

ANNEXURE TO THE AUDITORS REPORT

Re: Zenith Computers Limited

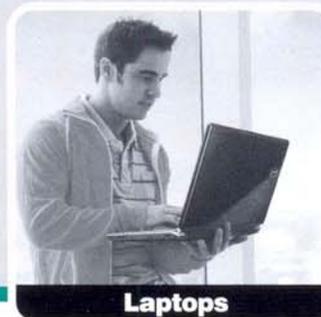
(Referred to in paragraph 3 of our report of even date)

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



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

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

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

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

For C.L. Khanna & Co.
Chartered Accountants

Place: Mumbai (C.L. KHANNA)
Date: 20th August, 2011 Proprietor
(MEMBERSHIP NO.004988)

BALANCE SHEET AS AT 31ST MARCH, 2011

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

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

As per our Report of even date

C. L. KHANNA & CO.
CHARTERED ACCOUNTANTS

For & On behalf of the Board of Directors

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

RAJKUMAR SARAF
CHAIRMAN & MANAGING DIRECTOR

MUMBAI,
Dated: 20th August, 2011

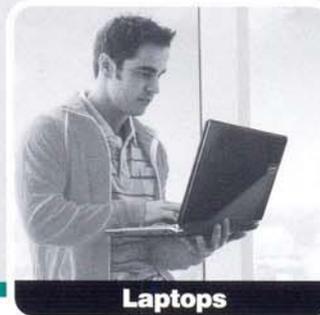
RAMESH SANGHVI
COMPANY SECRETARY

VIJAY RAM MUKHI
DIRECTOR



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

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

NOTES TO ACCOUNTS

17

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

As per our Report of even date

C. L. KHANNA & CO.

CHARTERED ACCOUNTANTS

C. L. KHANNA

PROPRIETOR

(MEMBERSHIP NO.004988)

MUMBAI,

Dated: 20th August, 2011

For & On behalf of the Board of Directors

RAJKUMAR SARAF

CHAIRMAN & MANAGING DIRECTOR

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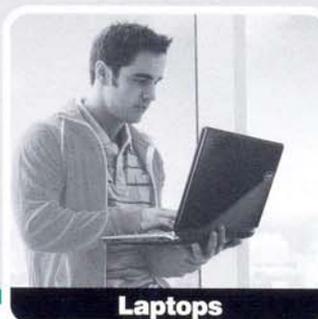
SCHEDULES TO AND FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011

	As at 31.03.2011		As at 31.03.2010	
	Rs.000's	Rs.000's	Rs.000's	Rs.000's
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	<u>270000</u>		<u>270000</u>	
		<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	<u>(31)</u>	<u>155000</u>	<u>(31)</u>	<u>155000</u>
i) (of the above shares 80,000 equity shares of Rs.10/- each were allotted as fully paid-up by way of bonus shares by capitalisation of General Reserves)				
ii) (2,08,800 Equity Shares of Rs.10/- each fully paid were allotted without payment being received in cash, pursuant to the scheme of amalgamation of Telelink Products Ltd. with the Company)				
SCHEDULE 2				
RESERVES & SURPLUS :				
Revaluation Reserve				
As per last Balance Sheet	0		23006	
Add: During the year	141456		0	
Less: Adjustments	<u>0</u>	<u>141456</u>	<u>(23006)</u>	0
General Reserve				
As per last Balance Sheet	264352		264352	
Add: Mat Credit entitlement of earlier years	31947		0	
Less: Deferred tax provision for earlier years	<u>(38988)</u>		0	
Add: Transferred to/from Profit & Loss a/c	0	<u>257311</u>	0	264352
Profit and Loss account		<u>10623</u>		<u>4214</u>
		<u>409390</u>		<u>268566</u>



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

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

SCHEDULE 4
UNSECURED LOANS

Foreign Currency Convertible Bonds (FCCB)		<u>327194</u>		<u>399700</u>
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SCHEDULE 5
FIXED ASSETS

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

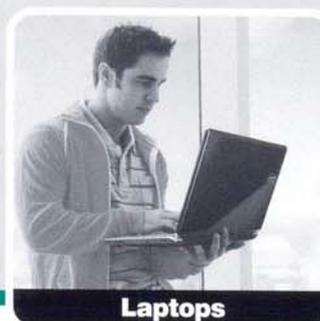
- NOTE : 1) Opening balance of Buildings includes inter alia Rs.39106 towards revaluation in the year 2008-09
- 2) Additions to Land, Buildings includes inter alia, Rs.66108 and Rs.75348 respectively, towards revaluation during the current year 2010-11.
- 3) The reduction in depreciation on Computer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

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



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

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

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



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SCHEDULE : 17

NOTES TO THE ACCOUNTS

1. Significant Accounting Policies

A) Basis of Preparation of Financial Statements

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

B) Fixed Assets and Depreciation

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

C) Impairment of Assets

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

D) Foreign Currency Transactions

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

E) Investments

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

F) Inventories

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

G) Revenue Recognition

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

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

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

I) Employee Retirement Benefits

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

J) Borrowing Costs

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

K) Provision for Current and Deferred tax

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

L) Provisions, Contingent Liabilities and Contingent Assets

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

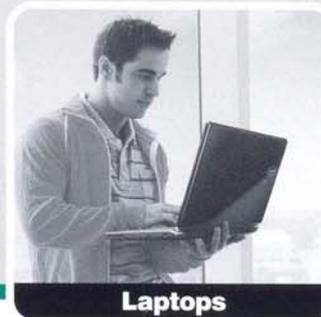
M) Segment Reporting

The Company operates in a single business segment.



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N) Research and Development Expenses

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

2. Deferred Taxation in accordance with AS22

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

3. Contingent Liabilities (not provided for)

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

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

8. Sundry Debtors

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

9. Related Party Disclosures

a) List of Related Parties:

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

b) Transactions during the year with the Related Parties:

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

10. Accounting Standards

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

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

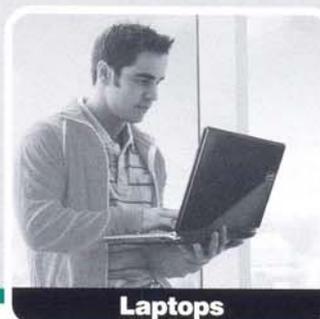
For compliance with MSMED Act, 2006, requisite information was sought from the Vendors. As per the information available with the Company, the amounts payable under the MSMED Act, 2006 is NIL.

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



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

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

15. Licensed and Installed Capacity and Production

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

16. Sales

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

17. Consumption of Raw Materials and Maintenance Spares :

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

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

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

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

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

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

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

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

As per our report of even date attached.

C.L. KHANNA & CO.
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

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

RAJKUMAR SARAF
CHAIRMAN & MANAGING DIRECTOR

MUMBAI,
Dated : 20th August, 2011

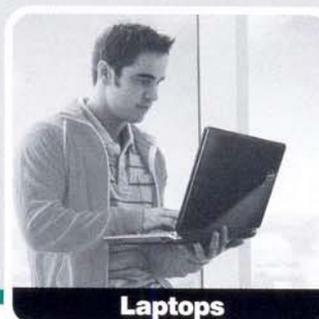
RAMESH SANGHVI
COMPANY SECRETARY

VIJAY RAM MUKHI
DIRECTOR



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CASH FLOW STATEMENT

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

CASH FLOW STATEMENT

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

For & On behalf of the Board of Directors

MUMBAI,
Dated: 20th August, 2011

RAMESH SANGHVI
Company Secretary

RAJKUMAR SARAF
Chairman & Managing
Director

VIJAY RAM MUKHI
Director

Auditors' Certificate

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

For C.L. KHANNA & CO.
Chartered Accountants

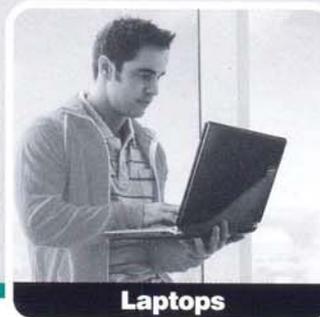
MUMBAI
Dated: 20th August, 2011

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



COMPUTERS LTD

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Laptops



Smart Style PCs

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No.	22652
State Code	11
Balance Sheet Date	31.3.2011

II. Capital Raised during the year :

(Amount in Rs. Thousands)

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

III. Position of Mobilisation and Deployment of Funds

(Amount in Rs. Thousands)

Total Liabilities	1289236
Total Assets	1289236

Sources of Funds:

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

Application of Funds:

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

IV. Performance of Company

(Amount in Rs. Thousands)

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

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

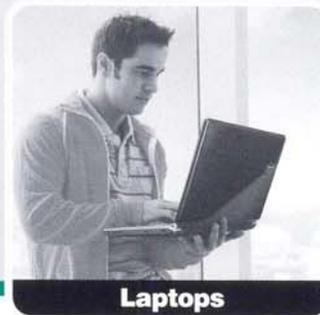
(as per monetary terms)

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



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ATTENDANCE SLIP

Zenith Computers Limited

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

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

Name of the attending Member (in Block Letters)

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

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

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

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

PROXY FORM

Zenith Computers Limited

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

(Please fill in BLOCK Letters)

I/ 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 THIRTY FIRST ANNUAL GENERAL MEETING of the Company to be held at Vishnudas Bhave Natyagruha, Sector 16-A, Vashi, Opp.: Vashi Bus Stand, Navi Mumbai – 400 703 at 11.00 a.m. on Friday, 30th September, 2011 and at any adjournment thereof.

Folio No

No. of Shares held

Date

Signature _____

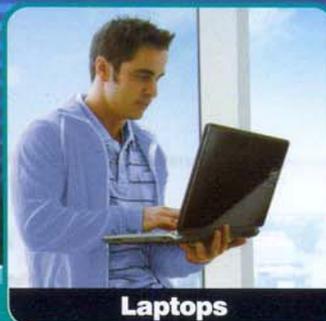
Revenue
Stamp
30 P.

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



COMPUTERS LTD

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Laptops



Smart Style PCs

PERFORMANCE AT A GLANCE

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

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

Break-up of Total Income 2010-11

