

ZENITH EXPORTS LIMITED



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17th Annual Report 1998-99 ☐ ☐



ZENITH EXPORTS LIMITED

BOARD OF DIRECTORS (AS ON 27.08.99)

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

FINANCE CONTROLLER & SECRETARY

Mr. Pramod Patwari

AUDITORS

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
 Gujrat

ZENITH TEXTILES
 Nanjangud, Dist. Mysore
 Karnataka

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NOTICE

NOTICE is hereby given that the 17th Annual General Meeting of the Members of ZENITH EXPORTS LIMITED will be held at **381/1, Hemant Mukhopadhyay Sarani, Calcutta - 700 029 on Wednesday, the 29 th day of September, 1999 at 11.00 A.M.** to transact the following business :-

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at March 31, 1999, 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 Roop Doshi 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. M. M. Bhagat who retires by rotation at the conclusion of this meeting and being eligible, offers himself for re-appointment.
4. To appoint M/s. Tiwari & Company, Chartered Accountants as 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 who shall report to M/s. Tiwari & Company, 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 in accordance with the provisions of Sections 198, 269, 309, 310, 311, 314 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Sri Raj Kumar Loyalka, as the Managing Director of the Company, for a further period of 5 (five) years with effect from 12th February, 1999, on the terms and conditions including remuneration as set out in the agreement entered into between the Company and Sri Raj Kumar Loyalka, a copy whereof is placed before this meeting which agreement is hereby specifically approved with liberty to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Sri Raj Kumar Loyalka.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution".



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

"RESOLVED THAT in accordance with the provisions of Sections 198,269,309, 310, 311, 314 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Sri Surendra Kumar Loyalka, as the Managing Director of the Company, for a further period of 5 (five) years with effect from 12th February, 1999, on the terms and conditions including remuneration as set out in the agreement entered into between the Company and Sri Surendra Kumar Loyalka, a copy whereof is placed before this meeting which agreement is hereby specifically approved with liberty to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration and /or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof, for the time being in force or any amendments and/or modifications that may here after be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Sri Surendra Kumar Loyalka.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution ".

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

"RESOLVED THAT in accordance with the provisions of Sections 198,269, 309, 310, 311, 314 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded to the re-appointment of Sri Y. Gopalkrishnan, as the Wholetime Director of the Company for a further period of 5 (five) years with effect from 6th October, 1999, on the terms and conditions including enhanced remuneration as set out in the agreement entered into between the Company and Sri. Y. Gopalkrishnan, a copy where of is placed before this meeting which agreement is hereby specifically approved with liberty to the Board of Directors (hereinafter referred to as the "Board" which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to alter and vary the terms and conditions of the said appointment and/or remuneration and/or agreement so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment and/or modifications that may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Sri Y. Gopalkrishnan.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution".



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

"RESOLVED THAT in accordance with the provisions of Section 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) enabling provisions in the Memorandum and Articles of Association of the Company and the listing agreement entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to necessary approvals, consents, permissions and/or sanctions of the Securities and Exchange Board of India (SEBI), Government of India(GOI), Reserve Bank of India(RBI) and any other appropriate authorities, institutions, or bodies and subject to such terms and conditions and modifications as may be prescribed or imposed by any of them in granting such approvals, consents, permissions and sanctions, which may be agreed to, by the board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution), the consent of the Company be and is hereby accorded to the board, to issue and allot 396250 Equity Shares of Rs. 10/- each for cash at a premium of Rs. 70/- per share, credited as fully paid up, in Lieu of and against conversion of interest free Unsecured Loan of Rs. 317.00 Lacs from various Bodies Corporate and Directors of the Company, in the manner specified below :

- i) 1250 Equity Shares of Rs. 10/- each at a premium of Rs. 70/- per share to Sri Raj Kumar Loyalka.
- ii) 1250 Equity Shares of Rs. 10/- each at a premium of Rs. 70/- per share to Sri Surendra Kumar Loyalka.
- iii) 25000 Equity Shares of Rs. 10/- each at a premium of Rs. 70/- per share to M/s. Smriti Commerce Limited.
- iv) 162500 Equity Shares of Rs. 10/- each at a premium of Rs. 70/- per share to M/s. R.K. Finance Limited.
- v) 206250 Equity Shares of Rs. 10/- each at a premium of Rs. 70/- per share to M/s. Ankit Commerce Limited.

On preferential basis in one or more tranches as may be deemed appropriate by the Board on such terms and conditions as per applicable SEBI Guidelines and any other applicable laws and in such manner as the Board may in its absolute discretion think fit.

RESOLVED FURTHER THAT the new Equity Shares of Rs. 10/- each to be issued as aforesaid shall rank pari passu with the existing Equity Shares of the Company in all respects except the rights as to dividend as may be provided under the terms of issue of Equity Shares:

RESOLVED FURTHER THAT the Share Certificates in respect of the new Equity Shares to be allotted as aforesaid shall be completed and delivered within 3 months from the date of allotment.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorised on behalf of the company to do all such acts, deeds, matters and things and do decide all matters as it may in its absolute discretion deem necessary, or desirable for such purpose and to settle any question, difficulties or doubts that may arise in its absolute discretion deem fit without being required to



seek any further consent or approval of the members or otherwise to the end and intend that the members shall be deemed to have their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred by this resolution to any committee of Directors or any Director or any other officers of the Company to give effect to the aforesaid resolution".

ANNUAL FEES TO STOCK EXCHANGES

The Company has paid the Annual Fees for the year 1999-2000 to all the Stock Exchanges where the Company's Equity Shares are listed. The name and address of such stock exchanges are mentioned below :

- | | |
|--|--|
| 1. The Calcutta Stock Exchange
Association Ltd
7 Lyons Range, Calcutta - 700 001 | 2. The Stock Exchange, Mumbai
Phiroz Jeejeebhoy Towers,
Dalal Street, Mumbai - 400001 |
| 3. National Stock Exchange of India Ltd.
Capital Market Listing Department
Trade World, Kamala Mills Compound,
2nd Floor, Senapati Bapat Marg,
Lower Parel, Mumbai - 400 013 | 4. The Stock Exchange, Ahmedabad
Kamdhenu Complex, Opp. Sahajanand
College, Panjarapole,
Ahmedabad - 380 015. |

Registered Office
19, R.N. Mukherjee Road,
Calcutta - 700 001
Dated : August 27, 1999.

By Order of the Board
PRAMOD PATWARI
FINANCE CONTROLLER & SECRETARY

NOTES

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY 48 HOURS BEFORE THE MEETING.
- 2) Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting.
- 3) All documents referred to in the accompanying Notice are available for inspection at Company's Registered Office during office hours on all working days, except Saturdays between 11:00 A.M. and 1:00 P.M upto the date of the Annual General Meeting.
- 4) The Register of Members and the Transfer Books of the Company will remain closed from Wednesday, 22nd September, 1999 to Wednesday, 29th September, 1999 (both days inclusive).
- 5) Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
- 6) Shareholders are requested to bring their copies of Annual Reports to the Meeting.



ANNEXURE TO NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

RE : ITEM NO. 5,6 AND 7

The present terms of office of Sri Raj Kumar Loyalka & Sri Surendra Kumar Loyalka expired on 11th February, 1999 and terms of office of Sri Y. Gopalkrishnan will be expiring on 5th October, 1999. The Board of Directors has re-appointed the aforesaid Directors for a further period of five years from the expiry of their respective terms.

The broad particulars of remuneration payable to and terms of the respective re-appointments of Sri Raj Kumar Loyalka and Sri Surendra Kumar Loyalka during their tenure of respective re-appointments for a further period of five years as also the payment of enhanced remuneration to Sri Y. Gopalkrishnan for the remaining period of his tenure are as under :

Name & Designation	Salary (Rs. Per month)
Sri Raj Kumar Loyalka Managing Director	12,500
Sri Surendra Kumar Loyalka Managing Director	12,500
Sri Y. Gopalkrishnan Wholetime Director	75,000

The Managing Directors and Wholetime Director of the Company, shall be entitled to the salary and perquisites and allowances like rent free furnished residential accommodation, medical reimbursement, leave travel concession for self and family, club fees, telephone, car and such other perquisites and/or allowances, as per the agreements entered between them, subject to overall ceiling of remuneration stipulated in Sections 198 & 309 of the Companies Act, 1956. The said perquisites and allowances shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 or any rules thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force).

Company's contribution to Provident Fund, gratuity, encashment of leave at the end of the tenure shall not be included in the computation of limits for the remuneration or perquisites aforesaid.

The terms and conditions set out for re-appointment and payment of enhanced remuneration of Sri. Y. Gopalkrishnan herein and/or in the respective Agreements may be altered and varied from time to time by the Board of Directors of the Company as it may, at its discretion deem fit so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force), or any amendments made thereto.



The Agreements entered into between the Company and each of Sri Raj Kumar Loyalka, Sri Surendra Kumar Loyalka & Sri Y. Gopalkrishnan are available for inspection at the Registered Office of the company on any working days, except Saturdays, between 11:00 A.M. and 1:00 P.M. upto the date of the Annual General Meeting.

Your Directors re-commend the resolutions set out at item Nos. 5 to 7 of the notice for your approval.

Sri Raj Kumar Loyalka and Sri Surendra kumar Loyalka are interested in the resolution which pertain to their respective re-appointment and/or remuneration payable to each of them. Further Sri Raj Kumar Loyalka, Sri Surendra Kumar Loyalka, Sri Bilas Rai Loyalka and Sri Bijay Kumar Loyalka may be also deemed to be interested in the resolutions pertaining to the re-appointment of and/or remuneration to each other, as they are related to one another.

Sri Y. Gopalkrishnan himself may be deemed to be concerned or interested in the above re-appointment and the enhanced remuneration payable to Sri Y. Gopalkrishnan.

None of the other Directors of the Company are, in any way, concerned or interested in the above resolutions.

RE : ITEM NO. 8

As per the terms of proposal forwarded by the Company to all Unsecured Loanholders to convert their outstanding amount into fully paid up Equity Shares of Rs. 10/- each, the company received written consents from various Bodies Corporate and promoter, directors of the Company to convert their part of loan amount into Equity Shares as stated above. The Company has also duly complied with the various provisions of the SEBI Guidelines for preferential allotment of Shares dt. August 04, 1994 and SEBI Guidelines for disclosure and Investors protection and clarifications thereof. According to these guidelines the Bodies Corporate and the directors as referred above except M/s. R.K. Finance Limited and M/s. Ankit Commerce Limited fall within the purview of Promoter/ Promoter Group and the shares proposed to be allotted to them will therefore be subject to lock in period of 3 years from the date of allotment as clarified in part B of clarification No. XIV dated 01.03.96 and clarification No. XXII dated 05.06.98 of SEBI Guidelines for disclosure and Investor protection. The conversion price of Rs. 70/- is also higher than the price arrived at in accordance with the aforesaid guidelines. Pursuant to Section 81(1A) of the Companies Act, 1956, the Company can allot Shares in lieu of and against conversion of the Unsecured Loans, if a special resolution to that effect is passed by it in the General Meeting of the shareholders. Hence the Resolution.

DISCLOSURE PURSUANT TO CLAUSE C OF SUB REGULATION (1) OF REGULATION 3 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 1997 IS GIVEN BELOW :-

(A) IDENTITY OF THE CLASS OF THE PROPOSED ALLOTTEES AND REASONS FOR SUCH ALLOTMENT

It is proposed to issue and allot 396250 Equity Shares of Rs. 10/- each at a premium of Rs. 70/- per Share as fully paid up Share, in lieu of and against conversion of unsecured loan to the extent of Rs. 317.00 Lacs taken by the Company from various Bodies Corporate and Promoter Directors of the Company. The names of the Bodies Corporate and Directors and quantum of Shares to be allotted to each of them are stated below :



Sl No.	Name of the Proposed Allottees	No. of Equity Shares
1.	Raj Kumar Loyalka	1250
2.	Surendra Kumar Loyalka	1250
3.	Smriti Commerce Limited	25000
4.	R.K. Finance Limited	162500
5.	Ankit Commerce Limited	206250
Total		396250

(B) PRICE AT WHICH THE ALLOTMENT IS PROPOSED

It is proposed to issue and allot 396250 Equity Shares of Rs. 10/- each at a premium of Rs. 70/- per Share.

(C) PRESENT HOLDING OF THE PROPOSED ALLOTTEES

Sl No.	Name of the Proposed Allottees	Existing Holding of Equity Shares No(s).
1.	Raj Kumar Loyalka	164900
2.	Surendra Kumar Loyalka	167300
3.	Smriti Commerce Limited	293750
4.	R.K. Finance Limited	949050
5.	Ankit Commerce Limited	447500
Total		2022500

(D) SHARES TO BE ALLOTTED TO THE PROPOSED ALLOTTEES, THEIR SHAREHOLDING AFTER THE PROPOSED ALLOTMENT AND PERCENTAGE OF THEIR HOLDING OF POST ISSUED CAPITAL

Sl. No.	Name of the Proposed allottees	Existing holding of the proposed allottees	No. of Shares Proposed to be allotted	% of total Capital (Post issue)
1.	Raj Kumar Loyalka	164900	1250	3.08
2.	Surendra Kumar Loyalka	167300	1250	3.12
3.	Smriti Commerce Limited	293750	25000	5.91
4.	R.K. Finance Limited	949050	162500	20.60
5.	Ankit Commerce Limited	447500	206250	12.11
Total		2022500	396250	

**(E) CONSEQUENTIAL CHANGE IN THE BOARD OF DIRECTORS AND VOTING RIGHTS**

Consequent to the preferential issue, no change is envisaged in the constitution of the Board of Directors of the Company. Voting rights of the Shareholders would be governed by the extent of their respective shareholding and the provisions of the Companies Act, 1956.

(F) CONSEQUENTIAL CHANGE IN THE MANAGEMENT CONTROL OF THE COMPANY

Pursuant to the proposed preferential allotment of Equity Shares there would be no change in Management Control of the Company and the Company would continue to be managed by the existing promoters.

(G) PRE-ISSUE AND POST-ISSUE SHARE HOLDING PATTERN OF THE COMPANY

The Shareholding pattern of the Company consequent to allotment of Shares to the aforesaid investors based on present share holding structure, is expected to be as follows :

Sl. No.	Class of Shareholders	% of Pre-issue Holding	% of Post issue Holding
1.	Promoter/Promoter Group*	67.56	63.10
2.	Banks/Financial Institutions	0.04	0.04
3.	Mutual Funds	---	---
4.	NRI/OCBs/FIIs	---	---
5.	Public Shareholding **	32.40	36.86
	Total	100.00	100.00

* Post-issue Shareholding of the Promoters/Promoters Group include allotment proposed to be made to Sr Raj Kumar Loyalka, Sri Surendra Kumar Loyalka and M/s. Smriti Commerce Limited.

** Post-issue public shareholding includes allotment proposed to be made to M/s. R.K. Finance Limited and M/s. Ankit Commerce Limited.

Your Director re-commend the resolutions set out at item No. 8 of the Notice for your approval.

Sri Raj Kumar Loyalka and Sri Surendra Kumar Loyalka may be deemed to be concerned or interested in the resolution as Directors and Shareholders of the Company. Sri Bilas Rai Loyalka and Sri Bijay Kumar Loyalka may also be deemed to be concerned or interested in the resolution as relative of the interested directors.

None of the other Directors are deemed to be concerned or interested in the resolution.

Registered Office
19, R. N. Mukherjee Road,
Calcutta - 700 001.
Dated : August 27, 1999.

By Order of the Board
PRAMOD PATWARI
FINANCE CONTROLLER & SECRETARY