

# **ZENITH EXPORTS LIMITED**



**30th  
Annual Report & Accounts  
2011 - 12**



## **COUNCIL FOR LEATHER EXPORTS**

(Sponsored by Ministry of Commerce & Industry, Govt. of India)

*CMDA Tower II, 3rd Floor, Gandhi Irwin Bridge Road,  
Egmore, Chennai - 600 008.*

### **Certificate**

*Council for Leather Exports  
is pleased to award*

***Second Place***

*to*

**M/s. Zenith Exports Ltd**

*Kolkata*

for excellent export performance  
during 2010-11 in

**Industrial Leather Products**

Above ₹50 Crores and upto ₹100 Crores Category

**M. Rafeeqe Ahmed**  
Chairman

**Rajendra Kumar Jalan**  
Vice-Chairman

**Ali Ahmed Khan**  
Executive Director

*Performance award of the Company*

**BOARD OF DIRECTORS**

Mr. S. K. Loyalka, Chairman-cum-Managing Director  
Mr. R. K. Loyalka, Jt. Managing Director  
Mr. V. K. Loyalka, Wholetime Director  
Mr. M. M. Bhagat, Independent Director  
Mr. K. D. Rungta, Independent Director  
Mr. M. L. Jain, Independent Director  
Mr. D. K. Sarawgee, Independent Director

**COMPANY SECRETARY**

Mr. Lawkush Prasad

**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, R. N. 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, PIN-387 810

**ZENITH TEXTILES**

13, A/B/C, Industrial Area  
Nanjungud  
Dist.-Mysore, PIN-571 302  
Karnataka

**REGISTRAR AND TRANSFER AGENT**

C B Management Services (P) Ltd.  
P-22, Bondel Road, Kolkata - 700 019  
Telephone - 4011 6700 / 6711 / 6718 / 6723  
Fax : 2287 0263, E-mail - rta@cbmsl.com  
Website : www.cbmsl.com

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## **NOTICE**

**NOTICE** is hereby given that the **30th Annual General Meeting** of the members of **ZENITH EXPORTS LIMITED** will be held on Saturday, 29th September 2012 at 10.30 A.M., at the ground floor, Auditorium of Birla Academy of Art & Culture, 108, Southern Avenue, Kolkata – 700 029 to transact the following business:

### **ORDINARY BUSINESS**

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March 2012 and Profit & Loss Account for the year ended on that date together with the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Mr. R. K. Loyalka, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. M. Bhagat, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s. Tiwari & Company, Chartered Accountants as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, on such remuneration as may be determined by the Board of Directors of the Company and to give 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 remuneration.

### **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 pursuant to section 257 of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, Mr. D. K. Sarawgee, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

Registered & Head Office  
19, R. N. Mukherjee Road,  
First Floor, Kolkata – 700 001  
Dated : August 13th, 2012

By Order of the Board  
LAWKUSH PRASAD  
*Company Secretary*

### **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 A 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 thereto.
  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 31st March, 2012 are enclosed as prescribed by Section 219 of the Companies Act, 1956.
  4. Members and Proxies are requested to bring the enclosed filled-in Attendance slip, to the meeting.
  5. The Register of Beneficial owners, Register of Members and the Transfer Books of the company shall remain closed from 24/09/2012 to 29/09/2012 (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 holding shares in physical form are requested to inform change of address, bank details & email ID, immediately to Registrar and Share Transfer Agents, M/s. C. B. Management Services Private Limited, P-22, Bondel Road, Kolkata-700 019 and in case shares are held in demat form, request for change of address, bank details & email ID be made to the Depository Participant's where the demat account is maintained.
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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 31st March, 1995 have been transferred to the Investor Education & Protection Fund (IEPF) 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.
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 & 2003-04 have been transferred to Investor Education and Protection Fund.
11. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
12. Shareholders are requested to bring their copies of Annual Reports to the Meeting.
13. The information pertaining to Directors seeking Re-appointment at the Annual General Meeting, in terms of clause 49 of the Listing Agreement with the Stock Exchanges are given below :

Particulars	Mr. R. K. Loyalka	Mr. M. M. Bhagat
Date of Birth	15.11.1944	21.08.1933
Date of Appointment	23.07.1981	30.11.1996
Qualifications	B.E.E.	B. Com./A.C.I.I.
Expertise in specific functional areas	33 years of Experience in production and exports	42 years of Experience in Insurance
Directorship held in other Companies(excluding foreign companies)	S. M. Loyalka Hospital	i. VCK Share & Stock Broking Services Ltd. ii. Hindalco Industries Ltd. iii. Aditya Birla Insurance Brokers Ltd. iv. VCK Capital Market Services Limited v. Birla Family Investments Pvt. Ltd.
Membership/Chairmanship of Public Limited companies :  Audit Committee	None	i. Hindalco Industries Ltd. – Chairman ii. VCK Capital Market Services Ltd. – Chairman iii. Zenith Exports Ltd. – Member
Remuneration Committee	None	i. Zenith Exports Ltd. – Chairman

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By Order of the Board  
LAWKUSH PRASAD  
Company Secretary

**EXPLANATORY STATEMENT**

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

Item No. 5

In terms of proviso of clause 82 of the Articles of Association and in accordance with the Section 260 of the Companies Act, 1956, Mr. D. K. Sarawgee was appointed as an additional director of the Company with effect from 10th December, 2011 to hold office till conclusion of this Annual General Meeting.

Notice has been received pursuant to Section 257 of the Companies Act, 1956 together with necessary deposit of Rs. 500/- proposing Mr. D. K. Sarawgee as a Director of the Company liable to retire by rotation.

Registered & Head Office  
19, R. N. Mukherjee Road,  
First Floor, Kolkata – 700 001  
Dated : August 13, 2012

By Order of the Board  
LAWKUSH PRASAD  
*Company Secretary*



## DIRECTORS' REPORT

Your Directors have pleasure to present the 30th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2012.

(Rs. in lacs)

### FINANCIAL HIGHLIGHTS

	<b>Current Year ended 31.03.2012</b>	Previous Year ended 31.03.2011
Turnover and other Income	<b>27599.38</b>	24299.99
Profit before Depreciation and Tax	<b>554.02</b>	1004.95
Depreciation	<b>631.46</b>	640.02
<b>Profit before Tax</b>	<b>(77.44)</b>	<b>364.93</b>
Income Tax for earlier years	<b>8.58</b>	—
	<b>(68.86)</b>	364.93
Tax Expenses (Current & Deferred)	<b>(34.53)</b>	127.13
<b>Net Profit After Tax</b>	<b>(34.33)</b>	<b>237.80</b>
Add : Surplus Brought Forward	<b>3797.93</b>	3560.13
<b>Surplus Carried to Balance Sheet</b>	<b>3763.60</b>	<b>3797.93</b>

### OPERATIONAL REVIEW AND FUTURE OUTLOOK

The sales have increased to Rs. 25487.58 lacs against Rs. 22503.46 lacs in the previous year, an increase of 13.26%. The Company has incurred loss before tax of Rs. 77.44 lacs as against profit of Rs. 364.93 lacs in the previous year. The Net Loss after Tax (including deferred tax) is Rs. 34.33 lacs as against profit of Rs. 237.80 lacs in the previous year.

#### WEAVING DIVISION

Due to slowdown of European economy, the sales & profitability was under stress. However due to recovery in USA, we were able to maintain sales and reduce our financial losses compared to last year. High fluctuation in the price of raw silk in the international market and other commodity during the year under review has seriously affected the bottom lines of the division.

#### SPINNING DIVISION

High volatility in the price of raw cotton, ban on export of cotton yarn by the Govt., high power, labour & infrastructural cost has adversely affected the bottom line of the division. We are exploring the new markets, which would give us a better turnover and profit margin.

### EXPANSION PROJECT

#### WEAVING DIVISION

No major expansion project was initiated by the Company at its Weaving division at Nanjangud, Mysore during the year under review. However arrangements are being made to import good quality looms to cope up the additional requirement of velvet fabrics.





#### SPINNING DIVISION

The Company has installed further 1872 nos. of spindles and some other ancillary machines during the year under review to meet the additional demand of yarn from USA and other continent.

#### DIVIDEND

Due to adverse results for the year under review, the Board of Directors do not recommend any dividend for this year.

#### FINANCE

The Company has not taken any term loan during the year. However, installments against the existing term loans are being paid regularly.

#### PARTICULARS OF EMPLOYEES

There was 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

The particulars in respect of conservation of energy and technology absorption are given in annexure 'A' forming part of this report pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

#### 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 along with a copy of certificate from the Statutory Auditors regarding compliance of conditions on Corporate Governance is annexed thereto.

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

- I] in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- II] the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2012 and profit and loss for the year ended on that day;
- III] the Directors had 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; and
- IV] the Directors had 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.

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## DIRECTORS

Mr. B. R. Loyalka resigned from the Board of Directors of the Company w.e.f. 25.06.2012 on ground of advance age.

Mr. Devendra Kumar Sarawgee was appointed as an Additional Director on the Board of Directors of the Company w.e.f. 10.12.2011. He ceases to be a Director on the date of 30th Annual General Meeting. Notice u/s. 257 of the Companies Act, 1956 has been received in respect of his appointment as a Director on the Board.

The following Directors retire by rotation and being eligible, offer themselves for reappointment :

- a) Mr. R. K. Loyalka
- b) Mr. M. M. Bhagat

## 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 the existing auditors as statutory auditors for the current year also.

## CAUTIONARY STATEMENT

Certain Statements in the Management Discussion and Analysis describing the Company's view about the industry, expectations/predictions, objectives etc. may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from those implied therein. Important factors that could make a difference include raw materials availability and prices, demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, industrial relations and economic developments within India and countries with which the Company conducts business and other incidental factors.

## 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 offer their heartiest thanks to 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  
S. K. LOYALKA  
Chairman-cum-Managing Director

Place : Kolkata  
Dated : August 13th, 2012

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**ANNEXURE – A 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 Director’s Report for the year ended 31st March, 2012.

**I. CONSERVATION OF ENERGY**

- a) Invertors and capacitors have been installed to conserve power. As a result power consumption is reduced.
- b) The Company is making all round efforts for the Conservation of Energy.
- c) Due to high oil prices use of captive furnace oil generators is reduced and Grid connection has been taken to reduce the power costs. Maximum efforts are being put in to reduce consumption and conservation of power, the major expenditure in the Spinning Industry.
- d) The required data with regard to conservation of energy are furnished below :

**FORM - A**

**A. POWER & FUEL CONSUMPTION**

	<b>CURRENT YEAR 2011-2012</b>		<b>PREVIOUS YEAR 2010-2011</b>	
	<b>Spinning</b>	<b>Weaving</b>	<b>Spinning</b>	<b>Weaving</b>
i) <b>ELECTRICITY</b>				
a) Purchased Unit (KWH in lacs)	<b>152.53</b>	<b>20.09</b>	163.46	21.93
Total Amount (Rs. in lacs)	<b>975.62</b>	<b>117.09</b>	967.37	119.11
Rate/Unit (in Rs.)	<b>6.40</b>	<b>5.83</b>	5.92	5.43
b) Own Generation				
I) Through Furnace Oil				
Generated Units (KWH in lacs)	—	—	0.81	—
Unit/Litre	—	—	2.08	—
Cost/Unit (Rs./Unit)	—	—	10.03	—
II) Through Steam Turbine Generator	—	—	—	—
III) Through Diesel Generator				
Generated Units (KWH in lacs)	—	<b>0.30</b>	—	0.35
Unit/Litre of Diesel	—	<b>2.97</b>	—	3.12
Cost/Unit (Rs./Unit)	—	<b>10.59</b>	—	10.07
ii) <b>COAL</b>	<b>NIL</b>	<b>NIL</b>	NIL	NIL
iii) <b>FURNACE / OTHER OIL</b>				
Quantity (in lacs ltrs.)	<b>0.00</b>	<b>3.00</b>	0.39	2.88
Total Amount (Rs. in lacs)	<b>0.00</b>	<b>118.94</b>	8.10	84.40
Average rate per litre (Rs.)	<b>0.00</b>	<b>39.70</b>	20.81	29.31
iv) <b>Other Internal Generation</b>	<b>NIL</b>	<b>NIL</b>	NIL	NIL

**B. CONSUMPTION PER UNIT OF PRODUCTION**

Electricity (KWH)	<b>3.14</b>	<b>10.66</b>	3.36	9.22
Furnace Oil (Ltrs.)	<b>0.00</b>	<b>1.60</b>	0.01	1.16
Standard (KWH)	<b>3.50</b>	—	3.50	—