

**BOARD OF DIRECTORS (29.08.2011)**

Mr. B. R. Loyalka, Chairman
Mr. R. K. Loyalka, Managing Director
Mr. S. K. Loyalka, Managing Director
Mr. V. K. Loyalka, Wholetime Director (w.e.f. 29.08.2011)
Mr. M. M. Bhagat, Independent Director
Mr. K. D. Rungta, Independent Director
Mr. M. L. Jain, 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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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 **29th Annual General Meeting** of the members of **ZENITH EXPORTS LIMITED** will be held on Friday, 30th September 2011 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 2011 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. K. D. Rungta, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S. K. 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. Vinod Kumar Loyalka, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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, 302, 309, 310 & 311 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 be and is hereby accorded to the appointment of Mr. Vinod Kumar Loyalka, as a Whole-time Director of the Company, for a period of one year with effect from 29th August, 2011 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 authorized to vary / or modify the terms and conditions as set out in the Draft Letter of 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. Vinod Kumar 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 the Schedule XIII on any account, the approval of the Central Government shall be obtained.

RESOLVED FURTHER THAT the board is hereby authorized to do all such acts, deed 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 a Committee of Directors or to any Directors 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. Vinod Kumar 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 29th, 2011

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 nos. 5 & 6 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, 2011 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.
5. The Register of Beneficial owners, Register of Members and the Transfer Books of the company shall remain closed from 22/09/2011 to 30/09/2011 (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 & email ID, 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 & email ID 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.



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. K. D. Rungta	Mr. S. K. Loyalka	Mr. V. K. Loyalka
Date of Birth	11.09.1931	18.09.1950	22.09.1949
Appointed on	28.01.2000	27.07.1981	29.08.2011
Qualifications	I. Com.	B. Com. & LL.B.	B.Sc. Engineering (Mech.)
Expertise in specific functional areas	Finance	Exports	Administration
Directorship held in other Companies(excluding foreign companies)	i. Keshav Fiscal Services Pvt. Ltd. ii. S. M. Loyalka Hospital iii. Albright Viniyog & Nirman Pvt. Ltd.	i. SKL Exports Ltd. ii. S. M. Loyalka Hospital	i. Roli Trading Pvt. Ltd. ii. Yatan Pharmaceuticals Pvt. Ltd. iii. Yatan Commercials Pvt. Ltd. iv. S. M. Loyalka Hospital
Membership/ Chairmanship of public limited companies :			
Audit Committee	Zenith Exports Ltd. – Chairman	None	None
Remuneration Committee	Zenith Exports Ltd. – Member	None	None

Registered & Head Office
19, R. N. Mukherjee Road,
First Floor, Kolkata – 700 001
Dated : August 29, 2011

By Order of the Board
LAWKUSH PRASAD
Company Secretary

Important Communication – Support Green Initiative

The Ministry of Corporate Affairs, New Delhi (MCA) has taken a 'Green Initiative' in the Corporate Governance by permitting paperless compliances by companies vide its Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated April 29, 2011 and clarified that the service of documents by a Company can be made through electronic mode instead of sending the physical copy of the document(s) to its shareholders.

Keeping in view the underlying theme and the circular issued by MCA, we propose to send henceforth all communications / documents including the Notice calling the Annual General Meeting, audited financial statements, directors' report, auditors' report etc. via electronic mode at the e-mail address provided by you to us / made available to us by your depositories.

Shareholders holding shares in demat mode, are requested to register their e-mail ID with the concerned Depository Participant. The Shareholders holding shares in physical mode are requested to register their e-mail ID with M/s. C. B. Management Service (P) Limited (Registrar and Share Transfer Agents of the Company) by sending a request letter duly signed by the first / sole shareholder.

We are sure you would appreciate the 'Green Initiative' taken by MCA and actively participate and contribute towards greener environment.

**ANNEXURE TO NOTICE****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. Vinod Kumar Loyalka was appointed as an additional director of the Company with effect from 29th August, 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. Vinod Kumar Loyalka as a Director of the Company.

Item No. 6

The members of the remuneration committee of the Board of Directors of the Company have appointed Mr. Vinod Kumar Loyalka as a Whole time Director of the Company for a period of one year.

The broad particulars of remuneration payable to and terms of appointment of Mr. Vinod Kumar Loyalka is as under :

Name & Designation	Salary (Per month)
Mr. Vinod Kumar Loyalka (Wholetime Director)	Rs. 20,000

The Whole time Director of the company shall also be entitled to the following benefits :

- (a) Rent free residential accommodation.
- (b) Perquisites and other benefits as per rules of the company.

The terms and conditions as set out in the letter of appointment issued by the Company are available for inspection at the registered office of the Company on any working days, except Saturday between 11 a.m. and 1.00 p.m. 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. Vinod Kumar Loyalka is interested in the resolution, which pertains to his appointment and/or remuneration payable to him. Further Mr. B. R. Loyalka, Mr. R. K. Loyalka & Mr. S. K. Loyalka being relatives, are also interested in the resolution.

The above explanatory statement sets out an abstract of material terms of the contract with the Executive 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 29, 2011

By Order of the Board
LAWKUSH PRASAD
Company Secretary



DIRECTORS' REPORT

Your Directors have pleasure to present the 29th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2011.

(Rs. in lacs)

FINANCIAL HIGHLIGHTS

	Current Year ended 31.03.2011	Previous Year ended 31.03.2010
Turnover and other Income	24255.80	21108.23
Profit before Depreciation and Tax	1004.95	380.22
Depreciation	640.02	611.13
Profit before Tax	364.93	(230.91)
Income Tax for earlier years	—	0.80
Fringe Benefit tax for earlier years	—	(0.15)
	364.93	(231.56)
Provision for Tax	127.13	(69.22)
Net Profit After Tax	237.80	(162.34)
Add : Surplus Brought Forward	3560.13	3722.47
Surplus Carried to Balance Sheet	3797.93	3560.13

OPERATIONAL REVIEW AND FUTURE OUTLOOK

The sales have increased to Rs. 224.72 crores against Rs. 193.35 crores in the previous year, an increase of 16.22%. The Company has achieved profit before tax Rs. 3.65 crores as against loss of Rs. 2.31 crores in the previous year. The Net Profit after Tax (including deferred tax) has increased to Rs. 2.38 crores from loss of Rs. 1.62 crores in the previous year.

WEAVING DIVISION

Due to recovery in USA, which has been our main and focus market of silk products. The export has increase substantially. However, sudden increase and high fluctuation in the price of raw silk in the international market during the year under review has seriously effected the bottom lines of the division.

SPINNING DIVISION

High power, labour and infrastructural cost have adversely implemented the profitability of Textile Industry. However due to recovery of economies of USA & Europe the demand of yarn and textile products are picking up gradually. We have installed additional machineries to meet the demand and introduced interchangeability in production.

EXPANSION PROJECT

WEAVING DIVISION

No major expansion project was initiated by the Company at its Weaving division in Nanjangud, Mysore.

SPINNING DIVISION

The Company has installed further 5568 nos. of spindles during the year under review and addition of another 2496 spindles are in the pipeline 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

The Company has not taken any term loan during the year. However, installments against the existing two 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, 2011 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. Vinod Kumar Loyalka was appointed as an Additional Director on the Board of Directors of the Company w.e.f. 29.08.2011. He ceases to be a Director on the date of 29th 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. K. D. Rungta
- b) Mr. S. K. 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 29th, 2011



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, 2011.

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 2010-2011		PREVIOUS YEAR 2009-2010	
	Spinning	Weaving	Spinning	Weaving
i) ELECTRICITY				
a) Purchased Unit (KWH in lacs)	163.46	21.93	140.44	16.25
Total Amount (Rs. in lacs)	967.37	119.11	848.06	85.56
Rate/Unit (in Rs.)	5.92	5.43	6.04	5.27
b) Own Generation				
I) Through Furnace Oil				
Generated Units (KWH in lacs)	0.81	—	0.61	—
Unit/Litre	2.08	—	2.29	—
Cost/Unit (Rs./Unit)	10.03	—	8.10	—
II) Through Steam Turbine Generator	—	—	—	—
III) Through Diesel Generator				
Generated Units (KWH in lacs)	—	0.35	—	0.49
Unit/Litre of Diesel	—	3.12	—	3.30
Cost/Unit (Rs./Unit)	—	10.07	—	8.55
ii) COAL	NIL	NIL	NIL	NIL
iii) FURNACE / OTHER OIL				
Quantity (in lacs ltrs.)	0.39	2.88	0.27	2.20
Total Amount (Rs. in lacs)	8.10	84.40	4.95	56.30
Average rate per litre (Rs.)	20.81	29.31	18.54	25.60
iv) Other Internal Generation	NIL	NIL	NIL	NIL
B. CONSUMPTION PER UNIT OF PRODUCTION				
Electricity (KWH)	3.36	9.22	3.10	10.37
Furnace Oil (Ltrs.)	0.01	1.16	0.11	1.34
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**

Continuous upgrading and overhauling of each machine is being carried out to improve their quality and productivity.

Spinning Division

5568 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. 205.24 crore, compared to Rs. 183.24 crores in the preceding year. The Export sales increased by Rs. 22 crores, 12% over the last year, due to recovery of USA and Europe economies. Necessary steps are being taken by the management to access new markets with a view to enhance the turnover further.
- iii) The required data with regard to Foreign Exchange earnings and outgo are furnished below :

(Rs. in Lacs)

	CURRENT YEAR 2010-11	PREVIOUS YEAR 2009-10
Earnings	20153.58	18067.15
Outgo	2062.45	1345.36

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

Place : Kolkata
Dated : August 29th, 2011