 26<sup>th</sup> September, 2015 at 9.00 a.m." and ends on Tuesday, 29<sup>th</sup> September, 2015 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut off date (record date) of Wednesday, 23<sup>rd</sup> September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The Shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on "Shareholders".
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Now enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

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

Bank Details#	records for the said demat account or folio. <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the <b>Member ID / Folio Number</b> mentioned in the instruction (iv) in the <b>Dividend Bank details field</b>.</li> </ul>
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- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the Company “Zenith Computers Limited (ZENITHCOMP)” on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xiii) Note for Non Individual Shareholders and Custodians.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance user should be created to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 IN RESPECT OF SPECIAL BUSINESS.**

**Item No. 3 :**

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges, appointed Mr. Vijay Ram Mukhi as an Independent Director in the Annual General Meeting (AGM) held on 30<sup>th</sup> September, 2013. Pursuant to Section 149 of the Companies Act, 2013, which came into force from April 1, 2014, every listed company is required to have at least one third of the total number of Directors as Independent Directors, who are not liable to retirement by rotation. The Nominations Committee of the Board has recommended the appointment of Mr. Vijay Ram Mukhi as an Independent Director from 30<sup>th</sup> September, 2015 up to 29<sup>th</sup> September, 2019. Mr. Vijay Ram Mukhi, a non-executive Director of the Company, has given a declaration to the Board that he meets with the criteria of independence as provided under Section 149(6) of the Act. In the opinion of the Board, the said Director fulfills the conditions specified in the Act and the Rules framed thereunder for appointment of Independent Director and he is independent of the management. In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of Mr. Vijay Ram Mukhi as an Independent Director is now being placed before the Members for their approval. None of the Directors and the key Managerial Personnel, except Mr. Vijay Mukhi may be deemed to be concerned or interested in the resolution.

**Item No. 4 :**

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges, appointed Mrs. Manju Bhartia was appointed as an Additional Director to occupy the position of a non-executive Woman Director, with effect from 14th August, 2015 and she holds that office up to the date of the ensuing AGM. Pursuant to Clause 49 of the Listing Agreements with the BSE Limited and the National Stock Exchange of India Limited and Section 149 of the Companies Act, 2013, which came into force from April 1, 2014, every listed company is required to have at least one Woman Director, whose tenure of office is liable to retirement by rotation. The Nominations Committee of the Board has recommended the appointment of Mrs. Manju Bhartia as a Woman Director. Mrs. Manju Bhartia, a non-executive Woman Director of the Company, has given a declaration to the Board that he meets the criteria as provided under Section 149 of the Act. In the opinion of the Board, the said Director fulfills the conditions specified in the Act and the Rules framed thereunder for appointment of Woman Director. In compliance with the provisions Section 149 read with Schedule IV of the Act, the appointment of Mrs. Manju Bhartia as a Woman Director is now being placed before the Members for their approval. Mrs. Manju Bhartia is related to Mr. R.K. Saraf, the Chairman & Managing Director of the Company and both Mrs. Bhartia and Mr. Saraf may be deemed to be concerned to be interested in the resolution; none of the other Directors and the key Managerial Personnel is concerned or interested in the resolution.

The terms and conditions of appointment of the said Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours from 11.00 a.m. to 3.00 p.m, on any working day except Saturdays, Sundays and National Holidays.

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

Particulars	Date of Birth	Date of Appointment	Qualifications	Experience on specific functional areas	Directorships held in Companies (excluding Foreign Companies)	Membership of Board Committees (including Chairmanship)	No. of Shares held in the Company
Mr. Vijay Ram Mukhi	7 <sup>th</sup> December, 1957	30.09.2013	B.E.	More than 35 years experience in the IT sector known as the Internet Guru in the Government and Business Circles.	He is not a Director of any other Company	Chairman of the Audit Committee and the Nominations Committee and Member of the Investors Grievances Committee (of Zenith Computers Ltd.)	NIL
Mrs. Manju Bhartia	17 <sup>th</sup> June, 1944	14.08.2015	B.A.	Business Woman for more than 35 years.	Director of other Companies - NIL	None	NIL

**By Order of the Board**

**MUMBAI  
14<sup>th</sup> August, 2015**

**RAMESH S. SANGHVI  
COMPANY SECRETARY**

**ZENITH COMPUTERS LIMITED**  
**DIRECTORS' REPORT**

To the Members,

Your Directors have pleasure in presenting their 35<sup>th</sup> Annual Report and the audited Accounts for the financial year ended 31<sup>st</sup> March, 2015.

(Rs. in Lakhs)

<b>FINANCIAL HIGHLIGHTS</b>	<b>2014-2015</b>	<b>2013-2014</b>
Profit / (Loss) before Taxes	<b>(3,191.22)</b>	<b>(4,294.17)</b>
Less: Provision for Taxes	<b>NIL</b>	<b>NIL</b>
Profit after taxation available for appropriation	<b>(3,191.22)</b>	<b>(4,294.17)</b>
Add: Balance Profit / (Loss)brought forward from previous year	<b>(4,828.42)</b>	<b>(534.25)</b>
Amount available for appropriations :	<b>(8,019.64)</b>	<b>(4,828.42)</b>
<b>Appropriations</b>		
Proposed Dividend	<b>NIL</b>	<b>NIL</b>
Tax on Proposed Dividend	<b>NIL</b>	<b>NIL</b>
General Reserve	<b>NIL</b>	<b>NIL</b>
Balance Profit / (Loss)carried to the Balance Sheet	<b>(8,019.64)</b>	<b>(4,828.42)</b>

### **COMPANY'S ACTIVITIES**

The impact of I-Pads, Tablets and Smart Phones in the marketplace has had an overwhelming effect on the personal and laptop computers with all the Computer hardware companies stopping production of Desktops and laptops. Your Company has discontinued the business of manufacture of desktop and laptop computers and is presently only in the services segment of maintenance contracts and fulfilling warranty commitments.

The Company is looking into the possibilities of distributing multinational companies' products, servers, etc.

### **DIVIDEND**

Your Directors do not recommend any Dividend in respect of the financial year ended 31<sup>st</sup> March, 2015, as the Company has suffered a Loss.

### **REVIEW OF OPERATIONS**

During the year under review,

- The net sales revenues at Rs. 2261.39 lakhs were lower than the previous year's revenues of Rs. 7902.99. During the year the net Loss (Tax Expense was NIL) was Rs. 3191.22 lakhs as against the previous year's Loss of Rs.4,294.17 lakhs (Tax Expense was NIL); the Loss was due to the adverse market conditions and interest 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.
- Further changes and improvisations are under way in the manufacturing process and these changes are in compliance with international requirements.



## **FIXED DEPOSIT**

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

## **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 BSE Limited (BSE), Mumbai and the National Stock Exchange of India Limited (NSE), Mumbai. The Company has paid the requisite Annual Listing Fees for the year 2015-16 to the BSE and NSE.

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

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

## **DIRECTORS**

Mrs. Manju Ajay Bhartia has been appointed as an Additional Director as a Woman Director in compliance of Clause 49 of the Listing Agreements with the Stock Exchanges.

The Company has received a notice from a Shareholder along with a Deposit of Rs. 1,00,000/-, pursuant to Section 160(1) of the Companies Act, 2013, proposing the name of Mrs. Manju Bhartia as a Director of the Company at the ensuing Annual General Meeting (AGM). A brief resume of Mrs. Manju Bhartia, giving her nature of experience and the names of Companies in which she holds Directorship and membership / Chairmanship of Board Committees, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is provided in the Explanatory Statement annexed to the Notice convening the meeting

In accordance with the Company's Articles of Association and the provisions of the Companies Act, 2013, Mr. Vijay Mukhi, an Independent Director, retires by rotation and offers himself for re-appointment as an independent Director. A brief resume of Mr. Vijay Ram Mukhi, nature of experience and the names of Companies in which he holds Directorship and membership / Chairmanship of Board Committees, as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges is provided in the Explanatory Statement annexed to the Notice convening the meeting.

## **CORPORATE SOCIAL RESPONSIBILITY**

The Company has been incurring losses in the previous 3 years and is also registered as a Sick Industrial Company under the provisions of the Sick Industrial Companies (Special Provisions) Act, 1985 and hence the provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 are not applicable.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors confirm:

- (1) that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- (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, 2015 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.

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

Your Company was registered as a sick industrial company under Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial and Financial Reconstruction (BIFR) with effect from 29<sup>th</sup> August, 2014 and the process of preparation of the 'Draft Rehabilitation Scheme' and other connected matters are before the BIFR.

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

Indian Bank as the Lead Bank of the Consortium of Banks, had not accepted the Company's offer for one time settlement against all amounts due to the Banks under the provisions of The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFESI) has taken physical possession of the land, buildings and stocks of the Company in Goa 1n April, 2015 and the properties and stocks at Mahape, Navi Mumbai in June, 2015.

Consequently, the Company had to discontinue its business of manufacture of desktop and laptop computers.

## **SHIFTING OF THE REGISTERED OFFICE**

Since the Registered Office of the Company located in Electronic Sadan was taken over by Indian Bank, the Company shifted its registered office to rented premises at Mahape. Thus the Registered Office of the Company has been shifted from B-5, Electronic Sadan – 1, MIDC, TTC Area, Mahape, Navi Mumbai 400 710 to Plot No. EL – 117, 1<sup>st</sup> Floor, Mahape, MIDC, TTC Area, Navi Mumbai 400 710 with effect from 6<sup>th</sup> June, 2015.

## **CORPORATE GOVERNANCE**

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

## **STATEMENT SHOWING THE EXTRACT OF THE ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

In accordance with Section 92(3) of the Companies Act, 2013, read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Statement showing the Extract of the Annual Return as on the financial year ended 31<sup>st</sup> March, 2015 is annexed as **Annexure 'D'** and forms part of this Report.

### **RELATED PARTY TRANSACTIONS**

The information required under Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is appended hereto in Form AOC – 2 as an **Annexure 'B'** and forms part of this Report.

### **SECRETARIAL AUDIT**

The Secretarial Audit Report, dated 31<sup>st</sup> July, 2015, of M/s. Mohan Akella & Company, Company Secretaries, Thane, pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment And Remuneration of Managerial Personnel) Rules, 2014, of the Compliance of the applicable Statutory Provisions and adherence to good corporate practices by the Company is annexed hereto as **Annexure 'C'** and forms part of this report.

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

### **AUDITORS**

M/s. C. L. Khanna & Company, Chartered Accountants, Mumbai, the Statutory Auditors of the Company, were re-appointed for a period of 3 years at the 34<sup>th</sup> Annual General Meeting, in accordance with Section 204 of the Companies Act, 2013; the tenure of the said Auditors is to be confirmed at the ensuing AGM.

The Notes to Accounts mentioned in the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2015 are self explanatory to the observations made by the Statutory Auditors in their Report on the said Financial Statements.

### **EMPLOYEES**

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

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

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

The information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014, with respect to conservation of energy, technology absorption and foreign exchange earnings and outgo is appended hereto as **Annexure 'A'** and forms part of this Report.

## **ACKNOWLEDGEMENTS**

our 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**  
**14<sup>th</sup> August, 2015**

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

## ANNEXURE 'A' TO THE DIRECTORS' REPORT

### STATEMENT OF PARTICULARS REQUIRED TO BE GIVEN UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 READ WITH RULE 8(2) OF THE COMPANIES (ACCOUNTS) RULES, 2014 IN RESPECT OF THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015.

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. <b>Foreign Exchange Earnings and Outgo</b> :	<u>Rs. in Lakhs</u>
Total foreign exchange used and earned	
(i) Expenditure in foreign currency	1292.62
(ii) Foreign Exchange earned	97.91

### 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 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 :

	<b>Rs. in Lakh's</b>
a. Capital	NIL
b. Recurring	NIL
c. Total	NIL
d. Total R & D expenditure as a percentage of total turnover	NIL %

#### TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION

- 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  
14<sup>th</sup> August, 2015

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

**ANNEXURE 'B' TO THE DIRECTORS' REPORT**

**Form AOC - 2**

{Pursuant to Clause (h) of Sub-section (3) of Section 134 of the Companies Act, 2013 read with Rule 8 (2) of the Companies Accounts) Rules 2014}

**Form for Disclosure of Particulars of Contracts / Arrangements entered into by the Company with related parties referred to in Sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

<b>I. Details of contracts or arrangements or transactions NOT on arms length basis</b>								
<b>Name(s) of the Related Party</b>	<b>Nature of Relationship</b>	<b>Nature of Contracts / Arrangements / Transactions</b>	<b>Duration of Contracts / Arrangements / Transactions</b>	<b>Salient Terms and Conditions of Contracts / Arrangements / Transactions including Value, if any</b>	<b>Justification for entering into such Contracts / Arrangements / Transactions</b>	<b>Date(s) of approval by the Board</b>	<b>Amount paid as advances, if any</b>	<b>Date on which Special Resolution was passed in general meeting as required by the first proviso to Section 188</b>
Zenith Controls and Systems Pvt. Ltd.	Mr. R.K. Saraf is a Director	-----NIL-----						
<b>II. Details of contracts or arrangements or transactions on arms length basis</b>								
Zenith Controls and Systems Pvt. Ltd.	Mr. R.K. Saraf is a Director	-----NIL-----						
<b>Mr. R.K. Saraf is the Chairman &amp; Managing Director of the Company</b>								

## ANNEXURE 'D' TO THE DIRECTORS' REPORT

### STATEMENT SHOWING THE EXTRACT OF THE ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015

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

#### I. REGISTRATION AND OTHER DETAILS

- i) CIN : **72900MH1980PLC022652**  
ii) Registration Date : **20<sup>th</sup> May, 1980**  
iii) Name of the Company : **ZENITH COMPUTERS LIMITED**  
iv) Category / Sub-category: **Company Limited by shares /Non- Government of the Company Company**  
v) Address of the Registered Office : **Plot No. EL – 117, 1<sup>st</sup> Floor, Mahape, MIDC, TTC Area, Navi Mumbai 400 710**  
vi) Whether Listed Company: **Yes**  
vii) Name, Address and Contact Details of the Registrar and Transfer Agent, if any **Link Intime India Private Limited C – 13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), MUMBAI 400 078 Tel. No. : 022- 25693838 - Mrs. Sujata Poojary**

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

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

Sl No.	Name and description of the main products / services	NIC Code of the Product / Service	Turnover in Rs.	% to total turnover of the Company
1.	Manufacture, Sales and Services of Electronic Equipments viz. Computers/ Microprocessor based systems and peripherals and Annual Maintenance Service Contracts imbedded in the purchase orders.	847100, 852400, 852400 & 852400	Rs. 2261.39 lakhs	100%

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

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

**IV. Shareholding Pattern (Equity Share Capital Break-up as percentage of total)**  
**i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. PROMOTERS</b>									
(1) Indian									
a) Individuals / HUF	67,17,531	NIL	67,17,531	43.39	47,55,621	NIL	47,55,621	30.72	(-)12.67
b) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corporate	16,92,224	NIL	19,92,224	10.93	NIL	NIL	NIL	NIL	(-)10.93
e) Banks / FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-Total (A) (1)</b>	<b>84,09,755</b>	<b>NIL</b>	<b>84,09,755</b>	<b>54.32</b>	<b>47,55,621</b>	<b>NIL</b>	<b>47,55,621</b>	<b>Nil</b>	<b>(-)23.60</b>
<b>(2) FOREIGN</b>									
a) NRIs – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Others – Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corporate	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FIs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-Total (A) (2)</b>	<b>84,09,755</b>	<b>NIL</b>	<b>84,09,755</b>	<b>54.32</b>	<b>47,55,621</b>	<b>NIL</b>	<b>47,55,621</b>	<b>Nil</b>	<b>(-)23.60</b>
<b>Total Shareholding of Promoters (A) = (A) (1) + (A) (2)</b>	<b>84,09,755</b>	<b>NIL</b>	<b>84,09,755</b>	<b>54.32</b>	<b>47,55,621</b>	<b>NIL</b>	<b>47,55,621</b>	<b>Nil</b>	<b>(-)23.60</b>
<b>B. PUBLIC SHAREHOLDING</b>									
1. Institutions									
a) Mutual Funds	NIL	5,800	5,800	0.04	NIL	5,800	5,800	0.04	NIL
b) Banks / FIs	NIL	3,050	3,050	0.02	NIL	3,050	3,050	0.02	NIL
c) Central Govt.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIIs	NIL	3,600	3,600	0.02	NIL	3,600	3,600	0.02	NIL
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
<b>Sub-Total (B) (1)</b>	<b>NIL</b>	<b>12,450</b>	<b>12,450</b>	<b>0.08</b>	<b>NIL</b>	<b>12,450</b>	<b>12,450</b>	<b>0.08</b>	<b>NIL</b>
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	14,384	8,75,633	8,90,017	5.75	25,77,146	14,384	25,91,530	16.74	10.99
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals (Public)									
i) Holding nominal share capital up to Rs. 1 Lakh	39,02,551	6,51,340	45,53,891	29.42	39,39,020	6,45,501	45,84,521	29.59	0.17
ii) Holding nominal share capital above Rs. 1 Lakh	7,98,442	NIL	7,98,442	5.16	28,10,576	NIL	28,10,576	18.16	13.00
iii) NRIs	1,99,061	4,88,695	6,87,756	4.44	1,76,165	4,80,003	6,56,168	4.24	(-)0.2
c) OTHERS									
i) Clearing Member	1,28,529	NIL	1,28,529	0.83	72,982	NIL	72,982	0.47	(-)0.36
<b>Sub-Total (B) (2)</b>	<b>59,04,216</b>	<b>11,54,419</b>	<b>70,58,635</b>	<b>45.60</b>	<b>95,75,889</b>	<b>11,36,880</b>	<b>1,07,12,769</b>	<b>69.20</b>	<b>23.60</b>
<b>Total Public Share-holding (B) = (B) (1) + (B) (2)</b>	<b>59,04,216</b>	<b>11,66,869</b>	<b>70,71,085</b>	<b>45.68</b>	<b>95,75,889</b>	<b>11,49,330</b>	<b>1,07,25,219</b>	<b>69.28</b>	<b>23.60</b>
<b>C. Shares of Custodians for GDRs &amp; ADRs</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>
<b>GRAND TOTAL (A+B+C)</b>	<b>14313971</b>	<b>1166869</b>	<b>15480840</b>	<b>100.00</b>	<b>14331510</b>	<b>1149330</b>	<b>15480840</b>	<b>100.00</b>	<b>NIL</b>



**ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% Change in Shareholding during the year
		No. of Shares	% to total Shares in the Company	% Shares pledged / encumbered to total shares	No. of Shares	% to total Shares in the Company	% Shares pledged / encumbered to total shares	
1	Rajkumar Saraf	9,64,534	6.23	NIL	9,64,534	6.23	NIL	NIL
2	Vijayrani Saraf	10,00,000	6.46	NIL	10,00,000	6.46	NIL	NIL
3	Rajkumar Saraf (HUF)	27,91,087	18.03	NIL	27,91,087	18.03	NIL	NIL
4	Akash Saraf	10,00,000	6.46	NIL	NIL	NIL	NIL	(-)6.46
5	Devita Saraf	9,61,910	6.21	NIL	NIL	NIL	NIL	(-)6.21
6	Zenith Technologies Pvt. Ltd.	16,16,304	10.44	NIL	NIL	NIL	NIL	(-)10.44
7	VU Technologies Pvt. Ltd.	75,920	0.49	NIL	NIL	NIL	NIL	(-)0.49
	<b>TOTAL</b>	<b>84,09,755</b>	<b>54.32</b>	<b>NIL</b>	<b>47,55,621</b>	<b>30.72</b>	<b>NIL</b>	<b>(-)23.60</b>

**(iii) Changes in the Promoters' Shareholdings (please specify if there is any change)**

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% to the total Shares in the Company	No. of Shares	% to the total Shares in the Company
At the beginning of the year	<b>84,09,755</b>	<b>54.32</b>	<b>47,55,621</b>	<b>30.72</b>
Date-wise Increase / Decrease in Promoters' Shareholding during the year specifying the reasons for the increase / decrease (eg. Allotment / transfer / bonus / sweat equity / change I classification, etc.)	Decreased by <b>36,54,134</b> Shares - Due to Change in Classification of 2 Promoters and 2 Bodies Corporate	<b>23.60</b>	<b>NIL</b>	<b>NIL</b>
At the end of the year	<b>47,55,621</b>	<b>30.72</b>	<b>47,55,621</b>	<b>30.72</b>
Reasons for change	<i>Two persons who were shown as part of the Promoter Group have been doing their own business independently and were connected with the main Promoters. Two other Bodies Corporate have, by virtue of the Shareholding and composition of the Board of Directors were no longer part of the main Promoter Group – this change took place between July, 2014 and September, 2014. The details are given in (ii) above</i>			

**(iv) Shareholding Pattern of the top ten Shareholders (other than Directors, Promoters and Holders of GDRs AND ADRs)**

Top Ten Shareholders		Shareholding at the beginning of the year		Shareholding at the end of the year		Changes in Shareholding		Date(s) of Change	Reasons for change **
Sl. No	Name of the Shareholder	No. of Shares	% to the total Shares in the Company	No. of Shares	% to the total Shares in the Company	No. of Shares	% to the total Shares in the Company		
1	Zenith Technologies Pvt. Ltd.	1616304	10.44	1616304	10.44	NIL	NIL	NA	NA
2	Akash Saraf	1000000	6.46	1000000	6.46	NIL	NIL	NA	NA
3	Devita Saraf	961910	6.21	961910	6.21	NIL	NIL	NA	NA
4	Plus Business Machines LTD	539947	3.49	539947	3.49	NIL	NIL	NA	NA
5	Jitendra n Chothiyawala	95975	0.62	100000	0.65	+ 4025	+ 0.03	Various Dates	Buy in Demat
6	Ramu Sitaram Deora	88963	0.57	88963	0.57	NIL	NIL	NA	NA
7	VU Technologies P LTD	75920	0.49	75920	0.49	NIL	NIL	NA	NA
8	Rajesh Ramu Deora	53006	0.34	53006	0.34	NIL	NIL	NA	NA
9	Prakash Chandra Modi	45000	0.29	45000	0.29	NIL	NIL	NA	NA
10	Jainam Share Consultants Pvt. LTD	68165	0.44	44699	0.29	- 23466	- 0.15	Various Dates	Sale in Demat

\*\* Date-wise Increase / Decrease in Promoters' Shareholding during the year specifying the reasons for the increase / decrease (eg. Allotment / transfer / bonus / sweat equity / change I classification, etc.)

**(v) Shareholding of Directors and Key Managerial Personnel (KMP)**

Sl. No	Name of the Director / KMP	Designation	Shareholding at the beginning of the year		Cumulative Shareholding during the year		Shareholding at the end of the year	
			No. of Shares	% to the total Shares in the Company	No. of Shares	% to the total Shares in the Company	No. of Shares	% to the total Shares in the Company
1	Mr. Rajkumar Saraf	Chairman & MD	9,64,534	6.23	NIL	NIL	9,64,534	6.23
2	Mr. Vijay Ram Mukhi	Director	NIL	NIL	NIL	NIL	NIL	NIL
3	Mr. Vipin M. Shah	Director	2,200	0.01	NIL	NIL	2,200	0.01
4	Mr. Ramesh S. Sanghvi	Company Secretary	NIL	NIL	NIL	NIL	NIL	NIL

\*\* Date-wise Increase / Decrease in Shareholding during the year specifying the reasons for the increase / decrease (eg. Allotment / transfer / bonus / sweat equity / change I classification, etc.) - **Not Applicable as there is no change in the Shareholding Pattern between the beginning and at the end of the year.**

**(V) INDEBTEDNESS**

Indebtedness of the Company including interest outstanding / accrued but not due for payment - (Rs. In Lacs)

	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3822.57	3271.94	NIL	7094.51
ii) Interest due but not paid	4135.04	383.83	NIL	4518.87
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>TOTAL ((i) + (ii) + (iii))</b>	<b>7957.61</b>	<b>3655.77</b>	<b>NIL</b>	<b>11613.38</b>
<b>Changes in Indebtedness during the Financial Year</b>				
Addition	7124.11	NIL	NIL	7124.11
Reduction	NIL	9.13	NIL	9.13
<b>Indebtedness at the end of the financial year</b>				
j) Principal Amount	5720.99	3271.94	NIL	8992.93
iv) Interest due but not paid	9360.73	392.96	NIL	9753.69
v) Interest accrued but not due	NIL	NIL	NIL	NIL
<b>TOTAL ((i) + (ii) + (iii))</b>	<b>15081.72</b>	<b>3664.90</b>	<b>NIL</b>	<b>18746.62</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)****A. Remuneration of Managing Director, Whole-time Director and / or Manager**

Sl. No.	Particulars of Remuneration	Name of the Managing Director	Total Amount (Rs.)
		<b>Mr. Rajkumar Saraf</b>	
1.	Gross Salary		
	(a) Salary as per the provisions of Section 17(1) of the Income Tax Act, 1961	NIL ( The Special Resolution passed at the 33 <sup>rd</sup> Annual General Meeting – Salary of Rs. 4,00,000/- per month)	NIL
	(b) Value of perquisites U/S. 17(2) of the Income Tax Act, 1961	NIL ( Provident Fund & Superannuation @ 25% of the Salary and Gratuity @ 15 days salary for every completed year of service))	NIL
	c) Profits in lieu of salary U/S. 17(3) of the Income Tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission –		NIL
	as a % of Profit	NIL (1% of the Net Profit)	NIL
	Others, specify	NIL	NIL
5.	Others, Please Specify	NA	NIL
	TOTAL (A)	NIL	NA
	Ceiling as per the Act	5% of the Net Profits or as per Part II of Schedule V to the Companies Act, 2013.	See Note below

**Note: Mr. Rajkumar Saraf did not draw any remuneration or avail of any perquisites during the year.**

## B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Names of the Directors		Total Amount (Rs.)
		Mr. Vijay Ram Mukhi	Mr. Vipin M. Shah	
1.	Independent Directors			
	Fee for attending Board / Committees' Meetings	2,60,000	2,60,000	5,20,000
	Commission	NIL	NIL	NIL
	Others	NIL	NIL	NIL
	<b>TOTAL (1)</b>	<b>2,60,000</b>	<b>2,60,000</b>	<b>5,20,000</b>
2.	Other Non-Executive Directors	<b>The Company did not have any other Non-Executive Directors</b>		
	Fee for attending Board / Committees' Meetings	NA	NA	NA
	Commission	NA	NA	NA
	Others	NA	NA	NA
	<b>TOTAL (2)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
	<b>TOTAL (B) = (1+2)</b>	<b>2,60,000</b>	<b>2,60,000</b>	<b>5,20,000</b>
	<b>Total Managerial Remuneration</b>	<b>2,60,000</b>	<b>2,60,000</b>	<b>5,20,000</b>
	Overall Ceiling as per the Act	<b>Section 197(5) of the Companies Act, 2013 excludes the payment of sitting fees to Directors for attending meetings of the Board and its Committees; however, the said fees is within the limits prescribed in Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.</b>		

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sl. No.	Particulars of Remuneration	Name of the Company Secretary	Total Amount (Rs.)
		Mr. Ramesh S. Sanghvi	
1.	Gross Salary		
	(a) Salary as per the provisions of Section 17(1) of the Income Tax Act, 1961	8,49,996/-	8,49,996/-
	(b) Value of perquisites U/S. 17(2) of the Income Tax Act, 1961	NIL	NIL
	c ) Profits in lieu of salary U/S. 17(3) of the Income Tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission –		
	as a % of Profit	NIL	NIL
	Others, specify	NIL	NIL
5.	Others, Please Specify	NA	NA
	<b>TOTAL</b>	<b>8,49,996/-</b>	<b>8,49,996/-</b>

**VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority (RD / NCLT / COURT)	Appeal made, if any (Give Details)
<b>A. COMPANY</b>					
Penalty	None	NA	NA	NA	NA
Punishment	None	NA	NA	NA	NA
Compounding	None	NA	NA	NA	NA
<b>B. DIRECTORS</b>					
Penalty	None	NA	NA	NA	NA
Punishment	None	NA	NA	NA	NA
Compounding	None	NA	NA	NA	NA
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	None	NA	NA	NA	NA
Punishment	None	NA	NA	NA	NA
Compounding	None	NA	NA	NA	NA

**FORM NO. MR - 3**  
**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

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

To,  
The Members of  
**ZENITH COMPUTERS LIMITED**  
Registered Office: Plot No. EL – 117, 1<sup>st</sup> Floor, Mahape,  
MIDC, TTC Area,  
**NAVI MUMBAI 400 710**

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

Based on our verification of the Company's (viz. ZENITH COMPUTERS LIMITED) books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the Secretarial Audit, I hereby report that in my opinion, the Company has during the audit period covering the financial year ended 31<sup>st</sup> March, 2015 (Audit Period) complied with the Statutory Provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.:-

I have examined the books, papers, minutes' books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March, 2015 according to the provisions of:

- (1) The Companies Act. 2013 (the Act) and the Rules made thereunder;
- (2) The Securities Contracts (Regulations) Act, 1956 (SCRA) and the Rules made thereunder;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (4) The Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 2013;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

- c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with the client.
  - d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the Audit Period);
  - e) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the Audit Period): and
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008.
- (6) Information Technology Act, 2000;
  - (7) Employees Provident Fund and Miscellaneous Provisions Act, 1953;
  - (8) Employees State Insurance Act, 1948;
  - (9) Employers Liability Act, 1938;
  - (10) Environment Protection Act, 1986 and other environmental laws;
  - (11) Equal Remuneration Act, 1976;
  - (12) Factories Act, 1948;
  - (13) Hazardous Wastes (Management and Handling) Rules, 1989 and Amendment Rules, 2003;
  - (14) Indian Contract Act, 1872;
  - (15) Income Tax Act, 1961 and Indirect Tax Laws;
  - (16) Indian Stamp Act, 1999,
  - (17) Maternity Benefits Act, 1981, Minimum Wages Act, 1948;
  - (18) Negotiable Instruments Act, 1881;
  - (19) Payment of Bonus Act, 1965;
  - (20) Payment of Gratuity Act, 1972;
  - (21) Payment of Wages Act, 1936 and other applicable laws.
  - (22) The Special Economic Zone Act, 2005 and the Rules made thereunder;
  - (23) Policy relating to Software Technology Parks of India and its Regulations
  - (24) The Indian Copyright Act, 1957 and the Rules made thereunder;
  - (25) The Patents Act, 1970 and the Rules made thereunder;
  - (26) The Sick Industrial Companies (Special Provisions) Act, 1985; and
  - (27) The Trade Marks Act, 1999 and the Rules made thereunder.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

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

However, I hereby state and reiterate as follows:-

- (i) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion based on these secretarial records.
- (ii) I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial Records.

: 3 :

(ZCL – Sec. Audit Report-31032015)

- (iii) The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records.
- (iv) I believe that the processes and practices I have followed provide a reasonable basis for my opinion.
- (v) The verification was done on test basis to ensure that correct facts are reflected in the Secretarial records. I believe that the processes and practices we have followed provide a reasonable basis for our opinion.
- (vi) I have not verified the correctness or appropriateness of the financial records and the Books of Account of the Company.
- (vii) Wherever required I have obtained the Management's views and representation about the compliance of the laws, rules and regulations and the happening of events.
- (viii) The compliance of the provisions of Corporate and other applicable laws, rules regulations and standards is the responsibility of the management; my examination was limited to the verification of the procedures on a test basis.
- (ix) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor or of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

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

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

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

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

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

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

- (a) ***The Company has been registered as a Sick Industrial Company under the provisions of Section 15(1) of the Sick Industrial Companies (Special Provisions) Act, 1985, by an Order dated 29<sup>th</sup> August, 2014 of the Board for Industrial and Financial Reconstruction, New Delhi.***



- (b) *The Bank of New York Mellon had filed a claim in the Hon'ble High Court of Justice, Queen's Bench Division, Commercial Court, London, in respect of moneys relating to default in paying overdue principal amount (as on 04.08.2011) on Foreign Currency Convertible Bonds issued on 4<sup>th</sup> August, 2006, and interest and remuneration aggregating to US \$ 14,396,013. The case has apparently been decided ex-parte in December, 2014 but the London's Court Order has not been communicated to / received by the Company.*
- (c) *Indian Bank as the Lead bank of the Consortium of Banks which had extended financial facilities to the Company, under the provisions of The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFESI in short), took possession of the Company's assets including inventories and factories in Goa after the Mumbai Debt Recovery Tribunal passed an Order on 21<sup>st</sup> April, 2015, in conjunction with the Order passed by the District Magistrate of Goa on 28<sup>th</sup> February, 2015.*
- (d) *Indian Bank has also taken physical possession of the Company's premises and assets including inventories at B-5,6,7 and 8, Electronic Sadan - 1, Mahape, Navi Mumbai on 21<sup>st</sup> May, 2015 and 10<sup>th</sup> June, 2015, under the said SARFESI Act.*
- (e) *State Bank of India has filed a Winding up Petition in the Hon'ble Bombay High Court in 2013, but the said petition has not yet been admitted by the said Court.*
- (f) *Insofar as the Compliance of the provisions of the Companies Act, 2013 and the Listing Agreements with the BSE and NSE are concerned –*
- (i) *The Company did not comply with provisions of Section 203(1)(iii) read with Section 2(51)(iv) of the Companies Act, 2013 read with Rules 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and Clause 49 of the Listing Agreements with the Stock Exchanges ,relating to the appointment of the Chief Financial Officer, one of the Key Management Personnel;*
- (ii) *The Company did not hold in time, the Board meeting for consideration of its third quarter Unaudited Financial Results (Provisional) ended 31<sup>st</sup> December, 2014 within 45 days of the end of the quarter (which board meeting was to be held on of before 14<sup>th</sup> February, 2015 but was actually held on 28<sup>th</sup> February, 2015); the NSE has levied a penalty of Rs. 55,000/- and this amount was paid by the Company;*
- (iii) *The Company did not hold in time, the Board meeting for consideration of its Audited Financial Results for the year ended 31<sup>st</sup> March, 2015 within 60 days of the end of the quarter (which board meeting was to be held on of before 30<sup>th</sup> May, 2015 but was actually held on 13<sup>th</sup> June, 2015); the NSE has levied a penalty of Rs. 60,000/- for violation of this timeline – the Company has submitted a representation to NSE for condonation / waiver of this amount and the matter is pending; and*
- (iv) *The Company has not, till the date of this report, appointed a Woman Director before the time line issued by SEBI i.e. on or before the 31<sup>st</sup> March, 2015 / 30<sup>th</sup> June, 2015.*

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

PLACE: THANE  
DATE : 31<sup>st</sup> July, 2015

PROPRIETOR  
FCS : 1606; C.P. : 2189

## **ZENITH COMPUTERS LIMITED**

### **CORPORATE GOVERNANCE REPORT IN RESPECT OF THE YEAR ENDED 31<sup>ST</sup> MARCH, 2015 RELATING TO THE FINANCIAL 2014-2015**

#### **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 two Non-Executive Directors. The Non-Executive Directors with their diverse knowledge, experience and expertise bring in their independent judgment to the deliberations and decisions of the Board.

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

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

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

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

During the year 2014-15, 5 meetings of the Board of Directors were held on 28<sup>th</sup> May, 2014, 10<sup>th</sup> July, 2014, 9<sup>th</sup> August, 2014, 14<sup>th</sup> November, 2014 and 28<sup>th</sup> February, 2015.

The 34<sup>th</sup> Annual General Meeting of your Company was held on 23<sup>rd</sup> August, 2014; the Company did not hold any Extra-ordinary General Meeting.

The Company has not appointed a Woman Director before 31<sup>st</sup> March, 2015 as stipulated by the Securities and Exchange Board of India.

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 34 <sup>th</sup> AGM held on 23 <sup>rd</sup> August, 2014	No. of other Directorships	No. of Memberships of Board Committees of all Companies	No. of Board Committees of which the Director is a Chairperson in all companies
1.	Mr. Rajkumar Saraf	Chairman and Managing Director (Executive)-Promoter	5	Yes	2	3	Nil
2.	Mr. Vijay Ram Mukhi	Non-Executive	5	Yes	1	3	2
3.	Mr. Vipin Maneklal Shah	Non-Executive	5	Yes	2	3	1

### **(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, 2015.

## **II.Audit Committee**

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

The Company complies with the provisions of Section 177 of the Companies Act, 2013 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 28<sup>th</sup> May, 2014, 9<sup>th</sup> August, 2014, 12<sup>th</sup> November, 2014 and 28<sup>th</sup> February, 2015. The Audit Committee meetings are held at 29, MIDC, Central Road, Andheri (East), Mumbai 400 093.

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. Statement of details of the Risks and their management during the year.
4. The reports of Statutory Auditors,
5. The reports of Internal Auditors.
6. The appointment of Internal Auditors.

### **III Meeting of Investors' Grievances Committee**

During the year 4 meetings of the Investors' Grievances Committee were held on 28<sup>th</sup> May, 2014, 9<sup>th</sup> August, 2014, 14<sup>th</sup> November, 2014 and 28<sup>th</sup> February, 2015. 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 & Share Transfer Agents within 10 days.

### **IV Share Transfers**

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

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

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

### **(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 did not draw any remuneration.

#### **(ii) Non-Executive Directors**

(a) The Non-Executive Directors are entitled to a sitting fee for attending the Board/Committee Meetings. A sitting fee of Rs.20,000/- per meeting of the Board and of each Committee of the Board is paid to every Director/ Member. .

### **(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.

The National Stock Exchange of India Limited had levied a penalty of Rs. 55,000/- for not holding the Board Meeting for considering the Unaudited Financial Results (Provisional) in respect of the 3<sup>rd</sup> Quarter ended 31<sup>st</sup> December, 2014. The BSE Limited has not yet informed the Company in this regard. The Company has complied with the requirements of regulatory authorities on capital markets.

### **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) .

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 overall face of the industry and the market has changed drastically; the Computer Hardware industry has in more ways than one been replaced by I – Pads, tablets and Smart Phones and other similar products - it has become uniquely obsolete to do business in Desktops and Laptops. The Company has discontinued manufacturing and is presently servicing clients for annual maintenance contracts and warranties.

### Performance & Review

#### Computer Hardware

The Company has achieved the Gross Turnover of Rs. 2,266.39 lakhs and a Loss of Rs. 3,191.22 lakhs as against previous year's Gross Turnover of Rs. 7902.90 and a net Loss of Rs. 4,294.17. 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

Indian Bank has, as the Lead Bank of the Consortium of Banks, under the provisions of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, taken over the properties and inventories of the Company in Goa and Mahape (including the Registered Office of the Company), Navi Mumbai from April, 2015 to June, 2015.

These acts of the Indian Bank have resulted in the Company's business becoming redundant and consequent closure of its businesses including manufacturing.

### 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, 2015. 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:** Wednesday, 30<sup>th</sup> September, 2015 at 12.00 Noon  
Auditorium of Hotel ABBOT, Sector 2, Vashi,  
Near Vashi Bus Station,  
**Navi Mumbai – 400 703.**

**(ii) Financial year:** 1<sup>st</sup> April to 31<sup>st</sup> March

**(iii) Date of Book Closure:** Thursday, 24<sup>th</sup> September, 2015 to Wednesday, 30<sup>th</sup> September, 2015 (both days inclusive)

**(iv) E-Voting Period:** From Saturday, 26<sup>th</sup> September, 2015 To Tuesday, 29<sup>th</sup> September, 2015

**(v) Dividend Payment Date:** No dividend has been recommended; hence not applicable.

### (vi) Listing :

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

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

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

### (vi) Stock Code

The Bombay Stock Exchange (physical): Code : 517164

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
2013-14	23/08/2014	The Auditorium of 'Hotel Abbot, Sector 2A, Vashi, Near Vashi Bus Stand, Navi Mumbai – 400 703.	11.30 a.m.
2012-13	30/09/2013	The Auditorium of 'Hotel Abbot, Sector 2A, Vashi, Near Vashi Bus Stand, Navi Mumbai – 400 703.	11.00 a.m.
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.

### (viii) Market price information

The high and low closing prices during the year ended March 31, 2015 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, 2014	3.02	2.31	No Trades	No Trades
May, 2014	4.10	2.59	No Trades	No Trades
June, 2014	6.16	4.11	5.55	4.15
July, 2014	4.80	3.35	4.75	3.55
August, 2014	4.41	3.40	3.45	3.30
September, 2014	8.00	4.21	No Trades	No Trades
October, 2014	6.73	5.32	No Trades	No Trades
November, 2014	5.87	4.60	No Trades	No Trades
December, 2014	5.13	3.98	No Trades	No Trades
January, 2015	4.69	3.16	No Trades	No Trades
February, 2015	4.35	3.10	No Trades	No Trades
March, 2015	4.29	2.94	No Trades	No Trades

**(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, 2015:

	Category	No. of Equity shares held	Percentage of shareholding
<b>A</b>	<b>Promoters</b>		
1	Indian Promoters (Individuals/HUF)	47,55,621	30.72
2	Foreign Promoters	NIL	NIL
3	Bodies Corporate	NIL	NIL
<b>B</b>	<b>Non-Promoters Holding</b>		
<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)	3,050	0.02
C	FII's	3,600	0.02
<b>2</b>	<b>Others – Non Institutions</b>		
A	Bodies Corporate	25,91,530	16.74
B	Clearing Members (Shares in Transit)	72,982	0.47
C	NRIs/OCBs/Foreign Nationals	6,56,160	4.24
D	Individuals holding nominal share capital upto Rs.1 lakh	45,81,521	29.59
E	Individuals holding nominal share capital more than Rs.1 lakh	28,10,576	18.16
	<b>TOTAL</b>	<b>15,480,840</b>	<b>100.00</b>

(b) Shareholding pattern as on March 31, 2015:

SHAREHOLDING OF NOMINAL VALUE OF RS.			SHAREHOLDERS NUMBER	%AGE OF TOTAL	SHARE AMOUNT RS.	%AGE OF TOTAL
1	-	5000	18,205	91.08	2,75,20,770	17.78
5001	-	10000	981	4.91	79,61,920	5.14
10001	-	20000	425	2.13	64,23,540	4.15
20001	-	30000	144	0.72	37,02,120	2.39
30001	-	40000	61	0.31	21,59,840	1.40
40001	-	50000	48	0.24	22,30,050	1.44
50001	-	100000	68	0.34	47,98,750	3.10
100001	-	*****	55	0.27	10,00,11,410	64.60
TOTAL			19,987	100.00	15,48,08,400	100.00

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

92.58% of the equity shares have been dematerialized by about 62.76 % of the shareholders as on March 31, 2015. 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 and Offices**

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, Plot No. EL – 117, 1<sup>st</sup> Floor, Mahape, TTC Area, 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 did not hold any meeting as there was no agenda.

**(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: 14<sup>th</sup> August, 2015**

**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, 2015.

**Place: Mumbai,  
Date: 14<sup>th</sup> August, 2015**

**RAJ KUMAR SARAF  
CHAIRMAN & MANAGING DIRECTOR**

## **COMPANY SECRETARY'S RESPONSIBILITY STATEMENT**

The Company Secretary confirms that the Company has:

1. Maintained all the books of accounts and statutory registers required under the Companies Acts, 1956 and 2013 ("the Acts") and the rules made thereunder;
2. Filed Annual Reports and Annual Returns with the Registrar of Companies and also filed the documents time to time with Stock Exchanges;
3. Not entered into any contract or transactions in terms of the relevant Sections of the Acts;
4. Not provided any loan to any Director of the Company in terms of the relevant Sections of the Acts;
5. Paid remuneration to its managerial personnel within the limits specified in terms of the relevant Sections of the Acts of the Act;
6. Issued all notices required to be given for convening of Board Meetings, Committee Meetings and Annual General Meeting within the limit prescribed by Law;
7. Conducted the Board Meetings, Committee Meetings and Annual General Meeting as per the Act;
8. Complied with all the requirements relating to the Minutes of the proceedings of the Meetings of the Board of Directors, Committees and the Shareholders;
9. Made the disclosures required under the Act including those required in pursuance of the disclosures made by the Directors;
10. Obtained all necessary approvals of the Directors, Shareholders and other Authorities as per the requirements;
11. Not exceeded its borrowing powers;
12. Paid dividend amounts to the Shareholders within the time limit prescribed;
13. Complied with the requirements of the Listing Agreement entered into with the Stock Exchanges except for delay in holding the Board meeting for the consideration of the Statement of Unaudited Financial Results for the third quarter ended 31st December, 2014 and in the appointment of a Woman Director on or before 31<sup>st</sup> March, 2015;
14. Complied with the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
15. Complied with the provision of SEBI (Prohibition of Insider Trading) Regulations, 1992.

For **ZENITH COMPUTERS LIMITED**

**Mumbai**  
**14<sup>th</sup> August, 2015**

**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**  
Plot No. EL – 117, Ist Floor, Mahape, MIDC, TTC Area,  
**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, 2015, 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**  
(Firm's Registration No. 1050764W)

**Mumbai,**  
**14<sup>th</sup> August, 2015**

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

# **C. L. KHANNA & CO.**

**CHARTERED ACCOUNTANTS**

“CHIRANJEEV”,  
8, Greater Bombay Co. Op. Hsg. Ltd.  
Gulmohar Cross Rd. No. 4,  
J.V.P.D. Scheme, Mumbai – 49.  
Cell : 9820647400 Tel. : 2620 3390  
Email : [khanna.auditor@gmail.com](mailto:khanna.auditor@gmail.com)

## **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 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

#### **Management’s Responsibility for the Financial Statements**

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (“the Act”) with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2015, and its loss and its cash flows for the year ended on that date.

### **Emphasis of Matters**

We draw attention to the following matters in the Notes to the financial statements:

#### **a) Note 26- Term Loan and Working Capital Borrowing (Cash Credit) from Indian Bank**

As per the Financial Statements, Rs.20 crores towards Term Loan (Note 3) along with interest accrued and due thereon Rs.5.96 crores (Note 9) and Rs.21.19 crores towards Cash Credit (comprised in total short-term borrowing of Rs.37.35 crores - Note 7) along with interest thereon Rs.3.39 crores (Note 9) are payable to Indian Bank Nariman Point, Mumbai. Also, refer Note 34 on Contingent Liabilities in relation to Interest payable.

We understand from the Management, that the said bank has, as part of recovery process, taken in April 2015 physical possession of the properties and inventories of the running Unit at Goa, including factory, resulting in cessation of business and factory operations. The said bank has also taken in May 2015/ June 2015 physical possession of the Company's properties and inventories at Mahape, Navi Mumbai. As informed by the management, valuation of the said properties and inventories are yet to be determined by the said Bank.

The Company has filed an Appeal with the Debt Recovery Appellate Tribunal (DRAT), Mumbai, which is pending for disposal.

As disclosed in Note 26, if the outcome of the said litigation goes against the Company, it may adversely affect its financial position.

#### **b) Note 27 - FCCBs and Interest thereon**

The 0.50% Foreign Currency Convertible Bonds (due 2011), appearing under Note 3, are yet to be paid and the same is not restated as at the Balance Sheet date (AS11). The value accreted thereon appearing under Note no.3 and 34 has not been restated as at the Balance Sheet date (AS11) The interest payable on FCCB-coupon rate for the period 4.2.2011 to 4.8.2011 amounting to Rs.9.14 lakhs appearing under Note no.9 has not been restated as at the Balance Sheet date (AS11). A petition has been filed in the Bombay High Court by State Bank of India for recovery of their part of the alleged investment in the said FCCB, which is disputed, as State Bank of India is not the bondholder. The said petition is pending for admission.

**c) Note 10 - Depreciation and amortization on Fixed Assets**

The Company has adopted the useful lives of the fixed assets as specified in Part C of Schedule II to the Companies Act, 2013 effective 1st April, 2014 except in case of PCs and Desktops (included in Computer Systems) and Office Equipment, where a longer useful life is adopted on the basis of technical assessment by the management. The carrying amount as of 1st April, 2014 is being amortised over the remaining useful lives of the assets except in the case of Buildings, where the carrying amount on 1st April, 2014 as reduced by the amount of revaluation in past years is amortised over the remaining useful lives. If the useful lives and carrying cost of all the assets was adopted as prescribed in the said Schedule II, the total depreciation for the year would have been higher by Rs.287.63 lakhs.

**d) Note 28 - Reference to BIFR**

The financial statements indicate that the Company has accumulated losses of Rs.80.13 crores as on 31.3.2015 and its net worth has been fully eroded.

The Company has incurred a net loss of (-)Rs.31.91 crores and net cash loss of (-)Rs.30.49 crores during the current year (previous years net loss (-) Rs.42.94 crores and net cash loss of (-) Rs.41.91 crores, respectively).

The Company has filed an application with the Board for Industrial and Financial Reconstruction (BIFR), New Delhi registered at sr.no.44/2014.

The Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis in view of the continuance of the business operations of the Company in respect of Maintenance and servicing of Computer systems

Our opinion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013 we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and 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 it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) The going concern matter described in sub-paragraph (d) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.



(f) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, two of the three directors are not disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act, however, the other director, Shri R. K. Saraf has incurred disqualification in terms of Section 164 (2) of the Act.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 26 and 27 to the financial statements;

ii. The Company does not have any long-term contracts including derivative contracts, hence no provision for foreseeable losses is required.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For **C. L. Khanna & Co**  
Chartered Accountants  
(Firm's Registration No. 1050764W)

**C. L. Khanna**  
(Proprietor)  
(Membership No. 004988)

Place of Signature : Mumbai  
Date : 13<sup>th</sup> June, 2015

## ANNEXURE TO THE INDEPENDENT AUDITORS REPORT

### Re: Zenith Computers Limited

(Referred to in our report of even date)

- (i) 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.
- (ii) 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.
- (iii) 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 189 of the Companies Act 2013.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control system 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.
- (v) The Company has not accepted any deposits from the public, consequently the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under are not applicable.
- (vi) The provisions for maintenance of cost records as specified in Section 148(1) of the Companies Act, 2013 read with the Companies (cost records and audit) Rules, 2014 notified vide G.S.R. 425(E) dated 30<sup>th</sup> June, 2014, are not applicable
- (vii) According to the information and explanations given to us in respect of Statutory 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/LBT 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	168.39	Appellate Authorities/ Tribunal
2	Customs Act, 1962	Custom duty	305.72	Dy Commissioner of Customs, Adjudication Cell, Mumbai
3	Central Excise Act, 1944	Excise duty	517.15	Appellate Authorities/ Tribunal
4	Finance Act, 1994	Service tax	109.63	Appellate Authorities/ Tribunal
5	NMMC Act, 1992	Property tax	0.63	Local Authority

- (c) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

- (viii) The Company has accumulated losses as at 31.3.2015 which has fully eroded its net worth. The company incurred cash losses during the current year, and, had also incurred cash losses in the immediately preceding financial year.
- (ix) Based on the Audit procedures and the information and explanations given by the Management, we understand that the company has defaulted in the repayment of Term Loan, Working Capital Borrowing (cash credit) and interest accrued and due thereon to Indian Bank. With regard to the period and amount of default, refer Note 7 and Note 26 to the Financial Statements.
- (x) 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.
- (xi) The term loan taken was applied for the purposes for which it was taken.
- (xii) 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  
(Firm's Registration No. 1050764W)

**C. L. Khanna**  
(Proprietor)  
(Membership No. 004988)

Place of Signature : Mumbai  
Date : 13<sup>th</sup> June, 2015

ZENITH COMPUTERS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2015

	Notes	As at 31.03.2015		As at 31.03.2014	
		Rs.000's	Rs.000's	Rs.000's	Rs.000's
<b>EQUITY AND LIABILITIES</b>					
<b>SHARE HOLDERS' FUNDS</b>					
Share Capital	1	155000		155000	
Reserves & Surplus	2	(801337)	(646337)	(482215)	(327215)
<b>NON-CURRENT LIABILITIES</b>					
Long-term borrowings	3	565577		565577	
Deferred tax liabilities (Net)	4	5847		47421	
Other long-term liabilities	5	350		605	
Long-term provisions	6	6932	578706	11284	624887
<b>CURRENT LIABILITIES</b>					
Short-term borrowings	7	373534		380257	
Trade payables	8	304491		244148	
Other current liabilities	9	102224		64207	
Short-term provisions		0	780249	0	688612
<b>TOTAL</b>			<b>712618</b>		<b>986284</b>
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
<b>Fixed Assets:</b>	10				
Tangible		376888		467194	
Non-current investments		-		-	
Deferred tax assets (Net)		-		-	
Long-term loans and advances	11	7595		10703	
Other non-current assets	12	41836	426319	85847	563744
<b>CURRENT ASSETS</b>					
Current investments	13	-		50,590	
Inventories	14	128583		118367	
Trade receivables	15	76209		140484	
Cash and cash equivalents	16	55265		44861	
Short-term loans and advances	17	24346		56592	
Other current assets	18	1896	286299	11646	422540
<b>TOTAL</b>			<b>712618</b>		<b>986284</b>

**Significant Accounting Policies**

**Notes on financial statements**

**1 to 42**

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

As per our Report of even date

For C.L. KHANNA & CO.

**CHARTERED ACCOUNTANTS**

(Firm's Registration No. 1050764W)

C.L. KHANNA

(PROPRIETOR)

(MEMBERSHIP NO.004988)

For & On behalf of the Board of Directors

**RAJKUMAR SARAF**

CHAIRMAN & MANAGING DIRECTOR

**VIJAY RAM MUKHI**

DIRECTOR

**RAMESH SANGHVI**

COMPANY SECRETARY

Place of Signature : Mumbai

Date: 13<sup>th</sup> June, 2015

Place of Signature : Mumbai

Date: 13<sup>th</sup> June, 2015

**ZENITH COMPUTERS LIMITED**

**STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2015**

	Notes	<u>2014-15</u> Rs.000's	<u>2013-14</u> Rs.000's
<b>INCOME :</b>			
Revenue from operations	19	220122	782102
Other Income	20	6517	8197
Total Revenue		226639	790299
<b>EXPENDITURE :</b>			
Cost of materials and spares consumed	21	198178	941539
Changes in inventories of finished goods work-in-progress and stock-in-trade	22	(1433)	9669
Employee benefits expense	23	65156	48611
Finance costs	24	76082	71120
Depreciation and amortization expense		14211	10272
Other expenses	25	193567	138505
Total Expenses		545761	1219716
<b>Profit before tax</b>		(319122)	(429417)
Tax expense			
Current tax		-	-
Deferred tax		-	-
<b>Profit for the year</b>		(319122)	(429417)
Basic & Diluted Earnings per Share of face value of Rs.10 each fully paid (Rs.)		(20.61)	(27.74)

**Significant Accounting Policies**

**Notes on financial statements** **1 to 42**

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

As per our Report of even date

For **C.L. KHANNA & CO.**  
**CHARTERED ACCOUNTANTS**  
(Firm's Registration No. 1050764W)

For & On behalf of the Board of Directors

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

**RAJKUMAR SARAF**  
CHAIRMAN & MANAGING DIRECTOR

**VIJAY RAM MUKHI**  
DIRECTOR

**RAMESH SANGHVI**  
COMPANY SECRETARY

Place of Signature : Mumbai  
Date: 13<sup>th</sup> June, 2015

Place of Signature : Mumbai  
Date: 13<sup>th</sup> June, 2015

ZENITH COMPUTERS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	<u>As at 31.03.2015</u>		<u>As at 31.03.2014</u>	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
<b>NOTE 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	270000		270000	
		320000		320000
<b>ISSUED AND SUBSCRIBED:</b>				
1,55,25,440 Equity Shares of Rs.10 each		155254		155254
<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 - by others	(31)	155000	(31)	155000

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

<u>Name of the Shareholder</u>	<u>No. of Shares</u>	<u>% held</u>	<u>No. of Shares</u>	<u>% held</u>
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 World 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 year**

	<u>No. of Shares</u>	<u>No. of Shares</u>
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

**NOTE 2**

**RESERVES & SURPLUS :**

**Revaluation Reserve**

As per last Balance Sheet		627		627
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**General Reserve**

As per last Balance Sheet	0		0	
Add: Transferred during the year	0	0	0	0

**SURPLUS:**

**Profit and Loss account**

As per last Balance Sheet	(482842)		(53425)	
Add: Transferred from Profit and Loss account	(319122)		(429417)	
	(801964)		(482842)	

**Less: Appropriations:**

Transferred to General Reserve	0	(801964)	0	(482842)
		(801337)		(482215)

**NOTE 3**

**Long-term borrowings**

**Secured:**

Term Loan from Banks (refer Note no.26) (Term loan from Bank is secured by a first charge on the fixed assets and second charge on current assets)	200000		200000	
---	--------	--	--------	--

**Unsecured:**

Foreign Currency Convertible Bonds (US\$ 8.186 million) equivalent to Rs.32.72 crores and value accreted thereon (refer Note no.27)	365577	565577	365577	565577
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ZENITH COMPUTERS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	<u>As at 31.03.2015</u>		<u>As at 31.03.2014</u>	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
<b>NOTE 4</b>				
<b>Deferred tax liabilities (Net)</b>				
Related to Fixed Assets (refer Note no.36)		<u>5847</u>		<u>47421</u>
<b>NOTE 5</b>				
<b>Other Long-Term Liabilities</b>				
Security Deposit received from Dealers	0		45	
Rent deposit received	350	350	560	605
<b>NOTE 6</b>				
<b>Long-Term Provisions</b>				
Provision for taxation	0		4718	
Provision for gratuity (Note 38)	6932	6932	6566	11284
<b>NOTE 7</b>				
<b>Short-Term Borrowings</b>				
Working Capital Borrowing from Banks	373534		380257	
(Working Capital borrowings from banks are secured by way of hypothecation of Inventories, Book Debts and by way of second charge on Fixed Assets)				
		<u>373534</u>		<u>380257</u>
<b>NOTE 8</b>				
<b>Trade Payables</b>				
Sundry Creditors		<u>304491</u>		<u>244148</u>
(As per the information available with the Company, the amounts payable under the MSMED Act, 2006 are NIL)				
<b>NOTE 9</b>				
<b>Other Current Liabilities</b>				
Interest payable on FCCB -coupon rate (refer Note 27)	914		914	
Interest on on CC (Accrued and due - refer Note 34)	33960		19560	
Interest on on Term Loan (Accrued and due - refer Note 26 and 34)	59647		33247	
Unclaimed dividend	3312		4581	
Statutory liabilities	668		709	
Payable to staff	3723		5196	
		<u>102224</u>		<u>64207</u>

NOTE 10  
FIXED ASSETS

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON 1.4.14	ADDITIONS	SALE/ADJ	COST AS ON 31.3.15	UPTO 31.3.14	FOR THE YEAR 1.4.14-31.3.15	DEDUCTED ON SALE/ADJ	UPTO 31.3.15	AS ON 31.3.15	AS ON 31.3.14
	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
<b>TANGIBLE</b>										
LAND (LEASEHOLD)	111568	0	0	111568	0	0	0	0	111568	111568
BUILDINGS	215256	0	0	215256	27266	5804	0	33070	182186	187990
PLANT & EQUIPMENT	72131	0	58077	14054	12116	835	6741	6210	7844	60015
COMPUTER SYSTEMS (HARDWARE & SOFTWARE)	103610	0	25099	78511	1805	6676	306	8175	70336	101805
ELECTRICAL FITTINGS & INSTALLATION	3939	15	0	3954	3140	123	0	3263	691	799
OFFICE EQUIPMENT	14381	0	0	14381	9897	753	0	10650	3731	4484
FURNITURE & FIXTURES	13196	19	0	13215	12837	20	0	12857	358	359
VEHICLES	4701	0	0	4701	4527	0	0	4527	174	174
<b>TOTAL ---&gt;</b>	<b>538782</b>	<b>34</b>	<b>83176</b>	<b>455640</b>	<b>71588</b>	<b>14211</b>	<b>7047</b>	<b>78752</b>	<b>376888</b>	<b>467194</b>
<b>PREVIOUS YEAR ---&gt;</b>	<b>598838</b>	<b>362</b>	<b>60418</b>	<b>538782</b>	<b>68064</b>	<b>10273</b>	<b>6749</b>	<b>71588</b>	<b>467194</b>	<b>530774</b>

- NOTES :
- 1) Opening balance of Land, Buildings includes interalia, Rs.661.08 lakhs and Rs.753.48 lakhs respectively, towards revaluation in the year 2010-11.
  - 2) The Company has adopted the useful lives of the fixed assets as specified in Part C of Schedule II to the Companies Act, 2013 effective 1st April, 2014 except in case of PCs and Desktops (included in Computer Systems-Hardware and Software) and Office Equipment, where a longer useful life is adopted on the basis of technical assessment by the management. The carrying amount as of 1st April, 2014 is being amortised over the remaining useful lives of the assets except in the case of Buildings, where the carrying amount on 1st April, 2014 as reduced by the amount of revaluation in past years is amortised over the remaining useful lives. If the useful lives and carrying cost of all the assets was adopted as prescribed in the said Schedule II, the total depreciation for the year would have been higher by Rs.287.63 lakhs



**ZENITH COMPUTERS LIMITED**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

	<u>As at 31.03.2015</u>		<u>As at 31.03.2014</u>	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
<b>NOTE 11</b>				
<b>Long-term loans and advances</b>				
(Unsecured and considered good)				
Advance taxes	3619		6645	
Security Deposits	3976	7595	4058	10703
<b>NOTE 12</b>				
<b>Other non-current assets</b>				
MAT entitlement credit (Note 36)	0		41574	
Insurance claim receivable	0		1228	
Deposits with Govt, Court & municipal authorities	41836	41836	43045	85847
<b>NOTE 13</b>				
<b>Current Investments</b>				
<b>UNQUOTED - Mutual funds:</b>				
UTI Treasury Advantage Fund	<u>No. of Units</u>		<u>No. of Units</u>	
	-		29503.26	50590
	-			50590
<b>NOTE 14</b>				
<b>Inventories</b>				
Raw material	64489		63942	
Work-in-progress	0		6142	
Finished goods and stock-in-trade	23156		15581	
Stores and spares	40938	128583	32702	118367
(Mode of valuation: lower of cost or net realisable value - FIFO basis)				
<b>NOTE 15</b>				
<b>Trade receivables</b>				
(Unsecured and considered good)				
Over six months	56624		59860	
Others	19585	76209	80624	140484
<b>NOTE 16</b>				
<b>Cash and cash equivalents</b>				
Cash on hand	126		119	
Balances with banks	18882		6433	
Balances with banks - Unclaimed Dividend	3312		4581	
Fixed deposit with Indian Bank	23510		21720	
Fixed deposit with banks - Margin money	8965		11396	
[Margin money includes fixed deposits of Rs. 14.76 lakhs with maturity of more than 12 months (previous year Rs.80.62 lakhs)]				
Others	470	55265	612	44861
<b>NOTE 17</b>				
<b>Short-term loans and advances</b>				
(Unsecured and considered good)				
<b>Others:</b>				
Deposits	3199		4254	
Advances to Staff	708		925	
Advances to Vendors	20439	24346	51413	56592
<b>NOTE 18</b>				
<b>Other current assets</b>				
Deposits with Govt	393		10018	
Prepaid expenses	248		392	
Interest on fixed deposits accrued but not due	1243		1198	
Others	12	1896	38	11646

ZENITH COMPUTERS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	<u>2014-15</u>		<u>2013-14</u>	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
<b>NOTE 19</b>				
<b>Revenue from Operations</b>				
Sale of products	159138		731013	
Sale of services	77926		90580	
Other operating revenues	1060		1936	
	<u>238124</u>		<u>823529</u>	
Less: Excise duty and Service tax	(18002)	220122	(41427)	782102
<b>NOTE 20</b>				
<b>Other income</b>				
Interest on fixed deposit, margin money with banks	4285		3087	
Gain on sale of investments	2090		4836	
Profit on sale of assets	0		35	
Rent received	138		219	
Other non-operating income	4	6517	21	8197
<b>NOTE 21</b>				
<b>Cost of material and spares consumed</b>				
Opening Stock	96644		225294	
Add : Purchases	206961		812889	
	<u>303605</u>		<u>1038183</u>	
Less: Closing Stock	105427	198178	96644	941539
<b>NOTE 22</b>				
<b>Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>				
Opening Stock	21723		31392	
Closing Stock	23156	(1433)	21723	9669
<b>NOTE 23</b>				
<b>Employee benefits expense</b>				
Salaries, wages, bonus, gratuity	60854		46084	
Contribution to P.F.,E.S.I.C. and other funds	2681		1457	
Staff Welfare	1621	65156	1070	48611
<b>NOTE 24</b>				
<b>Finance costs</b>				
Interest expenses	66779		70370	
Other borrowing costs	0		10	
Loss/(gain) on foreign currency transactions	9303	76082	740	71120

ZENITH COMPUTERS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

	<u>2014-15</u>		<u>2013-14</u>	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
<b>NOTE 25</b>				
<b>Other expenses</b>				
Electricity Charges		2460		2529
Conveyance		7586		8466
Tours & Travel		7092		10187
Printing & Stationery		1978		969
Directors Sittings Fees		520		480
Telephone,Telex,Postage & Courier		5790		7268
Rent		1468		3352
Rates & Taxes		112		597
Insurance		347		690
Coolie,Cartage,Clearing & Forwarding		5603		7560
Subscriptions,Newspapers & Periodicals		534		538
Legal & Professional		8697		4411
Vehicle Expenses		901		1497
Bank charges		781		2693
Sales Tax/VAT		871		2170
Repairs & Maintenance		2239		1198
Office maintenance expenses		4125		2823
Advertisement,Publicity & Sales Promotion		451		1158
Prior year expenses/(income)		2637		4826
Impairment of Assets/ Assets written off		133440		53035
Bad Debts written off		5325		20994
Commission on Sales		65		537
Auditors Remuneration :		351		351
	<u>2014-15</u>	<u>2013-14</u>		
Audit Fees	326	326		
Tax Audit Fees	25	25		
Miscellaneous Expenses			194	138505
			193567	176

**NOTE 26**

**Term Loan and Working Capital Borrowings (Cash Credit) from Indian Bank**

The Term Loan of Rs.2000 lakhs due in March 2013 and the interest accrued and due thereon upto 31.3.2015 amounting to Rs.596.47 lakhs is outstanding as on 31.3.2015 - Refer Note no.9 and 34

The Company has a Cash Credit outstanding of Rs.21.19 crores (comprised in the total short-term borrowing of Rs.37.35 crores - Note 7) along with interest thereon Rs.3.39 crores (Note 9) are payable to Indian Bank Nariman Point, Mumbai. Also, refer Note 34 on Contingent Liabilities in relation to Interest payable.

The said bank has, as part of recovery process, issued Demand Notice dated 4.12.2013 under SARFAESI Act, 2002 and has taken in April 2015 physical possession of the properties and inventories of the running Unit at Goa including factory, resulting in cessation of business and factory operations. The said bank has also taken in May 2015/ June 2015, physical possession of the Company's properties and inventories at Mahape, Navi Mumbai. Valuation of the said properties and inventories are yet to be determined by the said Bank.

The Company has filed an Appeal with the Debt Recovery Appellate Tribunal (DRAT), Mumbai which is pending for disposal. If the outcome of the said litigation goes against the Company, it may adversely affect its financial position.

**NOTE 27**

**FCCBs and Interest thereon**

The 0.50% Foreign Currency Convertible Bonds (due 2011), appearing under Note 3, are yet to be paid and the same is not restated as at the Balance Sheet date (AS11).

The value accreted thereon appearing under Note no.3 and 34 has not been restated as at the Balance Sheet date (AS11)

The interest payable on FCCB-coupon rate for the period 4.2.2011 to 4.8.2011 amounting to Rs.9.14 lakhs appearing under Note no.9 has not been restated as at the Balance Sheet date (AS11)

A petition has been filed in the Bombay High Court by State Bank of India for recovery of their part of the alleged investment in the said FCCB, which is disputed, as State Bank of India is not the bondholder.

The said petition is pending for admission. In case the petitioner succeeds in the said litigation, it will affect adversely the financial position and the Going Concern status of the Company.

**ZENITH COMPUTERS LIMITED**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015**

**NOTE 28**

**Reference to BIFR**

The financial statements indicate that the Company has accumulated lossess of Rs.80.13 crores as on 31.3.2015 and its net worth has been fully eroded

The Company has incurred a net loss of (-) Rs.31.91 crores and net cash loss of (-) Rs.30.49 crores during the current year (previous years net loss (-) Rs.42.94 crores and net cash loss of (-) Rs.41.91 crores, respectively)

The Company has filed an application with the Board for Industrial and Financial Reconstruction (BIFR), New Delhi registered at sr.no.44/2014.

The Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis in view of the continuance of the business operations of the Company in respect of Maintenance and servicing of Computer systems.

**NOTE 29**

**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 30**

**Value of imports on CIF basis**

	<u>2014-15</u>	<u>2013-14</u>
	Rs.000's	Rs.000's
Raw material and spares	135001	452045
Capital goods	0	0
	<u>135001</u>	<u>452045</u>

**NOTE 31**

**Expenditure in foreign currency**

Purchases (included in Note 30 above)	128723	406193
Interest	NIL	NIL
Foreign Travel	175	328
Communication expenses	365	413

**NOTE 32**

**Value of Indigenous and Imported raw material and spares consumed**

	<u>Rs.000's</u>	<u>% of Total</u>	<u>Rs.000's</u>	<u>% of Total</u>
a. Imported	Mixed	Mixed	Mixed	Mixed
b. Indigenous	Mixed	Mixed	Mixed	Mixed
<b>Total</b>	<u>198178</u>		<u>941539</u>	

**NOTE 33**

**Earnings in foreign exchange**

FOB value of exports	9791	148881
Royalty, Knowhow, Professional and consultation fees	NIL	NIL
Interest and dividend	NIL	NIL
Other income	NIL	NIL

**NOTE 34**

**Contingent liability**

Bank guarantees	11987	26490
Accreted value on FCCB principal (Note 3 and Note 27)	85616	85616

**Claims against the Company, not acknowledged as debts:**

Sales tax	16839	16839
Custom duty	30572	30572
Excise duty	51715	51715
Service tax	10963	10963
Municipal property tax	63	121
Interest on cash credit (Indian Bank) *see Note below	21379	21379
Interest on Term Loan (Indian Bank) *see Note below	5870	5870
Others	973	3417

\* Note: The contingent liability in relation to Interest payable to Indian Bank on Cash Credit and Term Loan shown above is as provided on 31.3.2014. As the relevant information beyond this date till 31.3.2015 is not available from Indian Bank, additional contingent liability, if any, as on 31.3.2015 cannot be determined

ZENITH COMPUTERS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

**NOTE 35**

**Related Party Disclosures (AS 18)**

**a) List of Related Parties:**

- (i) Zenith Infotech Ltd.
- (ii) Zenith Controls and Systems Pvt. Ltd.

**Key Management Personnel**

- (i) Mr. Rajkumar Saraf - Chairman and Managing Director
- (ii) Mr. Ramesh Sanghvi - Company Secretary

	<b><u>2014-15</u></b>	<b><u>2013-14</u></b>
	<b>Rs.000's</b>	<b>Rs.000's</b>
<b>b) Transactions during the year with the Related Parties:</b>		
(i) Sales	NIL	10096
(ii) Purchases	NIL	4215
(iii) Reimbursement of expenses	96	792
(iv) Remuneration to Company Secretary	850	850
(v) Outstanding Receivables	NIL	NIL
(vi) Outstanding Payables	NIL	NIL

**c) Nature of transactions**

The transactions with the related parties have been entered into in the ordinary course of business and are at arms length.

**NOTE 36**

**Current and Deferred Taxation (AS 22)**

- a) Current tax is not provided for, in view of the loss during the current accounting year.
- b) Deferred tax for the current accounting year is not provided for due to the expected adverse market conditions
- c) The opening balance as on 1.4.2014 in Deferred Tax Liability account Rs.47421 (Note 4) has been set-off with the MAT entitlement credit of Rs.41574 (Note 12), leaving a balance of Rs.5847 in the Deferred Tax Liability account as on 31.3.2015 (Note 12).
- d) Income tax assessments have been completed upto Assessment Year 2012-13

**NOTE 37**

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

**NOTE 38**

**Provision for Gratuity (AS 15)**

Provision for gratuity has been made in the Accounts, based on the actuarial valuation as on 31.3.2015.

**NOTE 39**

**Segment Reporting (AS 17)**

The Company operates in a single business segment : Manufacture, Sales and Services of Electronic Equipments viz. Computers/ Microprocessor based systems and peripherals.

**NOTE 40**

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 41**

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

ZENITH COMPUTERS LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

**NOTE 42**

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

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As per our Report of even date

For C.L. KHANNA & CO.  
CHARTERED ACCOUNTANTS  
(Firm's Registration No. 1050764W)

For & On behalf of the Board of Directors

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

**RAJKUMAR SARAF**  
CHAIRMAN & MANAGING DIRECTOR

**VIJAY RAM MUKHI**  
DIRECTOR

**RAMESH SANGHVI**  
COMPANY SECRETARY

Place of Signature : Mumbai  
Date: 13<sup>th</sup> June, 2015

Place of Signature : Mumbai  
Date: 13<sup>th</sup> June, 2015

## ZENITH COMPUTERS LTD

### ACCOUNTING YEAR ENDED 31.3.2015

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **A) Basis of accounting and 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, 2013.
- b) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the Company.

##### **B) Accounting Standards**

The Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014, have been followed wherever applicable.

##### **C) 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 useful lives of the Fixed Assets and in the manner as specified in Schedule II to the Companies Act, 2013 effective from 1<sup>st</sup> April, 2014

##### **D) 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.

##### **E) 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.
- d) The company is consistently following the policy of not restating the FCCB loan as at the Balance Sheet date (AS11).

##### **F) 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.

**G) 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.

**H) 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.

**I) 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.

**J) 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.

**K) 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.

**L) 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.

**M) 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.

**N) Segment Reporting**

The Company operates in a single business segment : Manufacture, Sales and Services of Electronic Equipments viz. Computers/ Microprocessor based systems and peripherals.



**O) 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.

As per our Report of even date

For & On behalf of the Board of Directors

For C. L. KHANNA & CO.  
CHARTERED ACCOUNTANTS  
(Firm's Registration No.1050764W)

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

RAJKUMAR SARAF  
CHAIRMAN & MANAGING DIRECTOR

VIJAY RAM MUKHI  
DIRECTOR

RAMESH SANGHVI  
COMPANY SECRETARY

Place of Signature : Mumbai  
Date : 13<sup>th</sup> June, 2015

Place of Signature : Mumbai  
Date : 13<sup>th</sup> June, 2015

**ZENITH COMPUTERS LIMITED**  
**CASH FLOW STATEMENT**

	2014-15 RS.000'S	2014-15 RS.000'S	2013-14 RS.000'S	2013-14 RS.000'S
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT BEFORE TAX		(319122)		(429417)
ADJUSTMENTS FOR:				
DEPRECIATION	14211		10273	
(PROFIT)/LOSS ON SALE OF ASSETS	0		(35)	
(PROFIT)/LOSS ON SALE OF INVESTMENTS	0		(4836)	
INTEREST RECEIVED	(4285)		(3087)	
INTEREST PAID & FOREX FLUCTUATION	76082	86008	71120	73435
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		<b>(233114)</b>		<b>(355982)</b>
ADJUSTMENTS FOR:				
TRADE AND OTHER RECEIVABLES	106271		60870	
INVENTORIES	(10216)		138319	
TRADE AND OTHER PAYABLES	98726	194781	169579	368768
<b>CASH GENERATED FROM OPERATIONS</b>		<b>(38333)</b>		<b>12786</b>
- INTEREST PAID & FOREX FLUCTUATION		(76082)		(71120)
- DIRECT TAXES PAID		(1691)		(1768)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		(116106)		(60102)
PRIOR PERIOD ADJUSTMENTS		0		0
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(116106)</b>		<b>(60102)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
PURCHASE/SALE OF FIXED ASSETS (NET)	(34)		272	
PURCHASE/SALE OF INVESTMENTS	50590		(25590)	
IMPAIRMENT OF ASSETS/ASSETS WRITTEN OFF	76129		53035	
INTEREST RECEIVED	4285		3087	
PROFIT/(LOSS) ON SALE OF INVESTMENTS	0		4836	
PROFIT/(LOSS) ON SALE OF ASSETS	0		35	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>130970</b>		<b>35675</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
OTHER LONG-TERM LIABILITIES	(255)		(5438)	
DEFERRED-TAX LIABILITIES (NET)	(41574)		0	
PROCEEDS FROM BORROWINGS/ACCEPTANCES	(6723)		(11919)	
LONG-TERM LOANS & ADVANCES/ OTHER NON-CURRENT ASSETS	44092		6117	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<b>(4460)</b>		<b>(11240)</b>
<b>NET INCREASE/DECREASE IN CASH &amp; CASH EQUIVALENT</b>		<b>10404</b>		<b>(35667)</b>
CASH & CASH EQUIVALENTS AS ON 1ST APRIL, 2014		44861		80528
CASH & CASH EQUIVALENTS AS ON 31ST MARCH, 2015		55265		44861
		<b>10404</b>		<b>(35667)</b>

FOR AND ON BEHALF OF THE BOARD,

MUMBAI	RAMESH SANGHVI	VIJAY RAM MUKHI	RAJKUMAR SARAF
Dated: 13 <sup>th</sup> June 2015	COMPANY SECRETARY	DIRECTOR	CHAIRMAN & MANAGING DIRECTOR

**Auditors' Certificate**

We have examined the above cash flow statement of **Zenith Computers Ltd.** for the year ended **31st March, 2015**. 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 13<sup>th</sup> June, 2015 to the members of the Company

**For C.L. KHANNA & CO.**  
**Chartered Accountants**  
(Firm's Registration No. 1050764W)

Place of Signature : Mumbai  
Date: 13<sup>th</sup> June, 2015

**C.L. KHANNA**  
(Proprietor)  
(Membership No.004988)

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

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