

ZENITH EXPORTS LIMITED



**31st
Annual Report & Accounts
2012-13**

**BOARD OF DIRECTORS**

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

COMPANY SECRETARY

Mr. Lawkush Prasad

AUDITORS

M/s. Tiwari & Company
Chartered Accountants
107/1, Park Street
Kolkata, PIN - 700 016

PRINCIPAL BANKERS

Canara Bank
State Bank of India

REGISTERED OFFICE

19, Rajendra Nath Mukherjee Road
First Floor, Kolkata, PIN - 700 001
Phone: 91-33-2248 6936 / 7071 / 9522
Fax : 91-33-2248 0960 / 9853
E-mail : zenith@giascl01.vsnl.net.in
Website : www.zenithexportslimited.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
Nanjangud
Dist - Mysore
Karnataka, PIN - 571 302

REGISTRAR AND TRANSFER AGENT

C.B. Management Services (P) Ltd
P-22, Bondel Road, Kolkata - 700 019
Telephone - 22806692/4011 6700/6711/6718/6723
Fax: 40116739, E-mail: rta@cbmsl.com
Website: www.cbmsl.com

CONTENTS

Notice	2
Directors's Report	4
Report on Corporate Governance	9
Management Discussion and Analysis	19
Auditors' Report	22
Balance Sheet	26
Profit & Loss Account	27
Cash Flow Statement	28
Notes on Financial Statements	30
Significant Accounting Policies	46



ZENITH EXPORTS LIMITED - ANNUAL REPORT 2012-13

NOTICE is hereby given that the **31st Annual General Meeting** of the members of **ZENITH EXPORTS LIMITED** will be held on Friday, 27th September 2013 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 2013 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. S. K. Loyalka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. L. Jain, 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 and fix their remunerations in consultation with the Statutory Auditors of the Company for the Company's Spinning & Weaving divisions.

Registered & Head Office
19, R. N. Mukherjee Road
First Floor, Kolkata - 700 001
Dated : 14th August, 2013

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. 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, 2013 are enclosed as prescribed by Section 219 of the Companies Act, 1956.
3. Members and Proxies are requested to bring to the meeting the enclosed filled-in Attendance slip.
4. The Register of Beneficial owners, Register of Members and the Transfer Books of the Company shall remain closed from 23/09/2013 to 27/09/2013 (both inclusive).
5. Members desirous of getting any information on the accounts or operations of the Company or any 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.
6. Members holding shares in physical form are requested to inform change of address, Bank details & email ID, immediately to Registrar and Share Transfer Agents, M/s. C. B. Management Services (P) Limited, P-22, Bondel Road, Kolkata-700 019 and in case shares are held in demat form, request for change of address, bank details & email ID be made to the Depository Participant's where the demat account is maintained. The members are also requested to send all correspondence relating to Shares, including transfers and transmissions, to the said Registrar directly for speedy disposal.
7. 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.
8. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year



ended 31st March, 1995 have been transferred to the Investor Education & Protection Fund (IEPF) of the Central Government. Shareholders who have not yet encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, Nizam Palace, IInd MSO Building, 234/4, A. J. C. Bose Road, Kolkata - 700 020.

9. Further, Pursuant to Section 205A(5) of the Companies Act, 1956, as amended, any money transferred to the unpaid dividend account of a company remaining unpaid or unclaimed for a period of 7 years from the date of such transfer shall be transferred to Investor Education and Protection Fund and thereafter no claims shall lie against the Investor Education and Protection Fund or the Company. Kindly note that in terms of Section 205C of the Companies Act, 1956, the unclaimed dividend for the financial year 1995-96, 1996-97 & 2003-04 have been transferred to Investor Education and Protection Fund.
10. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
11. Shareholders are requested to bring their copies of Annual Reports to the Meeting.
12. The information pertaining to Directors seeking Re-appointment at the Annual General Meeting, in terms of clause 49 of the Listing Agreement with the Stock Exchanges are given below :

Particulars	Mr. S. K. Loyalka	Mr. M. L. Jain
Date of Birth	18/09/1950	14/07/1931
Date of Appointment	27/07/1981	30/04/2010
Qualifications	B.Com & LL.B.	B.Com, Visharad & FCA
Expertise in specific functional areas	32 years in Export & Administration	48 Years in Accounts & Finance
Directorship held in other Companies (excluding foreign companies)	i. SKL Exports Ltd. ii. S. M. Loyalka Hospital iii. L. L. Textiles Ltd.	i. Century Plyboards (India) Ltd. ii. Cement Manufacturing Company Limited iii. Megha Technical & Engineers Private Ltd. iv. Auro Sundram Ply & Door Private Ltd. v. Star Cement Meghalaya Limited vi. Meghalaya Power Limited vii. North East Hills Hydro Limited
Membership/Chairmanship of Public limited companies : Audit Committee	None	i) Zenith Exports Ltd. - Member ii) Century Plyboards (India) Ltd.- Chairman
Remuneration Committee	None	i) Century Plyboards (India) Ltd. - Member

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Dated : 14th August, 2013

By Order of the Board
LAWKUSH PRASAD
Company Secretary



ZENITH EXPORTS LIMITED - ANNUAL REPORT 2012-13

DIRECTORS' REPORT

Your Directors have pleasure to present the 31st Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

(₹ in lacs)

	Current Year ended 31.03.2013	Previous Year ended 31.03.2012
Turnover and other Income	29032.67	27599.38
Profit before Depreciation and Tax	765.62	554.02
Depreciation	649.80	631.46
Profit before Tax	115.82	(77.44)
Income Tax for earlier years	(0.48)	8.58
	116.30	(68.86)
Tax Expenses (Current & Deferred)	32.68	(34.53)
Net Profit After Tax	83.62	(34.33)
Add: Surplus Brought Forward	3763.60	3797.93
Surplus Carried to Balance Sheet	3847.22	3763.60

OPERATIONAL REVIEW AND FUTURE OUTLOOK

The sales have increased to Rs. 27014.04 lacs against Rs. 25487.58 lacs in the previous year, an increase of 5.99%. The Company has achieved profit before tax of Rs. 115.82 lacs as against loss of Rs. 77.44 lacs in the previous year. The Net profit after Tax (including deferred tax) has increased to Rs. 83.63 lacs as against loss of Rs. 34.33 lacs in the previous year.

WEAVING DIVISION

Due to recovery in USA which has been our main & focus market of silk products, sales have increased. However, high fluctuation in raw silk prices in the international market and increase in cost of materials & expenses in the domestic market during the year under review has seriously affected the bottom lines of the division.

SPINNING DIVISION

Increase in the price of raw cotton, high power, labour & infrastructural cost have adversely affected the bottom line of the division. Turbulence & slowdown in larger economies like USA & Europe has seriously affected sales of the division.

EXPANSION PROJECT

WEAVING DIVISION

To meet the increasing demand of velvet fabrics one no. of Wireflex Velvet loom has been installed by the Company at its Weaving Division at Nanjangud Mysore during the year under review. Our efforts are to import more good quality looms in future to cater growing export markets.

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.

FINANCE

The Company has not taken any term loan during the year. However, outstanding installments against the existing term loan have been paid.

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 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, 2013 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. B. R. Loyalka & Mr. V. K. Loyalka resigned from the Board of Directors of the Company w.e.f. 25.06.2012 & 29.08.2012, respectively.



ZENITH EXPORTS LIMITED - ANNUAL REPORT 2012-13

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

- a) Mr. S. K. Loyalka &
- b) Mr. M. L. Jain

AUDITORS

M/s. Tewari & Co., Chartered Accountants, who are the Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment with the provisions of section 224(1B) of the Companies Act, 1956 and have indicated their willingness to be re-appointed.

Your Directors request you to appoint the existing auditors as statutory auditors for the current year also.

AUDITOR'S QUALIFICATION AND MANAGEMENT REPLY

AUDITOR'S QUALIFICATION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India; subject to Note No. 23.12, regarding Non-provision of interest on "Loan to Body Corporate".

MANAGEMENT'S REPLY

No interest provided during the year in regard to Loan given to a body corporate in view of non repayment of previous dues. The Company has taken necessary step for recovery of the same. Interest will be considered in the year in which it is realized/recovered.

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 material 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.

Place : Kolkata
Dated : 14th August, 2013

For and on behalf of the Board of Directors
S. K. LOYALKA
Chairman-cum-Managing Director


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, 2013.

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 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 AND FUEL CONSUMPTION

	CURRENT YEAR 2012-13		PREVIOUS YEAR 2011-12	
	Spinning	Weaving	Spinning	Weaving
i) ELECTRICITY				
a) Purchased Unit (KWH in lacs)	167.67	20.82	152.53	20.09
Total Amount (₹ in lacs)	1102.90	128.01	975.62	117.09
Rate/Unit (in ₹)	6.58	6.15	6.40	5.83
b) Own Generation				
i) Through Furnace Oil	—	—	—	—
Generated Units (KWH in lacs)	—	—	—	—
Unit/Litre	—	—	—	—
Cost/Unit (₹/Unit)	—	—	—	—
ii) Through Steam Turbine Generator	—	—	—	—
iii) Through Diesel Generator				
Generated Units (KWH in lacs)	—	0.24	—	0.30
Unit/Litre of Diesel	—	2.98	—	2.97
Cost/Unit (₹/Unit)	—	18.31	—	10.59
ii) COAL	NIL	NIL	NIL	NIL
iii) FURNACE/OTHER OIL				
Quantity (in lacs Ltrs.)	—	0.92	—	3.00
Total Amount (₹ in lacs)	—	40.35	—	118.94
Average rate per litre (₹)	—	44.06	—	39.70
Briquettes (in lacs Kgs)	—	6.04	—	—
Total Amount (₹ In lacs)	—	30.43	—	—
Average Rate per Kgs. (₹)	—	4.52	—	—
iv) OTHER INTERNAL GENERATION	NIL	NIL	NIL	NIL
B. CONSUMPTION PER UNIT OF PRODUCTION				
Electricity (KWH)	3.45	11.34	3.14	10.66
Furnace Oil (Ltrs.)	—	1.65	—	1.60
Briquettes (Kgs)	—	4.52	—	—
Standard (KWH)	3.50	—	3.50	—



ZENITH EXPORTS LIMITED - ANNUAL REPORT 2012-13

FORM-B

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

RESEARCH AND DEVELOPMENT

Specific areas, in which Research and Development carried out, benefit derived, future plan of action.

i) Weaving Division

The unit is continuously engaged in enriching the quality of its final product 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 No. of Wireflex Velvet Loom to weave loop & velvet fabrics was successfully implemented during the year under review.

Spinning Division

Continuous upgrading and overhauling of each machine is being carried out to improve their quality & productivity. We have been continuously adding 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 and services and export plans.
- ii) Export Sales (including deemed exports) during the year was Rs.25083 lacs, compared to Rs. 23739 lacs in the preceding year. The Export sales increased by Rs.1344 lacs, 6% over the last year, due to recovery of economy in USA & other continent. 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:

(₹ in lacs)

	CURRENT YEAR 2012-13	PREVIOUS YEAR 2011-12
Earnings	23511.81	22809.95
Outgo	2114.30	1425.16

Place : Kolkata
Dated: 14th August, 2013

For and on behalf of the Board of Directors
S. K. LOYALKA
Chairman-cum-Managing Director



REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy on Corporate Governance

The Company strongly believes in fair, efficient and transparent business operations, fairness to all stakeholders in the company, proper disclosure of relevant financial and non-financial information and enhancing shareholders value on a continuing basis.

II. Board of Directors

(a) As at March 31, 2013 the Board consisted of six members. Two Third of the Board comprised of Non-Executive Independent Directors. The Board also met the stipulated requirement of having at least 50% of Independent Directors, the Chairman being Executive.

Sl. No.	Directors	Composition / Category	Number of outside Directorships* held	Number of outside Committee Position** held	
				As Chairman	As Member
1.	Mr. S. K. Loyalka <i>Chairman-cum-Managing Director</i>	Promoter/ Executive	2	—	—
2.	Mr. R. K. Loyalka <i>Jt. Managing Director</i>	Promoter/ Executive	—	—	—
3.	Mr. M. M. Bhagat	Non-Executive/ Independent	4	2	—
4.	Mr. K. D. Rungta	Non-Executive/ Independent	—	—	—
5.	Mr. M. L. Jain	Non-Executive/ Independent	5	1	1
6.	Mr. D. K. Sarawgee	Non-Executive/ Independent	1	—	—

* excluding private companies, foreign companies and companies under section 25 of the Companies Act, 1956.

** only the position held in committees, such as Audit, Remuneration and Share Transfer and Investors' Grievance Committee in Indian Public Limited Companies have been considered.

Mr. B. R. Loyalka & Mr. V. K. Loyalka resigned from the Board of Director of the company w.e.f. 25.06.2012 & 29.08.2012, respectively.

(b) The Board of Directors met five times during the year on 12.05.12, 13.08.12, 10.11.12, 30.11.12 and 14.02.13. The Company has held one meeting in every three months and the maximum gap between any two meetings was not more than four months.