

ZENITH EXPORTS LIMITED



**27th
Annual Report & Accounts
2008 - 09**



In tune with tradition and the trend
Specimen of new weaves from our Nanjangud Factory

**BOARD OF DIRECTORS (14.08.09)**

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. 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@giasclo1.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

CB Management Services Pvt. 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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Cover design of this Report is a replica of the cloth design manufactured in our factory at Nanjungud



NOTICE

NOTICE is hereby given that the **27th Annual General Meeting of ZENITH EXPORTS LIMITED** will be held in ground floor, Auditorium of Birla Academy of Art & Culture, 108, Southern Avenue, Kolkata - 700 029 on Wednesday, 30th September 2009 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 2009, 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 from office by rotation at the conclusion of this meeting, but being eligible, offers himself for re-appointment.
3. To consider retirement of Mr. Piyush Loyalka and to resolve not to fill the vacancy arising due to retirement.
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, 314 read with Schedule XIII and all 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 is hereby accorded to the re-appointment of Mr. R. K. Loyalka, as the Managing Director of the Company, for a further period of 5 (five) years with effect from 12.02.2009 to 11.02.2014, on remuneration as set out in the Explanatory Statement attached to this notice.

RESOLVED FURTHER THAT the Board of Director of the Company (hereinafter referred to as the "Board") is hereby authorised to vary/or modify the terms and conditions as set out in the Draft Letter of Re-appointment including remuneration, benefits and perquisites payable/made available to the appointee in such manner as may be agreed to between the Board and Mr. R. K. Loyalka, within and in accordance with or without exceeding the limits prescribed in Schedule XIII to the Companies Act, 1956 and/or any amendment/modifications that may be made by the Central Government in that behalf from time to time or any amendments or re-enactment of the relevant provisions of the Companies Act, 1956, provided that in the event of the remuneration payable exceeding the limits laid down in Part II of Schedule XIII on any account, the approval of the Central Government shall be obtained.

RESOLVED FURTHER THAT the board is hereby authorised to do 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. 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, 314 read with Schedule XIII and all 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 is hereby accorded to the re-appointment of Mr. S. K. Loyalka, as the Managing Director of the Company, for a further period of 5 (five) years with effect from 12.02.2009 to 11.02.2014, on remuneration as set out in the Explanatory Statement attached to this notice.



RESOLVED FURTHER THAT the Board of Director of the Company (hereinafter referred to as the "Board") is hereby authorised to vary and / or modify the terms and conditions as set out in the Draft Letter of Re-appointment including remuneration, benefits and perquisites payable/made available to the appointee in such manner as may be agreed to between the Board and Mr. S. K. Loyalka, within and in accordance with or without exceeding the limits prescribed in Schedule XIII to the Companies Act, 1956 and/or any amendment/modifications that may be made by the Central Government in that behalf from time to time or any amendments or re-enactment of the relevant provisions of the Companies Act, 1956; provided that in the event of the remuneration payable exceeding the limits laid down in Part II of Schedule XIII on any account, the approval of the Central Government shall be obtained.

RESOLVED FURTHER THAT the Board is hereby authorised to do 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 exmployee 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. S. K. Loyalka, the remuneration as mentioned in the Explanatory Statement shall be paid to him as Minimum Remuneration."

Registered & Head Office
19, R. N. Mukherjee Road,
First Floor, Kolkata – 700 001
Dated : August 14, 2009

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 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, 2009 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 22/09/2009 to 30/09/2009 (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 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, 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 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:

Date of Declaration of Dividend	For the Financial Year Ended	Last date for claiming the dividend
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.

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. In order to keep the Board balanced and cohesive and also to abide by the requirements of Listing Agreement as regards Executive & Non-Executive Directors vis-a-vis Independent Directors, the Board of Directors have decided not to fill the vacancy arising due to retirement of Mr. Piyush Loyalka.
15. 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. R. K. Loyalka
Date of Birth	15/11/1944
Appointed on	23/07/1981
Qualifications	B.E.E.
Expertise in specific functional areas	28 years in the field of Manufacturing & Exports
Directorship held in other Companies (excluding foreign companies)	Zenith Yarns (P) Limited
Membership/ Chairmanship of Committees of public companies : Audit Committee	None
Remuneration Committee	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 expired on 11-02-09. The members of the remuneration committee of the Board of Directors of the company have extended the terms of their office for a further period of 5 (five) years.

The broad particulars of remuneration payable to and terms of the respective re-appointment of Mr. R. K. Loyalka and Mr. S. K. Loyalka are as under :

Name & Designation	Salary (Rs. per month)
Mr. Raj Kumar Loyalka (Managing Director)	1,25,000/-
Mr. Surendra Kumar Loyalka (Managing Director)	1,25,000/-

The two Managing Directors of the company shall also be entitled to the following benefits :-

(a) Rent free furnished residential accommodation, (b) Reimbursement of medical expenses, actually incurred on self and family subject to a ceiling of one month salary in a year or three month's salary over a period of three years, (c) Leave Travel Concession once in a year for self and family, (d) Club fees of not more than two clubs, including Annual, Admission and Life membership fees, (e) Personal Accident Insurance premium not exceeding Rs. 10,000 (Rupees ten thousand) per annum, (f) Provident Fund as per rules of the Company, (g) Gratuity not exceeding half a month's salary for every completed year of services, (h) Telephone including mobile phone at the residence for official as well as personal use provided, however, that personal long distance calls will be billed by the Company, (i) Car for business as well as personal use, (j) privileges 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 terms and conditions as set out in the letter of Re-appointment issued by the Company are available for inspection at the registered office of the Company on any working days, except Saturday between 11 am and 1 pm upto the date of the Annual General Meeting.

Your 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 re-appointments and / or remuneration payable to each of them. Further Mr. B. R. Loyalka, being a relative, is also interested in the resolution.

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.

Registered & Head Office
19, R. N. Mukherjee Road,
First Floor, Kolkata - 700 001
Dated : August 14, 2009

By Order of the Board
LAWKUSH PRASAD
Company Secretary



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure to present the 27th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2009.

(Rs. in lacs)

FINANCIAL HIGHLIGHTS

	Current Year ended 31.03.2009	Previous Year ended 31.03.2008
Turnover and other Income	24025.33	23957.82
Profit before Depreciation and Tax	1034.68	882.91
Depreciation	594.33	626.81
Profit before Tax	440.35	256.10
Income Tax for earlier years	0.08	—
Fringe Benefit tax for earlier years	0.01	—
Profit Before Tax	440.26	256.10
Provision for Tax (including Deferred Tax & FBT)	364.76	114.47
Net Profit After Tax	75.50	141.63
Add : Surplus Bought Forward	3646.97	3505.34
Surplus Carried to Balance Sheet	3722.47	3646.97

OPERATIONAL REVIEW AND FUTURE OUTLOOK

The sales have increased to Rs.222.91 crores against Rs.218.77 crores in the previous year, an increase of 1.89%. The Company has achieved profit before tax of Rs.4.40 crores as against Rs.2.56 crores in the last year. The Net Profit after Tax (including deferred tax) has decreased to Rs.0.76 crores from Rs.1.42 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 revival setting in the developed countries. We earnestly hope that the results of the current year should be comparatively much better.

SPINNING DIVISION

Higher power cost has adversely impacted profitability of the division. Moreover textile industry is facing crises after crises. We have converted one section of the factory to viscose, which would give us a better leeway in production.

EXPANSION PROJECT

WEAVING DIVISION

Initiative has been taken by the Company in Financial year 2008-09 for further Expansion of weaving division at Mysore 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. Two (2) no(s) of Wire Flex Looms and one no of Dyeing machine have already been installed and with these installations, the no. of wire flex looms is 9 (nine). The project is expected to be completed within the current financial year.



SPINNING DIVISION

No major expansion project was initiated by the Company at its Spinning Division at Dholka, Ahmedabad due to the moribund condition of Textile Industry.

DIVIDEND

To conserve the resources of the Company, the Board of Directors do not recommend any dividend for this year also particularly in view of a bleak future for the next fiscal.

FINANCE

During the year Company has taken a term loan of Rs. 274 lacs from Canara Bank for expansion of production capacity of weaving division at Mysore. Installments against the existing term loans 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 for a part of the year and was in receipt of remuneration aggregating not less than Rupees two Lacs per month.

Name and Age	: Mr. Y. Gopalkrishnan, 61 Years
Designation	: Executive Director
Nature of Employment	: Permanent
Remuneration Received	: Rs.26,80,889/-
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

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 of 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, 2009 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.

DIRECTORS

Mr. Shyamal Bhattacharjee, appointed as a Director in last Annual General Meeting, (27/09/2008) unfortunately expired on 28/05/2009. The Company wishes peace to the departed soul.

Mr. Y. Gopalkrishnan, Executive Director, resigned from the Board of Directors of the Company w.e.f. 01/06/2008.

Mr. Raj Kumar Loyalka, Director retires from office by rotation and being eligible, offer himself for re-appointment.

Mr. Piyush Loyalka, Director, retires from office by rotation at the end of this Annual General Meeting and the Board of Directors have decided not to fill the vacancy arising due to above retirement.

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 also place on record its deep appreciation for the valuable services rendered by Late Shyamal Bhattacharjee during his tenure as a Director of the Company.

Your Directors lauded the contribution made by Mr. Piyush Loyalka during his tenure.

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
B. R. LOYALKA
Chairman

Place : Kolkata
Dated : August 14, 2009