

**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)	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	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	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



REPORT ON CORPORATE GOVERNANCE

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.

Board of Directors

As at March 31, 2010 the Board consisted of six members. More than 50% of the Board comprised of Non-Executive Directors and 50% are Independent Directors. The Board also met the stipulated requirement of having at least one-third of independent directors, the Chairman being Non-executive.

Sl. No.	Directors	Composition / Category	Number of outside Directorships * held	Number of outside Committee position ** held	
				As Chairman	As Member
1.	Mr. B. R. Loyalka <i>Chairman</i>	Promoter / Non-Executive	—	—	—
2.	Mr. R. K. Loyalka <i>Managing Director</i>	Promoter / Executive	—	—	—
3.	Mr. S. K. Loyalka <i>Managing Director</i>	Promoter / Executive	2	—	—
4.	Mr. M. M. Bhagat	Non-Executive / Independent	4	2	—
5.	Mr. K. D. Rungta	Non-Executive / Independent	—	—	—
6.	Mr. Ravi Poddar \$	Non-Executive / Independent	5	—	—

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

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

\$ Mr. Ravi Poddar resigned from the Board of Directors of the Company w.e.f. 06.04.2010.

The Board of Directors met five times during the year on 30.04.09, 30.07.09, 14.08.09, 29.10.09 & 29.01.10. The company has held one meeting in every three months and the maximum gap between any two meetings was not more than four months.



Director	No. of Meetings Held during the tenure of Directorship	No. of Meetings Attended	Attendance at last AGM held on 30th September, 2009
Mr. B. R. Loyalka	5	5	Present
Mr. R. K. Loyalka	5	0	Present
Mr. S. K. Loyalka	5	0	Present
Mr. M. M. Bhagat	5	5	Present
Mr. K. D. Rungta	5	4	Present
Mr. Ravi Poddar	5	2	Present

Information provided to the board members :

- Annual operating plans and budgets including capital budgets and any updates thereof.
- Quarterly results of the Company and its business segments.
- Minutes of meeting of Audit committee and other committees of the Board.
- The information on recruitment and remuneration of senior officers of Board level, including appointment or resignation of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the Company or substantial non-payment for services rendered by the Company.
- Quarterly details of foreign exchange exposures and the steps taken by the management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in shares transfer etc.

Code of Conduct

The Company has already adopted a Code of Conduct which was made applicable to all its Directors, whether executive or non-executive and all Senior Management Personnel of the Company. All Board members and senior management personnel have affirmed compliance with the Company's code of conduct during the period. A declaration to this effect that all Board members and senior management personnel have complied with the Company's code of conduct during the period and duly signed by the Chief Executive officers of the Company is annexed forming part of this Report. The aforesaid Code of Conduct has been posted on the website of the Company.

Risk Management

The Company has laid down systems to inform members about the risk assessment and minimization procedures. The risks and Company's mitigation strategies are periodically reviewed to ensure effective controls.

**Audit Committee**

The Company has an Audit committee at the Board level with the powers and the role that are in accordance with Clause 49 of the Listing Agreement. The Committee acts as a link between the management, the statutory & internal auditors and the Board of Directors and oversees the financial reporting processes.

The composition of the Committee and the number of meetings attended by each of the members are given below :

Sl. No.	Name of the Member	No. of Meetings Held during the tenure of membership	No. of Meetings Attended
1.	Mr. K. D. Rungta #	5	4
2.	Mr. M. M. Bhagat	5	5
3.	Mr. Ravi Poddar	5	2
4.	Mr. B. R. Loyalka	5	5

Mr. K. D. Rungta is the Chairman of the Audit Committee of the Company and has the requisite knowledge and experience of over 5 decades in financial matters.

All the above Directors are Non-Executive and majority of them including the Chairman are Independent.

Remuneration Committee

Terms of Reference

The Remuneration Committee decides about the remuneration and other payments to Directors of the Company subject to approval of Shareholders and Central Government as and when necessary.

The composition of the Committee and the number of meetings attended by each of the members are given below :

Sl. No.	Name of the Member	Designation	No. of Meetings Held during the tenure of membership	No. of Meetings Attended
1.	Mr. M. M. Bhagat #	Chairman	1	1
2.	Mr. K. D. Rungta	Member	1	1
3.	Mr. Ravi Poddar	Member	1	0
4.	Mr. B. R. Loyalka	Member	1	1

Mr. M M. Bhagat, is the Chairman of the Committee.

All the above Directors are Non-Executive and majority of them including the Chairman are Independent.

**Details of Remuneration paid to Directors**

The remuneration paid / payable to the Executive Directors and Non-Executive Directors for the year 2009-2010 are as under :-

(Amount in Rs.)

Name of the Director	Salary & Perquisites	Sitting Fees
Executive Directors		
1. Mr. R. K. Loyalka	18,34,236/-	—
2. Mr. S. K. Loyalka	19,40,790/-	—
Non-Executive Director		
1. Mr. B. R. Loyalka	—	27,000/-
2. Mr. M. M. Bhagat	—	31,000/-
3. Mr. K. D. Rungta	—	28,000/-
4. Mr. Ravi Poddar	—	12,000/-

Non-Executive directors are paid sitting fees of Rs 3000/- for every Board Meeting and Rs 2000/- for Audit and Remuneration Committee Meetings. However, the sitting fees of the Chairman of Audit and Remuneration committees is Rs.4000/-.

No sitting fees is paid for attending the meetings of Share transfer/Investors' Grievance Committee.

Presently the Company does not have any Stock Option Scheme.

Details of shares of the Company held by the Non-Executive Director are as given below :-

Name of the Non-Executive Director	No. of Equity Shares Held
1. B. R. Loyalka	900
2. Mr. M. M. Bhagat	100
3. Mr. K.D. Rungta	100
4. Mr. Ravi Poddar	100

Share transfer & Investors' Grievance Committee

A Share transfer & Investors' Grievance Committee has been constituted to speedup the process of transfer, dematerialisation, redressal of Shareholders grievances and other allied matters under the chairmanship of Non-Executive Director.

Composition of the Committee

The committee comprised of the following persons namely:-

- (1) Mr. B. R. Loyalka - Chairman
- (2) Mr. K. D. Rungta - Member
- (3) Mr. M. M. Bhagat - Member



Number of shareholders' complaints received during the year.

For Transfer -	NIL
For Dematerialisation -	NIL
For Non-receipt of Balance Sheet, etc. -	NIL
For Non-receipt of Dividend -	NIL
For Non-receipt of Share Certificate -	NIL

Management Discussion and Analysis

As required by Clause 49 of the Listing Agreement, the Management Discussion and Analysis is provided elsewhere in this Annual Report.

CEO / CFO Certification

The aforesaid certificate duly signed by the CEO and CFO in respect of the financial year ended 31st March, 2010 has been placed before the Board in the meeting held on 14th August, 2010.

Auditors' Certificate on Corporate Governance

The auditors' certificate is obtained and provided in the Annual Report.

General Body Meetings

Details of last three Annual General Meetings (AGMs) of the Company are as follows :

Financial Year Ended	Day & Date	Venue	Time
31st March, 2007	Friday, 28th September, 2007	Sri Kunj, 381/1, Hemant Mukhopadhyay Sarani, Kolkata-29	11:00 A.M.
31st March, 2008	Saturday, 27th September, 2008	Somnath Hall 16/7/2A, Keyatola Road Kolkata-29	11:00 A.M.
31st March, 2009	Wednesday, 30th September, 2009	Birla Academy of Art & Culture, 108, Southern Avenue, Kolkata-29	11.00 A.M.

All Resolutions of Annual General Meeting except of 26th Annual General Meeting held on 27/09/2008, were passed by show of hands by the shareholders present at the meeting. However all Resolutions of 26th Annual General Meeting were passed by ballot.

Disclosures

There were no materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the directors or the management or relatives, etc., that had any potential conflict with the interests of the Company at large, which requires a separate disclosure. Annual Accounts as at 31st March, 2010 contain the list of related party relationship and transactions as required by the Accounting Standard 18 on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India.

The Company has complied with the requirements of Stock Exchanges, Securities and Exchange Board of India (SEBI) and statutory authorities on matters relating to capital markets during the last three years and consequently no penalties, strictures have been imposed on the Company by these authorities.

**Means of communication**

In compliance with the requirement of the Listing Agreement, the Company regularly intimates unaudited as well as audited financial results to the Stock Exchanges immediately after they are taken on record by the Board. Further, coverage is given for the benefit of the Shareholders and investors by publication of the Financial results in Financial Express and Dainik Lipi / Arthik Lipi.

The financial results of the Company are also posted on the Company's web site www.zenexports.com

The Company also uploads its financial results, shareholding pattern and other information on the SEBI EDIFAR Website maintained by National Information Centre (NIC) : <http://www.sebiedifar.nic.in>

General Shareholders' Information*** Annual General Meeting**

Day	Wednesday
Date	September 29th, 2010
Time	11 : 00 A.M.
Venue	Ground Floor, Auditorium of Birla Academy of Art & Culture 108, Southern Avenue, Kolkata - 700 029

*** Financial Calendar (Tentative)
(April 01, 2010 to March 31, 2011)**

- [i] 1st Quarterly result – 14.08.2010
- [ii] 2nd Quarterly result - within 14th November, 2010
- [iii] 3rd Quarterly result - within 14th February, 2011
- [iv] 4th Quarterly result - within 15th May, 2011

*** Book Closure Date**

Wednesday, 22nd September, 2010 to
Wednesday 29th September, 2010
(both days inclusive)

*** Dividend Payment Date**

None

*** Listing on Stock Exchange**

Bombay Stock Exchange Limited and
National Stock Exchange of India Limited
The Company has paid the Annual Listing fee to each
of the Stock Exchanges for the period April, 2010 to
March, 2011.

*** Stock Code – Physical**

Bombay Stock Exchange Ltd. - 512553
National Stock Exchange of India Ltd. - ZENITH EXPO
INE 058B01018

ISIN No.*** Market price Data**

As per Appendix 'A'

*** 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

*** Share Transfer System**

Share Transfer requests received in physical form is
registered within an average period of 15 days. A Share
Transfer & Investors Grievance Committee comprising
members of the Board is constituted to consider the
request of transfer of physical shares.

Request for dematerialisation received from Shareholders
are effected within an average period of 15 days.



* Distribution of Shareholding
& Shareholding pattern

As per Appendix 'B' & 'C'

* Dematerialisation of Shares
as on March 31, 2010

The Company has arrangements with National Securities Depository Ltd., (NSDL) as well as Central Depository Services (India) Ltd. (CDSL) for demat facility.

5244906 (97.19%) Equity Shares as on 31st March, 2010 have been dematerialised with National Securities Depository Limited (NSDL).

40944 (0.76%) Equity Shares as on 31st March, 2010 have been dematerialised with Central Depository Services (India) Limited (CDSL).

* Outstanding GDRs / ADRs / Warrants or
any convertible instruments, conversion
date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

* Plant Location

Zenith Spinners, Vill.-Sarandi, Taluka - Dholka,
Dist. - Ahmedabad, PIN – 387810

Zenith Textiles
Nanjungud, Dist. Mysore, PIN– 571302, Karnataka

* Address for correspondence

Zenith Exports Limited
19, R. N. Mukherjee Road, 1st Floor,
Kolkata - 700 001
Phone : 2248-7071/6936
Fax : 2248 9853/0960
E-mail : zenith@giascl01.vsnl.net.in

Non-Mandatory Requirements

i) Remuneration committee :

The Company has a Remuneration Committee comprising of Mr.M. M. Bhagat, Mr. K. D. Rungta and Mr. B. R.Loyalka as already stated in this Report.

ii) Shareholder Rights :

Half-Yearly results including summary of the significant events are presently not being sent to the Shareholders of the Company. However the quarterly Results of the Company are being published in newspapers on the next day after considering the same by the Board of Directors.

iii) Audit Qualification :

The observations of the Auditors have been dealt with in the Directors' Report.

iv) Training of Board Members :

The Company has not yet adopted any training programme for its Directors.

v) Mechanism for evaluating Non-Executive Board Members :

There is no mechanism for evaluating Non-Executive Board Members at present.

vi) Whistle Blower Policy :

There is no Whistle Blower Policy at present.


APPENDIX ‘A’

The monthly high and low quotation in the year 2009-10 of Equity Shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) are as follows :

MONTH	BSE			NSE		
	Market Price (Rs.)		VOLUME (No. of Shares)	Market Price (Rs.)		VOLUME (No. of Shares)
	HIGH	LOW		HIGH	LOW	
April, 2009	48.75	46.25	Information Not Available	—	—	Information Not Available
May, 2009	52.90	48.00		48.00	48.00	
June, 2009	58.00	50.05		51.00	48.50	
July, 2009	56.70	50.00		53.00	52.30	
August, 2009	55.65	48.00		63.65	49.75	
September, 2009	64.90	50.70		65.45	56.50	
October, 2009	71.00	49.90		68.00	45.60	
November, 2009	63.50	47.80		60.00	42.80	
December, 2009	68.45	59.15		66.35	57.60	
January, 2010	67.50	60.25		67.90	58.00	
February, 2010	65.90	57.00		64.00	56.50	
March, 2010	62.80	57.75		63.80	53.55	

APPENDIX ‘B’

Distribution of Shareholding as on March 31, 2010

RANGE OF EQUITY SHARES HOLD			SHARE HOLDERS		SHARE	
RS.	RS.		NUMBER	% OF TOTAL	NO.	% OF TOTAL
[1]			[2]	[3]	[4]	[5]
UPTO	-	5000	1140	98.19	207155	3.84
5001	-	10000	3	0.26	18500	0.34
10001	-	20000	1	0.09	20000	0.37
20001	-	30000	—	—	—	—
30001	-	40000	—	—	—	—
40001	-	50000	1	0.09	50000	0.93
50001	-	100000	4	0.34	264879	4.91
100001	-	AND ABOVE	12	1.03	4835716	89.61
TOTAL			1161	100.00	5396250	100.00

**APPENDIX ‘C’****Shareholding Pattern as on 31st March, 2010**

Category	No. of Shares held	Percentage of Shareholding
A. Promoter's holding		
1. Promoters		
- Indian Promoters	2792556	51.75
- Foreign Promoters	NIL	NIL
2. Persons acting in Concert	NIL	NIL
Sub-total	2792556	51.75
B. Non-Promoters Holding		
3. Institutional Investors		
a. Mutual Funds and UTI	NIL	NIL
b. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/Non-government Institutions)	NIL	NIL
c. FIIs	NIL	NIL
Sub - Total	NIL	NIL
4. Others		
a. Private Corporate Bodies	2316469	42.93
b. Indian Public	286521	5.31
c. NRIs/OCBs	403	0.01
d. Any other (Clearing Member)	301	0.00
Sub - Total	2603694	48.25
GRAND TOTAL	5396250	100.00

CERTIFICATE

To the Members of

ZENITH EXPORTS LIMITED

We have read the report of the Board of Directors on Corporate Governance and have examined the relevant records relating to Compliance of conditions of Corporate Governance by Zenith Exports Limited for the year ended on March 31, 2010, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was conducted in the manner described in the Guidance Note on certification of Corporate Governance issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with all material respect with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **TIWARI & COMPANY**

Chartered Accountants

Firm Reg. No. 309112E

P. TIWARI

Partner

(MN : 16590)

Place : Kolkata

Dated : August 14, 2010



MANAGEMENT DISCUSSION AND ANALYSIS

THE COMPANY HAS 3 DIVISIONS VIZ.

1. 100% EOU Unit at Nanjangud – Karnataka – Manufacturing High Quality Silk and Velvet Fabrics.
2. A Yarn producing unit at Sarandi, Ahmedabad – Manufacturing cotton, viscose, polyster and blended yarns mainly for exports.
3. Export Division at Kolkata (Exporting Industrial Leather Hand Gloves & Silk Fabrics, cotton fabrics and made ups manufactured on Handloom etc.

1. EOU UNIT AT NANJANGUD

A. INDUSTRY STRUCTURE AND DEVELOPMENT

The Textile Industry is highly power, man power & capital intensive industry. Slump in demand due to Global recession and volatility in foreign exchange are main concern. We are still facing heat while competing with China, who is a leader in export of Silk products at competitive price due to production of high quality silk yarn in the country. The recession worldwide and after effects of sub prime crisis have impacted this industry very badly.

B. OPPORTUNITIES AND THREATS

The globalization of all markets, economic or political upheavals anywhere in the world affects all the markets, the growing volatility in exchange markets, the rising price of crude may be cited as potential threats but the biggest threat for the time being is slow down of economy worldwide. Quality of Indian fabrics and the growth momentum in India, despite rising inflation, may be taken as an opportunity for Indian exports.

C. OUTLOOK

Effect of recession has not yet been over, however, the Company has taken effective control measures to cope with slowdown. The Company is on way to better realisation by way of cost curtailment and expecting better results in the current year. New machineries have been installed to meet the current fashion. Demand for silk products during the current fiscal has started picking-up and we are expecting the performance of this unit to be better in the coming year. However, silk being a luxury item, full export momentum will be reached only when the economy revives fully.

2. YARN PRODUCING UNIT AT AHMEDABAD

A. INDUSTRY STRUCTURE AND DEVELOPMENT

Textile sector is a core industry having high power consumption, labour and infrastructure cost. Due to worldwide economic slow down over the last couple of years, demand for yarn & fabric has gone down. However, during the current year the large economies like Europe & USA have shown signs of recovery and gradually the global demand for yarn & textile products will gradually improve.

B. OPPORTUNITIES AND THREATS

In textile, particularly spinning sector which is highly capital & labour intensive and power consuming, the increasing manpower cost, power cost and other expenses are the biggest threat to the industry. To overcome this situation, we are installing additional machines in the existing factory to increase productivity of the unit, so that the additional burden can be taken care off and we can bring the unit towards profit.

C. OUTLOOK

Spinning industry was in recession since last few years worldwide, but now gradually it is coming out of recession and the future outlook is comparatively better. From our side, we have introduced interchangeability in production i.e. we can produce Viscose Yarn, Cotton Yarn, Polyster Yarn and PV Blended Yarn on the same machine to take advantage of realizations in the different sectors.

**3. TRADING DIVISION (LEATHER HAND GLOVES & SILK FABRICS MANUFACTURED ON HANDLOOM)****A. INDUSTRY STRUCTURE AND DEVELOPMENT**

The global recession has impacted the sales of the division very badly due to shortage of orders from European continent and Chile, who are the main consumers of our products. Intense price competition with the entry of new players into the market is affecting the bottom-line. However the thrust is on quality output and addition of new markets, with increase in varieties of hand gloves.

B. OPPORTUNITIES AND THREATS

The current slowdown of economy has impacted the business very badly. India's share in global market for Industrial Gloves is very minimal and hence, there exists big scope for future growth. In Silk fabrics margins will be under pressure but there is scope for increase in turnover to new markets.

C. OUTLOOK

The future outlook appears to be better.

COMMON TO ALL DIVISIONS**A. RISK AND CONCERNS**

The Company is exposed to risks from fluctuations of foreign exchange, uncertainties of interest rates, competition from new entrants and rising costs of raw materials, manpower, power cost and shortage of skilled workers. Further the rivalry amongst different political parties in India and its effect on the economic and industrial environments on the corporate sector also possess a great risk.

FOREIGN EXCHANGE RISK

The Company's policy is to systematically hedge a part of its foreign exchange risks. However, this risk has recently increased due to very high volatility.

INTEREST RATE RISK

The Company's borrowings are on floating rate basis. On account of inflation in the country, the company feels risk arising out of a change in interest rate structure by RBI is very much there on different loans of the company.

COMMODITY PRICE RISK

Due to inflation the company is exposed to the risk of price fluctuation on raw materials and other inputs. These risks are significant considering the present situation in the country.

B. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has appropriate internal control systems for business processes across various divisions with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations, etc. The Company has kept highly skilled technical and administrative people to ensure adequate internal control. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them.

C. FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company could achieve a turnover of Rs. 209 crore during the year under review. However, profitability took a severe beating due to increase in raw-materials cost, power cost & strengthening of Rupee vis-à-vis US Dollar on un-hedged foreign exchange component.

**D. SEGMENTWISE PERFORMANCE**

(Rs. In lacs)

	2009-10	2008-09
TRADING DIVISION		
Sales	8052.83	11233.57
Net Profit	(25.32)	277.96
WEAVING DIVISION		
Sales	1683.24	2145.52
Net Profit	(204.91)	(46.19)
SPINNING DIVISION		
Sales	9588.83	8898.38
Net Profit	67.89	(156.27)

E. MATERIAL DEVELOPMENT IN HUMAN RESOURCES/INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

The company presently has 922 employees on its rolls (As on 31/03/2010). These are basically human resource assets and are integral in Company's on going success. They have played a significant role and enabled the company to deliver better performance year after year. Strong emphasis is therefore given to build and nourish the human resource assets. The Company has had very harmonious relations with its workforce during the year.

F. CAUTIONARY STATEMENT

Statement in "Management's Discussion and Analysis" describing the company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could defer materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply condition, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's markets, changes in government regulations, tax regimes, economic developments within India and the countries where the Company conducts its business and other factors such as litigations and labour negotiations.

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH COMPANY'S CODE OF CONDUCT

To the Members of

ZENITH EXPORTS LIMITED

Declaration by the Managing Directors under Clause 49 of the Listing Agreement.

We, R. K. Loyalka & S. K. Loyalka, Managing Directors of Zenith Exports Limited hereby declare that all the members of the Board of Directors and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the period ended 31st March, 2010.

Place : Kolkata

Dated : August 14, 2010

R. K. Loyalka**S. K. Loyalka**

Managing Directors

**AUDITORS' REPORT**

To

The Members of

ZENITH EXPORTS LIMITED

1. We have audited the attached Balance Sheet of Zenith Exports Limited, (the Compny) as at 31st March, 2010 and the Profit and Loss Account of the Company for the year ended on that date and also the Cash Flow Statement for the year ended on that date annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the companies (Auditor's Report) Order, 2003 {as amended by the Companies (Auditors' Report) (Amendment) Order, 2004}, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our Comments in the Annexure referred to above, we report that :
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. The Auditors' Reports of Manufacturing Units as forwarded by the respective auditors to us have been properly dealt with in this account.
 - c. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - d. The Balance Sheet and Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - e. In our opinion, the Balance Sheet and Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - f. On the basis of written representation received from the directors, as on 31st March, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956;
 - g. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with Schedules and Notes to the Accounts thereon give the information required by Companies Act, 1956, in the manner so required gives a true and fair view in conformity with the Accounting Principles generally accepted in India;
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 and
 - ii) In the case of Profit and Loss Account, of the Loss for the year ended on that date;
 - iii) In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

For TIWARI & COMPANY
Chartered Accountants
Firm Reg. No. 309112E
P. TIWARI
(Partner) (MN : 16590)

Place : Kolkata
Dated : August 14, 2010

**Annexure to the Auditors' Report**

Referred to in paragraph 3 of our report of even date,

- i) (a) The Company has maintained proper records to show full particulars including quantitative details and situation of its fixed assets.
 - (b) The fixed assets of the Company are physically verified by the management at periodical intervals which, in our opinion, is reasonable having regard to the size of the Company and nature of its business. No material discrepancies between the book records and the physical inventory have been noticed as we are informed.
 - (c) During the year, substantial part of the fixed assets has not been disposed off by the Company.
 - ii) (a) The inventory of the Company has been physically verified by the management during the year, except the inventories lying with third parties, in transit and with weavers / fabricators. In our opinion the frequency of verification is reasonable.
 - (b) In our opinion, the procedures of physical verification of the inventory followed by the management including the Units are reasonable and adequate in relation to the size of the company and nature of its business.
 - (c) On the basis of our examination of inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies between the physical inventory and the book records noticed on such physical verification were not material and duly dealt within the books of account.
 - iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from Companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the clauses (iii)(b) to (d) & (f) and (g) of paragraph 4 of the Order, are not applicable.
 - iv) In our opinion, there are adequate internal control procedures commensurate with the size of the Company and nature of its business, for the purchase of inventory, fixed assets and for sale of goods. Further, during the course of our audit we have neither come across nor have we been informed of any instance of continuing failure to correct major weaknesses in the aforesaid internal control procedures.
 - v) i) There have been transactions during the year in pursuance of contract under section 301 of the Companies Act, 1956 and that have entered into a register maintained under section 301 of the Companies Act, 1956.
 - ii) The transactions have been made at the prices which are reasonable having regard to the prevailing rate at the relevant time as we have been explained.
 - vi) The Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Act of any other relevant provisions of the the Act and rules framed there under.
 - vii) In our opinion, the Company has an internal audit system, which is commensurate with its size and nature of its business.
 - viii) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any of the product of the Company.
 - ix) (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in our opinion, the Company has been regular, in general, in depositing during the year undisputed statutory dues in respect of Provident fund, Investor Education Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues, as applicable, with the appropriate authorities during the year.
-



- (b) According to the information and explanations given to us and the records of the Company examined by us as at 31st March 2010, there have been no disputed dues in respect of Statutory dues as aforesaid for a period of more than six months from the date they became payable except the followings :

Sl. No.	Nature of Dues	Amount due in (Rs.)	Forum where pending	For which Assessment year
1.	Income Tax	2,12,747	Commissioner of I. Tax (Appeal)/ Kolkata	2006-07
2.	Income-Tax	18,27,439	Commissioner of I. Tax (Appeal)/ Kolkata	2007-08

- x) The Company has neither accumulated losses as at 31st March 2010, nor has it incurred any cash losses during the financial year ended on that date and in the immediately preceeding financial year.
- xi) According to the records of the Company, it has not defaulted in repayment of its dues to any financial institution or bank during the year.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The Company is not a Chit Fund / Nidhi / Mutual Benefit Fund / Society and Clause (xiii) of the order is not applicable.
- xiv) According to the information and explanations given to us, the Company is not a dealer or trader in securities.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions during the year.
- xvi) According to the information and explanations given to us and based on an overall examination, the term loans have been applied for the purpose for which they are obtained.
- xvii) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, there are no funds raised on short term basis which have been used for long term investments.
- xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956 during the year.
- xix) The Company has not issued any secured debentures.
- xx) The Company has not raised any money by issue of Shares to the public.
- xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

For TIWARI & COMPANY
Chartered Accountants
Firm Reg. No. 309112E
P. TIWARI
Partner
(MN : 16590)

Place : Kolkata
Dated : August 14, 2010



BALANCE SHEET AS AT MARCH 31, 2010

		(Rs. in Lacs)	
	Schedule No.	As at 31.3.2010	As at 31.3.2009
I. SOURCES OF FUNDS			
Shareholders' Funds			
a. Share Capital	1	539.63	539.63
b. Reserves & Surplus	2	8704.79	8867.13
		9244.42	9406.76
Loan Funds			
a. Secured Loans	3	2705.36	4174.73
b. Deferred tax Liability (Net)	6	464.12	533.35
Total		12413.90	14114.84
II. APPLICATION OF FUNDS			
Fixed Assets			
a. Gross Block	4	13987.82	13574.14
b. Less : Depreciation		8400.22	7805.26
c. Net Block		5587.60	5768.88
d. Capital Work-in-progress		23.14	172.40
		5610.74	5941.28
Investments	5	1.00	41.97
Current Assets, Loans and Advances			
a. Inventories	7	5497.88	5211.28
b. Sundry Debtors	8	1447.74	3253.84
c. Cash & Bank Balances	9	329.51	311.93
d. Loans & Advances	10	2166.82	1978.09
		9441.95	10755.14
Less : Current Liabilities and Provisions	11	2639.79	2623.55
Net Current Assets		6802.16	8131.59
Total		12413.90	14114.84
SIGNIFICANT ACCOUNTING POLICIES	17		
NOTES TO ACCOUNTS	18		

Schedules referred to above form an integral part of Balance Sheet
As per our report of even date annexed.

For TIWARI & COMPANY
Chartered Accountants
Firm Reg. No. 309112E
P. TIWARI
Partner (M. No. 16590)

Place : Kolkata
Date : August 14, 2010

LAWKUSH PRASAD
Company Secretary

For and on behalf of the Board of Directors
B. R. LOYALKA Chairman
R. K. LOYALKA Managing Director
S. K. LOYALKA Managing Director
M. M. BHAGAT Director
K. D. RUNGTA Director
M. L. JAIN Director



PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

		(Rs. in Lacs)	
	Schedule No.	For the year ended 31.3.2010	For the year ended 31.3.2009
INCOME			
Sales & Operational Income	12	20899.81	23963.00
Less : Excise Duty		0.79	9.28
		20899.02	23953.72
Other Income	13	209.21	56.51
Increase/(Decrease) in Stocks	14	(806.70)	103.62
Total		20301.53	24113.85
EXPENDITURE			
Manufacturing, Selling, Administrative Expenses & Others	15	19629.39	22537.19
Finance Charges (Net)	16	291.92	541.98
Depreciation		611.13	594.33
Total		20532.44	23673.50
PROFIT / (LOSS) BEFORE TAX		(230.91)	440.35
Less : Taxation			
Income Tax for Earlier Years		0.80	0.08
FBT for earlier years		(0.15)	0.01
Current Tax (MAT)		—	48.70
Mat Credit Entitlement		—	(48.70)
Deferred Tax		(69.22)	354.24
Fringe Benefit Tax		—	10.51
PROFIT / (LOSS) AFTER TAX		(162.34)	75.51
Surplus Brought Forward		3722.47	3646.96
PROFIT AVAILABLE FOR APPROPRIATION		3560.13	3722.47
APPROPRIATIONS			
Surplus Carried to Balance Sheet		3560.13	3722.47
EARNING PER SHARE (Face Value Rs. 10/-)			
(Refer Note 10 - Schedule 18)			
Basic & Diluted		(3.01)	1.40
SIGNIFICANT ACCOUNTING POLICIES	17		
NOTES TO ACCOUNTS	18		
Schedules referred to above form an integral part of Profit & Loss Account			
As per our report of even date annexed.			

For TIWARI & COMPANY

Chartered Accountants

Firm Reg. No. 309112E

P. TIWARI

Partner (M. No. 16590)

Place : Kolkata

Date : August 14, 2010

LAWKUSH PRASAD

Company Secretary

For and on behalf of the Board of Directors

B. R. LOYALKA

Chairman

R. K. LOYALKA

Managing Director

S. K. LOYALKA

Managing Director

M. M. BHAGAT

Director

K. D. RUNGTA

Director

M. L. JAIN

Director

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010**

	(Rs. in lacs)	
	2009-10	2008-09
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Net Profit before Tax & extra ordinary items	(230.91)	440.35
Adjustment for :		
Depreciation	611.13	594.33
Interest Income	(29.56)	(34.94)
Interest Expenses	321.48	576.92
(Profit) / Loss on Sale of Fixed Assets (Net)	(1.76)	3.46
(Profit) / Loss on Sale of Investment (Net)	(3.71)	11.97
Provision (Reversal) of Loss on Forward Contracts	(17.78)	17.78
Provision for Doubtful debts written back	(4.92)	—
Operating Profit before Working Capital changes	643.97	1609.87
Adjustments for (increase)/decrease in :		
Sundry Debtors	1811.03	189.89
Other Receivables	(169.37)	38.61
Inventories	(286.60)	468.53
Trade & Other Payable	34.02	(278.22)
Cash generated from operations	2033.05	2028.68
Tax Paid (Including FBT)	(17.20)	(61.67)
A. NET CASH FROM OPERATING ACTIVITIES	2015.85	1967.01
<u>CASH FLOW FROM INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets including Capital Work-in-Progress	(286.33)	(626.30)
Sale / Disposal of Fixed Assets	7.48	17.43
Sales of Investment	48.68	26.03
Purchase of Investments	(4.00)	(36.97)
Interest Received	26.75	34.81
B. NET CASH FROM INVESTING ACTIVITIES	(207.42)	(585.00)

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010 (contd.)**

	(Rs. in lacs)	
	2009-10	2008-09
CASH FLOW FROM FINANCING ACTIVITIES		
Borrowings / (Repayments) of Long Term Borrowings	(149.73)	(177.00)
Borrowings / (Repayments) of Short Term Borrowings	(1319.64)	(736.89)
Interest Paid	(321.48)	(576.92)
C. NET CASH FROM FINANCING ACTIVITIES	(1790.85)	(1490.81)
NET INCREASE / (DECREASE) IN CASH & CASH EQUIVALENTS [A+B+C]	17.58	(108.80)
CASH & CASH EQUIVALENTS — (OPENING BALANCE)	311.93	420.73
CASH & CASH EQUIVALENTS — (CLOSING BALANCE)	329.51	311.93
	17.58	(108.80)

Notes :

- (i) Figures in Parenthesis represent outflows.
- (ii) Previous year figures have been recasted/restated wherever necessary.

As per our Report of even date Annexed.

For TIWARI & COMPANY

Chartered Accountants

Firm Reg. No. 309112E

P. TIWARI

Partner (M. No. 16590)

Place : Kolkata

Date : August 14, 2010

LAWKUSH PRASAD

Company Secretary

For and on behalf of the Board of Directors

B. R. LOYALKA

Chairman

R. K. LOYALKA

Managing Director

S. K. LOYALKA

Managing Director

M. M. BHAGAT

Director

K. D. RUNGTA

Director

M. L. JAIN

Director

**Schedules forming part of the Balance Sheet as at March 31, 2010**

(Rs. in Lacs)

	As at 31.03.2010	As at 31.03.2009
<u>SCHEDULE - 1</u>		
SHARE CAPITAL		
AUTHORISED		
10000000 Equity Shares of Rs. 10/- each	<u>1000.00</u>	<u>1000.00</u>
ISSUED, SUBSCRIBED & PAID UP		
5396250 Equity Shares of Rs. 10/- each (Out of the above 4800000 Equity Shares of Rs. 10/- each fully paid issued as Bonus Shares by way of Capitalisation of General Reserve)	<u>539.63</u>	<u>539.63</u>
<u>SCHEDULE - 2</u>		
RESERVES & SURPLUS		
CAPITAL RESERVE		
CENVAT CREDIT AVAILED ON CAPITAL GOODS	229.51	229.51
CASH SUBSIDY	25.00	25.00
SECURITY PREMIUM ACCOUNT	277.38	277.38
GENERAL RESERVE	4612.77	4612.77
PROFIT AND LOSS ACCOUNT	3560.13	3722.47
Total	<u>8704.79</u>	<u>8867.13</u>



Schedules forming part of the Balance Sheet as at March 31, 2010

(Rs. in Lacs)

	As at 31.3.2010	As at 31.3.2009
<u>SCHEDULE - 3</u>		
SECURED LOANS		
A) TERM LOANS (See Note No. 1 below)		
i) From Canara Bank		
TUF Loan	548.27	599.00
ii) From IDBI Bank Ltd.		
Rupee Loan	—	99.00
Total	548.27	698.00
B) WORKING CAPITAL LOANS (See Note No. 2 below)		
i) Packing Credit		
Canara Bank	1389.25	1932.37
State Bank of India	695.71	597.95
ii) Against Export Documents		
Canara Bank	—	723.26
iii) Cash Credit		
State Bank of India	72.13	23.82
iv) Foreign Currency Loan		
State Bank of India	—	199.33
Total (A+B)	2157.09	3476.73
	2705.36	4174.73

Notes :

1. Term Loans from Canara Bank are secured by hypothecation and equitable mortgage of entire Fixed Assets of the Company.
2.
 - a. Working Capital Loans from Canara Bank are secured by hypothecation of Stocks & book debts of Trading Division, Kolkata & Textile Division, Mysore and Personal Guarantee of Promoter Directors and further by second charge on the entire Fixed Assets of the Company.
 - b. Advance against Export is secured by Exports Documents.
 - c. Working Capital Loans from State Bank of India are secured by hypothecation of Stocks & Book debts of Spinning Division, Ahmedabad and Personal Guarantee of Promoter Directors and further by second charge on the entire Fixed Assets of the Company.



Schedules forming part of the Balance Sheet as at March 31, 2010

SCHEDULE - 4

FIXED ASSETS

(Rs. in lacs)

CLASSIFICATION OF ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01.04.09	Addition	Sales/ Adjustments	Up to 31.03.10	As at 01.04.09	For the period	Sales/ Adjustments	Upto 31.03.10	As at 31.03.10	As at 31.03.09
Leasehold Property	6.03	—	—	6.03	1.34	0.08	—	1.42	4.60	4.68
Freehold Property	65.70	25.87	—	91.57	—	—	—	—	91.57	65.70
Building	372.70	—	—	372.70	155.04	9.70	—	164.74	207.97	217.66
Factory Building	1377.54	9.64	—	1387.18	501.90	46.11	—	548.01	839.18	875.64
Well, Water works & Pipe Line	24.44	—	—	24.44	5.66	0.43	—	6.10	18.34	18.78
Plant & Machinery	10916.40	320.00	1.65	11234.75	6689.79	489.87	1.50	7178.16	4056.58	4226.60
Electrical Installation	184.52	—	—	184.52	105.00	8.57	—	113.57	70.95	79.52
Computer & Accessories	111.65	4.64	—	116.29	83.06	9.94	—	93.00	23.29	28.59
Office & Other Equipments	102.91	7.12	—	110.03	66.40	8.80	—	75.20	34.83	36.51
Furniture & Fixture	188.72	1.71	—	190.43	100.20	10.01	—	110.21	80.22	88.53
Site Development	13.69	—	—	13.69	—	—	—	—	13.69	13.69
Vehicles	209.84	66.60	20.25	256.19	96.87	27.62	14.68	109.81	146.38	112.98
Total	13574.14	435.58	21.90	13987.82	7805.26	611.13	16.18	8400.22	5587.60	5768.88
Previous year	13064.00	588.40	78.26	13574.14	7268.32	594.33	57.38	7805.26	5768.88	—
Capital Work-in-Progress	172.40	46.87	196.13	23.14	—	—	—	—	23.14	—
Previous Year	134.50	176.24	138.34	172.40	—	—	—	—	—	—



Schedules forming part of the Balance Sheet as at March 31, 2010

SCHEDULE - 5

INVESTMENTS

LONG TERM INVESTMENTS

In units of Mutual Funds

		(Rs. in lacs)					
		As at 01.04.2009		Purchase (Sale)		As at 31.3.2010	
	Nominal Value	Units	Value	Units	Cost of Purchase	Units	Value
Unquoted							
DPS Black Rock Money Manager Fund Regular Plan - Growth	10/-	790.602	9.49	(790.602)	(9.49)	—	—
DSP Black Rock World Gold Fund Regular Plan Growth	10/-	7305.136	1.00	(7305.136)	(1.00)	—	—
DPS Black Rock Liquidity Fund Regular Plan Growth	10/-	26373.083	5.00	(26373.083)	(5.00)	—	—
DSP Black Rock Equity Fund Regular Plan - Dividend	10/-	—	—	3944.370 (3944.370)	2.00 (2.00)	—	—
HDFC Cash Management Fund - Treasury Advantage Plan - Retail Growth	10/-	67774.792	12.34	(67774.792)	(12.34)	—	—
HDFC Growth Fund - Growth Option	10/-	—	—	2878.903 (2878.903)	2.00 (2.00)	—	—
HDFC Cash Management Fund - Savings Plan Growth	10/-	12473.494	2.00	(12473.494)	(2.00)	—	—
ICICI Prudential 31 Liquid Plan	10/-	54532.331	11.14	(54532.331)	(11.14)	—	—
Reliance Mutual Fund - Equity Growth Fund	10/-	4775.937	1.00	—	—	4775.937	1.00
Aggregate amount of Unquoted Investments :			41.97		4.00 (44.97)		1.00



Schedules forming part of the Balance Sheet as at March 31, 2010

SCHEDULE - 6

DEFERRED TAX ASSETS / (LIABILITIES)

		(Rs. in lacs)	
		As at 31.03.2010	As at 31.03.2009
A. <u>DEFERRED TAX ASSETS</u>			
Disallowance under Section 43B		67.44	69.46
Unabsorbed Depreciation		63.56	36.08
Provision of Losses on Derivative Contract on Mark to Market Basis		—	6.04
Provision for Doubtful Debts		—	1.67
	Total [A]	131.00	113.25
B. <u>DEFERRED TAX LIABILITIES</u>			
Difference between Book & Tax Depreciation		595.12	646.60
	Total [B]	595.12	646.60
DEFERRED TAX ASSETS/(LIABILITIES) (NET) [A – B]		(464.12)	(533.35)

NOTES :

- The Deferred Tax Assets arising from timing differences are recognised to the extent there is reasonable certainty that these assets can be realised in future.
- The Deferred Tax for timing difference between the book and tax profit for the year is accounted for using the tax rates and tax laws that have been enacted or subsequently enacted as at the Balance Sheet date.
- Deferred Tax Assets in respect of Unabsorbed Depreciation has been considered on the basis of latest Income Tax return.



Schedules forming part of the Balance Sheet as at March 31, 2010

(Rs. in lacs)

SCHEDULE - 7

INVENTORIES

(As taken, valued and certified by the Management)

	As at 31.3.2010	As at 31.3.2009
Raw Materials	1968.10	913.93
Dyes & Chemicals	19.54	17.05
Packing Materials	21.37	16.71
Finished Goods	2456.71	3331.45
Semi-Finished Goods	609.06	541.21
Stores & Spares	422.54	390.56
Wastage & Others	0.56	0.37
Total	5497.88	5211.28

SCHEDULE - 8

SUNDRY DEBTORS

[A] Over Six Months

Unsecured Considered Doubtful & Bad

Export	—	4.92
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Unsecured Considered Good

Export	528.23	771.82
Domestic	20.81	36.82

Secured Considered Good

Export	2.74	299.07
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Total [A]	551.78	1112.63
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[B] Other Debts

Secured Considered Good

Export	339.32	1148.07
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Unsecured Considered Good

Export	523.87	928.83
Domestic	32.77	69.23

Total [B]	895.96	2146.13
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Total [A+B]	1447.74	3258.76
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Less : Provision for Bad debts	—	4.92
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Total	1447.74	3253.84
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SCHEDULE - 9

CASH & BANK BALANCES

Cash-in-hand (As certified by the Management)	7.87	11.02
Balances with Scheduled Banks in Current Accounts	102.66	25.44
Fixed Deposit Accounts (Pledged with Banks)*	218.96	275.39
E.E.F.C. Accounts	0.02	0.08
Total	329.51	311.93

* Fixed Deposit includes accrued interest of Rs. 6.33 lacs (Previous year Rs. 20.04 lacs)



Schedules forming part of the Balance Sheet as at March 31, 2010

(Rs. in lacs)

	As at 31.3.2010	As at 31.3.2009
SCHEDULE - 10		
LOANS & ADVANCES		
LOANS		
Unsecured Considered Good	62.74	59.93
ADVANCES		
(Recoverable in cash or in kind or for value to be received)		
For Trade	265.49	363.32
For Expenses & Others	37.66	40.46
For Capital Goods	81.79	9.82
Balance with Central Excise	7.31	16.00
Advance Income Tax (net of provision)	16.51	2.12
Advance Fringe Benefit Tax (net of provision)	—	0.14
Mat Credit Receivable	107.62	105.61
Prepaid Expenses	34.28	45.97
Deposit	94.06	95.94
Deposit with Govt. Agencies	117.83	117.80
Export Benefit Receivable	363.51	145.24
Income-Tax Refund Receivable	33.88	97.70
Cenvat Service Tax Input Receivable	9.60	9.27
Deferred Cenvat Receivables	4.31	4.53
Other Receivables	14.44	25.29
VAT Credit Receivable	870.98	782.76
FBT Refund Receivable	0.29	0.62
Interest Subsidy on Loan	40.90	36.73
Service Tax Refund Receivable	3.62	18.84
Total	2166.82	1978.09
SCHEDULE - 11		
CURRENT LIABILITIES & PROVISIONS		
[A] CURRENT LIABILITIES		
Creditors for Materials	931.70	1265.90
Creditors for Expenses & Others	509.94	822.18
Deposits	1.91	1.91
Creditors for Capital Goods	7.75	173.09
Bank Balance (Book Overdraft)*	1017.54	161.36
Vehicle Loan**	3.04	15.45
Interest Accrued but not due on Term Loan	4.76	5.60
Investors Education & Protection Fund#	0.15	0.15
Unclaimed Dividend	0.15	0.15
Total [A]	2476.79	2445.64
[B] PROVISIONS		
Provision for Gratuity	123.16	117.43
Provision for Leave Encashment	39.84	42.70
Provision for Excise Duty on Stock of FG	—	—
Provision for Loss on Forward Contracts	—	17.78
Total [B]	163.00	177.91
Total [A+B]	2639.79	2623.55

* Book overdraft includes Rs. 39.77 lacs (Previous Year Rs. 21.05 lacs) Overdraft with Banks against Pledge of Fixed Deposits.

** Against Hypothecation of Vehicle under Hire Purchase.

There is no amount due and outstanding to be credited to Investors Education & Protection Fund.



Schedules forming part of the Profit & Loss A/C for the year ending March 31, 2010

(Rs. in lacs)

SCHEDULE - 12

SALES & OPERATIONAL INCOME :

	Year ended 31.3.2010	Year ended 31.3.2009
Export	18323.96	21108.54
Indigeneous	1011.50	1182.05
Total Sales	19335.46	22290.59
Job Charges-Export	0.74	24.45
Job Charges - Indigeneous (TDS Rs. 0.80 lacs, Previous year Rs. 0.33 lacs)	39.50	8.92
Export Incentives	1524.11	1639.04
Total	20899.81	23963.00

SCHEDULE - 13

OTHER INCOME

Profit on Sale of Fixed Assets	2.28	6.29
Miscellaneous Receipts	0.27	2.69
Profit on Sale of Investment	3.71	0.53
Claim Received	—	3.03
Excess Provision Written back	157.25	30.23
Sundry Balances written back	7.81	—
Sampling Charges (Net)	2.19	8.17
Rent Received (TDS Rs. 1.62 lacs, Previous year Rs. 1.14 lacs)	13.00	5.57
Provision of Loss on Forward Conts. W/Back	17.78	—
Provison of Doubtful debt Written Back	4.92	—
Total	209.21	56.51

SCHEDULE - 14

INCREASE/(DECREASE) OF STOCKS

OPENING STOCK

Finished Goods	3331.45	3054.59
Semi-Finished Goods	541.21	711.90
Waste & Others	0.37	2.93
Total	3873.03	3769.42

CLOSING STOCK

Finished Goods	2456.71	3331.45
Semi-Finished Goods	609.06	541.21
Waste & Others	0.56	0.38
Total	3066.33	3873.04

Increase / (Decrease) of Stocks

(806.70) 103.62



Schedules forming part of the Profit & Loss A/C for the year ending March 31, 2010

	(Rs. in lacs)	
	Year ended 31.3.2010	Year ended 31.3.2009
SCHEDULE - 15		
MANUFACTURING, ADMINISTRATIVE, SELLING EXPENSES & OTHERS		
A) MANUFACTURING EXPENSES		
Raw Materials Consumed	9325.61	11621.90
Dyes, Chemicals & Consumables Consumed	34.64	51.50
Stores & Spares	416.75	329.78
Purchases	4629.36	4465.34
Material Processed/Wages	1136.97	1460.77
Power, Fuel, Water & Others	1006.85	939.27
Designing & Sampling Exp.	102.36	79.01
Carriage	43.49	38.56
Service Tax on Transport	0.76	0.99
Vat Input W/Off	9.40	—
Factory Wages	129.64	123.72
Increase/(Decrease) in Cenvat duty on Finished Goods	—	(3.97)
Total [A]	16835.83	19106.87
B) ADMINISTRATIVE, SELLING EXPENSES & OTHERS		
Salaries, Bonus, Gratuity & Other Allowances	714.46	692.37
Contribution to Provident & Other Funds	77.86	76.54
Freight Forwarding, Packing & Insurance	583.25	823.05
Export / Sales Promotion	16.17	14.98
Rent & Electricity	23.25	21.73
Rates & Taxes	23.40	20.21
Commission & Discount	631.86	334.40
Worker & Staff Welfare	41.69	39.84
Repairs & Maintenance		
— Building	13.51	13.31
— Machinery	41.78	42.66
— Others	33.27	31.48
Insurance	31.31	36.62
Legal & Professional Charges	28.16	19.89
Postage, Telephone & Telex	50.28	52.33
Printing & Stationery	54.18	60.96
Office Maintenance	6.22	6.81
Travelling & Conveyance	29.09	25.73
Motor Car Upkeep	26.73	29.22
Bank Charges, ECGC Premium & Certificate	92.52	91.16
Directors' Fees	0.98	1.10
Directors' Remuneration	30.00	33.60
Auditors' Remuneration	4.05	3.49
Miscellaneous Expenses	41.08	48.25
Quality Control & Inspection	45.12	40.29
Banking Cash Transaction Tax	—	0.32
Exchange Difference (Net)	15.23	635.08
Loss of Sale of Fixed Assets	0.52	9.75
Donation	3.57	5.84
Export Incentive Receivable written off	0.01	1.48
Foreign Travels	86.20	78.03
Testing Charges	12.25	13.50
Export Documentation Charges	8.67	10.83
Adjustment relating to prior year (Net)	1.93	7.10
Sundry Balances written off	—	3.24
Participation in Trade Fair	19.79	13.35
Security Transaction Tax	0.01	0.04
Sale Tax for Earlier Year	—	0.62
Provision of Loss on Forward Contracts	—	17.78
Bad Debts	5.16	—
Loss of Raw Material due to Fire	—	60.84
Loss on Sale of Investment	—	12.50
Total [B]	2793.56	3430.32
Total [A + B]	19629.39	22537.19



Schedules forming part of the Profit & Loss A/C for the year ending March 31, 2010

		(Rs. in lacs)	
		Year ended 31.3.2010	Year ended 31.3.2009
SCHEDULE - 16			
FINANCE CHARGES			
INTEREST PAID			
On Term Loan		44.87	61.46
On Working Capital		275.56	511.31
On Others		1.05	4.15
	Total	321.48	576.92
LESS : INTEREST RECEIVED			
On Fixed Deposit with Banks (T.D.S. Rs. 2.07 lacs Previous Year Rs. 4.64 lacs)		17.23	22.56
On Others (T.D.S. Rs. 0.39 lacs Previous Year Rs. 2.57 lacs)		12.33	12.38
		29.56	34.94
	Total	291.92	541.98

SCHEDULE - 17

SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles and accounting standards issued by I.C.A.I. and as per the provisions of the Companies Act, 1956.

i) Basis of Accounting

The financial statements are prepared under historical cost convention following the accrual basis of accounting.

ii) Fixed Assets

- Fixed Assets are stated at the original cost of acquisition / installation. Such cost includes purchase price, incidental expenses directly related thereto and pre-operative expenses apportioned based on value. Fixed Assets are shown net of accumulated depreciation. CENVAT availed on capital goods purchased are shown at net value.
- Capital Work-in-Progress is stated at amount incurred upto the date of Balance Sheet.

iii) Depreciation

- Depreciation on fixed assets has been provided on the assets of Main Division at Kolkata on "Written down value method", for the Spinning Division at Ahmedabad and Weaving Division at Mysore on "Straight line method" at the rates as prescribed in Schedule XIV to the Companies Act, 1956 on prorata basis and the relevant accounting standard issued by the Institute of Chartered Accountants of India. In Spinning Division Plant & Machineries have been considered to be continuous process plant as defined in the said Schedule & on technical assessment and depreciation has been provided accordingly. In Weaving Division Depreciation has been charged on shift basis wherever applicable.
- Leasehold land are being amortised over the period of lease.
- Assets costing upto Rs. 0.05 lacs are depreciated fully in the year of purchase/capitalisation.
- Depreciation is being provided prospectively over the residual life of the assets revolarised due to foreign exchange fluctuation wherever applicable.

**iv) Investments**

- a. Investments are stated at cost including expenses related thereto.
- b. Long Term Investments are stated at cost. The diminution, if any in the value of Investments is not recognised unless such diminution is considered permanent in nature.
- c. Current Investments are stated at Lower of cost or market value.
- d. Dividend is recognised when the right to receive is established.

v) Inventories

Inventories are valued as under :-

- | | | | |
|----|------------------------------|---|---|
| a) | Raw Materials | : | at cost which is arrived at on average cost basis |
| b) | Packing Materials | : | at average cost basis |
| c) | Stores, Consumables & Spares | : | at average cost basis |
| d) | Semi-Finished Goods | : | at Raw Material cost and value added thereto upto the state of completion |
| e) | Finished Goods | : | at cost or net realisable value whichever is lower |
| f) | Waste | : | at estimated realisable value |

vi) Employee Benefits

1. Short Term employee benefits : All employee benefits payable within twelve months of rendering the service are recognized in the period in which the employee renders the related service.

2. Post Employment Benefits : **a. Defined Contribution plans**

Gratuity Plan :

Gratuity is payable to all eligible employees of the Company on death, permanent disablement and resignation in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme whichever is more beneficial. Benefit would be paid at the time of separation based on the last drawn basic salary.

Leave Encashment :

Eligible Employees can carry forward and encash leave upto death, permanent disablement and resignation subject to maximum accumulation allowed at 15 days for employees. The Leave over and above 15 days for employees is encashed and paid to employees as per the balance as on 31st March every year. Benefit would be paid at the time of separation based on the last drawn basic salary.

b. Defined Benefit Obligation Plans :

The present value of the obligation under such plans, is determined based on an actuarial valuation, using projected Unit Credit Actuarial Method, carried out (approximately) at the close of the year. Actuarial gains and losses arising on such valuation are recognised immediately in the Profit & Loss Account.

3. Termination Benefits are charged to the Profit and Loss Account in the year in which they are incurred.
-

**vii) Foreign Currency Transaction**

- a. Foreign Currency loans for financing fixed assets outstanding at the close of financial year are revalued at appropriate bank exchange rate at the close of the year. The gain or loss for decrease / increase in rupee liability due to fluctuations in rates of exchange is adjusted to carrying amount of Fixed Assets acquired out of said loans.
- b. Income and Expenditure for the year are recorded as per prevailing bank rate on the date of transaction / negotiation.
- c. Current Assets and Liabilities outstanding at the close of the year are translated / re-stated at contracted and / or appropriate bank exchange rates as on the last day of the financial year. The Loss or Gain, if any is recognised in the year of actual realisation in the Profit & Loss Account.
- d. As per usual practice followed by the company, the export sales transactions during the year are accounted for on Custom Rate and at the end of the year on Prevailing Bank Rate in respect of outstanding debtors. Difference between actual realisation of Custom Rate and/or Bank Rate are adjusted to Exchange Difference Account in Profit & Loss Account.
- e. Gains or Losses on cancellation of Forward Exchange Contracts is recognised in the Profit & Loss Account of the year in which they are cancelled.

viii) Recognition of Income & Expenditure

- a. Export Sales are recognised on the basis of the date as mentioned in Exchange Control Declaration (GR) Form at Main Division and Weaving Division, whereas Spinning Division considers Sales on the basis of “Bill of Lading” date. Export Sales are accounted for in accounts as per monthly Custom Rate for all the Divisions and shown in the account net of export return.
- b. Income & Expenditure are recognised on accrual basis.
- c. Export entitlements are recognised in the Profit & Loss account when the right to receive credit as per terms of the entitlement in respect of the exports made.
- d. Domestic Sales are recorded on raising bills net off discounts, return and Sale Tax.
- e. Accounting for Differential custom duty
Differential custom duty on wastage of Imported Raw Silk Yarn determined as per the Input/ Output norms for EOU is accounted as and when the demand is raised by the customs authorities.
- f. Revenue in respect of Job charges is recognised based on the work performed and invoiced as per terms of specific contracts.

ix) Borrowing Costs

Borrowing Costs which are directly attributable to the acquisition/construction of fixed Assets till the time such assets are ready for intended use, are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the year in which they are incurred.

x) Impairment of Assets

The carrying amount of Assets are reviewed at each Balance Sheet date to ascertain impairment based on internal/external factors. An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

xi) Accounting for Cenvat Credits/Service Tax/Value Added Tax

Cenvat credit and Value Added Tax available on Raw materials, Packing materials, fuels, Stores & Spares, Capital goods and service tax credit on services are accounted for by reducing purchase cost of the related materials or the capital assets or the expenses respectively as the case may be.

xii) Provisions, Contingent Liabilities & Contingent Assets

Contingent Liabilities are the possible obligation of the past events, the existence of which will be confirmed only by the occurrence or non-occurrence of such event in future. These are not provided for and are disclosed by way of Notes on Accounts. Contingent Assets are not provided for or disclosed.


xiii) Government Grants

Capital grants relating to specific assets are reduced from the gross value of the Fixed Assets and capital grants for Project capital subsidy are credited to Capital Reserve. Other revenue grants are credited to Profit & Loss account or deducted from the related expenses.

xiv) Derivative Instruments

- a) The Company enters into forward foreign exchange contracts / option contracts (derivatives) to mitigate the risk of changes in foreign exchange rate on forecasted transactions. The Company enters into derivative financial instruments where the counterparty is a bank. Gains or losses on ineffective transactions of derivative contracts are recognised in the profit and loss account as they arose.
- b) Accounting for forward foreign exchange contracts are marked to market basis and the net loss after considering the offsetting effects on the underlying contracts, is charged to the Income Statement. Net gains are ignored.

SCHEDULE - 18
NOTES TO ACCOUNTS

		(Rs. in lacs)	
		As at 31.3.2010	As at 31.3.2009
1. Contingent Liabilities (Not Provided For)			
a. Foreign Bills discounted through Banks		2163.03	190.80
b. Letter of Credit issued by Bankers (net of Margin)		—	209.86
c. <u>Claims against the company not acknowledged as debts</u>			
i) Litigation with vendor is pending disposal by Mumbai High Court		15.03	15.03
ii) Employees dispute for reinstatement is pending disposal by Labour Court		27.18	1.39
d. Guarantee given by bank on behalf of the Company		2.45	—
e. Income Tax demand under CIT (Appeal) / I.T. Appellate Tribunal		20.40	35.12
2. Estimated amount of contract remaining to be executed on capital account net of advances not provided for Rs. 73.63 lacs (Previous year Rs. NIL).			
3. The Company has not received information from vendors regarding the status of the suppliers as defined under the “Micro, Small and Medium Enterprises Development Act, 2006” (The Act) and accordingly disclosure relating to unpaid amounts at the close of the year together with interest paid/ payable has not been given			
4. Balance confirmation from some of the Sundry Debtors, Sundry Creditors, Loan Parties and Advances given to the parties are still awaited.			
5. Sample receipts amounting to Rs. 2.19 lacs (Previous Year Rs. 8.17 lacs) for sample sent to overseas buyer has been shown net after adjusting the sample making charges of Rs. 0.15 lacs (Previous Year Rs. 0.20 lacs).			
6. Expenses relating to earlier years amounting to Rs. 1.93 lacs (Previous Year Rs. 7.10 lacs) has been shown as net after adjusting Rs. 0.46 lacs (Previous Year Rs. 0.57 lacs) for Income relating to earlier years.			
7. Employee Benefits			
The disclosure required under AS-15 on “Employee Benefits” notified in the companies (Accounting Standards) Rules 2006, are given below :			


Defined Contribution Plans

	2009-10	2008-09
	Amount	Amount
	(Rs. in lacs)	(Rs. in lacs)
Contribution to Recognised Provident Fund	59.23	57.85

Defined Benefits Plans
Gratuity Benefits are as follows

Description	2009-10		2008-09	
	Gratuity		Gratuity	
	Funded (Rs. in lacs)	Unfunded (Rs. in lacs)	Funded (Rs. in lacs)	Unfunded (Rs. in lacs)
1. Reconciliation of opening and closing balance of obligation				
a. Obligation as at 01.04.2009	32.94	84.49	—	101.40
b. Current service cost	2.18	14.65	—	15.61
c. Interest cost	2.69	6.76	—	8.24
d. Actuarial (gain)/loss	0.01	(3.07)	—	16.79
e. Benefits paid	(0.90)	(6.41)	—	(24.61)
f. Obligation as at 31.03.2010	36.92	96.42	—	117.43
2. Change in fair value of plan assets				
a. Fair value of plan assets as at 01.04.2009	—	—	—	—
b. Expected return on plan assets	0.70	—	—	—
c. Actuarial gain / (loss)	—	—	—	—
d. Contributions / refunds made by / to the company	10.38	—	—	—
e. Benefits paid	(0.90)	—	—	—
f. Fair value of plan assets as at 31.03.2010	10.18	—	—	—
3. Reconciliation of fair value of plan assets and obligations				
a. Fair value of plan assets as at 31.03.2010	10.18	—	—	—
b. Present value of obligation as at 31.03.2010	(36.92)	96.42	—	117.43
c. Amount recognized in the balance sheet	26.74	96.42	—	117.43
4. Expenses recognised during the year				
a. Current service cost	2.18	14.65	—	15.61
b. Interest cost	2.69	6.76	—	8.24
c. Expected return on plan assets	(0.70)	—	—	—
d. Actuarial (gains) / loss	0.01	(3.07)	—	16.79
e. Expenses recognised during the year	4.18	18.34	—	40.64
5. Investment details				
a. Others (fund with Life Insurance Corpn. of India)	10.18	—	—	—
6. Assumptions				
a. Discount rate (per annum)	8.00%	8%	—	7.67%
b. Estimated rate of return of plan assets (per annum)	9.00%	—	—	—
c. Rate of escalation in salary	5.00%	5.0%	—	5.0%

Notes :

- The employee's Gratuity Funded Scheme on Main Division Kolkata managed by Life Insurance Corporation of India is a defined Benefit Plan.
- The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognised each period of service as giving rise to additional Unit of employee benefit entitlement and measures each unit separately to build up the final obligation.



8. **Segment Reporting :**

The company's primary segment reporting is by its business Segments which are : Silk Fabrics / Made-ups segment, Industrial Leather Hand Gloves / Made-ups segment, yarns segment and Weaving Silk Fabrics segment.

(i) Business Segments

(Rs. in lacs)

	Silk Fabrics & Made-ups 2009-10	Industrial Leather Hand Gloves Made-ups 2009-10	Yarns 2009-10	Weaving Silk Fabrics (100% EOU) 2009-10	Unallocable 2009-10	Total 2009-10
(a) Revenue						
External	3301.36	5776.45	10335.31	1695.12	—	21108.23
(Previous year)	3242.29	9175.48	9419.02	2173.42	—	24010.22
(b) Results						
Segment Result before interest & tax	(128.83)	343.73	121.85	(148.49)	—	188.26
(Previous year)	80.40	955.19	(17.05)	82.96	—	1101.50
Unallocated Expenses net of						
Unallocated Income	—	—	—	—	(127.24)	(127.24)
Previous year	—	—	—	—	(119.17)	(119.17)
Interest Expenses	—	—	—	—	—	(321.48)
(Previous year)	—	—	—	—	—	(576.92)
Interest Income	—	—	—	—	—	29.56
(Previous year)	—	—	—	—	—	34.94
Depreciation for Earlier year W/back (Previous Year)	—	—	—	—	—	—
Profit / (Loss) before Tax	—	—	—	—	—	(230.90)
(Previous year)	—	—	—	—	—	440.35
Income Tax for Earlier years (including FBT)	—	—	—	—	—	0.65
(Previous year)	—	—	—	—	—	0.10
Provision for current tax	—	—	—	—	—	—
(Previous year)	—	—	—	—	—	48.70
Mat Credit Entitlement	—	—	—	—	—	—
(Previous year)	—	—	—	—	—	(48.70)
Provision for deferred tax	—	—	—	—	—	(69.22)
(Previous year)	—	—	—	—	—	354.24
Provision for Fringe Benefit Tax	—	—	—	—	—	—
(Previous year)	—	—	—	—	—	10.51
Net Profit / (Loss) after tax	—	—	—	—	—	(162.34)
(Previous year)	—	—	—	—	—	75.50
Other Information						
(c) Segment assets	2547.47	2974.62	4780.77	4278.91	471.90	15053.67
(Previous year)	3573.20	2979.78	5041.25	4618.65	525.47	16738.35
(d) Segment liabilities	1906.60	1862.96	1089.89	928.82	20.99	5809.27
(Previous year)	2325.72	2163.63	1418.64	1287.84	135.79	7331.62
(e) Capital Expenditure	—	—	216.30	43.38	26.64	286.33
(Previous year)	—	—	27.56	575.15	23.57	626.29
(f) Depreciation	—	—	280.10	293.58	37.45	611.13
(Previous year)	—	—	275.32	283.47	35.53	594.32
(g) Non-cash expenses other than depreciation	5.16	—	—	—	—	5.16
(Previous year)	5.92	10.20	1.66	—	—	17.78



(ii) Geographical Segments

The secondary segment reporting is about geographical segment which shows the distribution of the Company's sales by geographical market :

(Rs. in Lacs)

Sales	2009-10	2008-09
India	1011.50	1182.05
Outside India	18323.96	21108.54
Total	19335.46	22290.59

Segment Revenue and Result

The expenses which are not directly attributable to the business segment are shown as unallocated expenditure net off unallocable income.

Segment assets and liabilities

Segment assets include all operating assets used by the business segment and consist principally of fixed assets, debtors and inventories. Segment liabilities primarily include current liabilities & loan fund. Assets and liabilities that cannot be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.

9. Related Party Disclosures

2009-10

2008-09

Sl. No.	Nature of the related party & nature of relationship	Nature of Transactions	Transaction Value	Outstanding Amounts carried in the Balance Sheet	Transaction Value	Outstanding Amounts carried in the Balance Sheet
A	Key Management personnel					
1.	Mr. B. R. Loyalka (Chairman)	Sitting Fees	0.27	—	0.27	—
2.	Mr. R. K. Loyalka (Mg. Director)	Remuneration	18.34	3.15	18.34	2.25
3.	Mr. S. K. Loyalka (Mg. Director)	Remuneration	19.41	3.30	19.41	2.97
4.	Mr. Y. Gopalkrishnan (Wholetime Director)	Remuneration	—	—	26.81	—
B	Relatives / Associates of Key Management Personnel					
1.	S. M. Loyalka Hospital	Donation	—	—	2.50	—
2.	Loyalka Charity Trust	Donation	—	—	2.50	—
3.	Vidhi Loyalka	Travel, Study & Stay expenses management trainee	—	—	1.25	—
4.	B. R. Loyalka (HUF)	Rent paid	0.48	—	0.48	—
5.	Kiran Loyalka	Salary	1.16	0.13	1.16	0.13
6.	Ruchi Ajitsaria	Salary	1.16	0.13	1.16	0.13
C	Associates Body Corporates					
1.	SKL Exports Limited	Job charges	190.37	74.63	234.28	128.63
		Sale	27.74	—	6.15	—
		Rent received	0.15	0.01	—	—
2.	Zenith Koplavitch Exports Ltd.	Sale	—	84.41	10.25	97.48
3.	Capital Limited	Providing Manpower charges	7.84	0.75	10.30	0.72
4.	Zenith Yarns Pvt. Ltd.	Sale	27.32	—	22.63	—



10. Earning Per Share (EPS)

	2009-10	2008-09
(a) Total number of Equity Share Outstanding at the end of the year	5396250	5396250
(b) Net Profit after tax available to Equity Shareholders (Rs. in lacs)	(162.34)	75.51
(c) Nominal value per Equity Share (Rs.)	10	10
(d) Basic/Diluted Earnings per Share (Rs.)	(3.01)	1.40

11. The Closing Stock includes

(Rs. in lacs)

	As at 31.3.2010	As at 31.3.2009
i) Raw Materials		
With Parties	410.34	269.16
	410.34	269.16
ii) Finished Goods		
a. With Parties	36.33	20.86
b. In Transit	103.42	24.77
c. At Port	97.25	—
	237.00	45.63

12. ADDITIONAL INFORMATION PURSUANT TO PARAGRAPHS 3 & 4 OF PART-II OF SCHEDULE VI OF THE COMPANIES ACT, 1956.

[A] Particulars in respect of goods manufactured

i) Installed capacity			
	2009-2010	2008-09	
(a)	31 Single width Dornier Looms 11 Velvet Looms 2 Double width Looms at Weaving Division-Mysore	31 Single width Dornier looms 10 Velvet Looms 2 Double width Looms at Weaving Division - Mysore	
(b)	24208 Spindles at Spinning Division - Ahmedabad	22960 Spindles at Spinning Division - Ahmedabad	
ii) Actual production			
		2009-2010	2008-2009
Items	UOM	Qty.	Qty.
Industrial leather hand gloves	Pairs	8546452	10623891
Aprons & Others	Pcs.	140048	114827
Silk / Cotton / Viscose Fabrics#	Mtrs.	257337.501	501158.213
Silk Madeups	Pcs.	52926	34719
Polyster / Viscose / Cotton Yarn	Kgs.	4523272	3802758

Note : # Production of Zenith Textiles includes stock of Fabrics at inspection stage 2013.71 mts. Value Rs. 27.29 lacs. (Previous year 1620.66 mts. value Rs. 16.65 lacs).



[B] Turnover		2009-10		2008-09	
Items	UOM	Quantity	Rs. in lacs	Quantity	Rs. in lacs
Industrial Leather	Pairs	8667410	} 5117.25	10186538	} 8254.34
Hand Gloves / Aprons & Others	Pcs.	139180		115375	
Silk / Cotton / Viscose Fabrics	Mtrs.	967310.936 (a)	} 4616.70	852363.305 (a)	} 5122.41
Silk made-ups	Pcs.	291405		93421	
Polyster / Viscose / Other Yarn	Kgs.	7141960	9503.61	6852112	8729.68
Others			97.90		184.16
			19335.46		22290.59

Note :

- (a) Quantity includes 2073.24 Mtrs. Silk Fabrics and 4906 pcs of Silk Madeups (Previous year 4458.94 Mtrs. of Silk Fabrics and 9798 pcs of Silk Madeups) as sample sent to buyers.



C) Purchase & Stock of Finished & Semi-Finished Goods (Rs. in lacs)

Class of Goods	Unit of measure	2009-10			2008-09		
		Opening Stock Qty.	Opening Stock Value	Purchase Qty. Value	Closing Stock Qty. Value	Opening Stock Qty. Value	Purchase Qty. Value
[A] SEMI FINISHED GOODS Industrial Leather Hand Gloves/Aprons & Others Silk Yarn Fabrics Total [A]	Pair	265555	166.52	440148	203.11	339114	253.24
	Pcs.	26		561		2208	
	Kgs.		185.23		174.01		183.70
	Mtrs.		189.46		231.94		274.96
			541.21		609.06		711.90
[B] FINISHED GOODS Industrial Leather Hand Gloves/Aprons & Others Silk / Cotton / Viscose Fabrics Polyester/Viscose/Cotton Yarn Silk Made-ups Others Leather Bags, Purses Wallets etc.	Pair	628150	500.19	507192	352.88	190797	175.01
	Pcs	7346		8214		7894	
	Mtrs. (a)		2372.51		1775.63		2286.48
	Kgs.	916645.78	289.05	731087.28	1187.59	895060.14	928.63
			2547387.00		3282.55		3044163.00
		226181.00	289.05	154880.00	240.38	231372.00	295.82
	Pcs.	214287	168.50	68758	159.22	226958	296.08
					87.82		46031
							125.01
							0.80
Total [B]		30798	1.20			30798	1.20
		512				512	
Total [A+B]							
			3331.45	4629.36	2456.71		3054.59
			3872.66	4629.36	3065.77		3766.49
							4465.34
							4465.34
							3331.45
							3872.66

Notes :-

- Quantity includes 1241.50 mtrs. (Previous year 1933.15 mtrs.) as process gain and 333870.28 mtrs. (Previous year 114252.05 mtrs.) of fabrics used for internal consumption.
- Closing Stock Quantity of Zenith Textile is arrived after adjusting 3567.355 mtrs., (Previous year 1348.388 mtrs.) of defectives & Trial Fabrics during the year (Cumulative 116706.23 Mtrs. Till 31.03.2010, and 113138.875 Mtrs. Till 31.03.2009)



D) Consumption of Raw Materials & Chemicals

(Rs. in lacs)

Class of Goods	Unit	2009-10		2008-09	
		Quantity	Value	Quantity	Value
Raw Leather	Sq. ft.	24173462.50	3973.66	29786430.00	6460.06
Clothes	Mtrs.	269430.85	112.66	206843.10	99.37
	Kgs.	12251.000		9697.150	
Silk Yarn	Kgs.	93693.039	845.59	132720.035	1279.04
Polyester/Viscose Fibre	Kgs.	4971074	4393.70	4677007	3783.43
Dyes & Chemicals		—	34.64	—	51.50
			9360.25		11673.40
		%	value	%	value
Imported		8.24	771.57	10.25	1196.82
Indigenous		91.76	8588.69	89.75	10476.58
		100.00	9360.25	100.00	11673.40

E) Consumption of Stores & Spares

Thread	22.62	21.70
Rubb, Cuff, Back & Components	38.42	45.63
Stores & Spares parts	355.71	262.44
	416.75	329.78
	%	Value
Imported	8.59	35.80
Indigenous	91.41	380.94
	100.00	416.75

	%	Value
	15.54	51.23
	84.46	278.55
	100.00	329.78



(Rs. in Lacs)

	2009-10	2008-09
F. Remuneration to Managing / Whole Time Directors		
a) Salary & Allowances	30.00	33.60
b) Perquisites	4.15	4.18
c) Other Benefits	—	22.82
d) Contribution to Provident & Other Funds	3.60	3.96
	37.75	64.56

Notes :

- (a) The remuneration paid / payable to Managing / Whole-time Directors is in accordance with part-II of Schedule XIII of the Companies Act, 1956. Remuneration paid during the year is treated as “Minimum Remuneration”.
- (b) Contribution to Opportunity Fund in respect of Directors has not been considered in above figures as separate actuarial valuations are not available.

G. Auditors Remuneration

For Statutory Audit	1.90	1.75
For Tax Audit	0.70	0.64
For Others	1.16	0.84
For Service Tax	0.29	0.26
	4.05	3.49

H. Value of Imports on CIF Basis

Finished Goods	0.24	7.73
Raw Materials	939.90	850.70
Stores, Spares & Components	49.59	29.74
Capital Goods Purchased (Including advance to vendor)	1.19	—

I. Expenditure in Foreign Currencies

Foreign Travel & Participation in Exhibitions and Trade Fair	69.40	66.90
Commission	238.27	192.89
Interest on foreign Currency Loan	7.15	19.43
Subscription	—	1.34
Royalty, Design & Development Charges	24.41	10.77
Others	15.21	27.14

J. Earnings in Foreign Currencies

Exports of Goods on F.O.B. Basis	18064.06	20766.66
FOB value of Job Charges Samples	3.09	32.83



13. Derivative instruments outstanding :

a. Forward Exchange Contracts :-

Currency	2009-2010		2008-2009	
	No. of Contracts	Amount in Foreign Currency	No of Contracts	Amount in Foreign Currency
EURO	10	738313	—	—
USD	41	4736433	13	1799037

b. Unhedged Foreign Currency Exposure as at the Balance Sheet date :-

Category	Currency	2009-2010 Amount in Foreign Currency	2008-2009 Amount in Foreign Currency
Exports	EURO	323735	1210321
Exports	USD	2280125	4355478
Exports	GBP	62572	43450
Others	EURO	184517	331148
Others	USD	231208	188252
Others	GBP	615	3092

14. Comparative figures of the previous year have been regrouped, rearranged and recast wherever found necessary.

As per our report of even date annexed

For TIWARI & COMPANY

Chartered Accountants

Firm Reg. No. 309112E

P. TIWARI

Partner (M. No. 16590)

Place : Kolkata

Date : August 14, 2010

LAWKUSH PRASAD

Company Secretary

For and on behalf of the Board of Directors

B. R. LOYALKA

Chairman

R. K. LOYALKA

Managing Director

S. K. LOYALKA

Managing Director

M. M. BHAGAT

Director

K. D. RUNGTA

Director

M. L. JAIN

Director

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE****1. Registration Details**

Registration No.

3	3	9	0	2
---	---	---	---	---

 State Code

2	1
---	---

Balance Sheet Date

3	1	0	3	1	0
---	---	---	---	---	---

2. Capital Raised during the year (Amount in Rs. Thousands)

Public Issue

N	I	L
---	---	---

 Rights Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

 Private Placement

N	I	L
---	---	---

3. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities

1	2	4	1	3	8	8
---	---	---	---	---	---	---

 Total Assets

1	2	4	1	3	8	8
---	---	---	---	---	---	---

Source of Funds

Paid-up Capital

5	3	9	6	2
---	---	---	---	---

 Unsecured Loans

N	I	L
---	---	---

Reserves & Surplus

8	7	0	4	7	8
---	---	---	---	---	---

 Secured Loans

2	7	0	5	3	6
---	---	---	---	---	---

Deferred Tax Liabilities

4	6	4	1	2
---	---	---	---	---

Application of Funds

Net Fixed Assets

5	6	1	0	7	4
---	---	---	---	---	---

 Investments

	1	0	0
--	---	---	---

Net Current Assets

6	8	0	2	1	4
---	---	---	---	---	---

4. Performance of the Company (Amount in Rs. Thousands)

Turnover including Export Inventives & Other Income

2	1	1	0	8	2	3
---	---	---	---	---	---	---

 Total Expenditure

2	1	3	3	9	1	3
---	---	---	---	---	---	---

Profit / (Loss) Before Tax

(-)	2	3	0	9	0
-----	---	---	---	---	---

 Profit / (Loss) After Tax

(-)	1	6	2	3	4
-----	---	---	---	---	---

Earning per share in (Rs.)

(-)	3	.	0	1
-----	---	---	---	---

 Dividend Rate (%)

N	I	L
---	---	---

5. Generic Names of Three Principal Products / Services of the Company (As per Monetary Terms)

Item Code No. : **420400**

Product Description : **Leather Gloves for use in Industry**

Item Code No. : **500720**

Product Description : **Silk Fabrics**

Item Code No. : **550950**

Product Description : **Polyster Viscose Spun Yarn**

ZENITH EXPORTS LIMITED

Registered Office : 19, R. N. Mukherjee Road, Kolkata 700 001

Attendance
Slip

TWENTY-EIGHTH ANNUAL GENERAL MEETING — WEDNESDAY, 29TH SEPTEMBER, 2010, AT 11:00 A.M.

DP.ID*	NAME AND ADDRESS OF THE REGISTERED SHAREHOLDERS/PROXY
CLIENT ID*	
FOLIO NO.	
NO. OF SHARES HELD	

* Applicable if Shares are held in electronic form.

I certify that I am a registered Shareholder/Proxy for the Registered Shareholder of the Company.

I hereby record my presence at the Twenty-Eighth Annual General Meeting of the Company held
at Auditorium of Birla Academy of Art & Culture, 108, Southern Avenue, Kolkata-700 029
Wednesday, 29th September, 2010.

Member's / Proxy's Signature

Note : Please fill this attendance slip and hand it over at the **ENTRANCE OF THE MEETING HALL.**

----- TEAR HERE -----

ZENITH EXPORTS LIMITED

Registered Office : 19, R. N. Mukherjee Road, Kolkata-700 001

Form of
Proxy

I/We..... of in the district
of being a member / members of **ZENITH EXPORTS LIMITED**
hereby appoint of in the district of
..... or failing him
of in the district of
as my / our proxy to attend and vote for me / us on my / our behalf at the **TWENTY-EIGHTH ANNUAL
GENERAL MEETING** of the Company to be held on **Wednesday, 29th September, 2010, at 11:00 A.M.**
and at any adjournment thereof.

Signed this day 2010.

DP.ID*
CLIENT ID*
FOLIO NO.
NO. OF SHARES HELD

Signature

Affix
Revenue
Stamp

* Applicable if Shares are held in electronic form.

Note : This form in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.