

**BOARD OF DIRECTORS (14.08.2010)**

Mr. B. R. Loyalka, Chairman
Mr. R. K. Loyalka, Managing Director
Mr. S. K. Loyalka, Managing Director
Mr. M. M. Bhagat, Independent Director
Mr. K. D. Rungta, Independent Director
Mr. M. L. Jain, Independent Director (w.e.f. 30-4-2010)

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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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 **28th Annual General Meeting** of the members of **ZENITH EXPORTS LIMITED** will be held on Wednesday, 29th September 2010 at 11.00 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 2010 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. M. M. Bhagat, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. B. R. Loyalka, 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. Mangi Lal Jain, 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 14, 2010

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 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, 2010 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, enclosed, to the meeting.
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5. The Register of Beneficial owners, Register of Members and the Transfer Books of the company shall remain closed from 22/09/2010 to 29/09/2010 (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, if any, 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 be made to the Depository Participant's where the demat 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 Investors Education and Protection Fund and thereafter no claims shall lie against the Investors 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 Investors Education and Protection Fund.
11. The unclaimed dividend that is due for transfer to the Investors 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 their 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.
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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. M. M. Bhagat | Mr. B. R. Loyalka | Mr. M. L. Jain |
|---|---|------------------------|--|
| Date of Birth | 21.08.1933 | 12.10.1922 | 14.07.1931 |
| Appointed on | 30.11.1996 | 16.06.1993 | 30.04.2010 |
| Qualifications | B. Com. / A.C.I.I. | B. Com. | B. Com., Visharad, FCA |
| Expertise in specific functional areas | 40 years | 57 years | 45 years |
| Directorship held in other Companies(excluding foreign companies) | <ol style="list-style-type: none"> 1. VCK Share & Stock Broking Services Ltd. 2. Hindalco Industries Ltd. 3. Birla Insurance Advisory Services Ltd. 4. VCK Capital Market Services Limited 5. Birla Family Investments Pvt. Ltd. | S. M. Loyalka Hospital | <ol style="list-style-type: none"> 1. Century Plyboards (India) 2. Cement Manufacturing Company Limited 3. Megha Technicals & Engineering Pvt. Ltd. 4. Auro Sundaram Ply Doors Pvt. Ltd. 5. Star Cement Maghalaya Limited 6. Vanbandhu Prakashan Pvt. Ltd. |
| Membership/ Chairmanship of public limited companies : Audit Committee | <ol style="list-style-type: none"> 1. Hindalco Industries Ltd.— Chairman of the Audit Committee 2. VCK Capital Market Services Ltd. — Chairman of the Audit Committee | None | None |
| Remuneration Committee | Zenith Exports Limited | None | None |

ANNEXURE TO NOTICE

EXPLANATORY STATEMENT

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

Item No. 5

In terms of proviso of Clause 82 of the Articles of the Association and in accordance with Section 260 of the Companies Act, 1956, Mr. Mangi Lal Jain was appointed as an Additional Director of the Company with effect from 30.04.2010 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. Mangi Lal Jain as a Director of the Company. Mr. Jain would be a non-executive / independent director of the Company.



Mr. Jain is 79 years old and is Bachelor in Commerce, Visharad in Hindi. He is a Fellow member of the Institute of Chartered Accountants of India (ICAI). Mr. Jain has vast experience of accounts and finance and has worked with various reputed organisations at senior Managerial level. He is presently Director in various reputed organisations and is also associated with various NGOs.

None of the Directors of the Company except Mr. Jain is concerned or interested in this resolution.

Your Directors recommend the resolution set out at Item No. 5 of the Notice for your approval.

Registered & Head Office
19, R. N. Mukherjee Road,
First Floor, Kolkata – 700 001
Dated : August 14, 2010

By Order of the Board
LAWKUSH PRASAD
Company Secretary



DIRECTORS' REPORT

Your Directors have pleasure to present the 28th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2010.

(Rs. in lacs)

FINANCIAL HIGHLIGHTS

| | Current Year ended 31.03.2010 | Previous Year ended 31.03.2009 |
|---|--|--------------------------------------|
| Turnover and other Income | 21108.23 | 24010.23 |
| Profit before Depreciation and Tax | 380.22 | 1034.68 |
| Depreciation | 611.13 | 594.33 |
| Profit before Tax | (230.91) | 440.35 |
| Income Tax for earlier years | 0.80 | 0.08 |
| Fringe Benefit tax for earlier years | (0.15) | 0.01 |
| | (231.56) | 440.26 |
| Provision for Tax | (69.22) | 364.75 |
| Net Profit After Tax | (162.34) | 75.51 |
| Add : Surplus Brought Forward | 3722.47 | 3646.96 |
| Surplus Carried to Balance Sheet | 3560.13 | 3722.47 |

OPERATIONAL REVIEW AND FUTURE OUTLOOK

The sales have decreased by almost 13% to Rs. 193.35 crores against Rs. 222.91 crores in the previous year. Company's profit before tax for the year under review shows a loss of Rs. 2.31 crores as against profit of Rs. 4.40 crores in the previous year. The Net Profit after Tax (including deferred tax) for the year under review shows a loss of Rs. 1.62 crores as against profit of Rs. 0.76 crores in the previous year.

WEAVING DIVISION

The severe economic recession worldwide and after effects of sub prime losses in USA, which has been our main & focus market for silk products seriously effected the bottom-line of this division. However, there are slow signs of recovery as per the sales recorded in the first quarter of Financial Year 2010-11. We hope that the Current year should be comparatively better.

SPINNING DIVISION

Textile Industry is facing crisis after crisis. Higher power & labour cost have adversely impacted profitability of the division. However, the sales & profit of this Division are comparatively much better than the previous year. One section of the factory has been converted to viscose, which would give a better leeway in production. We are expecting the performance of this division to be better in this fiscal.

EXPANSION PROJECT

WEAVING DIVISION

The company has installed 1 more Wireflex Velvet loom during the year under review and with this installation the expansion project initiated in the F.Y. 2008-09 is complete with total installation of 3 Wireflex Velvet looms.

**SPINNING DIVISION**

The Company has installed further 1248 nos. of spindles during the year under review to cope with the additional demand of yarn from Europe and USA.

DIVIDEND

To conserve the resources of the Company and in the present condition of the Textile industry, the Board of Directors do not recommend any dividend for this year also.

FINANCE

During the year Company has taken a term loan of Rs. 126 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

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, 2010 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. Mangi Lal Jain was appointed as an Additional Director on the Board of Directors of the Company w.e.f. 30.04.2010 as an Independent Director. He ceases to be a Director on the date of 28th Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 has been received in respect of his appointment as a Director on the Board.

Mr. Ravi Poddar, Independent Director, resigned from the Board of Directors of the Company w.e.f. 06.04.2010. His active participation and contribution at the meeting of the Board and various committee have been valuable. Your Directors place on record their appreciation for the valuable guidance and support extended by him during his tenure as a Director.

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

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

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
B. R. LOYALKA
Chairman

Place : Kolkata
Dated : August 14, 2010


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, 2010.

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

| | CURRENT YEAR 2009-2010 | | PREVIOUS YEAR 2008-2009 | |
|--|-----------------------------------|----------------|------------------------------------|----------------|
| | Spinning | Weaving | Spinning | Weaving |
| i) ELECTRICITY | | | | |
| a) Purchased Unit (KWH in lacs) | 140.44 | 16.25 | 112.97 | 14.14 |
| Total Amount (Rs. in lacs) | 848.06 | 85.56 | 680.51 | 71.27 |
| Rate/Unit (in Rs.) | 6.04 | 5.27 | 6.02 | 5.04 |
| b) Own Generation | | | | |
| I) Through Furnace Oil | | | | |
| Generated Units (KWH in lacs) | 0.61 | — | 4.91 | — |
| Unit/Litre | 2.29 | — | 1.03 | — |
| Cost/Unit (Rs./Unit) | 8.10 | — | 14.03 | — |
| II) Through Steam Turbine Generator | — | — | — | — |
| III) Through Diesel Generator | | | | |
| Generated Units (KWH in lacs) | — | 0.49 | — | 5.73 |
| Unit/Litre of Diesel | — | 3.30 | — | 3.65 |
| Cost/Unit (Rs./Unit) | — | 8.55 | — | 8.11 |
| ii) COAL | NIL | NIL | NIL | NIL |
| iii) FURNACE / OTHER OIL | | | | |
| Quantity (in lacs ltrs.) | 0.27 | 2.20 | 4.75 | 2.00 |
| Total Amount (Rs. in lacs) | 4.95 | 56.30 | 68.87 | 50.18 |
| Average rate per litre (Rs.) | 18.54 | 25.60 | 14.50 | 25.14 |
| iv) Other Internal Generation | NIL | NIL | NIL | NIL |
| B. CONSUMPTION PER UNIT OF PRODUCTION | | | | |
| Electricity (KWH) | 3.10 | 10.37 | 2.97 | 9.22 |
| Furnace Oil (Ltrs.) | 0.01 | 1.34 | 0.12 | 0.94 |
| Standard (KWH) | 3.50 | — | 3.50 | — |

**FORM-B****II. FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT****RESEARCH & DEVELOPMENT**

Specific areas, in which R & D carried out, benefit derived, future plan of action.

i) Weaving Division

The unit is continuously engaged in enriching the quality of its final products by evaluating and improving its Production Process, Product Development, New designs, Better mix of Raw Materials. To absorb modern manufacturing technology, technical people are constantly given training and skill development programmes.

ii) Spinning Division

1. The Spinning unit is continuously trying to improve the quality of its products by optimizing the process parameters, manufacturing process and adopting standard methods.
2. Research and Development (Energy Audit) is carried out by separate Textile Research Association for Textile units situated at Ahmedabad (AITRA).
3. The expenditure incurred on Research and Development is not separately accounted for.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

EFFORTS IN BRIEF TOWARDS TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION, BENEFITS DERIVED AS A RESULT OF ABOVE EFFORTS.

Weaving Division

One Metex Wireflex loom with jacquard to weave loop and cut velvet fabrics were successfully implemented during the year under review.

Spinning Division

1248 nos. of spindles were successfully installed during the year under review from internal accruals of the company. Continuous upgrading and overhauling of each machine is being carried out to improve their quality and productivity.

We have added latest machines and balancing equipments to support the existing machineries.

FOREIGN EXCHANGE EARNINGS AND OUTGO

- i) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products & services and export plans
- ii) Export Sales during the year was Rs. 183.24 crore, compared to Rs. 211.09 crores in the preceding year. The Export sales declined by Rs. 27.85 crores. 13.19% over the last year, on account of the economy slowdue due to global recession. Necessary steps are being taken by the management to access new markets with a view to enhance turnover.
- iii) The required data with regard to Foreign Exchange earnings and outgo are furnished below :

(Rs. in Lacs)

| | CURRENT YEAR 2009-10 | PREVIOUS YEAR 2008-09 |
|----------|---------------------------------|----------------------------------|
| Earnings | 18067.15 | 20799.49 |
| Outgo | 1345.36 | 1206.64 |
