

Certified true Copy

MD	✓		BKC	✓
CS	NA		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓		SHI	✓
YE	✓			

For Zenith Exports Limited.

Pranod

Director

# ZENITH EXPORTS LIMITED

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**16th Annual Report & Accounts**  
**1997-98**



**ZENITH EXPORTS LIMITED****BOARD OF DIRECTORS (AS ON 26.08.98)**

Mr. B.R.Loyalika, Chairman  
 Mr. R.K.Loyalika, Managing Director  
 Mr. S.K.Loyalika, Managing Director  
 Mr. Y.Gopalakrishnan, Whole time Director  
 Mr. D. Lahiri, Whole time Director  
 Mr. M.M.Bhagat  
 Mr. R.R.Doshi  
 Mr. B.L.Birmecha  
 Mr. B.K.Loyalika

**FINANCE CONTROLLER**

Mr. Pramod Patwari

**AUDITORS**

M/s. Tiwari & Company  
 Chartered Accountants  
 107/1, Park Street  
 Calcutta - 700 016

**BANKERS**

Canara Bank  
 State Bank of India

**REGISTERED OFFICE**

19, R.N. Mukherjee Road,  
 Calcutta - 700 001

**WORKS**

**ZENITH SPINNERS**  
 Sarandi, Dist. Ahmedabad  
 Gujarat

**ZENITH TEXTILES**  
 Nanjangud, Dist. Mysore  
 Karnataka

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## NOTICE

NOTICE is hereby given that the 16th Annual General Meeting of the Shareholders of **ZENITH EXPORTS LIMITED** will be held at 381/1, Hemant Mukhopadhyay Sarani, Calcutta - 700 029 on Tuesday, the 22nd day of September, 1998 at 10.30 A.M. to transact the following business :-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 1998, the Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Raj Kumar Loyalka who retires by rotation at the conclusion of this meeting and being eligible, offers himself for re- appointment.
3. To appoint a Director in place of Mr. Y. Gopalkrishnan who retires by rotation at the conclusion of this meeting and being eligible, offers himself for re- appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting, with authority to the Board of Directors of the Company to appoint separate Branch Auditors for the Spinning & Weaving division and to fix the remuneration of all the Auditors.

### SPECIAL BUSINESS

5. To consider and, if thought fit to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED that Sri Girraj Kishore Daga who has sent a Notice in writing proposing himself as candidate for the office of a Director under the provisions of section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- be and is hereby appointed as a Director of the Company."

Registered Office  
19, R.N. Mukherjee Road,  
Calcutta - 700 001  
Dated : August 26, 1998

By Order of the Board  
B.R. LOYALKA  
CHAIRMAN

**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. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY 48 HOURS BEFORE THE MEETING.
- 2) The relevant Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of Item No. 5 of the notice set out above is annexed hereto.
- 3) The Register of Members and the Share Transfer Books of the Company will remain closed from 15.9.98 to 22.9.98 (both days inclusive).
- 4) Members holding more than one Share Certificate in the same name under different Ledger Folios are requested to send relevant Share Certificates for consolidation of such folios.
- 5) Members attending the meeting are requested to bring their copy of the Annual Report at the meeting.

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****RE : ITEM NO. 5**

Sri Girraj Kishore Daga, a shareholder, by his letter dated April 29, 1998, has given Notice to the Company under Section 257 of the Companies Act, 1956, proposing himself as a candidate for the office of director of the Company.

The Resolution for appointment of Sri Girraj Kishore Daga as a Director is being included in the Notice of the Annual General Meeting as required by law.

Your Directors do not recommend the resolution for your approval.

All the documents referred to in the Notice and the Explanatory Statement will be available for inspection by the Members at the Registered Office of the Company between 10.30 A.M. and 12.30 P.M. on all working days except Saturday from the date hereof upto the date of the Meeting.

Registered Office  
19, R.N. Mukherjee Road,  
Calcutta - 700 001  
Dated : August 26, 1998

By Order of the Board  
B.R. LOYALKA  
CHAIRMAN



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 16th Annual Report together with Audited Statement of Accounts for the Financial year ended 31st March, 1998.

## FINANCIAL HIGHLIGHTS

	(Rs.in lacs)	
	Year ended 31.03.98	Year ended 31.03.97
Turnover and other Income	<b>10471.43</b>	8566.20
Profit Before Interest and Depreciation	<b>1287.07</b>	1369.91
Less:- Interest	<b>932.97</b>	708.92
Profit Before Depreciation	<b>354.10</b>	660.99
Less:- Depreciation	<b>437.59</b>	467.20
Profit/(Loss) Before Tax	<b>(83.49)</b>	193.79
Less:- Provision for Taxation	-	26.30
Profit/(Loss) After Tax	<b>(83.49)</b>	167.49
Add :- Provisions no longer required written back	<b>204.10</b>	0.39
Add :- Balance brought forward from previous year	<b>165.49</b>	125.11
Profit available for appropriation	<b>286.10</b>	292.99

## APPROPRIATIONS

(a) General Reserve	-	100.00
(b) Dividend on Equity Shares	-	25.00
(c) Corporate Tax on Dividend	-	2.50
Surplus Carried to Balance Sheet	<b>286.10</b>	165.49
	<b>286.10</b>	292.99

## DIVIDEND

Your Directors do not recommend declaration of dividend in view of the need to conserve the resources (previous year @ Re.0.50) of the Company.

## OPERATIONS

Despite extremely difficult market conditions due to sluggishness in demand and the meltdown of currencies in South East Asian countries, your Company was able to record a substantial growth in Turnover. The Net Sales of the Company during the year crossed the landmark of Rs.100 Crores and stood at Rs.100.34 Crores against Rs. 82.11 Crores achieved last year reflecting a satisfactorily healthy growth of 22%. However, stiff competition and lower realisations in both the domestic and international markets, have resulted in reduced margin. On the other hand, the burden of interest increased substantially due to full use of the credit lines most of the year in sluggish market conditions. All this has resulted in lower profit this year as compared to last year.



## **FUTURE PROSPECTS**

Operations during the first quarter of the current financial year have been satisfactory. Your Directors are hopeful of achieving better results during the current year.

## **DEPOSITS**

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereunder.

## **DIRECTORS**

Sri Raj Kumar Loyalka and Sri Y.Gopalkrishnan,retires by rotation at the ensuing Annual General Meeting of the Company and being eligible, offers themselves for re-appointment.

Sri R.C.Bhaiya, resigned from the Board w.e.f. 27.01.98. The Board places on record its appreciation for the valuable services rendered by him during the tenure of his office as a Director of the Company.

During the year Industrial Development Bank Of India withdrew the nomination of Sri Anupam Srivastava from the Board of Directors of the Company w.e.f. 14.08.98. The Board places on record its appreciation for the valuable services rendered by him during the tenure of his office as a Director of the Company.

The Company has received a notice under section 257 of the Companies Act, 1956 from Sri Girraj Kishore Daga proposing himself as a candidate for the office of Director of the Company.Your Directors do not recommend the appointment of Sri Girraj Kishore Daga as a Director of the Company.

## **AUDITORS**

M/s. Tiwari & Company,Chartered Accountants retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

## **AUDITORS' REPORT**

The Auditors in their Report have referred to the Notes forming part of the Accounts.The said Notes are self explanatory and do not require further elucidation.

## **PARTICULARS OF EMPLOYEES**

Information as per Section 217 (2A) of the Companies Act,1956 read with the Companies (Particulars of Employees) Rules,1975 (as amended) and forming part of the Directors Report for the year is given in **Annexure - I** to this report.

## **ENERGY CONSERVATION,TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

As required under section 217(1)(e) of the Companies Act,1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules,1988,information regarding conservation of energy,technology absorption and foreign exchange earnings and outgo is given in **Annexure - II** to this report.

## **PERSONNEL & INDUSTRIAL RELATIONS**

Relations with the employees continued to remain cordial throughout the year.Your Directors wish to place on record their appreciation for dedicated and sincere services rendered by the executives,staff and workmen at all levels in all the units.



## ACKNOWLEDGEMENTS

Your Directors acknowledge with gratitude the co-operation and assistance received from the Central and State Governments, Financial Institutions, Banks, Investors and all those associated with the Company during the year under review.

For and On behalf of the Board of Directors  
**B.R. LOYALKA**  
CHAIRMAN

Place : Calcutta

Dated : August 26, 1998

## ANNEXURE - I TO THE DIRECTORS' REPORT

Information pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

Sl No.	Name	Designation	Qualification	Age (Yrs)	Experience (No. of Yrs)	Date of Commencement of employment	Remuneration received (in Rs.)	Name of last Employer, Post held and period
1	2	3	4	5	6	7	8	9
<b>Employed Throughout the Year</b>								
1.	Gopalkrishnan Y.	Whole - time Director	M.Tech (Text)	50	29	06.10.94	455,872	Consultant
2.	Patil B.S.	Mill Manager	B.Tech	42	19	02.03.95	315,000	Orman Textile Mills Muscat
3.	Gurusiddaiah.S	Works Manager	M.Sc MBA	45	22	22.01.95	327,996	Asst. Prod. Manager Himatsingha Seide Ltd.

NOTES 1. Nature of employment - Contractual

2. The above employees are not relatives of any Directors of the Company.

3. The remuneration includes Salary, Company's Contribution to Provident and Superannuation Funds, Medical Expenses and monetary value of prerequisites as per the Income Tax Act, 1961.





## ANNEXURE II TO THE DIRECTORS' REPORT

Information 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 and forming part of the Directors' Report for the year ended March 31, 1998

### I. CONSERVATION OF ENERGY

- i) The Company is making all round efforts for the conservation of energy. To reduce the energy cost, energy efficient equipments are being used.
- ii) During the year, the Company has taken the following measures for energy conservation.
  - Overhauling of electric motors & D.G. Sets to get better efficiency.
  - Installation of capacitors for improvement of Power factor.
  - Replacement of Higher HP Motors with Lower HP Motors.
- iii) Our Nanjangud Unit has been chosen by NATIONAL PRODUCTIVITY CONTROL, a Govt. of India undertaking, for their study on Waste Reduction & management Program.
- iv) Regular preventive maintenance of D.G. Sets and other electric motors have resulted in improvement in productivity and power factor. Consequently this has resulted in uninterrupted, good quality power supply without any fluctuations, which has improved the efficiency and quality of the final product.
- v) The required data with regard to conservation of energy are furnished below :

A. POWER & FUEL CONSUMPTION	Current Year (1997-98)		Previous Year (1996-97)	
	Spinning	*Weaving	Spinning	Weaving
<b>1. ELECTRICITY</b>				
a) Purchased Unit (KWH in Lacs)	76.86	-	37.54	-
Total Amount (Rs.in Lacs)	277.75	-	140.73	-
Rate/Unit (in Rs.)	3.61	-	3.75	-
*( Permanent power connection not yet commissioned by Karnataka State Electricity Board )				
b) Own Generation				
i) Through Diesel				
Generator Units (KWH in Lacs)	99.42	27.04	74.61	27.45
Units/Litre of Diesel	3.23	3.13	3.18	3.35
Cost/unit (Rs./unit)				
Marginal Cost/				
Unit (Considering Only Diesel Price Rs.)	2.82	2.64	2.38	2.42
ii) Through Steam				
Turbine Generator	-	-	-	-
<b>2. COAL</b>				
Quantity (Tonnes)	-	-	-	-
Total Cost (Rs.in Lacs)	-	-	-	-
Average rate per tonne(in Rs.)	-	-	-	-



3.	a)	Furnace Oil / LSHS				
		Quantity (in Lacs KL)	-	2.04	-	1.18
		Total Amount (Rs.in lacs)	-	13.41	-	8.43
		Avg.Rate Per KL (Rs.)	-	6.57	-	7.12
	b)	Natural Gas				
		Quantity	-	-	-	-
		Total Amount	-	-	-	-
		Avg.Rate Per Cu.M.	-	-	-	-
<b>B.</b>		<b>Consumption per Unit of Production</b>				
		Electricity (KWH)	4.03	9.46	4.06	14.70
		Furnance Oil	-	0.71	-	0.63

## II FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION RESEARCH & DEVELOPMENT (R & D)

- The units have improved the quality of its products by optimising the process parameters. Manufacturing processes and methods are being standardised.
- The Weaving unit at Nanjangud has been awarded the ISO 9001 certification for its quality systems for manufacture and design activity in its very first year of operation.
- The Weaving unit is continuously engaged in enriching the quality of its final product by evaluating and improving its Production Process, Product Development, New designs, Better mix of Raw Material, Alternative Raw Materials. Continuous efforts of the same would continue in coming years.
- Expenditure on R & D
  - Capital : NIL
  - Recurring : Expenses incurred are charged to respective heads and are not allocated separately.

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- As the units have been recently set up with the latest technology, technology absorption, adaptation and innovation will be taken up in future years.
- The Weaving unit is having state of the art micro processor based equipments.
- Efforts are being made to indigenously procure spares for the installed equipments.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

- Activities relating to exports, initiatives taken to increase exports, development of new export markets for products & services and export plans :  
Export sales during the year was Rs. 7632.31 lacs an increase of 19% over the preceeding year. Steps are being continuously taken to access new markets and product development.
- The required data with regard to Foreign Exchange earnings & outgo are furnished below :-

	(Rs.in lacs)	
	Current Year 1997-98	Previous Year 1996-97
Earnings	7308.94	6133.67
Outgo	1657.74	1953.97