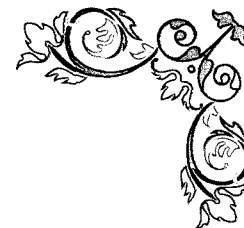
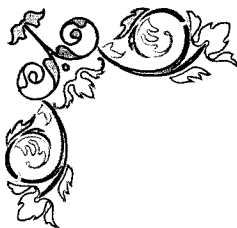


# ZENITH EXPORTS LIMITED



25th  
Annual Report & Accounts  
2006 - 07

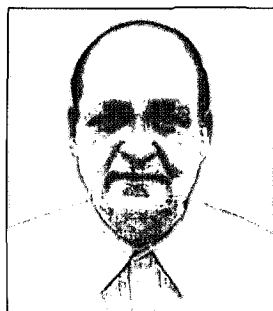




## Board of Directors



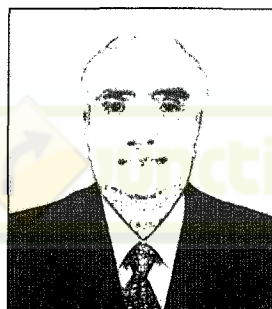
**Sri B. R. Loyalka**  
*Chairman*



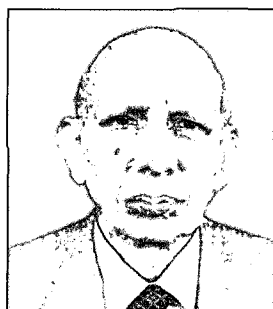
**Sri R. K. Loyalka**  
*Managing Director*



**Sri S. K. Loyalka**  
*Managing Director*



**Sri Y. Gopalkrishnan**  
*Wholetime Director*



**Sri K. D. Rungta**  
*Director*



**Sri M. M. Bhagat**  
*Director*



**Sri Ravi Poddar**  
*Director*



**Sri Piyush Loyalka**  
*Director*

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## ZENITH EXPORTS LIMITED

## BOARD OF DIRECTORS (14.08.07)

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. Ravi Poddar  
 Mr. Y. Gopalkrishnan, Whole-time Director  
 Mr. Piyush Loyalka

## COMPANY SECRETARY CUM FINANCE CONTROLLER

Mr. Kaushik Biswas

## 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  
 First Floor, Kolkata-700 001  
 Phone : 91-33-2248 6936 / 7071 / 9522  
 Fax : 91-33-2248 0960/ 9853  
 E-mail : zenith@giascl01.vsnl.net.in  
 Website : www.zenexports.com

## 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

## REGISTRAR AND TRANSFER AGENT

CB Management and Services Pvt. Ltd.  
 P-22, Bondel Road, Kolkata - 700 019  
 Telephone - 2280 6692-93-94/2486/2937  
 Fax : 2287 0263, E-mail - cbmsl1@cal2.vsnl.net.in

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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 25<sup>th</sup> Annual General Meeting of ZENITH EXPORTS LIMITED will be held at Sri Kunj, Top Floor, 381/1, Hemant Mukhopadhyay Sarani, (Also known as Keyatalla Lane) Kolkata – 700 029 ( Near Ram Krishna Mission in Golpark) on Friday the 28<sup>th</sup> day of September, 2007 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 31<sup>st</sup> March, 2007, 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. B. R. Loyalka, who retires from office by rotation at the conclusion of this meeting, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. K. D. Rungta, who retires from office by rotation at the conclusion of this meeting, but 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 divisions and further authority to the Board of Directors to fix their remunerations.

### 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 in accordance with the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 ( including any statutory modification or re-enactment thereof, for the time being in force) the consent of the members be and is hereby accorded for increasing the monthly remuneration payable to Mr. Y. Gopalkrishnan from Rs. 1,45,000/- to Rs. 1,80,000/- w.e.f. 01<sup>st</sup> January, 2007 and also extension of his period of office upto 31<sup>st</sup> December, 2009.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do and perform all such acts, deeds and things and execute all such documents, instruments and writings, as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or to any director or to any employee of the Company to give effect to the aforesaid resolutions.

RESOLVED FURTHER THAT in the event of any loss, absence or inadequacy of profits of the Company in any financial year during the term of the office of Mr. Y. Gopalkrishnan, the remuneration as mentioned in the Explanatory Statement shall be paid to him as Minimum Remuneration”.

Registered & Head Office  
19, Rajendra Nath Mukherjee Road,  
First Floor, Kolkata – 700 001  
Dated : August 14, 2007

By Order of the Board  
KAUSHIK BISWAS  
Company Secretary Cum Finance Controller



## NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF / HERSELF 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(2) of the Companies Act, 1956 in respect of the Special Business under item no. 5 of the notice set out above is annexed hereto.
3. Printed Copies of Balance Sheet, Profit and Loss Account, the Directors' Report, the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet for the financial year ended 31<sup>st</sup> March, 2007 are enclosed as prescribed by Section 219 of the Companies Act, 1956.
4. Members and Proxies are requested to bring their filled in Attendance slips enclosed, to the meeting.
5. The Register of Beneficial owners, Register of Members and the Transfer Books of the Company shall remain closed from Monday, 24<sup>th</sup> September, 2007 to Friday the 28<sup>th</sup> September, 2007 (both days inclusive).
6. Members desirous of getting any information on the accounts or operations of the Company or share related matters are requested to forward their queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
7. Members are requested to notify promptly any change in their address to the Company's Registrar and Share Transfer Agent, M/s. CB Management and Services Private Limited, P-22, Bondel Road, Kolkata-700 019 or to the Depository Participant's where the account is maintained.  
  
The members are also requested to send all correspondence relating to Shares, including transfers and transmissions, to the said Registrar directly for speedy disposal.
8. Members who have not appointed nominee(s) are requested to appoint nominee(s). The prescribed form for appointment of nominee(s) will be made available on request.
9. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31<sup>st</sup> 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 AJC Bose Road, Kolkata – 700 020.
10. Further, Pursuant to Section 205A(5) of the Companies Act, 1956, as amended, any money transferred to the unpaid dividend account of a company remaining unpaid or unclaimed for a period of 7 years from the date of such transfer shall be transferred to Investor Education and Protection Fund and thereafter no claims shall lie against the Investor Education and Protection Fund or the Company. Kindly note that in terms of Section 205C of the Companies Act, 1956, the unclaimed dividend for the financial year 1995-96 & 1996-97 have been transferred to Investor Education and Protection Fund.



11. The unclaimed dividend that is due for transfer to the Investor Education and Protection Fund is as follows:

<u>Date of Declaration of Dividend</u>	<u>For the Financial Year Ended</u>	<u>Last date for claiming the dividend</u>
30/09/2004	2003-04	29/09/2011

The Members who have not encashed the Dividend Warrant(s) so far the financial year ended 31<sup>st</sup> March, 2004 are advised to make their claim to the Company at its Registered Office at 19, R.N.Mukherjee Road, 1<sup>st</sup> Floor, Kolkata – 700 001.

12. 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.
13. Shareholders are requested to bring their copies of Annual Reports to the Meeting.
14. At the ensuing Annual General Meeting, Mr. B. R. Loyalka and Mr. K. D. Rungta retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these Directors in terms of clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the report on Corporate Governance published with this Annual Report.





## ANNEXURE TO NOTICE EXPLANATORY STATEMENT

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

### Item No. 5

The present term of office of Mr. Y. Gopalkrishnan is expiring on 31<sup>st</sup> March, 2008. In order to have long a standing relationship the Remuneration Committee of the Board of Directors of the Company extended the period of his office upto 31<sup>st</sup> December, 2009 and increased his Remuneration from Rs. 1,45,000/- to Rs. 1,80,000/- per month which was also approved by the Board of Directors in their meeting held on 15<sup>th</sup> May, 2007.

Apart from above he shall be entitled to the following benefits :-

[a] Reimbursement of Medical Expenses, [b] Leave Travel Concession, [c] Club Fees, [d] Personal Accident Insurance, [e] Leave, [f] Provident Fund, [g] Gratuity, [h] Telephone and [i] Car

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 explanatory statement sets out an abstract of material terms of the contract with Wholetime Directors and hence the same may be treated as an abstract of Memorandum of Interest in accordance with Section 302 of the Companies Act, 1956.

Your Directors re-commend the resolution set out at item no. 5 in 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 resolution.

Registered & Head Office  
19, Rajendra Nath Mukherjee Road,  
First Floor, Kolkata – 700 001  
Dated : August 14, 2007

By Order of the Board  
KAUSHIK BISWAS  
Company Secretary Cum Finance Controller





## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure to present the 25<sup>th</sup> Annual Report together with Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2007.

## FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	Current Year ended 31.03.2007	Previous Year ended 31.03.2006
Turnover and other Income	21221.60	19643.18
Profit before Depreciation and Tax	1059.88	1092.09
Depreciation	727.03	772.92
Profit before Tax	332.85	319.17
Income Tax for earlier years	0.34	—
Fringe Benefit tax for earlier years	0.23	—
	332.28	319.17
Provision for Tax	127.48	49.98
Net Profit After Tax	204.80	269.19
Add : Surplus Bought Forward	3300.54	3031.35
Surplus Carried to Balance Sheet	3505.34	3300.54

## OPERATIONAL REVIEW AND FUTURE OUTLOOK

The sales have increased to Rs.201.20 crores against Rs. 188.20 crores in the previous year. The Company have achieved profit before tax of Rs. 3.33 crores as against Rs.3.19 crores in the last year. The Net Profit after Tax has decreased to Rs. 2.05 crores from Rs.2.69 crores in the last year.

### Weaving Division

The major set back in terms of industrial relations and the high raw material price front faced by the unit last year hopefully is a thing of the past, as there has been marked improvement in industrial relations. The raw material prices have also come to more realistic levels. The support from the American market has been maintained where as the potential shown in other sectors is still being tapped. Although the improvement in the product mix resulted in the realization going up by 16.5%, the lower utilization of the capacity led to higher cost per metre as the fixed cost had to be shared by lesser number of metres during the year.

The response to the velvet fabrics produced by the company has been very encouraging. The realization levels are also very much on the higher side which will bring up the average realization per metre. The higher utilization of velvet production capacity would certainly contribute to better financial performance in the coming year.

### Spinning Division

There was an impact on the profitability owing to higher power Cost and strengthening of Rupee against US Dollar. The future outlook is bright as the Company has Converted one unit from Cotton Yarn Spining to Viscose Yarn Spinning. There is good demand for Viscose Yarns and the performance for the coming year is to improve further.

### Industrial Leather Hand Gloves & Silk Fabrics

The turnover and profitability of this division did show a marked improvement during the year and the future outlook looks quite promising.





## EXPANSION PROJECT

### Weaving Division

The expansion program envisaged in the previous year was successfully implemented and the contribution from these activities is already seen in terms of higher average realization per meter and a richer product mix.

### SPINNING DIVISION

Owing to uncertainties in demand no major expansion is planned. To rationalize oil prices and electricity costs, propositions of setting up of a coal or lignite based powerplant is under consideration. For further reduction of electricity costs the company may also opt for windmills.

### DIVIDEND

To conserve the resources of the Company, the Board of Directors do not recommend any dividend for this year also.

### FINANCE

During the year your Company has availed fresh term loan of Rs. 500.00 lacs from Canara Bank and Rs. 450.00 lacs from Industrial Development Bank of India Limited to part finance the expansion project. During the year your Company already repaid Rs. 310.00 lacs to Canara Bank. The payments to Industrial Development Bank of India Limited has already commenced from April, 2007.

### PARTICULARS OF EMPLOYEES

There is no employee drawing salary in excess of the limits as prescribed under Section 217(2A) of the Companies Act, 1956. Hence information required to be given under the said section read with Companies (Particulars of Employees) Rules, 1975 as amended has not been provided in 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 - A to this report.

### CORPORATE GOVERNANCE

Your Company complies with all the mandatory requirements pertaining to Corporate Governance, in terms of revised Clause 49 of the Listing Agreement with the Stock Exchanges. A detailed report on Corporate Governance has been included in this report along with a certificate dated 14<sup>th</sup> August, 2007 from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance.

### DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of Companies Act, 1956, your Directors confirm that :

- i] in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- ii] the Directors have selected such accounting policies and applied them consistently and made judgements 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 & of the profit or loss of the Company for that period;
- iii] the Directors have taken proper and sufficient care of maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv] the Directors have prepared the annual accounts on a going concern basis.



## MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis as required under Clause 49(IV)(F) is disclosed separately in this report.

## DEPOSITS

In terms of the provision of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits Rules) 1975, the Company has not accepted any fixed deposits during the year under review.

## DIRECTORS

There was no change in Directors during the year.

The following Directors retire by rotation and being eligible, offer themselves for re-appointment.

1. Mr. B. R. Loyalka
2. Mr. K. D. Rungta

Brief resumes of these directors are included in the Corporate Governance Report.

## AUDITORS

The observations made in the Auditors' Report are self-explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

Your Directors request you to appoint Auditors for the current year.

## APPRECIATION

Your Directors place on record their deep appreciation of the continued support and guidance provided by Central and State Government and all Regulatory bodies.

Your Directors thank you the esteemed shareholders, customers, business associates, Financial Institutions and Commercial Banks for the faith reposed by them in the Company and its management.

Your Directors place on record their deep appreciation of the dedication and commitment of Company's officers and employees at all levels and look forward to their continued support in future as well.

For and on behalf of the Board of Directors  
**B. R. LOYALKA**  
 Chairman

Place : Kolkata  
 Dated : August 14, 2007