

# **ZENITH EXPORTS LIMITED**



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**21st  
Annual Report & Accounts  
2002 - 2003**



*A view of the Nanjangud Silk Factory situated within greenery.*



*Inside view of the factory at Nanjangud.*



## ZENITH EXPORTS LIMITED

### BOARD OF DIRECTORS (12.08.03)

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. Y. Gopalkrishnan, Whole-time Director  
 Mr. P. Loyalka

### 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 21st Annual General Meeting of ZENITH EXPORTS LIMITED will be held at **Sri Kunj, Top Floor, 381/1, Hemant Mukhopadhyay Sarani, Kolkata 700 029** (Near Golpark) on Tuesday the 23rd day of September, 2003 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, 2003, 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. M. M. Bhagat, 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. B. R. Loyalka, 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 of the Company to appoint Branch Auditors in consultation with the Statutory Auditors of the Company for the Company's Spinning & Weaving Division and further authority to the Board of Directors to fix the remuneration of the auditors.

### SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

**"RESOLVED THAT** consent of the members be and is hereby accorded to the Board of Directors of the Company for keeping the Register of member / debenture holders together with the Index of Members, Index of Debenture-holders and copies of all returns prepared under sections 159 and 160 of the Companies Act, 1956, as also the copies of certificates and documents required to be annexed thereto under sections 160 and 161 of the Companies Act, 1956, at the office of CB Management and Services Pvt. Ltd., situated at P-22, Bondel Road, Kolkata-700 019 instead of at the Registered Office of the Company at 19, R. N. Mukherjee Road, Kolkata-700 001.

**RESOLVED FURTHER THAT** the Secretary of the Company be and is hereby directed to intimate to the Registrar of Companies, West Bengal in this regard".

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

**"RESOLVED THAT** pursuant to Regulation 5 of Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 and all other applicable laws, rules, regulations guidelines etc. and subject to approvals / permissions, if any, from the regulatory authorities and / or government departments, as may be required for this purpose, approval be and is hereby given for delisting of equity shares of the Company from The Ahmedabad Stock Exchange & The Calcutta Stock Exchange Association Limited.

**RESOLVED FURTHER THAT** the Board of Directors of the company be and are hereby authorised to give necessary approvals, take appropriate steps, give necessary authority to any Director / Officer of the Company for purpose of delisting of shares with the stock exchanges mentioned above."

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, and all other applicable provisions, if any, and schedule XIII of the Companies Act, 1956 (“the Act”) the consent of the Company be and is hereby accorded to the extension of term of office of Mr. Y. Gopalkrishnan upto 31.03.2008 upon such remuneration, terms and conditions as set out in the agreement 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 extension 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 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 FUTHER 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”.

**Registered Office**  
**19, Rajendra Nath Mukherjee Road,**  
**Kolkata-700 001**  
**Dated : August 12, 2003**

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(s). 5 to 7 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 Tuesday, 16th September, 2003 to Tuesday, 23rd September, 2003 (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 :

Dividend No.	Date of Declaration	For the Financial Year	Due for Transfer on
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 ABOUT THE DIRECTORS RETIRING BY ROTATION AND SEEKING RE-APPOINTMENT 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 :-

Particulars	Mr. Madhukar Manilal Bhagat	Mr. Bilas Rai Loyalka
Date of Birth	21/08/1933	12/10/1922
Appointed on	30/11/1996	16/06/1993
Qualifications	B.Com., A.C.I.I. (London) A.I.I.I. Passed Part - I of Fellowship Examination of Chartered Insurance Institute, London, Passed Intermediate Examination of the Chartered Institute of Secretaries, London.	B.com
Expertise in specific functional areas	Mr. Bhagat has vast experience of 33 years in the field of Insurance.	Mr. Loyalka has vast experience of 50 years in Insurance.
Directorship held in other Companies (excluding foreign companies)	Hindalco Industries Ltd. Kothari Petro Chemicals Ltd. VCK Share & Stock Broking Services Limited Lark Wires & Infotech Ltd. Birla Insurance Advisory Services Limited.	S. M. Loyalka Medical Centre Loyalka Charity Trust - Trustee
Membership / Chairmanship of Committees across public companies		
Audit Committee	Chairman - Hindalco Industries Ltd. Member - Zenith Exports Ltd.	Member - Zenith Export Limited
Remuneration Committee	Chairman - Zenith Exports Ltd.	Member - Zenith Export Limited
Shareholder & Investors' Grievance Committee	NIL	Chairman - Zenith Exports Limited





## EXPLANATORY STATEMENT

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

### Item No. 5

As per Section 163 of the Companies Act, 1956, if Register of Members/Debenture holders/Index of Registers/ Annual Returns and other documents as mentioned therein are to be kept at a place other than Registered office of the Company, consent of the members of the Company by way of Special Resolution is required for the purpose. The Special Resolution being item no. 5 set in the Notice is intended for the purpose.

The Board of Directors recommends the Special Resolution for approval of the Members.

None of the Directors are, in any way, interested or concerned in this resolution.

### Item No.6

Presently the Company's Equity Shares are listed on the following four Stock Exchanges:

1. The Calcutta Stock Exchange Association Limited
2. The Stock Exchange, Ahmedabad
3. The Stock Exchange, Mumbai &
4. National Stock Exchange of India Limited.

The Securities and Exchange Board of India (SEBI) has vide SEBI (Delisting of Securities) Guidelines, 2003 issued guidelines for delisting of shares by the Companies. Regulation 5 provides that a Company may delist from Stock Exchanges where its shares are listed provided that the securities of the Company have been listed for a minimum of three year on any stock exchange. It also provides that if the shares of the Company continue to be listed on the Stock Exchange having nationwide trading terminals, then it need not give an exit opportunity to the shareholders/investors for purchasing their shares. As per explanation to Regulation 5, The Stock Exchange Mumbai (BSE) and National Stock Exchange of India Limited (NSE) have been declared as the Stock Exchanges having nationwide trading terminals. The shares of the Company are, among others, listed on these two stock exchanges, therefore, the Company is not required to give exit opportunity to the shareholders for selling the shares.

The Shares of the Company are not being traded in a material way on The Stock Exchange, Ahmedabad & The Calcutta Stock Exchange Association Limited. The trading volumes of the shares of the Company on the above mentioned stock exchanges is negligible and continued listing is not providing any advantage to the members of the Company. The shares of the Company will continue to be listed on the other two stock exchanges as mentioned above having nation wide terminals, therefore, the members of the Company will not be put to any inconvenience by the proposed delisting. In view of the legal position with regard to delisting of shares as provided in the above mentioned SEBI Regulations and as the Company's shares will continue to be listed on NSE and BSE having nationwide trading terminals, the Board considered and approved, subject to your approval, delisting of equity shares of the Company from The Ahmedabad Stock Exchange & The Calcutta Stock Exchange Association Limited in its meeting held on 12/08/2003. The Board, therefore, commends this resolution for the approval of the shareholders.

None of the Directors are, in any way, interested or concerned in this resolution.

### Item No.7

The present term of office of Mr. Y. Gopalkrishnan is expiring on 05.10.2004. In order to have a long term fruitful mutual benefit Remuneration Committee of the Board of Directors of the Company extended the period of his office upto 31.03.2008 on increased remuneration which was also approved by the Board of Directors in their meeting held on 30.07.2003.



The remuneration of Mr. Y.Gopalkrishnan has been increased to Rs. 120000/- p.m. from Rs. 75000/- p.m. Apart from above he shall be entitled to the following benefits:-

(a) Rent Free Residential Accommodation at Bangalore, (b) Reimbursement of Medical Expenses actually incurred on self and family subject to the ceiling of one month's salary per year, (c) Leave Travel Concession once in a year for self and family, (d) Club fees of not more than two clubs excluding admission and life membership fees, (e) Personal Accident Insurance, premium not exceeding Rs. 4000/- in a year, (f) Provident Fund as per the rules of the Company, (g) Gratuity not exceeding half a month salary for every completed year of service, (h) Telephone at the residence for official as well as personal use provided, however that personal long distance calls shall be billed by the Company, (i) Car with Driver for the purpose of Company's business, (j) Privilege and earned leave on full pay and allowances as per the rules of the Company subject to a maximum of one month leave for eleven months of service. The leave not availed and accumulated may be encashed as per the rules of the Company.

The terms and conditions set out for extension of period of office and payment of enhanced remuneration 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 Agreement entered into between the Company and of Mr. 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.

The aforesaid explanation together with the accompanying Notice, may be treated as an Abstract under Section 302 of the Companies Act, 1956.

Your Directors re-commend the resolutions set out at item no. 7 to the notice for your approval.

Mr. Gopalkrishnan himself may be deemed to be concerned or interested in the above.

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

**Registered Office**  
**19, Rajendra Nath Mukherjee Road,**  
**Kolkata-700 001**  
**Dated : August 12, 2003**

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





## DIRECTORS REPORT

Your Directors have pleasure in presenting the 21st Annual Report together with Audited Statement of Accounts for the Financial year ended 31st March, 2003

(Rs. in lacs)

### FINANCIAL HIGHLIGHTS

	Year ended 31.03.2003	Year ended 31.03.2002
Turnover and other Income	18584.64	16209.50
<b>PROFIT BEFORE INTEREST AND DEPRECIATION</b>	<b>1999.78</b>	<b>1581.29</b>
Less : Interest	388.49	610.48
<b>PROFIT BEFORE DEPRECIATION</b>	<b>1611.29</b>	<b>970.81</b>
Less : Depreciation	624.21	671.49
<b>PROFIT BEFORE TAX</b>	<b>987.08</b>	<b>299.32</b>
Add : Income Tax for earlier years written back	2.61	0.06
	<b>989.69</b>	<b>299.38</b>
Less : Provision for Current Tax	—	(2.61)
Less : Provision for Deferred Tax	(249.16)	(31.90)
<b>PROFIT AFTER TAX</b>	<b>740.53</b>	<b>264.87</b>
Add : Surplus Brought Forward	1335.85	1070.98
<b>SURPLUS CARRIED TO BALANCE SHEET</b>	<b>2076.38</b>	<b>1335.85</b>

### DIVIDEND

The Company has substantial institutional liability for Term Loan repayments in the current year. In view of this and to further conserve the resources, your Directors have not recommended any dividend for the year.

### OPERATIONAL REVIEW

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

During the year production of yarn increased to 5538.80 MT as compared to 5370.68 MT last year, an increase of 3.13 %. Turnover of this unit also increased by 2.42% to Rs. 54.50 Crores from Rs 53.21 Crores last year. The unit registered a net profit of Rs. 87.74 lacs against a loss of Rs. 301.63 lacs last year. Despite recession in Textile Industry the unit could achieve satisfactory profitability on account of cost reduction and improvement in the product quality.

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

During the year, the unit produced 3.95 lakh Mtrs of Silk fabrics in comparison to 4.04 lakh Mtrs last year. Sales however increased to Rs. 24.21 Crores from Rs. 22.08 Crores last year an increase of 9.65%. Net profit of the unit has also increased to Rs. 3.25 Crores during the year as compared to Rs. 2.21 Crores last year, an increase of 47.05%.

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

The turnover of this division increased to Rs. 91.04 Crores from Rs. 75.63 Crores, a rise of 20.37%. The Profit before Tax has also increased to Rs. 5.77 Crores from Rs. 3.80 Crores achieved last year. However, profit after tax was lower due to provision for deferred tax.



## **FUTURE OUTLOOK**

### **SPINNING UNIT (AT SARANDI, AHMEADABAD)**

The Textile Industry was under recession for the last five years. But from the year 2002 it is showing signs of recovery. The Unit has achieved international standards of quality and today the unit is running over 90% of production on Exports. We sincerely hope that this unit should earn profit in the year 2003-04 also after providing depreciation and interest. Spinning units producing high export quality yarns should do better after 2004 when quotas on textiles exports will be removed as per WTO agreements.

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

The market conditions continues 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 overseas demand.

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

Your Company is targetting higher turnover during the year 2003-2004 to achieve better profitability.

## **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. M. M. Bhagat and Mr. B. R. Loyalka, retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Mr. B. K. Loyalka, Director of the Company, resigned from the Board w.e.f. 01.11.2002. The Board place on record its appreciation for the valuable services rendered by him during his long 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 that :

- [i] In the preparation of annual accounts for the financial year ended 31st March'2003, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- [ii] Your 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] Your 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] Your Directors have prepared the annual accounts for the financial year ended 31st March'2003 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.