



30th Annual Report
2009 - 2010

Zenith Launches
The World's **Thinnest**
Complete **LED** Computer



ZENITH COMPUTERS LTD.

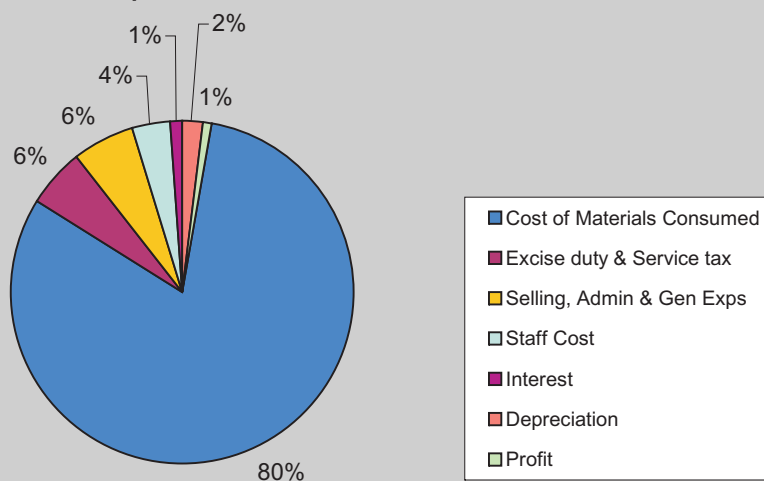


PERFORMANCE AT A GLANCE

	Rs. In Lakhs				
	2009-10	2008-09	2007-08	2006-07	2005-06
TOTAL INCOME	28,448	31,494	32,837	35,493	31,945
EXPENDITURE	27,378	29,943	30,093	32,426	29,586
EBIDTA	1,070	1,551	2,744	3,068	2,359
INTEREST	267	385	721	701	622
DEPRECIATION	556	1,019	1,644	1,251	114
PROFIT BEFORE TAX	247	147	379	1,115	1,624
TAX EXPENSE	42	38	67	155	161
PROFIT AFTER TAX	205	109	312	960	1,463

EARNING PER SHARE (Rs.)	1.32	0.70	2.01	6.21	9.45
DIVIDEND PER SHARE (%)	9%	9%	12%	15%	15%
BOOK VALUE PER SHARE (Rs.)	27.36	30.84	33.15	32.66	42.36
NET WORTH	4,236	4,774	5,133	5,057	6,558
CAPITAL EMPLOYED	10,244	14,152	12,513	13,626	11,176

Break-up of Total Income 2009-10





ZENITH COMPUTERS LTD
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DIRECTORS

R.K.Saraf
(Chairman & Managing Director)
H.P. Ranina
Vijay R. Mukhi
Vijayrani Saraf
Vipin M. Shah

COMPANY SECRETARY

Ramesh S. Sanghvi

BANKERS

Indian Bank
State Bank of India
Federal Bank Ltd

AUDITORS

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

**REGISTRAR &
TRANSFER AGENTS**

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

REGISTERED OFFICE

B-5, Electronic Sadan - 1,
MIDC, TTC Area,
Mahape,
Navi Mumbai- 400 710

PLANT

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



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NOTICE

NOTICE is hereby given that the Thirtieth Annual General Meeting of **Zenith Computers Limited** will be held on Saturday, 7th August, 2010 at **11.30 a.m.** at Vishnudas Bhave Natyagraha, Sector 16-A, Vashi, Opp.: Vashi Bus Stand, Navi Mumbai – 400 703, to transact the following business :-

A. ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the audited Balance Sheet as at 31st March, 2010 and the audited Profit and Loss Account for the period ended on that date.
2. To declare a dividend.
3. To appoint a Director in place of Mrs. Vijayrani Saraf who retires by rotation and being eligible offers herself for re-appointment.
4. To appoint the Statutory Auditors and to fix their remuneration.

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

**MUMBAI
25th June, 2010**

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

NOTES :-

- 1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company. The proxy form to be effective must be duly executed and signed and must be lodged at the company's registered office at least 48 hours before the time of the meeting.
- 2) The Register of Members and the Share Transfer Books of the Company would remain closed from Friday, 30th July, 2010 to Saturday, 7th August, 2010 (both days inclusive).
- 3) All matters in connection with the Shares of the Company may be addressed to the Company's Registrar and Transfer Agents viz. M/s. Link Intime India Pvt Ltd, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078. Members are requested to quote their respective

folio numbers / ISIN –ID numbers and notify the change of address, if any, to the Company's Registrar and Transfer Agents.

- 4) Shareholders desiring information as regards the accounts are requested to write to the Company at least 10 days before the Annual General Meeting to enable the Management to keep the information ready.
- 5) Shareholders desiring payment of dividend by Electronic Clearing Service (ECS)/National Electronic Clearing Service (NECS) are requested to furnish the Bank details in the ECS Mandate Form printed herein together with a Xerox copy of your cheque leaf and return to our Registrars, Link Intime India Private Limited on or before 26th July, 2010, in case you hold shares in physical form. The said details in respect of the shares held in electronic form should be sent to your respective Depository Participant and not to the Registrar as the Registrar is obliged to use only the data provided by the Depository while making payment of dividend. Please mention the correct 9 digit MICR Code for giving the ECS credit to your account.

In case of receiving your request after the due date, the mandate will not be considered for this dividend. However, the same will be used for future dividend payments, unless the same is amended or revoked by you.

In the absence of adequate response from the shareholders of any particular centre(s), the Company reserves its right of paying the dividend by dividend warrants.

- 6) Item No. 3 – additional information required to be furnished under Clause 49 of the Listing Agreements with the Stock Exchanges:-

Mrs. Vijayrani Saraf, is M.A. (Economics) from Delhi School of Economics and has been a Director of many companies. She was first appointed as a rotational Director on 16-11-1983 and continues to be a Director on the Board. She is a member of the Share Transfer Committee. She is related to Mr. R.K. Saraf, the Chairman & Managing Director of the Company. She is a Director of 2 other Companies.



DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 30th Annual Report and the audited Accounts for the financial year ended 31st March, 2010.

(Rs. in Lakhs)

FINANCIAL HIGHLIGHTS	2009-2010	2008-2009
Profit before Taxes	246.90	147.05
Less: Provision for Taxes	41.96	38.05
Profit after taxation available for appropriation	204.94	109.00
Add: Balance brought forward from previous year	0.21	2.07
Amount available for appropriations :	205.15	111.07
Appropriations		
Provision for taxation in respect of earlier years	-	(5.65)
Proposed Dividend	139.33	139.33
Tax on Proposed Dividend	23.68	23.68
General Reserve	-	(46.50)
Balance Profit carried to the Balance Sheet	42.14	0.21

COMPANY'S ACTIVITIES

Fiscal year 2010 was a year of lower economic growth with demand for the products and services in the Information and Technology sector registering a small growth in volumes but falling prices.

DIVIDEND

Your Directors recommend payment of Dividend for the year @ 9% (Rs. 0.90 per share) in respect of the financial year ended 31st March, 2010.

REVIEW OF OPERATIONS

During the year under review,

- The net sales revenues at Rs. 27,729.18 lakhs, were lower than the previous year, due to adverse market conditions arising out of the global recession. However, during the year the profit before tax has increased to Rs. 246.90 lakhs from the previous year's Profit of Rs. 147.05 lakhs due to the Company's relentless efforts in the cost reduction activities.
- The Company continues to endeavour in maintaining customers to their utmost satisfaction levels by registering impeccable track record of

quality and delivery efficiency, thereby ensuring their continued patronage for your company's products and services;

- Further changes and improvisations are under way in the manufacturing process and these changes are in compliance with international requirements;

PROSPECTS AND OUTLOOK

- The Company's businesses of leasing/renting / hiring of computer systems to small businesses and to corporates have added a revenue stream and contributed to the company's profits.
- Your Directors' endeavour is to enhance the Revenue and Profit to higher levels and for this purpose, efforts have been initiated by value addition to products, customers and markets.
- Vigorous marketing efforts and ceaseless cost reduction activities continue with more thrust and vigour to accomplish these goals.
- The efforts are being intensified to sustained leadership position by constantly upgrading the products to match advancing technology trends,



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maintaining the superiority in quality, and continuing the unblemished timely service support;

- Your Directors are hopeful that all the above, coupled with continuous monitoring of inventory, receivables and overheads, would result in healthier results during the coming years.

FIXED DEPOSIT

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

DEMATERIALIZATION OF COMPANY'S SHARES

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

LISTING OF SHARES ON THE STOCK EXCHANGES

The Company's Securities continue to be listed on the Bombay Stock Exchange Limited, Mumbai and the National Stock Exchange of India Limited, Mumbai. The Company has paid the requisite Annual Listing Fees for the year 2010-11, to the above Exchanges.

DIRECTORS

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

COMMUNITY DEVELOPMENT

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

BUSINESS EXCELLENCE AND QUALITY INITIATIVES

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

FOREIGN CURRENCY CONVERTIBLE BONDS

The Company has issued in the year 2006-07 Foreign Currency Convertible Bonds (FCCBs) of the value of US\$ 12 million. So far, no conversion has taken place. The Company has, however bought back FCCBs of the face value of US\$ 2 million during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm:

- (1) that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
- (2) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2010 and of the profit of the Company for that year;
- (3) that the Directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (4) that the Directors have prepared the annual accounts on a going concern basis.

CORPORATE GOVERNANCE

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

AUDITORS

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

EMPLOYEES

Relations between the management and its employees have been cordial. Your Directors place on record their



appreciation of the efficient and loyal services rendered by the employees of the Company at all levels.

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

ENERGY, TECHNOLOGY ABSORPTION and FOREIGN EXCHANGE

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

ACKNOWLEDGEMENTS

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

By Order of the Board

MUMBAI
29th May, 2010

RAJKUMAR SARAF
Chairman &
Managing Director

ANNEXURE 'A' TO THE DIRECTORS' REPORT PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988.

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

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

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

Rs. in Lakh's

Total foreign exchange used and earned	
(i) Expenditure in foreign currency	11361.81
(ii) Foreign Exchange earned	62.48

FORM B

Form of disclosure of particulars with respect to absorption

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

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

2. Benefits derived as a result of the above R & D :
Cost reduction, product improvement, import substitution and effective time management.

3. Future plan of action :

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

4. Expenditure in R & D :	Rs. in Lakh's
a. Capital	NIL
b. Recurring	31.89
c. Total	31.89
d. Total R & D expenditure as a percentage of total turnover	0.12%

TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation : Introduction of All-in-one PC and Touch Panel LCD Monitor for Industrial and Commercial applications towards improvement of efficiency and productivity.

2. Benefits derived as a result of the above efforts :
On going

3. Imported Technology : None

By Order of the Board

MUMBAI
29th May, 2010

RAJKUMAR SARAF
Chairman &
Managing Director



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CORPORATE GOVERNANCE REPORT

Company's Philosophy on Corporate Governance

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

I. Board of Directors

(A) Composition of Board

The present Board consists of one Executive Director and four Non-Executive Directors. Out of the Non-Executive Directors, three are Independent Directors and the other Director represents the Promoters. The Non-Executive Directors with their diverse knowledge, experience and expertise bring in their independent judgment to the deliberations and decisions of the Board. Apart from the sitting fees paid for attending Board/Committee Meetings, the Non-Executive Directors did not have any material pecuniary relationship or transactions with the Company during the year 2009-10.

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 with 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 2009-10, 4 meetings of the Board of Directors were held on 13th June, 2009, 31st July, 2009, 31st October, 2009 and 30th January, 2010.

The 29th Annual General Meeting of your Company was held on 8th August, 2009; the Company did not hold any Extra-ordinary General Meeting.

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

Sr. No.	Name of Director	Category	Board Meetings attended during the year	Attendance at the 29 th AGM held on 08.08.2009	No. of other Directorships	No. of Memberships of Board Committees of all Companies	No. of Board Committees of which the Director is a Chairperson in all companies
1.	Mr.Rajkumar Saraf	Chairman and Managing Director (Executive) Promoter	4	Yes	7	9	2
2.	Mr. H.P. Ranina	Non-Executive	4	Yes	3	Nil	Nil
3.	Mr.Vijay Ram Mukhi	Non-Executive	4	Yes	1	8	4
4.	Mrs. Vijayrani Saraf	Non-Executive-Promoter	4	Yes	2	1	Nil
5.	Mr. Vipin Maneklal Shah	Non-Executive	4	Yes	4	6	2



(D) Code of Conduct

- (i) The Board of Directors has laid down Code of Conduct for all Board Members and Senior Management of the Company. The Code of Conduct is applicable to the Managing Director (including Senior Management 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, 2010.

II. Audit Committee

(A) Qualified and Independent Audit Committee

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

- (i) The Audit Committee consists of three directors as members two of whom are Independent Directors.
- (ii) All members of the Committee are financially literate. The members carry with them the expertise in their individual fields of Finance, Accounts, I.T., Legal etc. While one of the member is a Chartered Accountant, the other member is a Commerce and Law graduate.
- (iii) The Chairman of the Audit Committee is an Independent Director.
- (iv) The Chairman of the Audit Committee was present at the last Annual General Meeting.
- (v) The Chief Financial Officer, internal auditors and the representatives of the Statutory Auditors and such other officials of the Company are invited to attend the Audit Committee meetings as and when required.
- (vi) The Company Secretary acts as the Secretary to the Committee.

(B) Meetings of Audit Committee

During the year, 4 Audit Committee meetings were held on 13th June, 2009, 31st July, 2009, 31st October, 2009 and 30th January, 2010. The Audit Committee meetings are held at the office of the Chairman of the Audit Committee.

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

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

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

(C) Powers of Audit Committee

The Audit Committee has powers including :

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



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D) Role of Audit Committee

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

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

(E) Review of information by Audit Committee

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

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

III Meetings of Investors' Grievances Committee

During the year 4 meetings of the Investors' Grievances Committee were held on 13th June, 2009, 30th September, 2009, 16th December, 2009 and 15th March, 2010. The composition of the Investors' Grievances Committee was Mr. Vipin Shah as the Chairman, Mr. Vijay Mukhi and Mr. R.K. Saraf, as members of the committee. All the members were present in all the meetings of the said committee.

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

IV Meetings of Share Transfer Committee

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents of the Company. The Board Committee attends to share transfer formalities at least once in 15 days.

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

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



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

V. Disclosures

(A) Basis of related party transactions

- (i) The statements containing the transactions with related parties were submitted periodically to the Audit Committee and also disclosures made in Schedule 17 'Notes forming part of the accounts'.
- (ii) The transactions with related parties during the year, which were not 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.

The Company has issued Foreign Currency Convertible Bonds (FCCBs) of the value of US\$ 12 million, in the year 2006-07 and the Company has not received any requests for conversion into Equity shares. The Company has however bought back FCCBs of the value of US\$ 2 million during the year.

(C) Board Disclosures – Risk Management

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

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

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

(E) Remuneration of Directors

(i) Managing Director

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

(ii) Non-Executive Directors

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

(F) Additional Disclosures

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

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

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

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



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(G) Means of Communication

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

Management Discussion and Analysis Report

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

The Company is engaged in the business of manufacture and sale of personal computers and laptops, accessories and peripherals. Substantial revenues come from the sale of personal computers and peripherals in the home and small segments as well as to corporate and business houses. The computer hardware industry has become akin to home appliances segment; there has been modest growth in the sale of computers both in terms of volume and turnover with prices remaining depressed and challenging, during the year. The market penetration of the Company's product in the moffusil and rural areas of the Country together with the product visibility and product bundling have helped your Company to continue to generate sales and make a profit. The Company's objectives of information of the products, its standing vis-à-vis the MNC brands, the price and superior quality sensitivity as compared to the unbranded/ assemblers' segment have been achieved. The Company's advertisement program with a frequency of 3-4 weeks for bringing the products of the company to the knowledge of the public and road shows for effective sales of its products continues to generate interest especially among students and senior citizens.

The Company continues to take several steps to expand the market and to educate the people on the knowledge and use of computers and computer peripherals; the industry continues to get Government support both at Central and State levels to exempt the products from excise duty; efforts are still on to effectively reduce price of the products so that the larger section of people are able to own a computer for their personal use.

The outlook for industry continues to be positive. The Company is hopeful that with the combination of market development and expansion activity, there will be healthy growth over the next year.

The Company has good internal control systems, the adequacy of which has been reported by its auditors in their report as required under the Companies (Auditor's Report) Order, 2003. The discussion on financial performance of the Company is covered in the Directors' Report. The number of people employed as on March 31, 2010 was 618.

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 benefits of shareholders is as under:

General Shareholder Information

Annual General Meeting

- (i) **Day, Date, time and Venue** : Saturday, 7th August, 2010 at 11.30 a.m.
Vishnudas Bhave Natyagruha
Sector 16-A, Vashi, Opp.: Vashi Bus Stand,
Navi Mumbai – 400 703.
- (ii) **Financial year** : 1st April to 31st March
- (iii) **Date of Book Closure** : Friday, 30th July, 2010 to Saturday, 7th August, 2010
(both days inclusive)
- (iv) **Dividend Payment Date** : The dividend warrants will be posted
and the dividend credited under ECS
on or before 4th September, 2010

(v) Listing :

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

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

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

(vi) Stock Code

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

(vii) Annual General Meetings

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

Financial Year	Date	Location of the Meeting	Time
2008-2009	08/08/2009	Vishnudas Bhave Natyagruha, Sector 16-A, Vashi, Opp.: Vashi Bus Stand, Navi Mumbai – 400 703.	11.30a.m.
2007-2008	06/09/2008	Auditorium of the ICSI - Centre for Corporate Research & Training, Plot No.101, Sector 15, Institutional Area, CBD Belapur, Navi Mumbai – 400 614.	10.30 a.m.
2006-2007	29/09/2007	Auditorium of the ICSI - Centre for Corporate Research & Training, Plot No.101, Sector 15, Institutional Area, CBD Belapur, Navi Mumbai – 400 614.	10.30 a.m.



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(viii) Market price information

The high and low closing prices during the year ended March 31, 2010 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, 2009	19.50	14.11	19.80	13.50
May, 2009	28.50	16.00	28.75	16.15
June, 2009	26.50	19.40	26.35	19.50
July, 2009	22.50	18.60	22.75	18.90
August, 2009	25.00	20.50	24.05	20.20
September, 2009	24.40	21.50	24.50	21.35
October, 2009	24.85	20.10	24.50	20.00
November, 2009	25.00	17.65	24.70	19.10
December, 2009	34.40	21.20	33.80	20.80
January, 2010	29.00	23.55	29.25	23.75
February, 2010	25.85	22.60	25.70	22.70
March, 2010	24.70	22.40	24.80	22.00

(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) Pvt. Ltd.

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

(x) Distribution of shareholding

(a) Distribution of shareholding (no. of shares) as on March 31, 2010 :

	Category	No. of Equity shares held	Percentage of shareholding
A	Promoters		
1	Indian Promoters (Individuals/HUF)	6,725,251	43.44
2	Foreign Promoters	NIL	NIL
3	Bodies Corporate	1,692,224	10.93



	Category	No. of Equity shares held	Percentage of shareholding
B	Non-Promoters Holding		
1	Institutional Investors		
A	Mutual Funds and UTI	5,800	0.04
B	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non- Government Institutions)	3,150	0.02
C	FII's	1,439,926	9.30
2	Others		
A	Bodies Corporate	533,059	3.44
B	Clearing Members (Shares in Transit)	69,037	0.45
C	NRI's/OCBs/Foreign Nationals	721,993	4.67
D	Individuals holding nominal share capital upto Rs.1 lakh	3,926,078	25.36
E	Individuals holding nominal share capital more than Rs.1 lakh	364,322	2.35
	TOTAL	15,480,840	100.00

(b) Shareholding pattern as on March 31, 2010 :

SHAREHOLDING OF NOMINAL VALUE OF RS.			SHAREHOLDERS NUMBER	%AGE OF TOTAL	SHARE AMOUNT RS.	%AGE OF TOTAL
		RS.				
1	-	5000	20247	93.54	30716110	19.84
5001	-	10000	888	4.10	7102170	4.58
10001	-	20000	277	1.27	4211110	2.72
20001	-	30000	93	0.42	2311490	1.49
30001	-	40000	35	0.16	1225730	0.79
40001	-	50000	32	0.14	1502860	0.97
50001	-	100000	39	0.18	2636420	1.70
100001	-	*****	34	0.15	105102510	67.89
TOTAL			21645	100.00	154808400	100.00

(xi) Dematerialisation of shares and liquidity

82.92% of the equity shares have been dematerialized by about 62.18% of the shareholders as on March 31, 2010. 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.



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

The Company has not issued any GDRs/ADRs/Warrants. The Company has in 2006 issued and allotted Foreign Currency Convertible Bonds (FCCBs) of the value of U.S.\$ 12 million. The Company has bought back FCCBs of the value of US\$ 2 million in August, 2009, the outstanding FCCBs are of US\$ 10 million as on 31st March, 2010.

(xiii) Plant locations

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

(xiv) Address for correspondence

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

(xv) Electronic Clearing Service (ECS)

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

NON-MANDATORY REQUIREMENTS

(a) Remuneration Committee

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

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

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: 29th May, 2010

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.

Further certified 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, 2010.

Place: Mumbai,
Date: 29th May, 2010

RAJ KUMAR SARAF
Chairman & Managing Director

COMPANY SECRETARY'S RESPONSIBILITY STATEMENT

The Company Secretary confirms that the Company has:

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

for **ZENITH COMPUTERS LIMITED**

Mumbai
29th May, 2010

RAMESH SANGHVI
Company Secretary



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C.L. KHANNA & CO.

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

To

The Board of Directors,
ZENITH COMPUTERS LIMITED
B-5, Electronic Sadan 1,
MIDC, TTC Area,
Mahape,
Navi Mumbai 400 709

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, 2010, 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

Mumbai,
29th May, 2010

C.L. KHANNA
Proprietor
Membership No. : 004988



AUDITORS REPORT

To The Members of Zenith Computers Limited

1. We have audited the attached Balance Sheet of **Zenith Computers Limited** as at 31st March, 2010 and also the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conduct our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An Audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we give in the Annexure, a statement on the matters specified in paragraphs 4 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of such books and proper returns adequate for the purposes of our audit have been received from the branches.
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the Directors as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2010 from being appointed as a Director in terms of Clause (g) of Sub Section (1) of Section 274 of the Companies Act, 1956.
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with significant accounting policies and other notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2010;
 - (ii) In the case of Profit and Loss Account of the profit for the year ended on that date, and
 - (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place: Mumbai
Date: 29th May, 2010

For C.L. Khanna & Co.
Chartered Accountants
(C.L. KHANNA)
Proprietor
(MEM.SHIP NO.004988)



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ANNEXURE TO THE AUDITORS REPORT

Re: Zenith Computers Limited

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

- (i) The nature of the Company's business activities during the year is such that Clauses (xiii) and (xiv) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company for the year ended on 31st March, 2010.
- (ii) In respect of Fixed Assets:
 - (a) The Company has maintained proper records to show full particulars, including quantitative details wherever feasible and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the Management periodically and the frequency of verification of fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposals during the year.
- (iii) In respect of Inventories:
 - (a) The stocks of finished goods, stores, spare parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company, and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956.
- (v) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services.
- (vi) In respect of particulars of contracts or arrangements entered in the register maintained in pursuance of Section 301 of the Companies Act 1956;
 - (a) To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services aggregating during the year in excess of Rs. 5 Lakhs in respect of each party have been made at prices that are reasonable having regard to the prevailing market prices of such goods, materials or services or the prices at which transaction for similar goods, materials or services have been made with other parties.
- (vii) The Company has not accepted any deposits from the public, consequently the provisions of Section 58A, Section 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable.



- (viii) The Company's internal audit work is being carried out by M/s SRM & co., Chartered Accountants, Mumbai. In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (ix) The books of account maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records in respect of the Company's products under Section 209(1)(d) of the Companies Act, 1956, are broadly reviewed by us and we are of the opinion that prima facie, the prescribed accounts and records are maintained. We have not, however, made a detailed examination of the records, with a view to determining whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of Statutory and other dues:
- (a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities during the year.
- (b) Against the disputed dues of sales tax of Rs.167.86 lakhs, Rs.8.08 lakhs has been deposited under protest as the matter is pending before the Appellate Authorities.
- (c) Against the disputed dues of excise duty of Rs.345.02 lakhs, entire amount has been deposited under protest as the matter is pending before the judicial authorities
- (xi) The Company neither has accumulated losses at the end of the year, nor incurred cash losses during the current and the immediately preceding financial year.
- (xii) Based on the Audit procedures and on the information and explanation given by the Management, we are of the opinion that the Company has not defaulted in the repayment of dues to banks.
- (xiii) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks and financial institutions.
- (xv) The term loan taken was applied for the purposes for which it was taken.
- (xvi) According to the Cash Flow Statement and other records examined by us and the information and explanations given to us, on an overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment.
- (xvii) The Company has not made any preferential allotment during the year.
- (xviii) No securities have been created by issue of debentures during the year.
- (xix) The Company has not raised any money by public issue during the year.
- (xx) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

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

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

**Place: Mumbai
Date: 29th May, 2010**



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BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at 31.03.2010		As at 31.03.2009	
		Rs.000's	Rs.000's	Rs.000's	Rs.000's
SOURCES OF FUNDS					
SHARE HOLDERS' FUNDS					
Share Capital	1	155000		155000	
Reserves & Surplus	2	268566	423566	322425	477425
LOAN FUNDS					
Secured Loans	3	201154		458173	
Unsecured Loans	4	399700	600854	479640	937813
TOTAL			1024420		1415238
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block		928234		731305	
Less : Depreciation		471508		416817	
NET BLOCK	5		456726		314488
INVESTMENTS					
CURRENT ASSETS, LOANS & ADVANCES			0		0
Inventories	6	504648		612477	
Sundry Debtors	7	242081		703972	
Cash & Bank Balances	8	77615		36987	
Loans & Advances	9	123335	947679	156229	1509665
LESS : CURRENT LIABILITIES AND PROVISIONS :					
Liabilities	10	349050		381330	
Provisions	11	30935	379985	27585	408915
NET CURRENT ASSETS			567694		1100750
MISCELLANEOUS EXPENDITURE					
(to the extent not written off or adjusted)			0		0
TOTAL			1024420		1415238
NOTES TO ACCOUNTS	17				

C. L. KHANNA & CO.
CHARTERED ACCOUNTANTS

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

MUMBAI,
Dated: 29th MAY, 2010

For & On behalf of the Board of Directors

RAJKUMAR SARAF
CHAIRMAN & MANAGING DIRECTOR

RAMESH SANGHVI
COMPANY SECRETARY

VIJAY RAM MUKHI
DIRECTOR



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedule	2009-10 Rs.000's	2008-09 Rs.000's
INCOME :			
Sales, Services, Income from Operations		2772918	3109648
Increase/(Decrease) in cl.stock(FG)	12	64896	36054
Other Income	13	6975	3714
		<u>2844789</u>	<u>3149416</u>
EXPENDITURE :			
Cost of Materials Consumed	14	2308341	2412484
Excise Duty & Service tax	-	163008	255325
Manufacturing, Selling & Administrative Expenses	15	160786	207815
Salaries, Wages and other employees benefits	16	105628	118649
Interest & Other Financial exps	-	26696	38542
Depreciation	-	55640	101896
		<u>2820099</u>	<u>3134711</u>
Profit Before Tax		24690	14705
Provision for Taxation		4196	3805
Profit after Tax		20494	10900
Balance brought forward from previous year		21	207
Profit available for appropriation		<u>20515</u>	<u>11107</u>
APPROPRIATIONS :			
Proposed dividend		13933	13933
Tax on proposed Dividend		2368	2368
Provision for Taxation for Earlier Years		0	(565)
General Reserve		0	(4650)
		<u>16301</u>	<u>11086</u>
Balance carried to Balance Sheet		4214	21

NOTES TO ACCOUNTS

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C. L. KHANNA & CO.
CHARTERED ACCOUNTANTS

For & On behalf of the Board of Directors

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

RAJKUMAR SARAF
CHAIRMAN & MANAGING DIRECTOR

MUMBAI,
Dated: 29th MAY, 2010

RAMESH SANGHVI
COMPANY SECRETARY

VIJAY RAM MUKHI
DIRECTOR



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SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2010

	As at 31.03.2010		As at 31.03.2009	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
SCHEDULE 1				
SHARE CAPITAL				
AUTHORISED				
50,00,000 Unclassified Shares of Rs.10/- each	50000		50000	
2,70,00,000 Equity Shares of Rs.10/- each	270000		270000	
		<u>320000</u>		<u>320000</u>
ISSUED AND SUBSCRIBED:				
1,55,25,440 Equity Shares of Rs.10 each		<u>155254</u>		<u>155254</u>
PAID UP				
1,54,80,840 Equity Shares of Rs.10 each fully paid	154808		154808	
Add : Forfeited Shares (44600 shares)	223		223	
Less : Calls In Arrears	(31)	155000	(31)	155000
i) (of the above shares 80,000 equity shares of Rs.10/- each were allotted as fully paid-up by way of bonus shares by capitalisation of General Reserves)				
ii) (2,08,800 Equity Shares of Rs.10/- each fully paid were allotted without payment being received in cash, pursuant to the scheme of amalgamation of Telelink Products Ltd. with the Company)				
SCHEDULE 2				
RESERVES & SURPLUS :				
Capital Reserve				
As per last Balance Sheet	35046		35046	
Less: Adjustments	(35046)	0	0	35046
Revaluation Reserve				
As per last Balance Sheet	23006		0	
Add: During the year	0		90288	
Less: Adjustments	(23006)	0	(67282)	23006
General Reserve				
As per last Balance Sheet	264352		323002	
Less: Adjustments	0		(54000)	
Add: Transferred to/from Profit & Loss a/c	0	264352	(4650)	264352
Profit and Loss account		<u>4214</u>		<u>21</u>
		<u>268566</u>		<u>322425</u>



**SCHEDULE 3
SECURED LOANS**

Working Capital Borrowing from Banks
Term Loan from Banks

	As at 31.03.2010		As at 31.03.2009	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
Working Capital Borrowing from Banks		1154		458173
Term Loan from Banks		200000		0
		<u>201154</u>		<u>458173</u>

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

**SCHEDULE 4
UNSECURED LOANS**

Foreign Currency Convertible Bonds (FCCB)

	<u>399700</u>	<u>479640</u>
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**SCHEDULE 5
FIXED ASSETS**

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON 1.4.09	ADDI-TIONS	SALE/ADJ	COST AS ON 31.3.10	UPTO 31.3.09	FOR THE YEAR 1.4.09-31.3.10	DEDUCTED ON SALE/ADJ	UPTO 31.3.10	AS ON 31.3.10	AS ON 31.3.09
	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's	Rs.000's
LAND (LEASEHOLD) & BUILDINGS	216720	0	54126	162594	14846	1930	693	16083	146511	201874
PLANT & MACHINERY	9017	57	0	9074	3028	503	0	3531	5543	5989
COMPUTERS SYSTEMS	471227	251202	0	722429	377634	51219	0	428853	293576	93593
ELECTRICAL FITTINGS & INSTALLATION	3881	0	0	3881	2210	184	0	2394	1487	1671
FACTORY & OFFICE EQUIPMENT	13344	497	0	13841	6566	645	0	7211	6630	6778
FURNITURE & FIXTURES	12482	17	0	12499	9760	787	0	10547	1952	2722
VEHICLES	4634	0	718	3916	2773	372	256	2889	1027	1861
TOTAL	731305	251773	54844	928234	416817	55640	949	471508	456726	314488
PREVIOUS YEAR	778319	159553	206567	731305	321107	101896	6186	416817	314488	457212

NOTE :Opening balance of land & buildings includes inter alia Rs.40112 towards revaluation in the year 2004-05 and Rs.39106 in the year 2008-09



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2009 - 2010

	As at 31.03.2010		As at 31.03.2009	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
SCHEDULE 6				
INVENTORIES				
Raw Materials & Stock in process, including in-Transit stock.	342423		515148	
Finished Goods	162225	504648	97329	612477
SCHEDULE 7				
SUNDRY DEBTORS (UNSECURED)				
Over six months, considered good	22745		58425	
Others, considered good	219336	242081	645547	703972
SCHEDULE 8				
CASH AND BANK BALANCES				
Cash on hand	117		277	
Balances with scheduled banks: on current account	77498	77615	36710	36987
SCHEDULE 9				
LOANS & ADVANCES				
Advances recoverable in cash or kind or for value to be received	107888		146684	
Advance Taxes	15447	123335	9545	156229
SCHEDULE 10				
LIABILITIES				
Sundry Creditors	93143		109319	
Acceptances	185391		191309	
Accrued Interest on FCCB	47233		56725	
Statutory Liabilities	4345		9786	
Other Liabilities	18938	349050	14191	381330
SCHEDULE 11				
PROVISIONS				
Taxation	14634		11284	
Proposed Dividend	13933		13933	
Tax on proposed dividend	2368		2368	
		30935		27585



**SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31st MARCH, 2010**

	2009-10		2008-09	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
SCHEDULE 12				
INCREASE/(DECREASE) IN CLOSING STOCK OF FINISHED GOODS				
Opening Stock	97329		61275	
Closing Stock	<u>162225</u>	<u>64896</u>	<u>97329</u>	<u>36054</u>
 SCHEDULE 13				
OTHER INCOME				
Interest received	3804		1916	
Dividend received	503		0	
Profit on sale of assets	2592		1475	
Miscellaneous receipts	<u>76</u>	<u>6975</u>	<u>323</u>	<u>3714</u>
 SCHEDULE 14				
COST OF MATERIALS CONSUMED/SOLD				
Raw Materials, Maintenance spares consumed				
Opening Stock	515148		332982	
Add : Purchases	<u>2135616</u>		<u>2594650</u>	
	2650764		2927632	
Less: Closing Stock	<u>342423</u>	<u>2308341</u>	<u>515148</u>	<u>2412484</u>



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2009 - 2010

	2009-10		2008-09	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
SCHEDULE 15				
MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES				
Electricity Charges	4761		4204	
Technical Seminars	29		42	
Conveyance	8925		9305	
Tours & Travel - Inland	14096		11749	
Tours & Travel - Foreign	1280		2221	
Printing & Stationery	4404		5030	
Directors Sittings Fees	640		720	
Telephone,Telex,Postage & Courier	10547		12308	
Rent	4750		5622	
Rates & Taxes	985		888	
Insurance	1082		1829	
Coolie, Cartage, Clearing & Forwarding	28132		53940	
Subscriptions, Newspapers & Periodicals	873		617	
Legal & Professional	12372		10939	
Donations	0		6	
Vehicle Expenses	895		1487	
Bank charges	21125		25672	
Sales Tax/VAT	14155		14465	
Repairs & Maintenance	1957		3482	
Office expenses	12866		12102	
Prior years expenses	84		108	
Advertisement, Publicity & Sales Promotion	524		5612	
Conference	312		466	
Demonstrations	12		600	
Bad Debts written off	1741		263	
Entertainment Expenses	182		261	
Commission on Sales	13028		22254	
Auditors Remuneration :	351		351	
	2009-10	2008-09		
Audit Fees	326	326		
Tax Audit Fees	25	25		
Miscellaneous Expenses				
	678	160786	1272	207815
SCHEDULE 16				
SALARY, WAGES & OTHER EMPLOYEE BENEFITS				
Salaries, Wages, Bonus, Gratuity, etc.	100466		113579	
Contribution to P.F., E.S.I.C., etc.	3001		3148	
Staff Welfare	2161		1922	118649



SCHEDULE : 17

NOTES TO THE ACCOUNTS

1. Significant Accounting Policies

A) Basis of Preparation of Financial Statements

- a) The Financial Statements have been prepared under the historical convention, in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- b) Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles followed by the Company.

B) Fixed Assets and Depreciation

- a) Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. All costs, including financing costs till commencement of commercial production are capitalized.
- b) Depreciation on Fixed Assets, except Computers Systems, is provided on the basis of Straight Line Method at the rates and in the manner prescribed in Schedule **IV** of the Companies Act, 1956. Depreciation on Computer Systems is provided on the basis of Written Down Value method, at the rates and in the manner prescribed in Schedule **IV** of the Companies Act, 1956.

C) Foreign Exchange Transactions

- a) Transactions denominated in Foreign Currencies are normally recorded at the exchange rate prevailing at the time of the transactions.
- b) Gains and losses on Foreign Exchange Transactions other than those relating to fixed assets are charged to the Profit and Loss Account.
- c) The balances outstanding in the foreign currency denominated Current Assets and Current Liabilities are restated as per AS11 as at the Balance Sheet date at the then prevailing foreign exchange rate and are recognized in the accounts.

D) Investments

Long Term Investments are stated at cost.

E) Inventories

- a) Raw Materials, Stores, Spares etc. and Stock-in-transit are valued at cost.
- b) Stock-in-Process is valued at cost including related overheads.
- c) Finished Goods are valued at cost. Cost includes cost of production/purchase and expenses incurred in putting the inventories in their present location and condition.

F) Sales

Sales include excise duty, and are net of discount and net sales returns.

G) Excise Duty

Excise Duty is accounted for as and when paid on the clearance of the goods from premises.



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H) Employee Retirement Benefits

- Company's contributions to Provident fund, during the year are charged to Profit and Loss Account.
- Gratuity is charged to Profit and Loss account on the basis of actuarial valuation as required by AS 15 issued by ICAI.

I) 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.

J) Accounting Standards

Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956 have been followed wherever applicable.

2. Deferred Taxation

No provision for Deferred Taxation under AS 22 issued by ICAI has been made in the annual accounts, due to the tax holiday available to the Company under Section 80IB of the Income tax Act, 1961.

3. Contingent Liabilities

	Current Year Rs.000's	Previous Year Rs.000's
a) Bank Guarantees	162914	170329
c) Unexpired Letters of Credit	30429	12221
b) Claims against the Company not acknowledged as debts (disputed):		
(i) Sales tax	16786	24681
(ii) Excise duty	34502	32500

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

5. Sundry Debtors include Rs. NIL, due from companies under the same management as per section 370IB of the Companies Act, 1956 (Previous year Rs. NIL).

6. Out of the FCCB issue of US\$12 million, the Company bought back FCCB of US\$2 million during the year.

7. Related Party Disclosures

a) List of Related Parties:

- Zenith Infotech Ltd.
- Vu Technologies Pvt. Ltd.
- Free Systems Technology Labs Pvt. Ltd.

b) Transactions:

	Rs.
(i) Sales	31782
(ii) Purchase	5997
(iii) Outstanding Receivables	NIL
(iv) Outstanding Payables	388



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

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

9. While making provision for taxation for current year, deduction has been claimed under section 80 IB of the Income Tax Act, 1961 in respect of a New Industrial Unit at Goa. The provision for taxation for the current year has been made on MAT basis.
10. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value, if realized, during the ordinary course of business.
11. Income Tax Assessments have been completed up to Assessment Year 2007-2008.
12. Sales Tax/VAT Assessments have been completed up to Accounting Year 2007-08 (Goa).
13. Licensed and Installed Capacity and Production

	2009-2010	2008-2009
i) Licensed Capacity	No limits	No limits
ii) Installed Capacity	200000 Micro Processors	200000 Micro Processors
iii) Actual Production Computer/Micro Processor based systems and peripherals.	105865 Nos.	134665 Nos.

14. Sales	2009-2010		2008-2009	
	Qty	Amount Rs.000's	Q	Amount Rs.000's
Computers, Micro Processor based systems and sale of services and consumables, and others.	Mixed Items	2772918	Mixed Items	3109648

15. Consumption of Raw Materials and Maintenance Spares :	2009-2010		2008-2009	
	Qty	Amount Rs.000's	Q	Amount Rs.000's
Raw Materials including Components, Floppy, Winchester, Magnetic Tape Drives, Monitors, Terminals, Printers, Diskettes, Power Supply and other consumables.	*Mixed Items	2315652	Mixed Items	2412484

Raw Materials including Components, Floppy, Winchester, Magnetic Tape Drives, Monitors, Terminals, Printers, Diskettes, Power Supply and other consumables.

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



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	2009-2010		2008-2009	
	OP. STOCK	CL. STOCK	OP. STOCK	CL. STOCK
16. Opening & Closing Stock of Goods (At Cost)				
Raw Materials,	Qty	Mixed	Mixed	Mixed
Stock in process		Items	Items	Items
Maintenance Spares				
and components etc.	Rs.000's	515149	342423	332982
Finished Goods	Rs.000's	97329	162225	61275
				515149
				97329
17. Value of Indigenous and Imported spares consumed :				
		2009-2010		2008-2009
		Rs.000's	% of Total	Rs.000's
			Consumption	%of Total
				Consumption
a. Imported		Mixed	Mixed	Mixed
b. Indigenous		Mixed	Mixed	Mixed
		2009-2010		2008-2009
18. Details of Value of imports on CIF basis		1131602		2450855
19. Expenditure incurred in Foreign Currency				
Interest		2859		3007
Foreign Travel		731		1123
Communication Exps.		315		326
Others		674		356
20. Earning in Foreign Exchange on		2009-2010		2008-2009
Export of Goods (FOB Value)		6248		27158
Interest		NIL		103

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

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

As per our report of even date attached.

C. L. KHANNA & CO.
CHARTERED ACCOUNTANTS

For & On behalf of the Board of Directors

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

RAJKUMAR SARAF
CHAIRMAN & MANAGING DIRECTOR

MUMBAI,
Dated: 29th MAY, 2010

RAMESH SANGHVI
COMPANY SECRETARY

VIJAY RAM MUKHI
DIRECTOR



CASH FLOW STATEMENT

	2009-2010 RS.000'S	2009-2010 RS.000'S	2008-2009 RS.000'S	2008-2009 RS.000'S
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX	24690		14705	
ADJUSTMENTS FOR:				
DEPRECIATION	55640		101896	
(PROFIT)/LOSS ON SALE OF ASSETS	(2592)		(1475)	
INTEREST RECEIVED	(3804)		(1915)	
INTEREST PAID & FOREX FLUCTUATION	18235		38542	
DIVIDEND RECEIVED	(503)	66976	0	137048
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		91666		151753
ADJUSTMENTS FOR:				
TRADE & OTHER RECEIVABLES/ADJUSTMENTS	500687		(179359)	
INVENTORIES	107829		(218220)	
TRADE PAYABLES	(32280)		110736	
MISC EXPENDITURE	0	576236	0	(286843)
CASH GENERATED FROM OPERATIONS		667902		(135090)
- INTEREST PAID & FOREX FLUCTUATION		(18235)		(36636)
- DIRECT TAXES PAID		(9116)		(7687)
CASH FLOW BEFORE EXTRAORDINARY ITEMS		640551		(179413)
PRIOR PERIOD ADJUSTMENTS		0		(54000)
NET CASH FROM OPERATING ACTIVITIES		640551		(233413)
B. CASH FLOW FROM INVESTING ACTIVITIES				
PURCHASE/SALE OF FIXED ASSETS (NET)	(197878)		40828	
ASSETS WRITTEN OFF/DEVALUED	(58052)		23006	
INTEREST RECEIVED	3804		9	
DIVIDEND RECEIVED	503		0	
PROFIT/(LOSS) ON SALE OF ASSETS	2592		1475	
NET CASH USED IN INVESTING ACTIVITIES		(249031)		65318



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	2009-2010 RS.000'S	2009-2010 RS.000'S	2008-2009 RS.000'S	2008-2009 RS.000'S
C. CASH FLOW FROM FINANCING ACTIVITIES				
BUYBACK OF FCCB	(79940)		0	
PROCEEDS FROM BORROWINGS, INCL FOREXFLUCTUATION	(257019)		199811	
DIVIDEND PAID	(13933)		(18577)	
NET CASH USED IN FINANCING ACTIVITIES		(350892)		181234
NET INCREASE/DECREASE IN CASH & CASH EQUIVALENT		40628		13139
CASH & CASH EQUIVALENTS AS ON 1ST APRIL, 2009		36987		23848
CASH & CASH EQUIVALENTS AS ON 31ST MARCH, 2010		77615		36987
		40628		13139

For & On behalf of the Board of Directors

RAJKUMAR SARAF
CHAIRMAN & MANAGING DIRECTOR

MUMBAI,
Dated: 29th MAY, 2010

RAMESH SANGHVI
COMPANY SECRETARY

VIJAY RAM MUKHI
DIRECTOR

Auditors' Certificate

We have examined the above cash flow statement of **Zenith Computers Ltd.** for the year ended **31st March, 2010**. 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 29th May, 2010 to the members of the Company

For C.L. KHANNA & CO.
Chartered Accountants

MUMBAI
Dated: 29th May, 2010

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



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No.	22652
State Code	11
Balance Sheet Date	31.3.2010

II. Capital Raised during the year :

(Amount in Rs. Thousands)

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

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousands)

Total Liabilities	1024420
Total Assets	1024420

Sources of Funds:

Paid-up Capital	155000
Reserves & Surplus	268566
Secured Loans	201154
Unsecured Loans	399700

Application of Funds:

Net Fixed Assets	456726
Investments	0
Net Current Assets	567694
Misc. Expenditure	Nil
Accumulated Losses	Nil



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IV. Performance of Company

(Amount in Rs. Thousands)

Turnover	2844789
Total Expenditure	2820099
Profit Before Tax	24690
Profit After Tax	20494
Earning per Share in Rs.	1.32
Dividend	9%

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

(as per monetary terms)

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



MANDATE FORM

RE : PAYMENT OF DIVIDEND BY ELECTRONIC CLEARING SERVICES (ECS)

Shareholders authorization to receive dividend through Electronic Credit Service Mechanism

i. Name of the first/sole shareholder

2. Folio No./D.P.ID & Client ID Nos.

3. Name of the Bank in full

4. Branch, Address & Tel No.

5. 9-digit code number of the Bank and Branch appearing on the MICR cheque

6. Account Number (as given on the cheque book)

7. Account type (Please tick) Saving Bank Current Cash Credit

(Please attach a photocopy of a cheque issued to you by your bank, for verification of the above particulars.)

I hereby declare that the particulars given above are correct and complete. If the transaction is delayed or not effected at all for any reasons(s), beyond the control of the Company, I will not hold the Company responsible. I agree to discharge the responsibility expected of me as a participant under the scheme.

Date :

Signature

Place :

Encl : Copy of the cheque leaf

NOTES

1. In case you hold shares in physical form, please send the aforesaid form duly filled in and signed by all the shareholders to our Registrars M/s. Link Intime India Pvt Limited at their office - C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078.
2. In case you hold shares in Demat form, please furnish the aforesaid details to your depository participant and not to the Registrars.





ATTENDANCE SLIP

Zenith Computers Limited

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

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

Name of the attending Member (in Block Letters)

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

I hereby record my presence at the THIRTIETH ANNUAL GENERAL MEETING held at Vishnudas Bhave Natyagruha, Sector 16-A, Vashi, Opp.: Vashi Bus Stand, Navi Mumbai – 400 703 at 11.30 a.m. on Saturday, 7th August, 2010.

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

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

PROXY FORM

Zenith Computers Limited

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

(Please fill in BLOCK Letters)

I/ Weof being a member(s) of the above named Company, hereby appoint

.....of

or failing him/her of

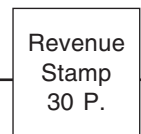
as my/our proxy to vote for me/us on my/our behalf at the THIRTIETH ANNUAL GENERAL MEETING of the Company to be held at Vishnudas Bhave Natyagruha, Sector 16-A, Vashi, Opp.: Vashi Bus Stand, Navi Mumbai – 400 703 at 11.30 a.m. on Saturday, 7th August, 2010 and at any adjournment thereof.

Folio No

No. of Shares held

Date

Signature _____



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



Zenith @ Mumbai Marathon



Zenith Volunteers CSR @ Ghatkopar Railway Stn Clean Up



Book-Post



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If undelivered, please return to:
Link Intime India Pvt. Ltd.,
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (W),
Mumbai - 400 078.

www.zenithpc.com