



INFOTECH LTD.

Zenith Infotech is serving
IT service providers
worldwide.





INFOTECH LTD.

16th Annual Report 2011 - 2012

ZENITH INFOTECH LIMITED

16th Annual Report 2011-2012

(Financial Year from 1st October, 2011 to 30th September, 2012)

DIRECTORS

R.K.Saraf
(Chairman)

Vijay Mukhi

Vipin M. Shah

Akash Saraf
(Managing Director)

COMPANY SECRETARY

Dr. V.G. Chari (From 1st September, 2012)
K. Vaidyanathan (Upto 31st August, 2012)

BANKERS

ICICI Bank Ltd.
Citibank N. A.
IDBI 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
Tel: (022) 25963838
(Contact Person – Mrs. Sujata Poojary/
Ms. Manisha Soni)
Email: sujata.poojary@intimespectrum.com
Email: manisha.soni@intimesepctrum.com

REGISTERED OFFICE

B-52, Electronic Sadan 1,
MIDC, TTC Area,
Mahape,
Navi Mumbai- 400 710



NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of Zenith Infotech Limited will be held at 11.30 a.m. on Thursday, 28th March, 2013 at the Auditorium of Hotel Abbott, Sector 2, Near Vashi Bus Station, Vashi, Navi Mumbai – 400 703, to transact the following business:-

A. ORDINARY BUSINESS:-

1. To receive and adopt the Directors' Report and the audited Balance Sheet as at 30th September, 2012 and the audited Profit and Loss Account for the year ended on that date.
2. To appoint a Director in place of Mr. Vijay Ram Mukhi who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint the Statutory Auditors and to fix their remuneration.

B. SPECIAL BUSINESS:-

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

4. AS A SPECIAL RESOLUTION

“RESOLVED THAT pursuant to Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, and subject to the conditions specified in Schedule XIII to the Companies Act, 1956, the Company hereby approves the remuneration of Mr. Akash Saraf as the Managing Director of the Company for a period 2 years with effect from 1st February, 2013 on the terms and conditions set out in the draft Agreement submitted to this Meeting and for identification signed by a Director of the Company, which Agreement is hereby specifically sanctioned with liberty to the Directors to alter and/or vary the terms and conditions of the said Agreement in such manner, from time to time, as may be agreed to between the Directors and Mr. Akash Saraf.”

By Order of the Board
For ZENITH INFOTECH LIMITED

MUMBAI
14TH FEBRUARY, 2013

(RAJ KUMAR SARAF)
CHAIRMAN & 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 Thursday, 21st March, 2013 to Thursday, 28th March, 2013 (both days inclusive).
- 3 All matters in connection with the Shares of the Company may be addressed to the Company's Registrar and Transfer Agents viz. M/s. Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, Lal Bahadur Shastri Marg, Bhandup (West), Mumbai 400 078. Members are requested to quote their respective folio numbers / ISIN –ID numbers and also notify the change of address, if any, to the Company's Transfer Agents.
- 4 Shareholders desiring information as regards the accounts are requested to write to the Company at least 10 days before the Annual General Meeting to enable the Management to keep the information ready.
- 5 Item No. 2 – additional information required to be furnished under Clause 49 of the Listing Agreements with the Stock Exchanges :-

Mr. Vijay Ram Mukhi is a Bachelor of Engineering, aged about 55 years and is a Director of one other Company. He was appointed as a Director of the Company in 1999 and continues to be a rotational Director. He has over 30 years' wide and varied experience in the field of Information Technology and is considered the 'Guru of Internet', in India.



INFOTECH LTD.

16th Annual Report 2011 - 2012

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

Item No.4

Mr. Akash Saraf was reappointed by the Board of Directors as the Managing Director of the Company for a period 5 years, from 1st February, 2010 to 31st January, 2015, on a remuneration determined at 5% of the net profits of the Company or Rs. 4,00,000/- per month in case of insufficient or inadequate profits or loss made by the Company in any particular year. The Remuneration Committee of the Board approved the remuneration of Mr. Akash Saraf, at Rs. 4,00,000/- per month in its meeting held on the 14th February, 2013 in accordance with the amended Schedule XIII to the Companies Act, 1956 and the said decision of the Remuneration Committee was confirmed by the Board in its meeting held on the 14th February, 2013; the payment of remuneration is now required to be approved as a Special Resolution by the Shareholders in the ensuing 16th Annual General Meeting (AGM). The draft Agreement between the company and Mr. Akash Saraf, the Managing Director, contains the terms and conditions, the more important of which are as follows:

1. Period of Agreement for payment of remuneration.
For a period of two years from 1st February, 2013 to 31st January, 2015.
2. Nature of Duties
The Managing Director shall carry out such duties as are entrusted to him, subject to the supervision and control of the Board of Directors.
3. (A) Remuneration – 5% of the net Profits of the Company (including Commission of 1%) subject to a substantive salary (inclusive of H.R.A. and C.C.A.) of Rs. 4,00,000/- per month.
(B) Perquisites: In addition to the above, the Managing Director shall also be entitled to provident fund and superannuation fund benefits, the aggregate of which shall not exceed 25% of the salary, gratuity not exceeding 15 days salary for every completed year of service, 30 days leave for every completed year of service and encashment of leave at the end of the tenure.

(C) Minimum Remuneration: Notwithstanding anything to the contrary contained herein where in any financial year during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company will pay the substantive salary and perquisites as specified above.

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

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

1. General Information

The Company is Software Company engaged in the manufacture, distribution, marketing, sale of software products and IT services. The Company's product line is in the private cloud computing and cloud based back-up and disaster recovery market and is covered by the TigerCloud and BDR product line of the Company. The Company does not have any secured loans. The Company's overseas investments have been in its subsidiary Companies in Singapore and UAE.



2. Information about Mr. Akash Saraf

Mr. Akash Saraf is B. Com., ACA, is 34 years old and has over 14 years of extensive exposure and well rounded experience in the area of software development and marketing. He is presently entrusted with the substantive domestic and overseas operations of the Company. He has co-authored 3 books on software development and training and two of them have been extensively sold in Singapore, Indonesia, Malaysia, USA and UK. The Board of Directors considers him to be eminently suitable, based on the job profile, his experience and knowledge for the post. Mr. Akash Saraf holds 29,97,900 Equity Shares in the Company (23.64% of the paid-up Capital) and is related to Mr. Raj Kumar Saraf, the Chairman and Director of the Company.

3. Other Information

The Company has operational profits during the year ended 30th September, 2011, in consonance with the business of demand and supply in the industry as a whole, both in India and overseas. The Company's overseas operations are expected to increase

substantially in the current year i.e. 2012-2013 and the management is of the view that these operations would positively impact the financial performance of the Company; the domestic operations of the Company are poised for a healthy growth, both in terms of products and services.

4. Disclosure

Mr. Rajkumar Saraf, the Chairman and Director of the Company does not receive any remuneration from the Company except sitting fees for attending meetings of the Board and/or its Committees. The other Directors also do not receive any remuneration except sitting fees for attending meetings of the Board and/or its Committees. Mr. R.K. Saraf is related to Mr. Akash Saraf and he may be deemed to be concerned or interested in this resolution. None of the other Directors is concerned or interested in the resolution.

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

**MUMBAI
14TH FEBRUARY, 2013**

**(RAJ KUMAR SARAF)
CHAIRMAN & DIRECTOR**



INFOTECH LTD.

16th Annual Report 2011-2012

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their 16th Annual Report and the audited Accounts for the financial year ended 30th September, 2012.

FINANCIAL HIGHLIGHTS

(Rs.in lakhs)

	2011-2012 (Financial Year of 12 Months)	2010-11 (Financial Year of 18 Months)
Profit/ (Loss) before Depreciation & Taxation	(4681.38)	5728.34
Less : Depreciation	1269.24	4041.08
Profit / (Loss) before Taxation & Exceptional Items	(5950.62)	1687.26
Less : Exceptional Items	NIL	(3032.81)
Profit / (Loss) before Tax	(5950.62)	(1345.55)
Less : Provision for Taxation	NIL	2975.50
Profit/(Loss) after taxation available for appropriation	(5950.62)	(4321.05)
Profit/(Loss) brought forward from the previous year	NIL	34.36
Amount available for appropriations :	(5950.62)	(4286.69)
Appropriations		
Proposed Dividend	NIL	NIL
Tax on Proposed Dividend	NIL	NIL
Transfer to General Reserves	(5950.62)	(4286.69)
Balance Profit / (Loss) carried to the Balance Sheet	NIL	NIL

COMPANY'S ACTIVITIES

The Company suffered a sharp drop in its business during fiscal 2012, on account of a weak US economy as well as the reputational and financial damage the Company has suffered on account of its ongoing litigation. The Company's turnover was at Rs. 10661.51 Lakhs as against Rs. 49446.84 Lakhs in the previous year (of 18 months). Your Company's operations, during the year under report, yielded a loss of Rs. 5950.62 Lakhs.

DIVIDEND

Your Directors do not recommend payment of any Dividend in view of the loss made during the financial year ended 30th September, 2012.

REVIEW OF OPERATIONS

- a) During the year, the Earnings before Interest, Depreciation and Taxes (EBIDTA) of the Company was negative at Rs. 4504.08 Lakhs as against Rs. 11052.66 Lakhs during the previous year.

Exports of the company's TigerCloud and BDR products were Rs. 10588.05 Lakhs as against Rs. 48674.34 Lakhs during the previous year (comprising 18 months).

PROSPECTS AND OUTLOOK

- Your Directors are fully seized of the fact that the need of the hour is to enhance the Revenue and Profit to higher levels and to achieve this end, efforts have been initiated by adding on value of products, customers and markets.



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

SUBSIDIARY COMPANIES

The Board of Directors had passed a resolution in its meeting held on 14th February, 2013, pursuant to 'General Circulars No. 2 & 3/2011 dated 08.02.2011 and 21.02.2011, giving consent, inter alia, for not attaching the audited Accounts of its subsidiary companies The audited Statements of Accounts of the Company's Subsidiary Companies in Singapore, Malaysia and the UAE in respect of the financial year ended 31st March, 2012 have therefore not been attached, pursuant to Section 212(8) of the Indian Companies Act, 1956. The list of subsidiaries included in the Consolidated Financial Statements and the Company's holding therein is appended hereto as Annexure 'C' and forms part of this Report.

FIXED DEPOSITS

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

COMPULSORY DEMATERIALISATION OF COMPANY'S SHARES

The Company's Securities were compulsorily dematerialized with effect from 28th February, 2001 and continue to be traded in the electronic form 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 (BSE), Mumbai and the National Stock Exchange of India Limited (NSE), Mumbai.

The Company has paid the requisite Annual Listing Fees for the year 2012-13, to the above Exchanges.

DIRECTORS

Mr. Vijay Mukhi retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, offers himself for re-appointment.

BUSINESS EXCELLENCE AND QUALITY INITIATIVES

Your Company continues its process in the Zenith Business Excellence Model known as ZBEM and the Company has gone through external assessment process with good results. A number of initiatives were launched in order to strengthen business processes.

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 30th September, 2012 and of the loss of the Company for that year;
- (3) that the Directors have taken proper and sufficient care for the maintenance of adequate records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- (4) that the Directors have prepared the annual accounts on a going concern basis.

FOREIGN CURRENCY CONVERTIBLE BONDS

The Company has issued Foreign Currency Convertible Bonds (FCCBs) of the value of US\$ 83 million. FCCBs of the value of US\$ 6.080 Million were converted into 8,93,879 Equity Shares of Rs. 10/- each, till date and these shares were duly listed on BSE and NSE in due time. FCCBs of the value of US \$ 76.92 million out of US\$ 83 million are



INFOTECH LTD.

16th Annual Report 2011 - 2012

outstanding as on 30th September, 2012. The Company's issued, subscribed and paid-up capital is Rs. 12,68,13,790/- divided into 1,26,81,379 Equity Shares of Rs. 10/- each, fully paid-up, as on 30.09.2012. The matter is currently under litigation in the Bombay High Court and hence sub-judice.

CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance as applicable to the Company, as per the amended Listing Agreements with the Stock Exchanges. The Report of Corporate Governance with the Auditors' Report thereon is annexed hereto in accordance with Clause 49 of the Listing Agreement 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 & THE PARTICULARS UNDER SECTION 217(2A)

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 Statement in respect employees drawing a salary of Rs. 5 lakhs per month or more for part of the year or Rs. 60 Lakhs or more per annum as required under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is enclosed as Annexure 'A' and forms part of this Report..

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 Annexure 'B' and forms part of this Report.

ACKNOWLEDGEMENTS

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

By Order of the Board

MUMBAI
14TH FEBRUARY, 2013

RAJKUMAR SARAF
CHAIRMAN



ANNEXURE 'B' 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 :	<u>Rs. In Lakhs</u>
Total foreign exchange used and earned	
(i) Expenditure in foreign currency	10336.38
(ii) Foreign Exchange earned	10588.05

FORM B

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION

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

Being a product company in the area of systems technology, the Company needs to continuously invest in R & D to keep its current products TigerCloud and BDR competitive with market requirements.

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

New product offerings which contribute to the revenue growth and profitability of the Company.

3. Future plan of action :

Continued development of new products and improvement in existing products.

TECHNOLOGY ABSORPTION ADAPTATION AND INNOVATION

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:

Tie up with various overseas companies for Cloud Computing products.

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

Greater variety and better quality product availability and enhanced quality of services.

3. Expenditure in R & D : Rs. in Lac's

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

4. Import of Technology :

No technology has been imported by way of foreign collaboration or otherwise for existing range of products and services of the Company.

MUMBAI
14TH FEBRUARY, 2013

By Order of the Board
RAJKUMAR SARAF
CHAIRMAN



INFOTECH LTD.

16th Annual Report 2011-2012

ANNEXURE 'C' TO THE DIRECTORS' REPORT

The list of subsidiaries included in the Consolidated Financial Statements and the Company's holding therein is given below:

Sr. No.	Name of the Subsidiary	Country of Incorporation	% of Company's Holding
1	ZENITH INFOTECH (S) PTE LTD.	SINGAPORE	97.56%
2	ZENITH INFOTECH SERVICES SDN BHD.	MALAYSIA	97.56%
3	ZENITH INFOTECH FZE	U.A.E.	100.00%
4	VU TELEPRESENCE FZC	U.A.E.	93.58%
5	ZENITH CLOUD COMPUTING FZC	U.A.E.	99.20%
6	VU TELEPRESENCE INC	U.S.A.	93.58%

By Order of the Board

MUMBAI
14TH FEBRUARY, 2013

RAJKUMAR SARAF
CHAIRMAN



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. The financial year of the Company comprises 12 months from 1st October, 2011 to 30th September, 2012.

I. Board of Directors

(A) Composition of Board

The present Board consists of one Executive Director and three Non-Executive Directors. Out of the Non-Executive Directors, two are Independent Directors and the other Director represents the Promoters. The 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 2011-12.

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

(B) Non Executive Directors' compensation and disclosures

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

(C) Other provisions as to Board and Committees

During the year 2011-12, 6 meetings of the Board of Directors were held on 15th November, 2011, 3rd January, 2012, 14th February, 2012, 12th April, 2012, 15th May, 2012 and 14th August, 2012.

The 15th Annual General Meeting of your Company was held on 4th February, 2012; the Company did not hold any Extra-ordinary General Meeting during the year.

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.



INFOTECH LTD.

16th Annual Report 2011 - 2012

Detailed information is given in the table :

Sr. No.	Name of Director	Category	Board Meetings attended during the year	Attendance at General Meetings	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
				AGM on 04.02.2012			
1.	Mr.Rajkumar Saraf	Chairman (Non-Executive)	6	Yes	10	9	2
2.	Mr.Vijay Ram Mukhi	Non-Executive	6	Yes	1	8	4
3.	Mr. Vipin Maneklal Shah	Non-Executive	6	Yes	4	6	2
4.	Mr. Akash Saraf	Managing Director	6	Yes	7	1	Nil

(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 September 30, 2012.

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 members is a Chartered Accountant, the other member is a Commerce and Law graduate.
- (iii) The Chairman of the Audit Committee is an Independent Director.
- (iv) The 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, 5 Audit Committee meetings were held on 15th November, 2011, 3rd January, 2012, 14th February, 2012, 15th May, 2012 and 14th August, 2012. The Audit Committee meetings are held either at the registered office or at 30, MIDC, Central Road, Andheri (East), Mumbai – 400 093.



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

Name of Member	Composition of the Audit Committee	Number of meetings attended
Mr. Vijay Mukhi	Chairman	5
Mr. R.K. Saraf	Member	5
Mr. Vipin Shah	Member	5

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

(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.



INFOTECH LTD.

16th Annual Report 2011 - 2012

(E) Review of information by Audit Committee

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

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

III. Subsidiary Companies

- (i) The Company does not have any listed/non listed Indian Subsidiary Company.
- (ii) The Company has unlisted Subsidiary Companies in Singapore, Malaysia, U.S.A., and the U.A.E. The financial statements are reviewed at the Board Meetings of the Holding Company.

IV. Meeting of Investors' Grievances Committee

During the year 4 meetings of the Investors' Grievances Committee were held on 15th November, 2011, 14th February, 2012, 15th May, 2012 and 14th August, 2012. 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 30 days.

V. Meetings of the Share Transfer Committee

Applications for transfer of shares held in physical form are received at the office of the Registrars and Share Transfer Agents (RTA) of the Company. The Board Committee attends to share transfer formalities at least once in 15 days. In accordance with the new Guidelines issued by the Securities and Exchange Board of India, the Transfer and Transmission of Shares are done by the RTA within 15 days of the receipt of the transfer documents. The Board has therefore dissolved the Share Transfer Committee of the Board with effect from 14th August, 2012; the RTA furnishes a statement showing the details of the transfers and transmission of shares on a calendar quarter basis for ratification by the Board of Directors.

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.



VI. Disclosures

(A) Basis of related party transactions

- (i) The statements containing the transactions with related parties were submitted periodically to the Audit Committee.
- (ii) There were no material individual transactions with related parties during the year, which were not in the normal course of business; the said transactions were in the normal course of business and were at an arm's length basis.

(B) Disclosure on Accounting Standards

The Company generally follows the generally accepted Accounting Policies and the prescribed Accounting Standards and the provisions of the Companies Act 1956.

(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. Akash Saraf, Managing Director was paid the following remuneration:-

Salary :	Rs. 22,15,380/-
House Rent Allowance :	Rs. 14,76,924/-
City Compensatory Allowance :	Rs. 11,07,696/-
Total :	Rs. 48,00,000/-

(ii) Non-Executive Directors

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



INFOTECH LTD.

16th Annual Report 2011 - 2012

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

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

(G) Means of Communication

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

Management Discussion and Analysis Report

The Company's business comprises domestic and overseas operations:

During the year, the Company suffered a decline in revenues due to a weakened US economy as well as on account of the reputational damage suffered by the Company as a result of the litigation. Revenues declined from Rs. 49446.84 Lakhs in the previous accounting year (of 18 months) to Rs. 10661.51 Lakhs during the current year (of 12 months). During the year the Company launched its TigerCloud product in a press conference in New Delhi in April, 2012 along with Intel Corporation. This product has been received very well in the international markets and compares favorably in terms of technology to competing products from multinational giants. The management of the Company expects this product to contribute to the growth of the Company's revenues in the future. The Company also launched a new version of its BDR product line, called BDR-G12. BDR-G12 has been well received by the customer base of the Company.

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 September 30, 2012 was 903.

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

16th Annual General Meeting

- (i) **Day, Date, time and Venue** : Thursday, 28th March, 2013 at 11.30 a.m.
Auditorium of Hotel Abott, Near Vashi Bus Station, Sector 2, Vashi, Navi Mumbai 400 703
- (ii) **Current Financial year** : 1st October, 2011 to 30th September, 2012
- (iii) **Date of Book Closure** : Thursday, 21st March, 2013 to Thursday, 28th March, 2013
(both days inclusive)



(iv) **Dividend Payment Date** : There is no dividend.

(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 : 532298
The Bombay Stock Exchange (demat) : Code : INE 899A01017
The National Stock Exchange (demat) : Code : INE 899A01017

(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
2010-2011	04.02.2012	Auditorium of Hotel Abott, Near Vashi Bus Station, Sector 2, Vashi, Navi Mumbai 400 703	4.00 p.m.
2009-2010	07.08.2010	Vishnudas Bhave Natyagruha, Sector 16-A, Vashi, Opp.: Vashi Bus Stand, Navi Mumbai – 400 703.	10.00 a.m.
2008-2009	30/09/2009	Vishnudas Bhave Natyagruha, Sector 16-A, Vashi, Opp.: Vashi Bus Stand, Navi Mumbai – 400 703.	11.30 a.m.

(viii) **Market price information**

The high and low closing prices during the year ended September 30, 2012 on the Bombay Stock Exchange and the National Stock Exchange where your Company's shares are frequently traded, are given below:

Month	Bombay Stock Exchange		National Stock Exchange	
	High	Low	High	Low
October, 2011	195.05	50.45	170.00	49.60
November, 2011	57.75	35.50	57.50	35.95
December, 2011	50.55	32.35	50.60	31.90
January, 2012	49.90	39.00	46.80	36.85
February, 2012	46.00	39.90	47.00	37.15
March, 2012	42.95	36.40	44.80	36.15
April, 2012	44.00	36.20	41.50	33.00
May, 2012	42.45	34.00	41.50	33.15
June, 2012	38.85	30.10	40.80	30.60
July, 2012	39.40	32.25	39.80	32.00
August, 2012	39.45	30.05	36.50	30.00
September, 2012	36.70	28.55	35.20	29.10



INFOTECH LTD.

16th Annual Report 2011-2012

(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., 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 September 30, 2012 :

	Category	No. of Equity shares held	Percentage of shareholding
A	Promoters		
1	Indian Promoters (Individuals/HUF)	64,63,775	50.97
2	Foreign Promoters	NIL	NIL
3	Bodies Corporate	17,65,077	13.92
B	Non-Promoters Holding		
1	Institutional Investors		
A	Mutual Funds and UTI	NIL	NIL
B	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non- Government Institutions)	NIL	NIL
C	FIs	15,16,986	11.96
2	Others		
A	Bodies Corporate	9,45,806	7.46
B	Clearing Members (Shares in Transit)	12,803	0.10
C	NRIs/OCBs/Foreign Nationals/Companies	2,15,060	1.70
D	Individuals holding nominal share capital upto Rs.1 lakh	10,53,989	8.31
E	Individuals holding nominal share capital of more than Rs.1 lakh	5,57,883	4.40
F	Trust	150,000	1.18
	TOTAL	12681379	100.00

The Company has converted Foreign Currency Convertible Bonds (FCCBs) and allotted 4,45,935 Equity Shares of Rs. 10/- each fully paid, up to 30th September, 2012.

Shareholding pattern as on September 30, 2012:

SHAREHOLDING OF NOMINAL VALUE OF RS.			SHAREHOLDERS NUMBER	% AGE OF TOTAL	SHARE AMOUNT RS.	% AGE OF TOTAL
1	-	5000	11,817	97.84	78,79,990	6.21
5001	-	10000	134	1.11	10,44,040	0.82
10001	-	20000	56	0.46	8,42,880	0.67
20001	-	30000	17	0.14	4,41,800	0.35
30001	-	40000	8	0.07	2,79,980	0.22
40001	-	50000	7	0.06	3,29,020	0.26
50001	-	100000	10	0.08	6,64,430	0.52
100001	-	*****	29	0.24	11,53,31,650	90.95
TOTAL			12,078	100.00	12,68,13,790	100.00



(xi) Dematerialisation of shares and liquidity

97.00% of the equity shares have been dematerialized by about 66.16% of the shareholders as on 30th September, 2012. The Company's shares can be traded only in dematerialized form as per SEBI notification. The Company has entered into Agreement with NSDL and CDSL whereby shareholders have the option to dematerialize their shares with either of the depositories. Equity shares are actively traded in BSE and NSE.

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

FCCBs of the value of US\$ 6.08 million have been converted into Equity Shares of Rs. 10/- each, so far; FCCBs of the value of US \$ 76.92 million out of US\$ 83 million, are outstanding as on 30th September, 2012.

(xiii) Address for correspondence

Zenith Infotech Limited
B-52, Electronic Sadan 1,
MIDC, TTC Area, Mahape,
Navi Mumbai - 400 710.

(xiv) Electronic Clearing Service (ECS)

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

NON-MANDATORY REQUIREMENTS

(a) Remuneration Committee

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

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

The scope and functions of the Remuneration Committee are to review and fix the remuneration payable to the Managing Director of the Company. The Committee did not hold any meeting of the Remuneration Committee 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: 14th February, 2013

RAJ KUMAR SARAF
CHAIRMAN



INFOTECH LTD.

16th Annual Report 2011 - 2012

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 September 30, 2012.

**Place: Mumbai,
Date: 14th February, 2013**

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

For **ZENITH INFOTECH LIMITED**

**Mumbai
14th February, 2013**

**DR. V.G. CHARI
COMPANY SECRETARY**



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

To
The Board of Directors,
ZENITH INFOTECH LIMITED
B-52, 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 Infotech Limited ("the Company"), for the year ended September 30, 2012, 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,
14th February, 2013

C.L. KHANNA
PROPRIETOR
MEMBERSHIP NO. : 004988



INFOTECH LTD.

16th Annual Report 2011 - 2012

AUDITORS REPORT

To The Members of Zenith Infotech Limited

1. We have audited the attached Balance Sheet of **Zenith Infotech Limited, Mumbai** as at 30th September, 2012 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 account as required by law have been kept by the Company so far as appears from our examination of such books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
 - 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 except as referred to in Notes on Financial Statements.
 - e. On the basis of written representations received from the Directors as on 30th September 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30th September, 2012 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 30th September, 2012,
- (ii) In the case of Profit and Loss Account, of the loss for the year ended on that date, and
- (iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

**Place : Mumbai
Date : 14th February, 2013**

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



INFOTECH LTD.

16th Annual Report 2011 - 2012

ANNEXURE TO THE AUDITORS REPORT

Re: Zenith Infotech 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 30th September 2012.
- (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 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 and 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 and 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 and 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 services and sale of goods, and services aggregating during the year in excess of Rs. 5 Lakhs in respect of each party have been made at prices which are reasonable having regard to the prevailing market prices of such goods, or services or the prices of which transaction for similar goods, 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) According to the information and explanations given to us in respect of Statutory and other dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-tax, Sales-tax, Wealth Tax, Cess, Service tax 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:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (RS. IN LAKHS)	PERIOD	FORUM WHERE DISPUTE IS PENDING
BMC ACT, 1888	Property Tax	14.14	APRIL 2009 TO MARCH 2011	Small Causes Court, Mumbai

- (x) The Company has accumulated losses at the end of the year. It has also incurred cash loss of Rs.4681.38 lakhs during the current accounting year whereas, it did not incur any cash loss in the immediately preceding year.
- (xi) 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.
- (xii) According to the information and explanations given to us, the Company has not given loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) 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.
- (xiv) During the year, no Term loans were availed by the company.
- (xv) 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.
- (xvi) The Company has not made any preferential allotment during the year.
- (xvii) No securities have been created by issue of debentures during the year.
- (xviii) The Company has not raised any money by public issue of shares during the year.
- (xix) 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
Date : 14th February, 2013**

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



INFOTECH LTD.

16th Annual Report 2011-2012

BALANCE SHEET AS AT 30TH SEPTEMBER, 2012

	Notes	As at 30.09.2012		As at 30.09.2011	
		Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
EQUITY AND LIABILITIES					
SHARE HOLDERS' FUNDS					
Share Capital	1	1268.14		1268.14	
Reserves & Surplus	2	<u>6967.24</u>	<u>8235.38</u>	<u>9970.09</u>	11238.23
NON-CURRENT LIABILITIES					
Long-term borrowings	3	30744.92		30744.92	
Deferred tax liabilities (Net)		0.00		0.00	
Long-term liabilities		0.00		0.00	
Long-term provisions	4	<u>7690.88</u>	<u>38435.80</u>	<u>7728.66</u>	38473.58
CURRENT LIABILITIES					
Short-term borrowings		0.00		0.00	
Trade payables	5	1628.89		320.56	
Other current liabilities	6	4425.93		4529.81	
Short-term provisions	7	<u>2975.50</u>	<u>9030.32</u>	<u>2975.50</u>	<u>7825.87</u>
TOTAL			<u>55701.50</u>		<u>57537.68</u>
ASSETS					
NON-CURRENT ASSETS					
Fixed Assets:					
Tangible	8	19272.90		10835.09	
Intangible		0.00		0.00	
Non-current investments	9	1354.80		1354.80	
Deferred tax assets (Net)		0.00		0.00	
Long-term loans and advances	10	9472.18		2954.23	
Other non-current assets		<u>0.00</u>	<u>30099.88</u>	<u>0.00</u>	15144.12
CURRENT ASSETS					
Current investments	11	1269.79		3361.86	
Inventories	12	2757.50		1635.67	
Trade receivables	13	12881.96		13914.99	
Cash and cash equivalents	14	3123.78		13367.34	
Short-term loans and advances	15	2030.27		9463.92	
Other current assets	16	3538.32	<u>25601.62</u>	649.78	<u>42393.56</u>
TOTAL			<u>55701.50</u>		<u>57537.68</u>
Significant Accounting Policies					
Notes on financial statements					
	1 to 38				

The notes referred to above, form an integral part of the Balance Sheet
As per our Report of even date

C. L. KHANNA & CO.
CHARTERED ACCOUNTANTS

C. L. KHANNA
PROPRIETOR
(Membership No.004988)

MUMBAI,
Dated: 14th February, 2013

For & On behalf of the Board of Directors

RAJKUMAR SARAF
CHAIRMAN & DIRECTOR

VIJAY RAM MUKHI
DIRECTOR

Dr. V. G. CHARI
COMPANY SECRETARY

AKASH SARAF
MANAGING DIRECTOR



STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

	Notes	2011-12 (12 months) Rs. in lakhs	2010-11 (18 months) Rs. in lakhs
INCOME :			
Revenue from operations	17	10661.51	49446.84
Other Income	18	527.22	1393.19
Total Revenue		11188.73	50840.03
EXPENDITURE :			
Cost of sales and services	19	5249.34	16714.35
Employee benefits expense	20	4464.86	9929.59
Finance costs	21	177.31	5324.32
Depreciation and amortization expense		1269.25	4041.08
Other expenses	22	5978.60	13143.43
Total Expenses		17139.36	49152.77
Profit before exceptional items and tax		(5950.63)	1687.26
Exceptional items:			
a) Gain on Sale of MS division		0.00	4579.69
b) Forex loss		0.00	(7612.50)
Profit before tax		(5950.63)	(1345.55)
Tax expense:			
Current tax		0.00	2975.50
Deferred tax		0.00	0.00
Profit for the year		(5950.63)	(4321.05)
Basic & Diluted Earnings per Share of face value of Rs.10 each fully paid (Rs.)		(46.92)	(34.07)

Significant Accounting Policies

Notes on financial statements

1 to 38

The notes referred to above, form an integral part of the Profit and Loss Account
As per our Report of even date

C. L. KHANNA & CO.
CHARTERED ACCOUNTANTS

For & On behalf of the Board of Directors

C. L. KHANNA
PROPRIETOR
(Membership No.004988)

RAJKUMAR SARAF
CHAIRMAN & DIRECTOR

VIJAY RAM MUKHI
DIRECTOR

MUMBAI,
Dated: 14th February, 2013

Dr. V. G. CHARI
COMPANY SECRETARY

AKASH SARAF
MANAGING DIRECTOR



INFOTECH LTD.

16th Annual Report 2011 - 2012

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 except assets which are revalued 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, except Computers (Hardware & Software), 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. Depreciation on Computers (Hardware & Software) is provided on the basis of Written Down Value 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) 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.

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, 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) Service tax/ Sales tax/ VAT

Service tax is accounted for on the basis of payments made in respect of 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) Taxation

Provision for taxation is made as per the applicable provisions of the Income Tax Act.

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.

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 under the relevant heads of account.



INFOTECH LTD.

16th Annual Report 2011 - 2012

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

As at 30.09.2012 **As at 30.09.2011**
Rs. in lakhs **Rs. in lakhs** **Rs. in lakhs** **Rs. in lakhs**

NOTE 1

SHARE CAPITAL

AUTHORISED

2,50,00,000 Equity Shares of Rs.10/- each	<u>2500.00</u>	<u>2500.00</u>
---	-----------------------	----------------

ISSUED AND SUBSCRIBED:

1,26,81,379 Equity Shares of Rs.10 each	<u>1268.14</u>	<u>1268.14</u>
---	-----------------------	----------------

PAID UP

1,26,81,379 Equity Shares of Rs.10 each fully paid	<u>1268.14</u>	<u>1268.14</u>
--	-----------------------	----------------

The details of Shareholders holding more than 5% shares:

Name of the Shareholder	<u>No. of Shares</u>	<u>% held</u>	<u>No. of Shares</u>	<u>% held</u>
Akash Saraf	2,997,900	23.64	2,997,900	23.64
Rajkumar Saraf	1,286,993	10.15	1,286,993	10.15
Rajkumar Saraf (H.U.F.)	1,457,658	11.49	1,457,658	11.49
Zenith Technologies Pvt Ltd	1,500,000	11.83	1,500,000	11.83
Acacia Partners LP	-	-	745,957	5.88
Acacia Institutional Partners LP	710,910	5.61	-	-

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

	<u>No. of Shares</u>	<u>No. of Shares</u>
Equity shares at the beginning of the year	12,681,679	12,681,379
Movement during the year	<u>NIL</u>	<u>NIL</u>
Equity shares at the end of the year	<u>12,681,679</u>	<u>12,681,379</u>



NOTE 2

RESERVES & SURPLUS :

Share Premium Account

As per last Balance Sheet

As at 30.09.2012		As at 30.09.2011	
Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
3624.75		3624.75	
	<u>3624.75</u>		<u>3624.75</u>

Revaluation Reserve

As per last Balance Sheet

58.67		58.67	
-------	--	-------	--

Add: During the year

2947.78	3006.45	0.00	58.67
---------	---------	------	-------

Additions to Revaluation Reserve Rs.2947.78 lakhs, represents appreciation on revaluation of Land and Building

General Reserve

As per last Balance Sheet

6286.67		10573.36	
(5950.63)	336.04	(4286.69)	6286.67

Add: Transferred from Profit and Loss account

Profit and Loss account

As per last Balance Sheet

0.00		34.36	
------	--	-------	--

Add: Transferred from Profit and Loss account

(5950.63)		(4321.05)	
-----------	--	-----------	--

Less: Transferred to General Reserves

5950.63	0.00	4286.69	0.00
	<u>6967.24</u>		<u>9970.09</u>

NOTE 3

Long-term borrowings

Secured:

NIL		NIL	
-----	--	-----	--

Unsecured:

30744.92	30744.92	30744.92	30744.92
----------	----------	----------	----------

Foreign Currency Convertible Bonds (FCCB)

NOTE 4

Long-Term Provisions

Forex fluctuation liability on FCCB

7612.50		7612.50	
78.38	7690.88	116.16	7728.66

Provision for gratuity

NOTE 5

Trade Payables

Sundry Creditors

(As per the information available with the Company, the amounts payable under the MSMED Act, 2006 are NIL)

1628.89	320.56
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INFOTECH LTD.

16th Annual Report 2011 - 2012

	As at 30.09.2012		As at 30.09.2011	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
NOTE 6				
Other Current Liabilities	4223.21		4223.21	
Interest payable on FCCB	14.48		16.59	
Unclaimed dividend	22.91		14.76	
Statutory liabilities	<u>165.33</u>	<u>4425.93</u>	<u>275.25</u>	<u>4529.81</u>
Payable to staff				

NOTE 7				
Short-Term Provisions		<u>2975.50</u>		<u>2975.50</u>
Provision for income tax				

NOTE 8										
FIXED ASSETS (TANGIBLE)										
Rs. In Lakhs										
DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON 1.10.11	ADDITIONS	SALE/ADJ	COST AS ON 30.9.12	UPTO 30.9.11	FOR THE YEAR	DEDUCTED ON SALE/ADJ	UPTO 30.9.12	AS ON 30.9.12	AS ON 30.9.11
Land	799.00	923.22	-	1,722.22	-	-	-	-	1,722.22	799.00
Building	5,446.94	2,063.70	-	7,510.64	108.49	58.10	-	166.59	7,344.05	5,338.45
Furniture & Fixtures	298.65	12.26	16.25	294.66	54.39	18.26	2.06	70.59	224.07	244.26
Factory & Office Equipment	92.91	19.17	-	112.08	14.95	4.88	-	19.83	92.25	77.96
Computers (Hardwares & Softwares)	7,673.72	5,122.66	57.43	12,738.95	3,404.47	1,182.25	6.95	4,579.77	8,159.18	4,269.25
Electrical Fittings	121.05	-	-	121.05	14.88	5.76	-	20.64	100.41	106.17
CAPITAL W.I.P.	-	1,630.72	-	1,630.72	-	-	-	-	1,630.72	-
TOTAL	14,432.27	9,771.73	73.68	24,130.32	3,597.18	1,269.25	9.01	4,857.42	19,272.90	10,835.09
PREVIOUS YEAR	29,278.38	12,572.56	27,418.67	14,432.27	10,444.49	4,041.07	10,888.38	3,597.18	10,835.09	18,833.89

NOTE :

Additions to Land Rs.923.22 lakhs, represents appreciation on revaluation during the current year

Additions to Buildings include, inter-alia Rs.2024.56 lakhs towards appreciation on revaluation during the current year

NOTE 9

Non-current Investments

Unquoted:

Subsidiary Companies

a) Zenith Infotech (S) Pte Ltd, Singapore	105.19		105.19	
Equity Shares of Sing \$ 1 each fully paid				
b) Equity Shares of Zenith Infotech FZE, U.A.E.	<u>1249.61</u>	<u>1354.80</u>	<u>1249.61</u>	<u>1354.80</u>
Equity Share of AED 9521250, fully paid				



NOTE 10

Long-term loans and advances

(Unsecured and considered good)

Notional Profit Allocation

Security Deposits

Escrow account - Wells Fargo Bank

	As at 30.09.2012		As at 30.09.2011	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Notional Profit Allocation	6517.00		0.00	
Security Deposits	21.18		20.23	
Escrow account - Wells Fargo Bank	<u>2934.00</u>	<u>9472.18</u>	<u>2934.00</u>	<u>2954.23</u>

NOTE 11

Current Investments

Unquoted:

Mutual Funds:

a) Birla Sunlife Cash Manager Institutional Plan

b) DWS Ultra Short Term Fund

c) Franklin Templeton Short Duration Fund

d) ICICI PRU Ultra Short Term Plan

e) JM Money Manager Fund Super Plus Plan

f) L & T Ultra Short Term Fund

g) Reliance Fixed Horizon Fund

h) Reliance Monthly Interval Fund

i) Birla Sunlife Ultra Short Term Fund

j) Birla Sunlife Short Term Fund

k) Edelweiss Ultra Short Term Bond Fund

	No. of units	Value	No. of units	Value
	-	-		
a) Birla Sunlife Cash Manager Institutional Plan	-	-	1459060	250.00
b) DWS Ultra Short Term Fund	-	-	1659875	200.00
c) Franklin Templeton Short Duration Fund	-	-	4602738	500.00
d) ICICI PRU Ultra Short Term Plan	-	-	875526	100.00
e) JM Money Manager Fund Super Plus Plan	-	-	2083377	300.00
f) L & T Ultra Short Term Fund	-	-	3051125	500.00
g) Reliance Fixed Horizon Fund	-	-	4000000	400.00
h) Reliance Monthly Interval Fund	-	-	5459674	900.00
i) Birla Sunlife Ultra Short Term Fund	274467	500.00	-	-
j) Birla Sunlife Short Term Fund	841493	350.00	-	-
k) Edelweiss Ultra Short Term Bond Fund	23,366	308.26	-	-
		<u>1158.26</u>		<u>3150.00</u>

Secured Redeemable Debentures:

IVRCL Assets & Holdings Ltd (face value of Rs.10 lakhs each)

Quoted:

Equity Shares:

Indiabulls Power Ltd (F.V.Rs.10 per share)

Twilight Litika Pharma Ltd (F.V.Rs.5 per share)

(Aggregate Market Value Rs.33.82 lakhs, previous year Rs.31.22 lakhs)

	-	-	10	101.05
Indiabulls Power Ltd (F.V.Rs.10 per share)	246243	110.81	246243	110.81
Twilight Litika Pharma Ltd (F.V.Rs.5 per share)	5400	0.72	-	-
		<u>1269.79</u>		<u>3361.86</u>

NOTE 12

Inventories

Raw material & semi-finished goods

Finished goods

Stores and spares

Raw material & semi-finished goods	2754.82		1633.70	
Finished goods	0.00		0.00	
Stores and spares	<u>2.68</u>	<u>2757.50</u>	<u>1.97</u>	<u>1635.67</u>

(Mode of valuation :

lower of cost or net realisable value - FIFO basis)



INFOTECH LTD.

16th Annual Report 2011 - 2012

	As at 30.09.2012		As at 30.09.2011	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
NOTE 13				
Trade receivables				
(Unsecured and considered good)				
Over six months		3259.32	2770.00	
Others		<u>9622.64</u>	<u>11144.99</u>	<u>13914.99</u>
		<u>12881.96</u>		
NOTE 14				
Cash and cash equivalents				
Cash on hand		3.33	3.47	
Balances with banks		463.22	11377.40	
Balances with banks - Unclaimed Dividend		14.48	16.59	
Fixed deposit with banks - Margin money		2.77	663.95	
(Margin money includes fixed deposits of Rs.1.25 lakhs with maturity of more than 12 months (previous year Rs. 2.74 lakhs))				
others		<u>2639.98</u>	<u>1305.93</u>	<u>13367.34</u>
		<u>3123.78</u>		
NOTE 15				
Short-term loans and advances				
(Unsecured and considered good)				
Others:				
Inter-corporate Deposits		584.89	1642.66	
Deposits		11.38	20.86	
Prepaid expenses		23.23	57.89	
Advance to subsidiaries		169.13	2209.43	
Advances to Vendors		1241.64	5533.08	
			<u>2030.27</u>	<u>9463.92</u>
NOTE 16				
Other current assets				
Advance taxes		3218.01	304.13	
Interest on fixed deposits accrued but not due		89.49	174.58	
Others		<u>230.82</u>	<u>171.07</u>	<u>649.78</u>
		<u>3538.32</u>		



NOTE 17

Revenue from Operations

	As at 30.09.2012		As at 30.09.2011	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Sales and services	10661.51		49446.84	
		<u>10661.51</u>		<u>49446.84</u>

NOTE 18

Other income

Interest on ICD/ fixed deposit with banks	248.94		1053.11	
Gain on sale of investments in mutual fund	202.59		284.85	
Dividend received	-		50.07	
Rent received	60.94		1.06	
Interest on income tax refund	14.71		3.99	
Other non-operating income	0.04		0.11	
		<u>527.22</u>		<u>1393.19</u>

NOTE 19

Cost of sales and services

Opening Stock	1635.67		878.79	
Add : Purchases	6371.17		17471.23	
	<u>8006.84</u>		<u>18350.02</u>	
Less: Closing Stock	2757.50		1635.67	
		<u>5249.34</u>		<u>16714.35</u>

NOTE 20

Employee benefits expense

Salaries, wages, bonus, gratuity	4483.10		9848.59	
Contribution to P.F., E.S.I.C. and other funds	30.43		28.15	
Excess provision of gratuity of earlier years w/off	(72.74)		0.00	
Staff Welfare	24.07		52.85	
		<u>4464.86</u>		<u>9929.59</u>

NOTE 21

Finance costs

Interest expenses	0.00		4223.74	
Other borrowing costs	19.83		99.64	
Loss/(gain) on foreign currency transactions	(6.56)		305.59	
Others	164.04		695.35	
		<u>177.31</u>		<u>5324.32</u>



INFOTECH LTD.

16th Annual Report 2011 - 2012

	2011-12 (12 months)		2010-11 (18 months)	
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
NOTE 22				
Other Expenses				
Advertisement & Publicity	243.82		905.81	
Bad Debts written off	254.29		93.55	
Conveyance	78.31		159.30	
Directors Sitting fee	9.00		11.40	
Electricity charges	103.82		142.83	
Hire charges	0.95		15.95	
Insurance charges	8.10		15.64	
(Profit)/Loss on sale of fixed asset	(3.13)		2.45	
Miscellaneous Expenses	122.02		343.27	
Postage & Courier	95.98		193.97	
Printing & Stationery	22.49		52.20	
Legal & Professional charges	562.38		636.99	
Software development expenses	498.69		1587.47	
Overseas taxes	494.88		951.55	
Rates & Taxes	4.35		7.44	
Rent	167.54		215.25	
Repairs & Maintenance	214.48		87.45	
Sales Commission	45.05		208.40	
Statutory levies	4.17		77.61	
Secretarial expenses	5.93		9.88	
Security charges	25.30		36.18	
Seminar expenses and trade shows	395.95		2614.23	
Payment to Auditors:				
Statutory Audit fee	2.50		3.55	
Others	0.54		0.81	
Subscription & Membership fee	78.40		172.95	
Communication & Data centre cost	2333.12		3753.39	
Tour & Travel expenses	217.68		360.44	
Vehicle expenses	2.41		4.08	
Water charges	3.16		3.02	
(Excess)/Short provision of income tax of earlier years	(13.58)		476.37	
		5978.60		13143.43



NOTE 23

Depreciation

During the current year, depreciation on Computers (Hardware & Software) has been charged @16% by WDV method as against the rate of 40% prescribed in Schedule XIV to the Companies Act, 1956. Thus, the short provision on account of depreciation during the current year amounts to Rs.1773.38 lakhs

	2011-12 (12 months) Rs.in Lakhs	2010-11 (18 months) Rs.in Lakhs
--	---------------------------------------	---------------------------------------

NOTE 24

Value of imports on CIF basis

Raw material and spares	50.83	530.25
Capital goods	<u>NIL</u>	<u>NIL</u>
	<u>50.83</u>	<u>530.25</u>

NOTE 25

Expenditure in foreign currency

Interest	NIL	4943.97
Foreign Travel	230.70	270.71
Royalty & Software Licenses	2802.20	5048.73
Professional fee	270.25	596.91
Staff Cost	2782.26	5856.54
Others	4250.97	11034.43

NOTE 26

Value of Indigenous and Imported raw material and spares consumed (sez unit)

	2011-12 (12 months)		2010-11 (18 months)	
	Rs.in Lakhs	% of Total	Rs.in Lakhs	% of Total
a. Imported	7.34	18.26	64.90	16.23
b. Indigenous	<u>32.85</u>	<u>81.74</u>	<u>334.98</u>	<u>83.77</u>
Total	<u>40.19</u>	<u>100.00</u>	<u>399.88</u>	<u>100.00</u>

NOTE 27

Earnings in foreign exchange

On Export of Sales & Services (FOB Value)	10588.05	48674.34
Others: Consideration on sale of MS Division	-	26754.37



INFOTECH LTD.

16th Annual Report 2011-2012

	2011-12 (12 months) Rs.in Lakhs	2010-11 (18 months) Rs.in Lakhs
NOTE 28		
Contingent liabilities (not provided for)		
Bank guarantees	2.74	21.41
Estimated amount of contracts to be executed on Capital Account and not provided for	15.00	20.00
Unexpired Letters of Credit	NIL	6790.97
Claims against the Company, not acknowledged as debt:		
Municipal property tax, Mumbai	14.14	14.14
Others	10.71	10.71
NOTE 29		
Related Party Disclosures:		
(I) List of Related Parties:		
(A) Subsidiaries		
1. Zenith Infotech (S) Pte Ltd, Singapore		
(i) Zenith Infotech SDN BHD, Malaysia		
2. Zenith Infotech FZE, U.A.E.		
(a) Zenith Cloud Computing FZC, U.A.E.		
(b) Vu telepresence FZC, U.A.E.		
(i) Vu Telepresence Inc., U.S.A.		
(B) Others		
3. Zenith Computers Limited		
4. Zeal Communications Pvt. Ltd.		
5. Vu Technologies Pvt Ltd		
(C) Key Management Personnel		
6. Mr. Akash Saraf - Managing Director		
(II) Transactions during the year with:		
(A) Subsidiaries		
Sales		103.99
Purchases		6.10
(B) Others		
Sales		164.38
Purchases		567.39
Expenses		25.21
Rent received		60.94
(C) Key Management Personnel		
Remuneration to Managing Director		48.00



(III) Outstanding balances:

(A) Subsidiaries

Notional Profit Allocation	6517.00
Outstanding Receivables	657.96
Outstanding Payables	NIL

(B) Others

Outstanding Receivables	NIL
Outstanding Payables	NIL

(C) Key Management Personnel

Outstanding Receivables	NIL
Outstanding Payables	2.97

2011-12
(12 months)
Rs.in Lakhs

NOTE 30

Accounting Period

The financial statements for the current year are for a period of 12 months ending 30th September, 2012 as against the preceding period of 18 months from 1st April, 2010 to 30th September, 2011

NOTE 31

Current tax

No provision for taxation is made in view of the loss in the current year

NOTE 32

Deferred tax

In accordance with AS22 issued by the ICAI and based upon the timing differences, the Company does not have deferred tax liability as on 30.9.2012 but has a deferred tax asset. The deferred tax asset has not been recognised in the accounts as a matter of prudence.

NOTE 33

Accounting Standards

Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956 have been followed wherever applicable. The monetary items denominated in foreign currency have not been restated (AS11).



INFOTECH LTD.

16th Annual Report 2011 - 2012

NOTE 34

Foreign Currency Convertible Bonds (FCCB)

- (a) The FCCBs of US\$ 26.92 million matured on 21.9.2011. The Company has not met the payment obligations of the said FCCB principal and interest accrued thereon. There is a dispute of the amount claimed.
- (b) The FCCB of US\$ 50 million (due 2012) matured on 18.8.2012. The coupon interest due thereon from 1.10.2011 to 18.8.2012 amounting to Rs.1896.26 lakhs has not been provided. The Company has not met the payment obligations of the said FCCB principal and the said interest. There is a dispute of the amount claimed.
- (c) A suit for recovery of disputed amount due on Bonds has been filed by the Trustees in the Bombay High Court. The Company is defending the disputed claim.

NOTE 35

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

NOTE 36

Income Tax Assessments have been completed upto Assessment Year 2010-11

NOTE 37

The amounts in the Balance Sheet and Profit and Loss Account are rounded off to the nearest rupees in Lakhs

NOTE 38

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

As per our Report of even date

C. L. KHANNA & CO.
CHARTERED ACCOUNTANTS

C. L. KHANNA
PROPRIETOR
(Membership No.004988)

MUMBAI,
Dated: 14th February, 2013

For & On behalf of the Board of Directors

RAJKUMAR SARAF
CHAIRMAN & DIRECTOR

Dr. V. G. CHARI
COMPANY SECRETARY

VIJAY RAM MUKHI
DIRECTOR

AKASH SARAF
MANAGING DIRECTOR



CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

	2011-2012 (12 months)		2010-2011 (18 months)	
	Rs. In lakhs	Rs. In lakhs	Rs. In lakhs	Rs. In lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
NET PROFIT BEFORE TAX		(5,950.63)		(1,345.55)
ADJUSTMENTS FOR:				
DEPRECIATION	1,269.25		4,041.08	
(PROFIT)/LOSS ON SALE OF ASSETS/MS DIVISION	(3.13)		(4,577.24)	
FINANCE COSTS	177.31		5,324.32	
OTHER RECEIPTS	(527.22)	916.21	(1,393.19)	3,394.97
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		(5,034.42)		2,049.42
ADJUSTMENTS FOR:				
TRADE & OTHER RECEIVABLES	1,974.07		(8,051.97)	
INVENTORIES	(1,121.83)		(756.88)	
TRADE PAYABLES & OTHER CURRENT LIABILITIES	1,166.67		8,896.80	
		<u>2,018.91</u>		87.95
CASH GENERATED FROM OPERATIONS		(3,015.51)		2,137.37
- FINANCE COSTS		(177.31)		(5,324.32)
- DIRECT TAXES PAID		<u>(2,913.88)</u>		233.36
CASH FLOW BEFORE EXTRAORDINARY ITEMS		(6,106.70)		(2,953.59)
PRIOR PERIOD ADJUSTMENTS		-		-
NET CASH FROM OPERATING ACTIVITIES		(6,106.70)		(2,953.59)
B. CASH FLOW FROM INVESTING ACTIVITIES				
PURCHASE/SALE OF FIXED ASSETS (NET)	(9,707.06)		3,957.73	
PURCHASE/SALE OF INVESTMENTS	2,092.07		3,076.07	
OTHER RECEIPTS	527.22		1,393.19	
PROFIT/(LOSS) ON SALE OF ASSETS/MS DIVISION	3.13		<u>4,577.24</u>	
		(7,084.64)		13,004.23
NET CASH USED IN INVESTING ACTIVITIES		(13,191.34)		10,050.64



INFOTECH LTD.

16th Annual Report 2011-2012

	2011-2012 (12 months)		2010-2011 (18 months)	
	Rs. In lakhs	Rs. In lakhs	Rs. In lakhs	Rs. In lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES				
INCREASE IN SHARE CAPITAL	-		-	
INCREASE IN REVALUATION RESERVE	2,947.78		-	
SHARE PREMIUM RECEIVED	-		-	
MISC EXPENDITURE	-		-	
INCREASE/(DECREASE) IN BORROWINGS	-		-	
DIVIDEND PAID	-		<u>(253.63)</u>	
NET CASH USED IN FINANCING ACTIVITIES		2,947.78		(253.63)
NET INCREASE/DECREASE IN CASH & CASH EQUIVALENT		<u>(10,243.56)</u>		<u>9,797.01</u>
CASH & CASH EQUIVALENTS AS ON 1ST OCTOBER, 2011		13,367.34		3,570.33
CASH & CASH EQUIVALENTS AS ON 30TH SEPTEMBER, 2012		<u>3,123.78</u>		<u>13,367.34</u>
		<u>(10,243.56)</u>		<u>9,797.01</u>

FOR AND ON BEHALF OF THE BOARD,

Dr. V. G. CHARI
COMPANY SECRETARY

RAJKUMAR SARAF
CHAIRMAN & DIRECTOR

MUMBAI
Dated: 14th February, 2013

VIJAY RAM MUKHI
DIRECTOR

AKASH SARAF
MANAGING DIRECTOR

Auditors' Certificate

We have examined the above cash flow statement of **Zenith Infotech Ltd.** for the year ended **30th September, 2012**. 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 14th February, 2013 to the members of the Company.

For C.L. KHANNA & CO.
Chartered Accountants

MUMBAI
Dated: 14th February, 2013

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



AUDITORS REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Members of Zenith Infotech Ltd

We have examined the attached Consolidated Balance Sheet of Zenith Infotech Limited (“the Company”) and its subsidiaries at Singapore and U.A.E., as at 30th September, 2012, and the Consolidated Profit and Loss Account and consolidated Cash Flow Statement for the year then ended and annexed thereto. The Accounts of these subsidiaries are audited for the year ending 31st March, 2012 and unaudited for the six months ending on 30th September, 2012. These financial statements are the responsibility of the management of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted accounting standards in India. These Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of the subsidiaries, whose financial statements reflect the total assets (Net) of **Rs.180.65 crores** as at 30th September, 2012, (previous period Rs.124.20 crores) total revenues of **Rs.49.52 crores** for the year ended 30th September, 2012 (previous period Rs.53.76 crores)

Those financial statements that have been audited by other auditors for the year ending 31st March, 2012, whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements, issued by the institute of Chartered Accounts of India and on the basis of the separate audited financial statements of the Company and its subsidiaries included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company for the year ended 30.9.2012 and in the case of its subsidiaries, we have considered the audited accounts according to their relevant accounting years and the unaudited financial statements for the balance period ending 30.9.2012, thus we are of the opinion that the said consolidated financial statements, together with the notes thereon, give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company as at 30th September, 2012.
- (b) In the case of the Consolidated Profit and Loss Account, of the consolidated results of operations of the Company for the year then ended.
- (c) In the case of Consolidated Cash Flow Statement, of the consolidated Cash Flows of the Company for the year then ended.

For C.L. Khanna & Co.
Chartered Accountants

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

Place: Mumbai
Date: 14th February, 2013



INFOTECH LTD.

16th Annual Report 2011-2012

CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER, 2012

	Notes	As at 30.09.2012		As at 30.09.2011	
		Rs. in lakhs		Rs. in lakhs	
EQUITY AND LIABILITIES					
SHARE HOLDERS' FUNDS					
Share Capital	1	1268.14		1268.14	
Reserves & Surplus	2	<u>13267.49</u>	14535.63	<u>16275.26</u>	17543.40
MINORITY INTEREST			338.99		0.00
NON-CURRENT LIABILITIES					
Long-term borrowings	3	30744.92		36910.10	
Deferred tax liabilities (Net)		1.06		0.00	
Long-term liabilities		0.00		0.00	
Long-term provisions	4	<u>7690.88</u>	38436.86	<u>7728.66</u>	44638.76
CURRENT LIABILITIES					
Short-term borrowings		0.00		0.00	
Trade payables	5	1880.61		364.60	
Other current liabilities	6	5511.99		5139.26	
Short-term provisions	7	<u>2990.06</u>	<u>10382.66</u>	<u>2999.40</u>	<u>8503.26</u>
TOTAL			<u><u>63694.14</u></u>		<u><u>70685.42</u></u>
ASSETS					
NON-CURRENT ASSETS					
Fixed Assets:					
(A) Intangible : Goodwill	8	2778.75		0.00	
(B) Tangible		24122.38		10851.79	
Non-current investments		0.00		0.00	
Deferred tax assets (Net)		0.00		0.00	
Long-term loans and advances	9	2969.67		2953.91	
Other non-current assets		<u>0.00</u>	29870.80	<u>0.00</u>	13805.70
CURRENT ASSETS					
Current investments	10	1401.54		3986.65	
Inventories	11	3465.75		1635.67	
Trade receivables	12	13493.12		14800.54	
Cash and cash equivalents	13	8671.68		26884.41	
Short-term loans and advances	14	3247.28		8913.31	
Other current assets	15	<u>3543.97</u>	<u>33823.34</u>	<u>659.14</u>	<u>56879.72</u>
TOTAL			<u><u>63694.14</u></u>		<u><u>70685.42</u></u>

Significant Accounting Policies

Notes on financial statements

1 to 27

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

As per our Report of even date

C. L. KHANNA & CO.
CHARTERED ACCOUNTANTS

C. L. KHANNA
PROPRIETOR
(Membership No.004988)

MUMBAI,
Dated: 14th February, 2013

For & On behalf of the Board of Directors

RAJKUMAR SARAF
CHAIRMAN & DIRECTOR

Dr. V. G. CHARI
COMPANY SECRETARY

VIJAY RAM MUKHI
DIRECTOR

AKASH SARAF
MANAGING DIRECTOR



STATEMENT OF CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

	Notes	2011-12 (12 months) Rs. in lakhs	2010-11 (18 months) Rs. in lakhs
INCOME :			
Revenue from operations	16	15503.42	54823.01
Other Income	17	532.65	1403.00
Total Revenue		16036.07	56226.01
EXPENDITURE :			
Cost of sales and services	18	5373.83	16789.94
Employee benefits expense	19	8856.39	14666.78
Finance costs	20	140.68	5390.21
Depreciation and amortization expense		1275.98	4063.67
Other expenses	21	7190.07	13419.19
Total Expenses		22836.95	54329.79
Profit before exceptional items and tax		(6800.88)	1896.22
Exceptional items:			
a) Gain on Sale of MS division		0.00	10393.37
b) Forex loss		0.00	(7612.50)
Profit before tax		(6800.88)	4677.09
Tax expense			
Current tax		13.81	2998.25
Deferred tax		0.00	0.00
Profit for the year		(6814.69)	1678.84
Basic & Diluted Earnings per Share of face value of Rs.10 each fully paid (Rs.)		(53.74)	13.24

Significant Accounting Policies

Notes on financial statements

1 to 27

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

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

As per our Report of even date

C. L. KHANNA & CO.
CHARTERED ACCOUNTANTS

For & On behalf of the Board of Directors

C. L. KHANNA
PROPRIETOR
(Membership No.004988)

RAJKUMAR SARAF
CHAIRMAN & DIRECTOR

VIJAY RAM MUKHI
DIRECTOR

MUMBAI,
Dated: 14th February, 2013

Dr. V. G. CHARI
COMPANY SECRETARY

AKASH SARAF
MANAGING DIRECTOR



INFOTECH LTD.

16th Annual Report 2011 - 2012

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 policies 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 except assets which are revalued 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, except Computers (Hardware & Software), 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. Depreciation on Computers (Hardware & Software) is provided on the basis of Written Down Value 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) Depreciation on Fixed Assets of subsidiaries is provided in the Accounts at rates applicable under the governing statutes.

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.

D) Investments

Investments are stated at cost.

E) 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.

F) Sales

Sales are accounted net of trade discounts and returns.

G) 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.

H) 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 to the relevant heads of account.



INFOTECH LTD.

16th Annual Report 2011 - 2012

	As at 30.09.2012		As at 30.09.2011	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
NOTE 2				
RESERVES & SURPLUS :				
Share Premium Account				
As per last Balance Sheet	<u>3624.75</u>		<u>3624.75</u>	
		3624.75		3624.75
Revaluation Reserve				
As per last Balance Sheet	<u>58.67</u>		<u>58.67</u>	
Add: During the year	<u>2947.78</u>	3006.45	<u>0.00</u>	58.67
Additions to Revaluation Reserve Rs.2947.78 lakhs, represents appreciation on revaluation of Land and Building				
General Reserve				
As per last Balance Sheet	<u>12593.20</u>		<u>10893.20</u>	
Add: Transferred from Profit & Loss a/c	<u>(6710.49)</u>	5882.71	<u>1700.00</u>	12593.20
Profit and Loss account				
As per last Balance Sheet	<u>104.20</u>		<u>125.36</u>	
Add: Transferred from Profit and Loss account	<u>(6814.69)</u>		<u>1678.84</u>	
	<u>(6710.49)</u>		<u>1804.20</u>	
Less: Transferred to General Reserve	<u>6710.49</u>	0.00	<u>(1700.00)</u>	104.20
Foreign Currency Translation Reserve		753.58		(105.56)
		<u>13267.49</u>		<u>16275.26</u>
NOTE 3				
Long-term borrowings				
Secured:				
Loan from Bank		NIL	6165.18	
(Secured against charge of fixed assets)				
Unsecured:				
Foreign Currency Convertible Bonds (FCCB)	<u>30744.92</u>	<u>30744.92</u>	<u>30744.92</u>	<u>36910.10</u>
NOTE 4				
Long-Term Provisions				
Forex fluctuation liability on FCCB	<u>7612.50</u>		<u>7612.50</u>	
Provision for gratuity	<u>78.38</u>	<u>7690.88</u>	<u>116.16</u>	<u>7728.66</u>
NOTE 5				
Trade Payables				
Sundry Creditors		<u>1880.61</u>		<u>364.60</u>

(As per the information available with the Company, the amounts payable under the MSMED Act, 2006 are NIL)



NOTE 6

Other Current Liabilities

	As at 30.09.2012		As at 30.09.2011	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Interest payable on FCCB		4223.21	4223.21	
Unclaimed dividend	14.48		16.59	
Statutory liabilities	124.63		140.11	
Payable to staff	469.82		485.88	
	<u>679.85</u>	<u>5511.99</u>	<u>273.47</u>	<u>5139.26</u>

NOTE 7

Short-Term Provisions

Provision for income tax		<u>2990.06</u>	<u>2999.40</u>
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NOTE 8

FIXED ASSETS

Rs. In Lakhs

DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS ON 1.10.11	ADDITIONS	SALE/ADJ	COST AS ON 30.9.12	UPTO 30.9.11	FOR THE YEAR	DEDUCTED ON SALE/ADJ	UPTO 30.9.12	AS ON 30.9.12	AS ON 30.9.11
(A) INTANGIBLE										
Goodwill	-	2,778.75	-	2,778.75	-	-	-	-	2,778.75	-
SUB-TOTAL	-	2,778.75	-	2,778.75	-	-	-	-	2,778.75	-
(B) TANGIBLE										
Land	799.00	923.22	-	1,722.22	-	-	-	-	1,722.22	799.00
Building	5,446.94	2,063.70	-	7,510.64	108.49	58.10	-	166.59	7,344.05	5,338.45
Furniture & Fixtures	310.20	16.10	16.25	310.05	62.44	21.93	2.06	82.31	227.74	247.76
Factory & Office Equipment	92.91	19.17	-	112.08	14.95	4.88	-	19.83	92.25	77.96
Computers (Hardwares & Softwares)	7,706.98	9,120.70	57.43	16,770.25	3,424.53	1,185.32	6.95	4,602.90	12,167.35	4,282.45
Electrical Fittings	121.05	-	-	121.05	14.88	5.76	-	20.64	100.41	106.17
CAPITAL W.I.P.	-	2,468.36	-	2,468.36	-	-	-	-	2,468.36	-
SUB-TOTAL	14,477.08	14,611.25	73.68	29,014.65	3,625.29	1,275.99	9.01	4,892.27	24,122.38	10,851.79
TOTAL	14,477.08	17,390.00	73.68	31,793.40	3,625.29	1,275.99	9.01	4,892.27	26,901.13	10,851.79
PREVIOUS YEAR	29,304.92	13,463.15	28,290.99	14,477.08	10,463.40	4,063.67	10,901.78	3,625.29	10,851.79	18,841.52

NOTE : Additions to Land Rs.923.22 lakhs, represents appreciation on revaluation during the current year

Additions to Buildings include, inter-alia Rs.2024.56 lakhs towards appreciation on revaluation during the current year



INFOTECH LTD.

16th Annual Report 2011-2012

	As at 30.09.2012		As at 30.09.2011	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
NOTE 9				
Long-term loans and advances				
(Unsecured and considered good)				
Security Deposits		35.67		19.91
Escrow account - Wells Fargo Bank		2934.00		2934.00
		<u>2969.67</u>		<u>2953.91</u>
NOTE 10				
Current Investments				
Unquoted:				
	No. of units	Value	No. of units	Value
1) Mutual Funds	-	-		
a) Birla Sunlife Cash Manager Institutional Plan	-	-	1459060	250.00
b) DWS Ultra Short Term Fund	-	-	1659875	200.00
c) Franklin Templeton Short Duration Fund	-	-	4602738	500.00
d) ICICI PRU Ultra Short Term Plan	-	-	875526	100.00
e) IDFC MMF Treasury Plan			3074142	500.00
f) JM Money Manager Fund Super Plus Plan	-	-	2083377	300.00
g) L & T Ultra Short Term Fund	-	-	3051125	500.00
h) Reliance Fixed Horizon Fund	-	-	4000000	400.00
i) Reliance Monthly Interval Fund	-	-	5459674	900.00
j) Birla Sunlife Ultra Short Term Fund	274467	500.00	-	-
k) Birla Sunlife Short Term Fund	841493	350.00	-	-
l) Edelweiss Ultra Short Term Bond Fund	23,366	308.26	-	-
		1158.26		3650.00
	QTY		QTY	
2) Investment in Dacentec NV		131.75		124.79
3) Secured Redeemable Debentures	-	-	10	101.05
IVRCL Assets & Holdings Ltd (face value of Rs.10 lakhs each)				
Quoted:				
Equity Shares				
Indiabulls Power Ltd (F.V.Rs.10 per share)	246243	110.81	246243	110.81
Twilight Litika Pharma Ltd (F.V.Rs.5 per share)	5400	0.72	-	-
(Aggregate Market Value Rs.33.82 lakhs, previous year Rs.31.22 lakhs)				
		<u>1401.54</u>		<u>3986.65</u>



NOTE 11

Inventories

	As at 30.09.2012		As at 30.09.2011	
	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs	Rs. in lakhs
Raw material & semi-finished goods	3463.07		1633.70	
Finished goods	0.00		0.00	
Stores and spares	2.68	3465.75	1.97	1635.67
(Mode of valuation :				
lower of cost or net realisable value - FIFO basis)				

NOTE 12

Trade receivables

(Unsecured and considered good)

Over six months	3301.85		2,827.20	
Others	10191.27	13493.12	11,973.34	14800.54

NOTE 13

Cash and cash equivalents

Cash on hand	4.50		3.47	
Balances with banks	6009.95		25,394.47	
Balances with banks - Unclaimed Dividend	14.48		16.59	
Fixed deposit with banks	0.76		650.75	
Fixed deposit with banks - Margin money	2.77		663.95	
(Margin money includes fixed deposits of Rs.1.25 lakhs with maturity of more than 12 months (previous year Rs. 2.74 lakhs)				
others	2639.22	8671.68	155.18	26884.41

NOTE 14

Short-term loans and advances

(Unsecured and considered good)

Others:

Inter-corporate Deposits	584.89		1642.66	
Deposits	11.88		21.17	
Prepaid expenses	25.49		60.87	
Trade Advance	2625.02		7188.61	
		3247.28		8913.31



	2011-12 (12 months)		2010-11 (18 months)	
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
NOTE 19				
Employee benefits expense				
Salaries, wages, bonus, gratuity	8874.63		14578.92	
Contribution to P.F., E.S.I.C. and other funds	30.43		28.15	
Excess provision of gratuity of earlier years w/off	(72.74)		0.00	
Staff Welfare	24.07	8856.39	59.71	14666.78

NOTE 20

Finance costs

Interest expenses	0.00		4223.74	
Other borrowing costs	19.83		99.64	
Loss/(gain) on foreign currency transactions	(43.19)		305.59	
Others	164.04	140.68	761.24	5390.21

NOTE 21

Other Expenses

Advertisement & Publicity	374.09		925.20	
Bad Debts written off	254.29		94.92	
Conveyance	78.31		159.30	
Directors Sitting fee	9.00		11.40	
Electricity charges	104.55		142.83	
Exchange Loss	320.58		0.00	
Hire charges	0.95		35.23	
Insurance charges	13.07		33.38	
(Profit)/Loss on sale of fixed asset	(3.13)		2.45	
Miscellaneous Expenses	144.71		335.72	
Postage & Courier	97.53		194.89	
Printing & Stationery	24.43		54.52	
Legal & Professional charges	751.58		666.37	
Software development expenses	498.69		1587.47	
Overseas taxes	497.48		951.55	
Rates & Taxes	18.18		14.98	
Rent	284.62		280.43	
Repairs & Maintenance	250.78		89.32	
Sales Commission	117.80		279.49	



INFOTECH LTD.

16th Annual Report 2011 - 2012

	2011-12 (12 months)		2010-11 (18 months)	
	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs	Rs.in Lakhs
Statutory levies	4.17		77.61	
Secretarial expenses	5.93		9.88	
Security charges	25.30		36.18	
Seminar expenses and trade shows	513.41		2614.23	
Payment to Auditors:				
Statutory Audit fee	9.03		8.23	
Others	0.54		0.50	
Subscription & Membership fee	111.69		173.35	
Communication & Data centre cost	2388.21		3772.84	
Tour & Travel expenses	302.29		383.44	
Vehicle expenses	2.41		4.09	
Water charges	3.16		3.02	
(Excess)/Short provision of income tax of earlier years	<u>(13.58)</u>	<u>7190.07</u>	<u>476.37</u>	<u>13419.19</u>

NOTE 22

Principles of consolidation:

- 1) The Consolidated Financial Statements relate to Zenith Infotech Ltd ("the Company") and its subsidiaries. The Consolidated Financial Statements have been prepared on the following basis
 - a) The Financial Statements of the Company and its Subsidiary Companies have been combined on a line-to-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses
 - b) The Financial statements of the subsidiaries used in consolidation are drawn upto the same reporting date as that of the parent company i.e 30th September, 2012
- 2) The financial information of the subsidiary companies included in the Consolidated Financial Statement required under the General Circular no.2/2011 dated 8th February, 2011 issued by Ministry of Corporate Affairs, Government of India, is attached hereto.

NOTE 23

Accounting Period

The financial statements for the current year are for a period of 12 months ending 30th September, 2012 as against the preceding period of 18 months from 1st April, 2010 to 30th September, 2011

NOTE 24

Appropriate provision for taxation, including deferred tax for the current year has been made in the accounts of the parent company as well as the subsidiaries.



NOTE 25

The amounts in the Balance Sheet and Profit and Loss Account are rounded off to the nearest rupees in Lakhs

NOTE 26

Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the parent company's financial statements.

NOTE 27

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

As per our Report of even date

C. L. KHANNA & CO.
CHARTERED ACCOUNTANTS

C. L. KHANNA
PROPRIETOR
(Membership No.004988)

MUMBAI,
Dated: 14th February, 2013

For & On behalf of the Board of Directors

RAJKUMAR SARAF
CHAIRMAN & DIRECTOR

Dr. V. G. CHARI
COMPANY SECRETARY

VIJAY RAM MUKHI
DIRECTOR

AKASH SARAF
MANAGING DIRECTOR



INFOTECH LTD.

16th Annual Report 2011 - 2012

Statement Pursuant to Section 212 of the Companies Act, 1956 [refer Note no.22(2)]

In Rs. Lakhs

Subsidiary	Proportion of Ownership Interest	Reporting Currency	Exchange rate as at 30.09.2012	Issued and Subscribed Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before taxation	Provision for Taxation	Profit / (Loss) after taxarion
ZENITH INFOTECH (S) PTE LTD., SINGAPORE (consolidated with ZENITH INFOTECH SERVICES SDN BHD., MALAYSIA)	97.56%	SGD	43.03	172.12	981.52	3813.10	2659.46	0.00	4526.92	194.86	13.81	181.05
ZENITH INFOTECH FZE, U.A.E. (consolidated with VU TELEPRESENCE FZC, U.A.E., ZENITH CLOUD COMPUTING FZC, U.A.E. & VU TELEPRESENCE INC, U.S.A.)	100.00%	AED	14.34	1365.32	5332.52	15589.48	9023.40	131.75	425.08	(1045.11)	0.00	(1045.11)

Note: Information on Subsidiaries is provided in compliance with circular no. 2/2011 dated February 8, 2011 of the Ministry of Corporate Affairs, Government of India.



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

	2011-2012 (12 months) Rs. In lakhs	2010-2011 (18 months) Rs. In lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	(6,800.88)	4,677.09
ADJUSTMENTS FOR:		
DEPRECIATION	1,275.98	4,063.67
(PROFIT)/LOSS ON SALE OF ASSETS/MS DIVISION	(3.13)	(10,390.92)
FINANCE COSTS	140.68	5,390.21
OTHER RECEIPTS	<u>(532.65)</u>	<u>(1,403.00)</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	(5,920.00)	2,337.05
ADJUSTMENTS FOR:		
TRADE & OTHER RECEIVABLES	6,986.48	(6,587.82)
INVENTORIES	(1,830.08)	(756.88)
TRADE PAYABLES & OTHER CURRENT LIABILITIES	<u>1,850.96</u>	<u>9,131.98</u>
	<u>7,007.36</u>	<u>1,787.28</u>
CASH GENERATED FROM OPERATIONS	1,087.36	4,124.33
- FINANCE COSTS	(140.68)	(5,390.21)
- DIRECT TAXES PAID	<u>(2,935.71)</u>	<u>210.74</u>
CASH FLOW BEFORE EXTRAORDINARY ITEMS	(1,989.03)	(1,055.14)
PRIOR PERIOD ADJUSTMENTS	-	-
NET CASH FROM OPERATING ACTIVITIES	(1,989.03)	(1,055.14)
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE/SALE OF FIXED ASSETS (NET)	(17,325.32)	3,926.06
PURCHASE/SALE OF INVESTMENTS	2,585.11	2,451.29
OTHER RECEIPTS	532.65	1,403.00
PROFIT/(LOSS) ON SALE OF ASSETS/MS DIVISION	<u>3.13</u>	<u>10,390.92</u>
	<u>(14,204.43)</u>	<u>18,171.27</u>
NET CASH USED IN INVESTING ACTIVITIES	(16,193.46)	17,116.13



INFOTECH LTD.

16th Annual Report 2011-2012

	2011-2012 (12 months) Rs. In lakhs	2010-2011 (18 months) Rs. In lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES		
INCREASE IN SHARE CAPITAL	-	-
MINORITY INTEREST	338.99	-
INCREASE IN REVALUATION RESERVE	2,947.78	-
FOREIGN CURRENCY TRANSLATION RESERVE	859.14	-
SHARE PREMIUM RECEIVED	-	-
MISC EXPENDITURE	-	-
INCREASE/(DECREASE) IN BORROWINGS	(6,165.18)	6,165.18
DIVIDEND PAID	-	(253.63)
NET CASH USED IN FINANCING ACTIVITIES	(2,019.27)	5,911.55
NET INCREASE/DECREASE IN CASH & CASH EQUIVALENT	(18,212.73)	<u>23,027.68</u>
CASH & CASH EQUIVALENTS AS ON 1ST OCTOBER, 2011	26,884.41	3,856.73
CASH & CASH EQUIVALENTS AS ON 30TH SEPTEMBER, 2012	8,671.68	26,884.41
	(18,212.73)	<u>23,027.68</u>

FOR AND ON BEHALF OF THE BOARD,

Dr. V. G. CHARI
COMPANY SECRETARY

RAJKUMAR SARAF
CHAIRMAN & DIRECTOR

MUMBAI
Dated: 14th February, 2013

VIJAY RAM MUKHI
DIRECTOR

AKASH SARAF
MANAGING DIRECTOR

Auditors' Certificate

We have examined the above cash flow statement of **Zenith Infotech Ltd.** for the year ended **30th September, 2012**. 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 14th February, 2013 to the members of the Company.

For C.L. KHANNA & CO.
Chartered Accountants

MUMBAI
Dated: 14th February, 2013

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



ATTENDANCE SLIP

Zenith Infotech Limited

Regd. Office: B-52, 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 SIXTEENTH ANNUAL GENERAL MEETING held at the Auditorium of Hotel Abbott, Sector 2, Near Vashi Bus Station, Vashi, Navi Mumbai – 400 703 at 11.30 a.m. on Thursday, 28th March, 2013.

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

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



PROXY FORM

Zenith Infotech Limited

Regd. Office: B-52, Electronic Sadan-1, MIDC, TTC Area, Mahape, Navi Mumbai 400 710

(Please fill in BLOCK Letters)

I/ We..... ofbeing 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 SIXTEENTH ANNUAL GENERAL MEETING of the Company to be held at the Auditorium of Hotel Abbott, Sector 2, Near Vashi Bus Station, Vashi, Navi Mumbai – 400 703 at 11.30 a.m. on Thursday, 28th March, 2013.

Folio No.....

No. of Shares held.....

Date.....

Signature _____

Revenue Stamp
30 P.

Note: Proxies to be valid, must be deposited at the Registered Office of the Company at B-52, Electronic Sadan-1, MIDC, TTC Area, Mahape, Navi Mumbai 400 710, not less than 48 hours before the time of the meeting.





INFOTECH LTD.

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

www.zenithinfotech.com