

# **ZENITH EXPORTS LIMITED**

CERTIFIED TRUE COPY

For ZENITH EXPORTS LIMITED

*James*  
Finance Controller & Secretary

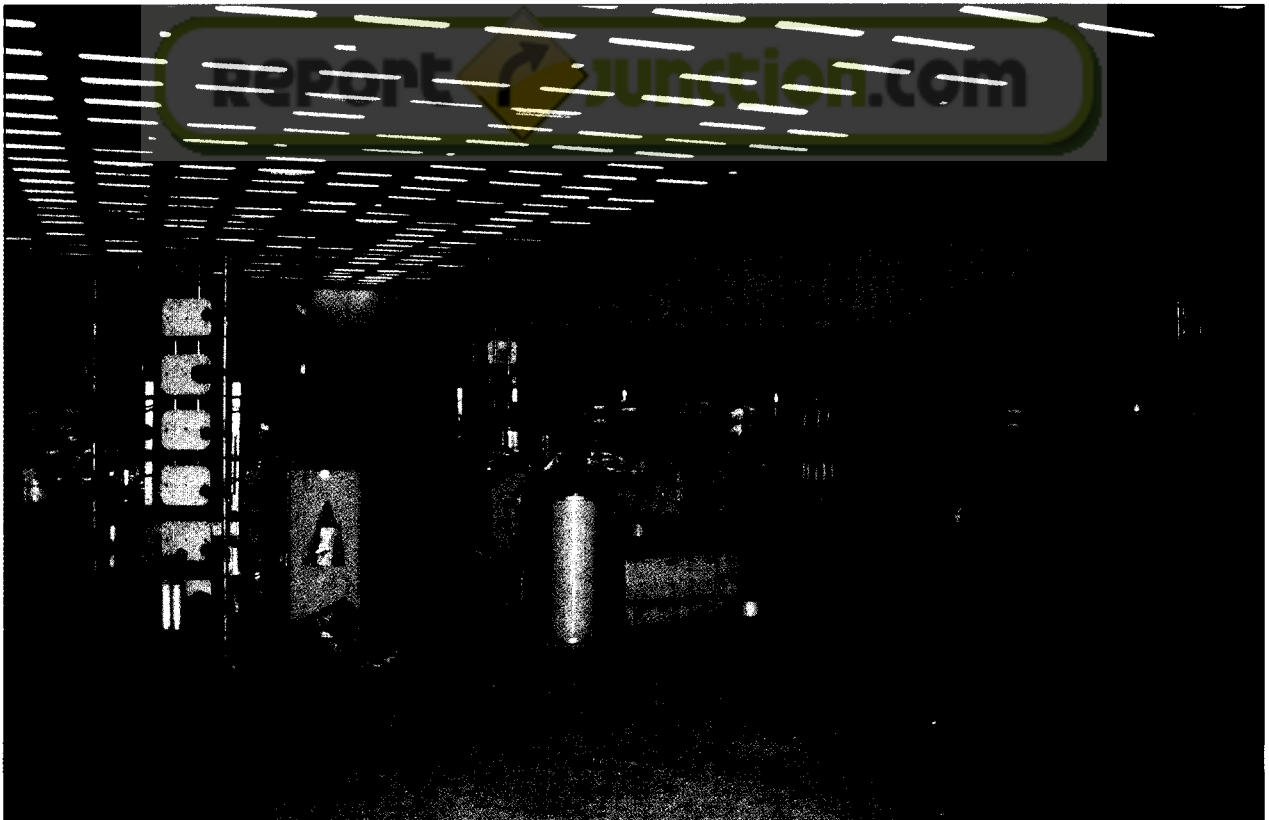


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## **20th Annual Report & Accounts 2001 - 2002**



*A view of the factory at Nanjangud and temple silhouetted against green landscape*



*Inside view of the factory at Nanjangud, Mysore*



## ZENITH EXPORTS LIMITED

### BOARD OF DIRECTORS (16.08.02)

Mr. B. R. Loyalka, Chairman  
 Mr. R. K. Loyalka, Managing Director  
 Mr. S. K. Loyalka, Managing Director  
 Mr. M. M. Bhagat  
 Mr. K. D. Rungta  
 Mr. S. C. Das, Nominee Director from IDBI  
 Mr. B. K. Loyalka  
 Mr. Y. Gopalkrishnan, Whole-time Director  
 Mr. P. Loyalka (w.e.f. 30.07.02)

### FINANCE CONTROLLER & SECRETARY

Mr. Pramod Patwari

### AUDITORS

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

### PRINCIPAL BANKERS

Canara Bank  
 State Bank of India

### REGISTERED OFFICE

19, Rajendra Nath Mukherjee Road  
 Kolkata-700 001

### WORKS

#### ZENITH SPINNERS

Dholka Bagodara State Highway  
 Village - Sarandi  
 Taluka-Dholka  
 Dist.-Ahmedabad-387 810

#### ZENITH TEXTILES

13, A/B/C, Industrial Area  
 Nanjangud  
 Dist.-Mysore  
 Karnataka-571 301

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Cover design of this Report is a replica of the cloth design,  
 manufactured in our factory at Nanjangud



## NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of ZENITH EXPORTS LIMITED will be held at **381/1, Hemant Mukhopadhyay Sarani, Kolkata 700 029** on Saturday the 28th day of September, 2002 at 11:00 A.M. to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at 31st March, 2002, the Audited Profit & Loss Account for the year ended on that date and the Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. R. K. 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 M/s. Tiwari & Company, Chartered Accountants as Statutory Auditors of the Company and to give an authority to the Board of Directors to appoint Branch Auditors for the Spinning & Weaving Divisions of the Company (in consultation with the Statutory Auditors) each of whom shall report to the Statutory Auditors and further authority to the Board of Directors to fix the remuneration of all.

### 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** Mr. Piyush Loyalka, who was appointed as an Additional Director in terms of Section 260 of the Companies Act, 1956 and who holds office until the conclusion of this Annual General Meeting, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

**Registered Office**  
**19, Rajendra Nath Mukherjee Road,**  
**Kolkata-700 001**  
**Dated : August 16, 2002**

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. THE INSTRUMENT APPOINTING THE PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The relevant Explanatory Statement pursuant to section 173 of the Companies Act, 1956 in respect of item no. 5 of the notice set out above is annexed hereto.
3. Members and Proxies are requested to bring their filled in Attendance slips enclosed, to the meeting.
4. The Register of Beneficial owners, Register of Members and the Transfer Books of the Company shall remain closed from Saturday, 21st September, 2002 to Saturday, 28th September, 2002 (both days inclusive).



5. A member desirous of getting any information on the accounts or operations of the Company or share related matter is requested to forward his/her queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
6. Pursuant to section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not yet encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, Nizam Palace, IInd MSO Building, 234/4, A J C Bose Road, Kolkata-700 020 by submitting an application in Form No. II.
7. Further, Pursuant to the provision of Section 205A of the Companies Act, 1956, as amended, dividend for the financial year ended 31st March, 1996 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the Investor Education and Protection Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the financial year ended 31st March, 1996 or any subsequent financial years are requested to make their claim to the Company.
8. The unpaid dividends that are due for transfer to the Investor Education and Protection Fund are as follows :

<u>Dividend No.</u>	<u>Date of Declaration</u>	<u>For the Financial Year</u>	<u>Due for Transfer on</u>
07	28.09.96	1995-1996	15.11.03
08	27.09.97	1996-1997	14.11.04

9. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
10. Shareholders are requested to bring their copies of Annual Reports to the Meeting.

#### **INFORMATION REQUIRED ABOUT THE DIRECTORS RETIRING BY ROTATION AS REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT**

As required under the Listing Agreement, the particulars of Directors who are proposed to be re-appointed are given below :-

1. Name : Mr. Raj Kumar Loyalka  
Age : 58 years  
Qualification : B.E.E.  
Expertise : Vast experience in the field of Leather Goods and Spinning Industry  
Director of the Company since 23rd July, 1981.

#### **Other Directorships :**

	<b>Name of the Company</b>	<b>Position Held</b>	<b>Committee Type</b>	<b>Membership Status</b>
1.	Himalaya Granites Ltd.	Director	NIL	NIL
2.	Name : Mr. Y. Gopalkrishnan Age : 54 years Qualification : M. Tech., (Text) Engg.. Expertise : Vast experience of 33 years in the field of Textiles. Director of the Company since 6th October, 1994.			

**Other Directorships :**

<b>Name of the Company</b>	<b>Position Held</b>	<b>Committee Type</b>	<b>Membership Status</b>
NIL	NIL	NIL	NIL

**EXPLANATORY STATEMENT**

As required by Section 173(2) of the Companies Act, 1956.

**Item No. 5**

Mr. Piyush Loyalka was inducted as an Additional Director of the Company with effect from 30th July, 2002. The Board considers that on account of his specialised knowledge it would be in the interest of the Company to appoint him on the Board and recommends his appointment. Notice under section 257 of the Companies Act, 1956 has also been received alongwith a deposit of Rs. 500/- from a member signifying his intention to propose the appointment of Mr. Piyush Loyalka as Director of the Company.

Mr. B. R. Loyalka, Mr. B. K. Loyalka being relatives of Mr. Piyush Loyalka and Mr. Piyush Loyalka are deemed to be concerned or interested in the resolution.

**Registered Office**  
**19, Rajendra Nath Mukherjee Road,**  
**Kolkata-700 001**  
**Dated : August 16, 2002**

By Order of the Board  
**PRAMOD PATWARI**  
**(Finance Controller & Secretary)**



## DIRECTORS REPORT

Your Directors have pleasure in presenting the 20th Annual Report together with Audited Statement of Accounts for the Financial year ended 31st March, 2002

(Rs. in lacs)

### FINANCIAL HIGHLIGHTS

	Year ended 31.03.2002	Year ended 31.03.2001
Turnover and other Income	16209.50	16049.28
<b>PROFIT BEFORE INTEREST AND DEPRECIATION</b>	<b>1581.29</b>	2388.97
Less : Interest	610.48	872.67
<b>PROFIT BEFORE DEPRECIATION</b>	<b>970.81</b>	1516.30
Less : Depreciation	671.49	834.47
<b>PROFIT AFTER DEPRECIATION</b>	<b>299.32</b>	681.83
Add : Income Tax for earlier years Written back	0.06	—
Add : Provision for Diminution in Investment Written back	—	4.91
<b>PROFIT BEFORE TAX</b>	<b>299.38</b>	686.74
Less : Provision for Taxation		
Current Tax	2.61	—
Deferred Tax	31.90	—
<b>PROFIT AFTER TAX</b>	<b>264.87</b>	686.74
Add : Surplus Brought Forward	1070.97	384.24
<b>SURPLUS CARRIED TO BALANCE SHEET</b>	<b>1335.84</b>	1070.98
<b>DIVIDEND</b>		

To conserve the resources of the Company in view of substantial institutional liability for Term Loan repayments in the years ahead, your Directors have not recommended any dividend for the year, inspite of satisfactory performance under the circumstances.

### OPERATIONS

#### SPINNING UNIT (AT SARANDI, AHMEDABAD)

During the year production of yarn increased to 5370.68 MT from 5221.43 MT last year, an increase of 2.86%. Turnover of this unit has increased by 0.4% to Rs. 53.21 Crores as compared to 53.00 Crores last year. The unit recorded a net loss of Rs. 3.02 crore as compared to Rs. 3.27 crores in the previous year, as recessionary conditions in Spinning Industry are still continuing.

#### SILK WEAVING UNIT (AT NANJANGUD, MYSORE)

During the year, the production of Silk fabrics has increased to 4.04 lac Mtrs from 3.60 lac Mtrs last year, sales also increased to Rs. 22.08 Crores from Rs. 20.71 Crores last year. Net profit of the unit has decreased to Rs. 2.21 Crores during the year as compared to Rs. 2.40 Crores last year, mainly due to lower realisations.





## EXPORTS OF LEATHER MADE-UPS AND SILK FABRICS (CALCUTTA)

The Turnover of this division increased to Rs.75.63 Crores from Rs. 74.91 Crores, i.e. a rise of 0.96%. However, the Profit has decreased to Rs. 3.45 crores from 7.73 Crores due to pressure on margins.

## FUTURE PROSPECTS

### SPINNING UNIT (AT SARANDI, AHMEDABAD)

The Textile Industry has been under severe recession for the last five years all over the world. But from the year 2002 it is showing signs of recovery. Our Unit has achieved international standard quality and in recent the unit has achieved over 90% of production as Exports. We sincerely hope that this unit will earn profit in the year 2002-03 even after providing depreciation and interest.

### SILK WEAVING UNIT (AT NANJANGUD, MYSORE)

The market conditions continued to be challenging. The management has taken steps to counter the stiff competition, reduce cost and strengthen margins. The company is ideally positioned to offer design, quality and product innovation to meet the growing demand.

## EXPORTS OF LEATHER MADE-UPS AND SILK FABRICS (HANDLOOMS) CALCUTTA

Turnover during the first quarter of the current financial year has been higher. However the International market for leather hand gloves is under severe competition, the Company is striving to increase its turnover for offsetting the reduction in margins.

## DEPOSITS

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

## DIRECTORS

Mr. R. K. Loyalka and Mr. Y. Gopalkrishnan, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Mr. Piyush Loyalka joined the Board of Directors as an Additional Director on 30.07.02. As per Section 260 of the Companies Act, 1956. Mr. Piyush Loyalka will hold office as Director upto the ensuing Annual General Meeting. The Company has received a notice from a member u/s. 257 of the Companies Act, 1956 proposing the candidature of Mr. Piyush Loyalka as a Director of the Company.

Mr. B. L. Birmecha, Director of the Company, resigned from the Board w.e.f. 22.10.01. The Board place on record a appreciation for the services rendered by him during his tenure as a Director of the Company.

Mr. D. Lahiri, Wholetime Director of the Company, resigned from the Board w.e.f. 21.02.02. The Board place on record a appreciation for the services rendered by him during his tenure as a Director of the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- [i] That in the preparation of the accounts for the financial year ended 31st March' 2002, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- [ii] That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were 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 and of the profit of the Company for the year under review ;





- [iii] That the Directors have taken proper and sufficient care for the maintenance of adequate accounting 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;
- [iv] That the Directors have prepared the accounts for the financial year ended 31st March' 2002 on a 'going concern' basis.

### AUDITORS

M/s. Tiwari & Co., 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.

### CORPORATE GOVERNANCE

A report on the Corporate Governance with regard to composition of the Board, Audit Committee, Shareholders' Grievance Committee, Remuneration Committee etc. along with a Certificate of Compliance from the Auditors is provided elsewhere in this Annual Report.

### 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.

### STOCK EXCHANGE

The Company is listed with The Calcutta Stock Exchange Association Limited, The National Stock Exchange of India Limited, The Stock Exchange, Mumbai and The Stock Exchange, Ahmedabad and has paid the Annual Listing fees for the year 2002-2003.

### ACKNOWLEDGEMENTS

Your Director acknowledge with gratitude the co-operation and assistance received from the Central and State Governments, Financial Institutions, Banks, Investors, Employees 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 : Kolkata

Dated : August 16, 2002



## 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/ Nature of Duties	Qualification	Age (Yrs)	Experience (No. of years)	Date of commencement of employment	Remuneration received (in Rs.)	Name of last Employer, post held
1	2	3	4	5	6	7	8	9
<b>EMPLOYED THROUGHOUT THE YEAR</b>								
1.	Gopalkrishnan Y	Whole-time Director	M.Tech (Text) Engg.	54	33	06.10.94	1321921/-	Consultant

### NOTES :

1. Nature of Employment — Contractual
2. The above employee is not relative of any Directors of the Company.
3. The remuneration include Salary, Company's Contribution to Provident Fund, Medical Expenses and monetary value of perquisites 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, 2002.

### 1. CONSERVATION OF ENERGY

- (i) During the year 2001-2002 the unit has taken following measures for energy conservation.
  - (a) The unit has continued the use of "LDO" for own generation of electricity in D. G. Sets at Ahmedabad.
  - (b) Overhauling of electric motors and D. G. Sets to get better efficiency.
  - (c) Replacement of Existing spindles with energy saving spindles.
  - (d) Close monitoring of Humidification Plant.
  - (e) Reduction in electricity consumption by replacing old equipments with the new technology advanced equipments.

The Company is planning to follow the above steps during the current year also.