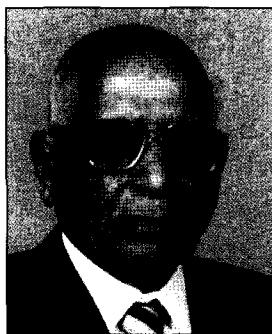


ZENITH EXPORTS LIMITED

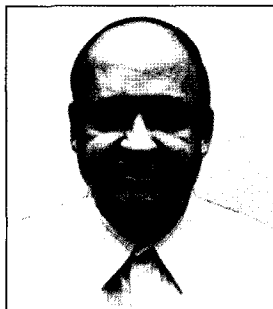


**26th
Annual Report & Accounts
2007 - 08**

Board of Directors



Sri B. R. Loyalka
Chairman



Sri R. K. Loyalka
Managing Director



Sri S. K. Loyalka
Managing Director



Sri K. D. Rungta
Director



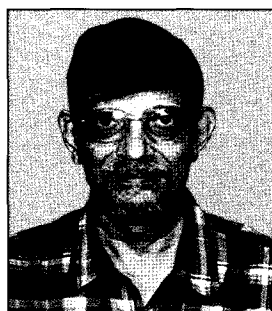
Sri M. M. Bhagat
Director



Sri Ravi Poddar
Director



Sri Piyush Loyalka
Director



Sri Shyamal Bhattacharjee
Director

**BOARD OF DIRECTORS (13.08.07)**

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. Shyamal Bhattacharjee (w.e.f. 31.07.2008)
 Mr. Piyush Loyalka

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-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 **26th Annual General Meeting of ZENITH EXPORTS LIMITED** will be held at Naseem Court, 1st Floor, 4, Moira Street, Kolkata - 700 016 (Near Birla High School for Boys - 1, Moira Street) on Saturday, 27th September 2008 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 2008, 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. S. K. 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. Ravi Poddar, 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 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 fix their remunerations.

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, 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.R.K.Loyalka from Rs.75,000/- to Rs.1,25,000/- w.e.f. 1st April' 2008 for the remaining tenure of his office of appointment.

RESOLVED FURTHER THAT the Board be and is hereby authorised 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 years during the term of the office of Mr.R.K.Loyalka, the remuneration as mentioned in the Explanatory Statement shall be paid to him as Minimum Remuneration".

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, 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.S.K.Loyalka from Rs.75,000/- to Rs.1,25,000/- w.e.f. 1st April 2008 for the remaining tenure of his office of appointment.

RESOLVED FURTHER THAT the Board be and is hereby authorised 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 years during the term of the office of Mr.S.K.Loyalka, the remuneration as mentioned in the Explanatory Statement shall be paid to him as Minimum Remuneration".

7. 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. Shyamal Bhattacharya, be and is hereby appointed as 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, 2008

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 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 nos.5, 6 & 7 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 31st March, 2008 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 19/09/2008 to 27/09/2008 (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.C.B.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 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, Hind 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 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 for the financial year ended 31st March, 2004 are advised to lodge their claim to the Company at its Registered Office at 19, R.N.Mukherjee Road, 1st Floor, Kolkata – 700 001.


ZENITH EXPORTS LIMITED – ANNUAL REPORT 2007-08

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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. The information pertaining to Directors seeking Re-appointment / Appointment at the Annual General Meeting, in terms of clause 49 of the Listing Agreement with the Stock Exchanges are given below :

Particulars	Mr. S. K. Loyalka	Mr. Ravi Poddar	Mr. Shyamal Bhattacharjee
Date of Birth	18/09/1950	22/01/1950	01/01/1941
Appointed on	23/07/1981	06/05/2005	31/07/2008
Qualifications	B.Com & LLB	Commerce Graduate	M.Com, FCS, ACIS,
Expertise in specific functional areas	Exports	NBFC and Real Estate	Legal, Secretarial & Finance
Directorship held in other Companies (excluding foreign companies)	Loyalka Leclercq Textiles Limited	1. Ravi Auto Limited 2. United Credit Limited 3. United Credit & Development Co. Ltd. 4. Bengal United Credit Belani Housing Ltd. 5. Calcutta Metropolitan Group Ltd. 6. United Credit Belani Properties Ltd. 7. Patel Roadways Limited 8. Calcutta State Transport Corporation 9. The Calcutta Stock Exchange Association Ltd. 10. Hooghly River Bridge Commissioners	NIL
Membership/ Chairmanship of Committees of public companies : Audit Committee	None	Member – Zenith Exports Ltd.	None
Remuneration Committee	None	Member – Zenith Exports Ltd.	None



ANNEXURE TO NOTICE EXPLANATORY STATEMENT

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

Item No. 5 & 6

The terms of office of Mr. R.K. Loyalka & Mr. S.K. Loyalka, Managing Directors will expire on 11-02-09. The members of the remuneration committee of the Board of Directors of the company in its meeting held on 29-04-08 recommended the increase in the remuneration of the Managing Directors of the company.

The other terms and conditions of appointment of Managing Directors, which were approved by the members in their meeting held on 30-09-2004, shall remain unchanged. A copy of agreement entered by the Company with the Managing Directors is available for inspection at the Registered Office of the Company on any working day, except Saturdays, between 11:00 A.M. and 1:00 P.M.

Yours Directors recommend the resolution set out at item no(s) 5 & 6 of the notice for your approval.

Mr. R.K. Loyalka and Mr. S.K. Loyalka are interested in the resolution which pertains to their respective increase in remuneration payable to each of them. Further Mr. B.R. Loyalka and Mr. Piyush Loyalka are also interested in resolutions pertaining to the increase in remuneration, as they are related.

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

The above explanatory statement sets out an abstract of material terms of the contract with Managing 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.

Item No. 7

In terms of clause 82(1) of the Articles of Association and in accordance with Section 260 of the Companies Act, 1956 Mr. Shyamal Bhattacharjee was appointed as an additional Director of the company with effect from 31-07-08 to hold office till the 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. Bhattacharjee as a director of the Company. Mr. Bhattacharjee would be a non-executive / independent director of the Company.

Mr. Bhattacharjee is 68 years old and is master in commerce from University of Kolkata. He is also FCS and Associate Member of the Chartered Institute of Secretaries and Administrators, London. Mr. Bhattacharjee has vast experience of Secretarial and legal matters and has worked with various reputed organizations. Presently he is providing Consultancy services.

None of the Directors, except Mr. Bhattacharjee is concerned or interested in this resolution.

Yours Directors recommend the resolution set out at item no 7 of the notice for your approval.

Registered & Head Office
19, R. N. Mukherjee Road,
First Floor, Kolkata – 700 001
Dated : August 13, 2008

By Order of the Board
LAWKUSH PRASAD
Company Secretary



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure to present the 26th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	Current Year ended 31.03.2008	Previous Year ended 31.03.2007
Turnover and other Income	23957.82	21221.60
Profit before Depreciation and Tax	882.91	1059.88
Depreciation	626.81	727.03
Profit before Tax	256.10	332.85
Income Tax for earlier years	—	0.34
Fringe Benefit tax for earlier years	—	0.23
	256.10	332.28
Provision for Tax	114.47	127.48
Net Profit After Tax	141.63	204.80
Add : Surplus Bought Forward	3505.33	3300.54
Surplus Carried to Balance Sheet	3646.96	3505.34

OPERATIONAL REVIEW AND FUTURE OUTLOOK

The sales have increased to Rs.218.77 crores against Rs.201.20 crores in the previous year, an increase of 8.73%. The Company has achieved profit before tax of Rs.2.56 crores as against Rs.3.33 crores in the last year. The Net Profit after Tax has decreased to Rs.1.42 crores from Rs.2.05 crores in the last year.

WEAVING DIVISION

The performance of this division has been seriously affected on account of the subprime losses in America, which has affected all sectors of the economy there. As you are aware, America has been our main and focus market for silk sales. We are still not yet out of woods, but find signs of the end of the Tunnel. We earnestly hope that the results of the current year should be comparatively much better.

SPINNING DIVISION

As reported last year, higher power cost and continuous appreciation of rupee, have adversely impacted profitability of the division. Moreover textile industry is facing crisis after crisis. We have of course, converted one section of the factory to viscose, which should give us a better leeway in the production.

EXPANSION PROJECT

WEAVING DIVISION

The Company has planned for further Expansion by installing 4 (Four) nos. of Wire flex Velvet Looms and one (1) no of Dyeing Machine with a total estimated cost of Rs.951 Lacs. The project is expected to be completed within the current financial year. Two (2) no(s) of Wire Flex Looms have already been installed.

SPINNING DIVISION

No major expansion project was initiated by the Company at its Spinning Division at Dholka, Ahmedabad.

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 Company has not availed any term loan from the financial institutions. Installments against the term loans previously availed from Canara Bank and IDBI are being paid regularly.

PARTICULARS OF EMPLOYEES

The particulars as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are set out as under:

(A) Employed throughout the year and were in receipt of remuneration aggregating not less than Rs.24 Lacs per annum.

Name and Age	: Mr. Y. Gopalkrishnan, 60 Years
Designation	: Executive Director
Nature of Employment	: Permanent
Remuneration Received	: Rs.27,06,586/-
Nature of Duties	: Supervisory, Technical and Managerial
Qualification and Experience	: Master of Technology (Textiles)
Date of Joining	: 05/10/1994
Particulars of last Employment	: Consultant
No. and Percentage of Equity	
Shares held by the Employee	: NIL

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 13-08-2008 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 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 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. S. K. Loyalka
2. Mr. Ravi Poddar

Mr. Y. Gopal Krishnan, Executive Director has resigned form the service of the Company w.e.f 1st June, 2008.

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 also place on record its deep appreciation for the valuable services rendered by Mr.Y.Gopalkrishnan during his long tenure as a Director of the Company, particularly for achieving the ISO 9001 status for the factory at Nanjangud & initiating the manufacture of velvet fabrics by the company.

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 13, 2008