

ZENITH EXPORTS LIMITED



31st Annual Report & Accounts 2012-13

**BOARD OF DIRECTORS**

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

COMPANY SECRETARY

Mr. Lawkush Prasad

AUDITORS

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

PRINCIPAL BANKERS

Canara Bank
State Bank of India

REGISTERED OFFICE

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

WORKS**ZENITH SPINNERS**

Dholka Bagodara State Highway
Village - Sarandi
Taluka - Dholka
Dist - Ahmedabad, PIN - 387 810

ZENITH TEXTILES

13, A/B/C, Industrial Area
Nanjangud
Dist - Mysore
Karnataka, PIN - 571 302

REGISTRAR AND TRANSFER AGENT

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

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ZENITH EXPORTS LIMITED - ANNUAL REPORT 2012-13

NOTICE is hereby given that the **31st Annual General Meeting** of the members of **ZENITH EXPORTS LIMITED** will be held on Friday, 27th September 2013 at 10.30 A.M. at the ground floor, Auditorium of Birla Academy of Art & Culture, 108, Southern Avenue, Kolkata - 700 029 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March 2013 and Profit & Loss Account for the year ended on that date together with the Directors' and Auditors' report thereon.
2. To appoint a Director in place of Mr. S. K. Loyalka, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. M. L. Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. Tiwari & Company, Chartered Accountants as Statutory Auditors of the company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting, on such remuneration as may be determined by the Board of Directors of the Company and to give authority to the Board of Directors of the Company to appoint Branch Auditors and fix their remunerations in consultation with the Statutory Auditors of the Company for the Company's Spinning & Weaving divisions.

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

By Order of the Board
LAWKUSH PRASAD
Company Secretary

NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING A PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. Printed Copies of Balance Sheet, Profit and Loss Account, the Directors' Report, the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet for the financial year ended 31st March, 2013 are enclosed as prescribed by Section 219 of the Companies Act, 1956.
3. Members and Proxies are requested to bring to the meeting the enclosed filled-in Attendance slip.
4. The Register of Beneficial owners, Register of Members and the Transfer Books of the Company shall remain closed from 23/09/2013 to 27/09/2013 (both inclusive).
5. Members desirous of getting any information on the accounts or operations of the Company or any share related matters are requested to forward their queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
6. Members holding shares in physical form are requested to inform change of address, Bank details & email ID, immediately to Registrar and Share Transfer Agents, M/s. C. B. Management Services (P) Limited, P-22, Bondel Road, Kolkata-700 019 and in case shares are held in demat form, request for change of address, bank details & email ID be made to the Depository Participant's where the demat account is maintained. The members are also requested to send all correspondence relating to Shares, including transfers and transmissions, to the said Registrar directly for speedy disposal.
7. Members who have not appointed nominee(s) are requested to appoint nominee(s). The prescribed form for appointment of nominee(s) will be made available on request.
8. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year



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

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

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

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

By Order of the Board
LAWKUSH PRASAD
Company Secretary



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DIRECTORS' REPORT

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

FINANCIAL HIGHLIGHTS

(₹ in lacs)

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

OPERATIONAL REVIEW AND FUTURE OUTLOOK

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

WEAVING DIVISION

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

SPINNING DIVISION

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

EXPANSION PROJECT

WEAVING DIVISION

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

SPINNING DIVISION

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

**DIVIDEND**

To conserve the resources of the Company, the Board of Directors do not recommend any dividend for this year also.

FINANCE

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

PARTICULARS OF EMPLOYEES

There was no employee drawing salary in excess of the limits as prescribed under section 217(2A) of the Companies Act, 1956. Hence, information required to be given under the said section read with companies (Particulars of employees) rules, 1975 as amended has not been provided in this report.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

The particulars in respect of conservation of energy and technology absorption are given in annexure "A" forming part of this report pursuant to section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 .

CORPORATE GOVERNANCE

Your Company complies with all the mandatory requirements pertaining to Corporate Governance, in terms of revised Clause 49 of the Listing Agreement with the Stock Exchanges. A detailed report on Corporate Governance along with a copy of certificate from statutory auditors regarding compliance of conditions on corporate governance is annexed thereto.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of Companies Act, 1956, your directors hereby confirm that:

- I] in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- II] the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March, 2013 and profit and loss for the year ended on that day;
- III] the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- IV] the Directors had prepared the annual accounts on a going concern basis.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis as required under Clause 49(IV)(F) is disclosed separately in this report.

DEPOSITS

In terms of the provision of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits rules) 1975, the Company has not accepted any fixed deposits during the year under review.

DIRECTORS

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



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

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

AUDITORS

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

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

AUDITOR'S QUALIFICATION AND MANAGEMENT REPLY

AUDITOR'S QUALIFICATION

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

MANAGEMENT'S REPLY

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

CAUTIONARY STATEMENT

Certain Statements in the Management Discussion and Analysis describing the Company's view about the industry, expectations/predictions, objectives etc. may be forward looking within the meaning of applicable laws and regulations. Actual results may differ from those implied therein. Important factors that could make a difference include raw material availability and prices, demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, industrial relations and economic developments within India and countries with which the Company conducts business and other incidental factors.

APPRECIATION

Your Directors place on record their deep appreciation of the continued support and guidance provided by Central and State Government and all Regulatory bodies.

Your Directors offer their heartiest thanks to the esteemed shareholders, customers, business associates, Financial Institutions and Commercial Banks for the faith reposed by them in the Company and its management.

Your Directors place on record their deep appreciation of the dedication and commitment of Company's officers and employees at all levels and look forward to their continued support in future as well.

Place : Kolkata
Dated : 14th August, 2013

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



ANNEXURE – A TO THE DIRECTORS’ REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Director’s Report for the year ended 31st March, 2013.

I. CONSERVATION OF ENERGY

- a) Invertors and capacitors have been installed to conserve power. As a result, power consumption is reduced.
- b) The Company is making all round efforts for the Conservation of Energy.
- c) Due to high oil prices use of captive furnace oil generators is reduced and Grid connection has been taken to reduce the power costs. Maximum efforts are being put to reduce consumption and conservation of power, the major expenditure in the Spinning Industry.
- d) The required data with regard to conservation of energy are furnished below :

FORM-A

A. POWER AND FUEL CONSUMPTION

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

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

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

i) Weaving Division

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

ii) Spinning Division

1. The Spinning unit is continuously trying to improve the quality of its products by optimizing the process parameters, manufacturing process and adopting standard methods.

2. Research and Development (Energy Audit) is carried out by separate Textile Research Association for Textile units situated at Ahmedabad (AITRA).

3. The expenditure incurred on Research and Development is not separately accounted for.

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

One No. of Wireflex Velvet Loom to weave loop & velvet fabrics was successfully implemented during the year under review.

Spinning Division

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

We have been continuously adding latest machines, and balancing equipments to support the existing machineries.

FOREIGN EXCHANGE EARNINGS AND OUTGO

i) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans.

ii) Export Sales (including deemed exports) during the year was Rs.25083 lacs, compared to Rs. 23739 lacs in the preceding year. The Export sales increased by Rs.1344 lacs, 6% over the last year, due to recovery of economy in USA & other continent. Necessary steps are being taken by the management to access new markets with a view to enhance the turnover further.

iii) The required data with regard to Foreign Exchange earnings and outgo are furnished below:

(₹ in lacs)

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

Place : Kolkata
Dated: 14th August, 2013

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



REPORT ON CORPORATE GOVERNANCE

I. Company's Philosophy on Corporate Governance

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

II. Board of Directors

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

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

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

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

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

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



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Sl. No.	Director	No. of Meetings		AGM held on 29th September 2012
		Held during the tenure of Directorship	Attended	
1	Mr. B. R. Loyalka	1	1	Present
2	Mr. R. K. Loyalka	5	2	Present
3	Mr. S. K. Loyalka	5	2	Present
4	Mr. V. K. Loyalka	2	0	Absent
5	Mr. M. M. Bhagat	5	5	Present
6	Mr. K. D. Rungta	5	5	Present
7	Mr. M. L. Jain	5	5	Present
8	Mr. D. K. Sarawgee	5	5	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.

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.

III. Audit Committee

1. Terms of Reference

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 and internal auditors and the Board of Directors and oversees the financial reporting processes.



2. Composition

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#	4	4
2.	Mr. M. M. Bhagat	4	4
3.	Mr. M. L. Jain	4	4
4.	Mr. D. K. Sarawgee	2	2

Mr. K. D. Rungta is the Chairman of the Audit Committee of the Company and has the requisite knowledge and experience of over 6 decades in financial matters.

Mr. B. R. Loyalka ceases to member of the Committee w.e.f. 25/06/2012.

All the above Directors are Non-Executive Independent Directors.

3. Meetings

The Meetings held four times during the year on 12.05.12, 13.08.12, 10.11.12 & 14.02.12 to review Quarterly Unaudited Financial Results and Annual Audited Financial Results.

IV. Remuneration Committee

1. 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.

2. Composition

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	—	N.A.
2.	Mr. K. D. Rungta	Member	—	N.A.

Mr. M. M. Bhagat is the Chairman of the Committee and has requisite knowledge & experience of over 5 decades in financial & insurance matter.

All the above Directors are Non-Executive Independent Directors.

Mr. B. R. Loyalka ceases to be a member of the Committee w.e.f. 25.06.2012.



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3. Details of Remuneration/Sitting fees paid to Directors

The remuneration/sitting fees paid /payable to the Executive Directors and Non-Executive Directors for the year 2012-13 are as under:

(Amounts in ₹)

Name of the Director	Salary and Perquisites	Sitting Fees
Executive Directors		
1. Mr. S. K. Loyalka	19,40,790/-	—
2. Mr. R. K. Loyalka	18,34,236/-	—
3. Mr. V. K. Loyalka	1,27,728/-	—
Non-Executive Directors		
1. Mr. B. R. Loyalka	—	5,000/-
2. Mr. M. M. Bhagat	—	23,000/-
3. Mr. K. D. Rungta	—	31,000/-
4. Mr. M. L. Jain	—	23,000/-
5. Mr. D. K. Sarawgee	—	19,000/-

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

No sitting fee is paid for attending the meetings of Share Transfer and Investors' Grievance Committee.

Presently the Company does not have any Stock Option Scheme.

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

Name of the Non-Executive Director	No. of Equity Shares Held
1. Mr. M. M. Bhagat	100
2. Mr. K. D. Rungta	100
3. Mr. M. L. Jain	0
4. Mr. D. K. Sarawgee	0

V. Share Transfer and Investors' Grievance Committee

1. Terms of Reference

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

2. Composition of the Committee

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	Member	1	1
2.	Mr. K. D. Rungta	Member	1	1

**3. Status of shareholders complaints**

Number of shareholders' complaints received during the year.

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

4. Meetings

The Committee met on 09.01.2013 only during the year under review.

VI. 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.

VII. 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 2010	Wednesday, 29th September 2010	Birla Academy of Art & Culture, 108, Southern Avenue, Kolkata-29	11.00 A.M.
31st March 2011	Friday, 30th September 2011	- Do -	10.30 A.M.
31st March 2012	Saturday, 29th September 2012	- Do -	10.30 A.M.

All Resolutions of Annual General Meeting were passed by show of hands by the shareholders present at the meeting.

VIII. Disclosures**1. Disclosure on materially significant related party transactions**

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, 2013 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.

2. Disclosure on compliance of Law

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.

3. CEO / CFO Certification

The aforesaid certificate duly signed by the CEO and CFO in respect of the financial year ended 31st March, 2013 has been placed before the Board in the meeting held on 14th August'2013.

4. 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



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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.

5. Auditors' Certificate on Corporate Governance

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

IX. 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 Financial results in Business Standard and Arthik Lipi.

The financial results of the Company are also posted on the Company's website www.zenithexportslimited.com

X. General Shareholders' Information

*31st Annual General Meeting (to be held)

Day	Friday
Date	27th September 2013
Time	10.30 A.M.
Venue	Ground floor, Auditorium of Birla Academy of Art and Culture 108, Southern Avenue, Kolkata - 700 029

*Financial Calendar (Tentative)

(April 01, 2013 to March 31, 2014)	[i] 1st Quarterly results on 14th August, 2013
	[ii] 2nd Quarterly results within 14th November, 2013
	[iii] 3rd Quarterly results within 14th February, 2014
	[iv] 4th Quarterly results within 15th May, 2014

*Book Closure Date: Monday, 23rd September, 2013 to Friday, 27th September, 2013
(Both days inclusive)

*Dividend Payment Date None

*Listing on Stock Exchange Bombay Stock Exchange Limited
National Stock Exchange of India Limited
The Company has paid the Annual Listing fee to each of the Stock Exchanges for the period April, 2013 to March 31, 2014.

*Stock Code - Physical Bombay Stock Exchange Ltd. - 512553
National Stock Exchange of India Ltd. - ZENITHEXPO

ISIN No. INE 058B01018

*Market Price Data As per Appendix 'A'

*Registrar and Transfer Agents C.B. Management and Services Pvt.Ltd.
P-22, Bondel Road, Kolkata - 700 019
Telephone: (033) 4011 6700/6711/6718/6723/2280 6692
Fax: (033) 4011 6739, 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 and Investors'



Grievance Committee comprising members of the Board is constituted to consider the request of transfer of physical shares. Request for dematerialization 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, 2013

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

5318074 (98.55%) Equity Shares as on 31st March, 2013 have been dematerialised with National Securities Depository Limited (NSDL)
39585 (0.73%) Equity Shares as on 31st March, 2013 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

- (i) Zenith Spinners,
Vill-Sarandi, Taluka-Dholka, Dist-Ahmedabad - 387810
- (ii) Zenith Textiles
Nanjangud, Dist- Mysore, Karnataka - 571 302

*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

VI. Non-Mandatory Requirements

i) Remuneration committee:

The Company has a Remuneration Committee comprising of Mr. M. M. Bhagat & Mr. K. D. Rungta 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.



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APPENDIX - 'A'

The monthly high and low quotation in the year 2012-13 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 (₹)		VOLUME (No. of Shares)	Market Price (₹)		VOLUME (No. of Shares)
	HIGH	LOW		HIGH	LOW	
April, 2012	49.95	40.15		48.65	48.65	
May, 2012	46.95	44.95		47.90	43.80	
June, 2012	48.95	48.95		50.20	50.20	
July, 2012	51.70	49.65		49.00	49.00	
August, 2012	53.95	48.75	Information	46.55	41.00	Information
September, 2012	50.75	46.35	Not	43.05	38.95	Not
October, 2012	46.50	44.20	Available	41.00	41.00	Available
November, 2012	45.45	43.95		46.00	39.00	
December, 2012	46.80	34.50		48.20	36.45	
January, 2013	40.65	37.30		38.30	35.10	
February, 2013	41.45	39.75		40.50	33.65	
March, 2013	43.50	43.40		36.90	35.25	

APPENDIX - 'B'

Distribution of Shareholding as on March 31, 2013

RANGE (NO. OF SHARES)	SHARE HOLDERS		SHARES	
	NUMBER	% OF TOTAL	NO.	% OF TOTAL
	[1]	[2]	[3]	[4]
UPTO – 5000	1134	98.10	189744	3.52
5001 – 10000	4	0.35	22765	0.42
10001 – 20000	2	0.17	32556	0.60
20001 – 30000	—	—	—	—
30001 – 40000	—	—	—	—
40001 – 50000	—	—	—	—
50001 – 100000	2	0.17	129650	2.40
100001 – and above	14	1.21	5021535	93.06
TOTAL	1156	100.00	5396250	100.00



Shareholding Pattern as on 31st March, 2013

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/Trust	2402952	44.53
b. Indian Public	200556	3.72
c. NRIs/OCBs	136	0.00
d. Any other (Clearing Member)	50	0.00
Sub-Total	2603694	48.25
GRAND TOTAL	5396250	100.00
	No. of Shares	% of Share Holding
NOTE: TOTAL FOREIGN SHARE HOLDING		
Foreign Holding (Non-Resident)	—	—
NRIS/OCB	136	0.00
FII	—	—
	<u>136</u>	<u>0.00</u>



AUDITOR'S CERTIFICATE

To
The Members of
ZENITH EXPORTS LIMITED

We have examined the compliance of conditions of Corporate Governance by ZENITH EXPORTS LIMITED ('the company'), for the year ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange and the National Stock Exchange.

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 Corporate Governance. 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 in all material respect with the conditions of Corporate Governance as stipulated on Clause 49 of 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.

Place: Kolkata
Dated: 14th August, 2013

For **TIWARI & COMPANY**
Chartered Accountants
Firm Registration No. 309112E
CA K.K. BANDYOPADHYAY
(Partner)
(M.N.: 015958)



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, polyester 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. High volatility in foreign exchange and in price of raw silk in international market are main concern. China is still a big threat to us in International Market due to availability of cheap labour and high quality silk yarn in the country. The recession worldwide has impacted the industry badly as because silk and velvet fabrics are considered as luxurious products.

B. OPPORTUNITIES AND THREATS

The globalization of all markets, economic or political upheavals any where in the world affects all the markets & inflation and high volatility in exchange markets be cited as potential threats but the biggest threat for the time being is increase in cost of raw material in the international market and high power and labour cost in the country. Quality of Indian fabrics and the growth momentum in India, despite rising inflation, may be taken as an opportunity for Indian exports.

C. OUTLOOK

Due to recession and several defaults in European continent the confidence of export market has badly affected. However, the Company has taken effective control measures to cope up slowdown and explore new markets. The Company is on way to better realization by way of cost curtailment and expecting better results in the current year.

2. YARN PRODUCING UNIT AT AHMEDABAD

A. Industry Structure and Developments

Spinning industry is a core sector industry with high power consumption, labour intensive and high infrastructure cost. Larger economies like USA & Europe are under economic and political crisis, which is affecting the demand for textile products like yarn, fabric and garments.

B. Opportunities and Threat

The biggest threat to spinning industry is the increase in manpower cost, power cost and other overheads. Over and above, the turbulence & slowdown in larger economies like USA & Europe has driven down the demand for textile products all over the world, which is affecting the industry. Due to bad economic condition prevailing in India & developed countries; we are not planning any expansion during the year 2013-14.

C. Outlook

Spinning was in recession since last few years worldwide, but now we are expecting it to come out of recession and the future outlook seems to be bright.



3. TRADING DIVISION (LEATHER HAND GLOVES & SILK FABRICS MANUFACTURED ON HANDLOOM)

A. INDUSTRY STRUCTURE AND DEVELOPMENT

Due to recovery in USA, the sale started picking up. Intense price competition with the entry of new players into the market is affecting our 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

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.

4. COMMON TO ALL DIVISIONS

A. Risks and Concerns

High power and manpower cost, stringent labour laws, and shortage of skilled workers are the biggest risk concerning this industry. High volatility in foreign exchange rates also poses a great risk as our units are mainly into export business. The wide fluctuation in cost of Raw Material like Yarn, Finished Leather, Cotton Fibre, Viscose Fibre & Polyester Fibre has also become a major risk factor.

FOREIGN EXCHANGE RISK

The Company's policy is to systematically hedge a part of its foreign exchange risks.

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 continuing high 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 system for business processes across various divisions with regard to efficiency of operations, financial reporting, compliance with applicable laws and regulations. The company has kept highly skilled technical and administrative people at our mill, due to which the internal control systems are strictly maintained i.e. increasing productivity and cutting cost at every stage. Under the supervision of highly experienced technical people, we are able to produce highest quality of products for export market. 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.27014.04 lacs and net profit of Rs.83.62 lacs during the year under review.


D. SEGMENTWISE PERFORMANCE

	(₹ in lacs)	
	2012-13	2011-12
TRADING DIVISION		
Sales	15492.69	12242.47
Net Profit	508.69	826.44
WEAVING DIVISION		
Sales	2287.83	2144.67
Net Profit/(loss)	(270.12)	(294.30)
SPINNING DIVISION		
Sales	9233.52	11100.44
Net Profit/(loss)	(154.95)	(566.47)

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

The company presently has 783 employees on its rolls (As on 31/03/2013). 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. The cost of staff and workers is increasing abnormally due to high cost of living and there is a shortage of skilled workers. We have to keep extra hands and train them to cover our requirement of workers. 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.

E. 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 PROFESSIONAL WITH COMPANY'S CODE OF CONDUCT

To the Members of
ZENITH EXPORTS LTD.

Declaration by the CEO under Clause 49 of the listing agreement.

I, S.K Loyalka, Chairman-cum-Managing Director of Zenith Exports Limited to the best of my knowledge and belief, declare that all the members of the board of directors and the senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended 31st March 2013.

Place: Kolkata
 Dated: 14th August, 2013

S.K. Loyalka
 Chairman-cum-Managing Director



INDEPENDENT AUDITOR'S REPORT

To the Members of
Zenith Exports Limited

Report on the financial Statements

We have audited the accompanying financial statements of Zenith Export Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) In the case of the statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirement

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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. In our opinion proper books of account as required by law has been kept by the Company so far as appear from our examination of those books.



- c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

Place: Kolkata
Dated: 24.05.2013

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



ANNEXURE TO INDEPENDENT AUDITORS' REPORT:

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirement" of our report of even date

1. In respect of its Fixed assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets on the basis of available information.
 - b. As explained to us, all the fixed assets of the Company have been physically verified by the management in phased periodical manner, which in our opinion, is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies have been noticed on such physical verification.
 - c. In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
2. In respect of its inventories:
 - a. The inventories of the Company have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. The Company has neither given nor taken any loan during the year from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956. Consequently, the requirements of Clauses (iii) (b) to (d), (f) & (g) of paragraph 4 of the Order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, there have been no transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
6. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. 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.
9. In respect of statutory dues:
 - a. According to the records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess, and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2013 for a period of



more than six months from the date of becoming payable except the followings :

Sl. No	Nature of Dues	Amount Due in Rs.	Forum where pending	For which Assessment Year.
1.	Income-Tax	18,79,864	Commissioner of Income. Tax (Appeal) / Kolkata	2004-05
2.	Income-Tax	2,12,747	Do	2006-07

10. The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, and banks.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. According to the information and explanations given to us, the Company is not a dealer or trader in securities.
15. The Company has not given any guarantees for loans taken by others from banks and financial institutions.
16. According to the information and explanations given to us and on an overall examination, the term loan has been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. 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.
19. The Company has not issued any debenture during the year.
20. The Company has not raised any monies by way of public issues during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

Place: Kolkata
Dated: 24.05.2013

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



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BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ in Lacs)

	Note	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	539.63	539.63
Reserves & Surplus	2	8986.49	8902.87
		9526.12	9442.50
Non-current Liabilities			
Long-Term Borrowings	3(A)	2.43	27.39
Deferred Tax Liabilities	4	281.98	367.81
Other Long-Term Liabilities	5	113.57	38.13
Long-Term Provision	6(A)	205.58	174.23
		603.56	607.56
Current Liabilities			
Short-Term Borrowings	3(B)	3258.11	2834.82
Trade Payables	7	1923.19	1640.34
Other Current Liabilities	8	1048.83	1286.13
Short-Term Provisions	6(B)	40.36	67.06
		6270.49	5828.35
Total		16400.17	15878.41
ASSETS			
Non-current Assets			
Fixed Assets	9		
Tangible Assets		4576.64	4919.50
Long-Term Loans and Advances	10(A)	1006.71	983.66
		5583.35	5903.16
Current Assets			
Current Investments	11	12.04	1.00
Inventories	12	7429.72	6360.83
Trade Receivable	13	1649.97	1705.74
Cash and Cash Equivalents	14	235.27	254.42
Short-Term Loans and Advances	10(B)	968.81	1074.59
Other Current Assets	15	521.01	578.67
		10816.82	9975.25
Total		16400.17	15878.41

Notes forming part of the Financial Statements

1-26

As per our report of even date annexed

For TIWARI & COMPANY

Chartered Accountants

Firm Regn. No.- 309112E

P. Tiwari

Partner (M. No. 16590)

Place : Kolkata

Date : 24th May, 2013

LAWKUSH PRASAD

Company Secretary

For and on behalf of the Board of Directors

S. K. LOYALKA

Chairman cum Managing Director

R. K. LOYALKA

Joint Managing Director

M. M. BHAGAT

Director

K. D. RUNGTA

Director

M. L. JAIN

Director

D. K. SARAWHEE

Director



STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

	Note	2012-13	2011-12
INCOME			
Revenue from Operations	16	28777.81	27304.74
Other Income	17	254.86	294.65
Total Revenue		29032.67	27599.39
EXPENSES			
Cost of materials consumed	18	18467.93	15192.30
Purchases		1954.54	4472.82
Changes in inventories of finished goods & work-in-progress	19	(320.52)	(245.29)
Employee benefits expense	20	1370.63	1286.56
Finance costs	21	420.32	474.05
Depreciation and amortization expenses		649.81	631.46
Other Expenses	22	6374.14	5864.93
Total Expenses		28916.85	27676.83
PROFIT/(LOSS) BEFORE TAX		115.82	(77.44)
Tax Expenses			
Current Tax		118.50	49.15
Deferred Tax expenses/(credit)		(85.83)	(83.68)
Income Tax for earlier year		(0.48)	(8.58)
PROFIT/(LOSS) FOR THE YEAR		83.63	(34.33)
Earnings per share (Face value of Rs. 10/- each)	23.3		
Basic & Diluted (₹)		1.55	(0.64)

Notes forming part of the Financial Statements 1-26

As per our report of even date annexed

For TIWARI & COMPANY

Chartered Accountants

Firm Regn. No.- 309112E

P. Tiwari

Partner (M. No. 16590)

Place : Kolkata

Date : 24th May, 2013

LAWKUSH PRASAD

Company Secretary

For and on behalf of the Board of Directors

S. K. LOYALKA *Chairman cum Managing Director*

R. K. LOYALKA *Joint Managing Director*

M. M. BHAGAT *Director*

K. D. RUNGTA *Director*

M. L. JAIN *Director*

D. K. SARAWHEE *Director*



ZENITH EXPORTS LIMITED - ANNUAL REPORT 2012-13

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax & extra ordinary items	115.81	(77.44)
Adjustment for :		
Depreciation	649.81	631.45
Interest income	(25.84)	(38.52)
Interest Expenses	420.32	474.05
Fixed Assets W/Off	0.52	—
(Profit)/Loss on Sale of Fixed Assets (Net)	(16.02)	(4.90)
(Profit)/Loss on Sale of Investments	(0.44)	—
Provision (Reversal) of Loss on Forward Contracts	(6.06)	6.06
Operating Profit before Working Capital changes	1138.10	990.70
Adjustments for (Increase)/decrease in:		
Trade Receivable	55.77	(146.05)
Loans and Advances and Other Assets	148.47	(65.87)
Inventories	(1068.89)	(559.65)
Trade Payable, Other Liabilities and Provisions	131.70	65.58
Cash generated from operations	405.15	284.71
Income Tax Paid	(125.29)	(107.73)
NET CASH FROM OPERATING ACTIVITIES (A)	279.86	176.98
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets including Capital Work-in-Progress	(325.76)	(336.55)
Sales of Fixed Assets	34.66	24.18
Sales of Investments	20.00	—
Purchase of Investments	(30.60)	—
Interest Received	24.69	27.91
NET CASH FROM INVESTING ACTIVITIES (B)	(277.01)	(284.46)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (contd.)

(₹ in Lacs)

	2012-13	2011-12
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Borrowings/(Repayments) of Long Term Borrowings	(24.96)	(102.61)
Borrowings/(Repayments) of Short Term Borrowings	423.28	684.30
Interest Paid	(420.32)	(474.05)
NET CASH USED IN FINANCIAL ACTIVITIES (C)	(22.00)	107.64
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS [A+B+C]	(19.15)	0.16
OPENING CASH & CASH EQUIVALENTS	254.42	254.26
CLOSING CASH & CASH EQUIVALENTS	235.27	254.42
NET INCREASE/(DECREASE)	(19.15)	0.16

Note :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in 'Accounting Standard-3' Cash Flow Statement.
2. Figures in the brackets represent, cash outflows.

The accompanying notes 1 to 26 are an integral part of the Financial Statements.

As per our report of even date annexed

For TIWARI & COMPANY
Chartered Accountants
Firm Regn. No.- 309112E
P. Tiwari
Partner (M. No. 16590)
Place : Kolkata
Date : 24th May, 2013

LAWKUSH PRASAD
Company Secretary

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



ZENITH EXPORTS LIMITED - ANNUAL REPORT 2012-13

Notes on Financial Statements for the year ended 31st March, 2013

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
1. SHARE CAPITAL		
AUTHORISED		
1,00,00,000 (1,00,00,000) Equity Shares of Rs. 10/- each	1000	1000
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
53,96,250 (53,96,250) Equity Shares of Rs. 10/- each	539.63	539.63

Notes:

Subscribed and paid-up share capital includes:

- Equity shareholder holding more than 5% of equity shares along with the number of equity shares held is as given below:

Name of the Shareholder	As at 31st March, 2013		As at 31st March, 2012	
	% of Holding	Number of Shares	% of Holding	Number of Shares
Urmila Loyalka	11.66	629150	11.66	629150
Bhutnath Vanijya Vyapaar Pvt. Ltd.	10.80	582586	10.80	582586
Surendra Kumar Loyalka (HUF)	10.40	561420	10.40	561420
R.K.Finance Ltd.	9.68	522445	9.68	522445
Surendra Kumar Loyalka	8.92	481496	8.92	481496
Purotech Sales Pvt. Ltd.	6.60	356000	6.60	356000
Ankit Commerce Ltd.	—	—	6.52	351600
Zenith Credit Ltd.	6.40	345482	6.40	345482
Maxxon Impex and Credit Pvt. Ltd	5.75	310093	5.75	310093
A. C. Roy & Co. Pvt. Ltd.	5.64	304490	5.64	304490

2. Rights Preferences and Restrictions attached to shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each shareholder of equity shares is entitled to one vote per share held. In the event of liquidation of the company the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion to their shareholding.



Notes on Financial Statements for the year ended 31st March, 2013

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
2. RESERVES & SURPLUS		
Capital Reserve		
At the Beginning of the year	224.12	229.50
Deduction during the year	—	(5.38)
At the end of the year	224.12	224.12
Security Premium Account		
At the Beginning of the year	277.38	277.38
General Reserve		
At the Beginning of the year	4612.77	4612.77
Cash Subsidy		
At the Beginning of the year	25.00	25.00
Surplus		
At the Beginning of the year	3763.60	3797.93
Add: Net Profit/(Loss) for the year	83.62	(34.33)
Amount available for appropriation	3847.22	3763.60
Balance at the end of the year	3847.22	3763.60
TOTAL	8986.49	8902.87
3. BORROWINGS		
Non Current Liabilities		
(A) Long-Term Borrowings		
Secured		
Term Loan		
From Canara Bank		
TUF Loan [Refer Note 1]	—	10.00
Vehicle Loan [Refer Note 3]	2.43	17.39
Total (A)	2.43	27.39
Current Liabilities		
(B) Short-Term Borrowings		
Secured		
Loan repayable on demand from banks		
(a) Packing Credit		
Canara Bank [Refer Note 2(a)]	2171.68	1526.28
State Bank of India [Refer Note 2(b)]	1086.43	1308.54
Total (B)	3258.11	2834.82



ZENITH EXPORTS LIMITED - ANNUAL REPORT 2012-13

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 Stock & 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) 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.
3. Secured against hypothecation of vehicles under hire purchase.
4. Terms of repayment are given below:-
 - (a) TUFs Loans taken from Canara Bank are repayable in quarterly instalments:-
 - (i) 30 Lakhs in 13 Instalments and 10 Lakhs in 1 (one) Instalment commencing from 9th January 2010.
5. Instalment of Term Loans and Vehicles Loan falling due within 12 months shown under “**Other Current Liabilities**” (Refer Note 8)

	(₹ in Lacs)	
	As at 31.03.2013	As at 31.03.2012
4. DEFERRED TAX LIABILITIES/(ASSETS)		
A. DEFERRED TAX LIABILITIES		
Difference between Book & Tax Depreciation	361.77	444.12
Total (A)	361.77	444.12
B. DEFERRED TAX ASSETS		
Disallowance under Section 43B	79.79	76.31
Total (B)	79.79	76.31
DEFERRED TAX LIABILITIES/(ASSETS) (NET) [A-B]	281.98	367.81

Notes :

- a. 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.
- b. 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.
- c. Deferred Tax Assets in respect of Unabsorbed Depreciation and Brought forward losses has been considered on the basis of latest Income tax return.



Notes on Financial Statements for the year ended 31st March, 2013

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
5. OTHER LONG-TERM LIABILITIES		
Creditors for Capital Goods	87.19	7.52
Security Deposits	0.25	0.25
Advance from Customers	0.68	22.35
Sundry Creditors for Expenses & Others	25.45	8.01
Total	113.57	38.13
6. PROVISIONS		
NON-CURRENT LIABILITIES		
A. Long-Term Provisions		
Provision for Employee Benefits	205.58	174.23
Total (A)	205.58	174.23
CURRENT LIABILITIES		
B. Short-Term Provisions		
Provision for Employee Benefits	40.34	60.98
Others		
Excise Duty on Stock	0.02	0.02
Provision for Mark to Market Loss on Forward Contract	—	6.06
Total (B)	40.36	67.06
7. TRADE PAYABLE		
Creditors for materials & services	1923.19	1640.34
Total	1923.19	1640.34

Notes :

1. Out of above, ₹ Nil (Previous Year- ₹ Nil) pertains to micro small and medium enterprises as defined under Micro Small and Medium Enterprises Development Act, 2006 based on the information available with the company. There is no interest payable to such parties during the year (Previous Year- ₹ Nil)

8. OTHER CURRENT LIABILITIES

Capital Creditors	45.85	—
Current Maturities of Long-Term Debts [Refer Note 3(5)]	28.81	133.50
Interest Accrued but not due on Borrowings	0.13	1.52
Book Overdraft with Banks [Refer Note 1]	289.17	636.16
Accrued Salaries and Benefits	57.02	63.39
Others		
Advance from Customers	317.21	131.40
Government Statutory Dues	21.99	18.62
Sundry Creditors for Expenses & Others	288.65	301.54
Total	1048.83	1286.13

Notes :

1. Book overdraft includes ₹ 7697557/- (Previous year ₹ 940603/-) overdraft with Banks against Pledge of Fixed Deposit.



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9. FIXED ASSETS

CLASSIFICATION OF ASSETS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	As at 01.04.12	Addition	Sales/Adj. ustments	Up to 31.03.13	As at 01.04.12	For the year	Sales/Adj. ustments	Up to 31.03.13	As at 31.03.13	As at 31.03.12
(A) TANGIBLE										
Leasehold Property	5.89	—	—	5.89	1.53	0.08	—	1.61	4.28	4.36
Freehold Property	91.57	—	—	91.57	—	—	—	—	91.57	91.57
Building	372.70	—	—	372.70	182.47	8.08	—	190.55	182.15	190.23
Factory Building	1387.19	3.80	10.24	1380.75	629.51	40.93	2.98	667.51	713.24	757.68
Well,Water works & Pipe Line	25.30	—	—	25.30	6.99	0.48	—	7.47	17.83	18.31
Plant & Machinery	11678.07	251.79	—	11929.85	8170.46	533.64	—	8704.10	3225.75	3507.61
Electrical Installation	187.08	6.68	—	193.76	130.97	9.02	—	139.99	53.77	56.11
Computer & Accessories	119.66	6.69	10.38	115.97	101.36	6.63	9.86	98.13	17.84	18.30
Office & Other - Equipments	113.34	5.94	5.82	113.46	73.64	9.51	3.46	79.69	33.77	39.69
Furniture & Fixture	191.80	2.63	—	194.44	126.00	8.55	—	134.54	59.90	65.81
Site Development	13.69	—	—	13.69	—	—	—	—	13.69	13.69
Vehicles	276.16	48.23	21.51	302.88	120.02	32.89	12.89	140.03	162.85	156.14
Total	14462.45	325.76	47.95	14740.26	9542.95	649.81	29.14	10163.62	4576.64	4919.50
Previous Year	14250.31	337.37	125.23	14462.45	9012.06	631.46	100.57	9542.95	4919.50	—



Notes on Financial Statements for the year ended 31st March, 2013

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
10. LOANS & ADVANCES		
NON CURRENT ASSETS		
A. Long-Term Loans & Advances		
Unsecured Considered Good		
Capital Advances	10.52	10.51
Deposit with Government	20.98	152.87
Deposit with Others	99.40	98.88
Loans to Body Corporate	65.56	65.56
Other Loans & Advances		
Advance Income Tax	5.13	5.12
Mat Credit Receivable	1.07	49.74
Income Tax Refund Receivable	33.93	33.93
Service Tax Refund Receivable	1.34	—
VAT Credit Receivable	762.87	561.01
Prepaid Expenses	0.41	1.96
FBT Refund Receivable	0.29	0.29
Advance to Employees	3.10	—
Others	2.11	3.79
Total (A)	1006.71	983.66
CURRENT ASSETS		
B. Short-Term Loans & Advances		
Unsecured, Considered goods		
Advance to material suppliers/services	170.64	423.75
Other Loans & Advances		
Advance Income Tax (net of provision)	6.79	45.18
Prepaid Expenses	57.48	40.82
Balance with Central Excise	12.05	38.80
Cenvat Service Tax input receivable	11.23	5.12
VAT Credit Receivable	558.02	433.97
Service Tax Refund Receivable	4.87	8.58
Interest Subvention Receivable	2.31	10.30
Income Tax Refund Receivable	94.33	—
Others	51.09	68.07
Total (B)	968.81	1074.59

11. CURRENT INVESTMENTS

(Valued at Lower of Cost and Fair Value)

Investments in Mutual Funds Fully paid-up
Unquoted

	Face Value	Units	Value	Units	Value
Reliance Equity Opportunity Fund-RP-Growth	10/-	4775.937	1.00	4775.937	1.00
Pine Bridge India Short Term Fund Retail Growth	1000/-	432.829	6.04	—	—
Pine Bridge India Short Term Fund Standard Growth	1000/-	354.349	5.00	—	—
Aggregate amount of Unquoted Investments		12.04		1.00	



ZENITH EXPORTS LIMITED - ANNUAL REPORT 2012-13

Notes on Financial Statements for the year ended 31st March, 2013

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
12. INVENTORIES		
(At cost or net relisable value whichever is lower)		
Raw materials [Refer Note 1]	3205.56	2404.50
Dyes & Chemicals	14.68	12.60
Semi-Finished Goods	808.75	856.44
Finished Goods [Refer Note 2]	3094.13	2728.09
Packing Materials	48.44	40.09
Stores & Spares	251.97	315.08
Wastage & Others	6.19	4.03
Total	7429.72	6360.83
Notes:		
1. Raw Materials includes		
a. With Parties	452.84	307.37
Total	452.84	307.37
2. Finished Goods Includes		
a. With Parties	44.97	44.48
b. In Transit	38.28	172.11
Total	83.25	216.60
13. TRADE RECEIVABLE		
A. Debts Exceeding Six Months		
Unsecured, Considered Good	246.54	582.87
Total [A]	246.54	582.87
B. Other Debts		
Secured, Considered Good	638.76	157.27
Unsecured, Considered Good	764.67	965.60
Total [B]	1403.43	1122.87
Total [A+B]	1649.97	1705.74
14. CASH & CASH EQUIVALENT		
Balances with Banks		
In Current Accounts	24.03	42.51
In Fixed Deposit Accounts (Refer Note 1)	200.08	201.07
In E.E.F.C. Accounts	0.09	0.09
Cash-in-hand	11.07	10.75
Total	235.27	254.42
Fixed Deposit Accounts with more than 12 months maturity	202.22	87.42

Notes:

1. (a) Fixed Deposit pledged with banks representing margin money for overdraft facilities.
- (b) Deposits can be withdrawn at any point of time without prior notice or exit costs on the principal amount.



Notes on Financial Statements for the year ended 31st March, 2013

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
15. OTHER CURRENT ASSETS		
Interest Accrued but not due on Fixed Deposit	20.27	19.12
Export Benefit Receivable	444.06	492.34
Excise Duty Receivable	56.67	67.20
Stamp Stock	0.01	0.01
Total	521.01	578.67
16. REVENUE FROM OPERATIONS	2012-13	2011-12
A. SALES OF PRODUCTS		
Export	23900.36	23521.89
Deemed Export	1182.59	217.54
Indigenous	1930.62	1746.81
Less: Excise Duty	0.75	2.94
Total (A):	27012.82	25483.30
B. SALE OF SERVICES		
Job Charges-Indigenous (TDS ₹ Nil /-, Previous Year ₹ Nil /-)	0.46	1.34
Total (B):	0.46	1.34
C. OTHER OPERATING REVENUE		
Export Incentives	1764.53	1820.10
Total (C):	1764.53	1820.10
TOTAL (A+B+C)	28777.81	27304.74
17. OTHER INCOME		
Interest Income (TDS ₹ 2.29 Lacs, Previous year ₹ 3.68 Lacs)	25.84	38.52
Gain on Exchange Fluctuation (net)	147.27	66.92
Excess Provision W/Back	37.14	149.89
Insurance Claim Received	11.51	20.21
Miscellaneous Receipts	2.80	0.24
Profit on Sale of Fixed Assets	20.04	7.28
Reversal of Provision on Forward Contract W/back	6.06	—
Sundry Balance W/back	2.19	—
Gain on Sale of Investments (Net)	0.44	—
Rent Received (TDS ₹ NIL/-, Previous year ₹ 0.65 Lacs)	—	6.13
Service Tax on Export Service	1.57	1.41
Adjustment Relating to Prior Year (net)	—	4.05
TOTAL	254.86	294.65



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Notes on Financial Statements for the year ended 31st March, 2013

(₹ in Lacs)

	2012-13	<u>2011-12</u>
18. COST OF MATERIAL CONSUMED		
A. RAW MATERIAL CONSUMED		
Opening Stock	2404.50	2073.81
Add: Purchase	19107.53	15420.71
Processing Charges	6.18	8.50
Less: Closing Stock	(3205.56)	(2404.50)
Total: (A)	18312.65	<u>15098.52</u>
B. DYES & CHEMICALS CONSUMED		
Opening Stock	12.60	14.30
Add: Purchase	157.36	92.08
Less: Closing Stock	(14.68)	(12.60)
Total: (B)	155.28	93.78
TOTAL: (A+B)	18467.93	<u>15192.30</u>
19. CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN-PROGRESS		
A. Inventories (at commencement)		
Finished Goods	2728.09	2701.45
Work-in-Progress	856.43	641.18
Waste & Others	4.03	0.60
Total:	3588.55	<u>3343.23</u>
B. Inventories (at close)		
Finished Goods	3094.13	2728.09
Work-in-Progress	808.75	856.43
Waste & Others	6.19	4.02
Total:	3909.07	<u>3588.54</u>
C. Increase/(Decrease) in Cenvat Duty on Stock	0	0.02
Net (Increase)/Decrease in Stock (A - B + C)	(320.52)	<u>(245.29)</u>
20. EMPLOYEE BENEFITS EXPENSE		
Salaries and Wages	1208.37	1124.08
Contribution to Provident & Other Funds	99.45	108.75
Staff welfare Expenses	62.81	53.73
Total:	1370.63	<u>1286.56</u>
21. FINANCE COSTS		
A. Interest to Bank		
On Working Capital	286.63	303.89
On Term Loan	6.42	15.03
On Bill Discounting	124.79	150.97
Total: (A)	417.84	469.89
B. Interest to Others	2.48	4.16
Total: (A+B)	420.32	<u>474.05</u>



Notes on Financial Statements for the year ended 31st March, 2013

(₹ in Lacs)

	2012-13	2011-12
22. OTHER EXPENSES		
A. Manufacturing Expenses		
Carriage	98.19	83.69
Designing & Sampling Charges	82.70	84.56
Material Processed	1855.44	1620.54
Power, Fuel & Water	1311.78	1228.22
Repairs and Maintenance		
Factory Buildings	5.62	17.66
Machinery	28.47	34.76
Service-Tax on Transport	0.77	0.79
Stores & Spares Consumed	642.30	620.04
Testing Charges	7.21	12.07
Other Manufacturing Expenses	51.74	26.43
Vat Input W/off	17.21	8.66
Total: (A)	4101.43	3737.42
B. Selling & Distribution Expenses		
Advertisement	1.08	1.26
Commission and Discount	794.98	666.38
Export Promotion	20.56	16.77
Foreign Travel	83.16	75.82
Freight Forwarding & Insurance Expenses	568.80	617.91
Packing Charges		
Packing Material Consumed	88.35	82.13
Packing Expenses	23.57	21.19
Participation in Trade Fair	11.59	11.34
Quality Control & Inspection	44.35	57.98
Total: (B)	1636.44	1550.78
C. Administrative Expenses		
Adjustment Relating to Prior Year (net)	0.12	—
Auditors Remuneration [Refer Note No. 23.7]	3.98	3.96
Bank Charges	106.87	111.13
ECGC Premium & Certificates	11.65	12.58
Bad Debts	5.34	—
Directors Sitting Fees	1.01	1.30
Donation	48.76	4.37
Electricity	26.10	23.83
Goods Lost in Transit	—	0.45
Insurance	32.34	32.38
Legal & Professional Charges	49.78	46.34
Loss on Sale of Fixed Assets	4.02	2.37
Miscellaneous Expenses	83.66	74.35
Mark to Market Loss on Forward Contract	—	6.06
Motor Car Upkeep	37.41	39.90
Printing & Stationary	62.60	60.53
Postage, Courier & Telephone	45.23	52.45
Rates, Taxes & Fees	32.66	22.64
Rent	13.46	11.83
Repairs & Maintenance		
Building	2.66	6.21
Others	35.62	31.41
Travelling & Conveyance	33.00	32.64
Total: (C)	636.27	576.73
Total: (A+B+C)	6374.14	5864.93



ZENITH EXPORTS LIMITED - ANNUAL REPORT 2012-13

Notes on Financial Statements for the year ended 31st March, 2013

(₹ in Lacs)

	As at 31.03.2013	As at 31.03.2012
23. ADDITIONAL NOTES TO THE FINANCIAL STATEMENTS		
23.1 Commitments and Contingent Liabilities		
i. Commitments/Contingent Liabilities		
a. Foreign Bills discounted through banks	2577.76	3243.72
b. Letter of Credit issued by Bankers (net of Margin)	28.71	258.78
ii. Claims against the company not acknowledged as debts in respect of		
a. Employees dispute for reinstatement is pending disposal by Labour Court	22.00	27.18
b. Income-Tax demand under CIT(Appeal)/I.T. Appellate Tribunal.	20.93	58.85
iii. Estimated amount of contract remaining to be executed on capital account (net of advances)	69.78	241.24
23.2 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	2012-13	2011-12
Contribution to Recognised Provident Fund & Pension Fund	69.39	72.46



Notes on Financial Statements for the year ended 31st March, 2013

Defined Benefits Plans

Gratuity Benefits are as follows:

Description

1. Reconciliation of opening and closing balances of obligation

- a. Present value of the beginning of the year
- b. Current service cost
- c. Interest cost
- d. Actuarial (gain)/loss
- e. Benefits paid
- f. Present value of the end of the year

2. Change in fair value of plan assets

- a. Fair value of plan assets as at the beginning of the year
- b. Expected return on plan assets
- c. Actuarial gain/(loss)
- d. Contributions/refunds made by/to the company
- e. Benefits paid
- f. Fair value of plan assets as at the end of the year

3. Reconciliation of fair value of plan assets and obligations

- a. Fair value of plan assets as at year end
- b. Present value of obligation as at the year end
- c. Amount recognised in the balance sheet

4. Expenses recognised during the year

- a. Current service cost
- b. Interest cost
- c. Expected return on plan assets
- d. Actuarial (gains)/loss
- e. Expenses recognised during the year

5. Investment details

- a. Others (fund with life Insurance Corporation of India)

6. Assumptions

- a. Discount rate (per annum)
- b. Estimated rate of return on plan assets (per annum)
- c. Rate of escalation in salary

Description	2012-13		2011-12	
	Gratuity		Gratuity	
	Funded	Unfunded	Funded	Unfunded
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
1. Reconciliation of opening and closing balances of obligation				
a. Present value of the beginning of the year	53.45	128.95	43.76	122.66
b. Current service cost	2.32	28.39	2.50	21.88
c. Interest cost	4.27	10.00	3.50	10.04
d. Actuarial (gain)/loss	2.24	(0.30)	7.20	(9.68)
e. Benefits paid	(7.83)	(16.97)	(3.51)	(15.95)
f. Present value of the end of the year	54.45	150.07	53.45	128.95
2. Change in fair value of plan assets				
a. Fair value of plan assets as at the beginning of the year	31.24	—	21.67	—
b. Expected return on plan assets	3.73	—	2.51	—
c. Actuarial gain/(loss)	—	—	—	—
d. Contributions/refunds made by/to the company	17.15	—	10.57	—
e. Benefits paid	(7.83)	—	(3.51)	—
f. Fair value of plan assets as at the end of the year	44.29	—	31.24	—
3. Reconciliation of fair value of plan assets and obligations				
a. Fair value of plan assets as at year end	44.28	—	31.24	—
b. Present value of obligation as at the year end	(54.45)	(150.07)	(53.45)	(128.95)
c. Amount recognised in the balance sheet	(10.17)	(150.07)	(22.21)	(128.95)
4. Expenses recognised during the year				
a. Current service cost	2.32	28.39	2.50	21.88
b. Interest cost	4.27	10.00	3.50	10.04
c. Expected return on plan assets	(3.73)	—	(2.51)	—
d. Actuarial (gains)/loss	2.25	(0.30)	7.20	(9.68)
e. Expenses recognised during the year	5.11	38.09	10.69	22.24
5. Investment details				
a. Others (fund with life Insurance Corporation of India)	44.28	—	31.24	—
6. Assumptions				
a. Discount rate (per annum)	8.00%	8.25%	8.00%	8.25%
b. Estimated rate of return on plan assets (per annum)	9.00%	—	9.00%	—
c. Rate of escalation in salary	3.00%	6.00%	3.00%	6.00%

Note:

- a. The employee's Gratuity Funded Scheme of Main Division Kolkata managed by Life Insurance Corporation of India is a defined Benefit Plan.
- b. 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 buildup the final obligation.



ZENITH EXPORTS LIMITED - ANNUAL REPORT 2012-13

Notes on Financial Statements for the year ended 31st March, 2013

(₹ in Lacs)

	2012-13	2011-12
23.3 Earning Per Share (EPS)		
a. Total Number of Equity Share Outstanding at the end of the year	53.96	53.96
b. Net Profit after tax available to Equity (₹) Shareholders	83.63	(34.33)
c. Nominal value per Equity Shares (₹)	10	10
d. Basic/Diluted Earnings per Shares (₹)	1.55	(0.64)
23.4 Purchase of Finished Goods		
Silk/Cotton/Viscose Fabrics	986.49	1185.77
Polyester/ Viscose/Cotton yarn	803.78	3144.54
Silk Made-ups	36.94	123.32
Industrial Leather Handgloves	88.33	—
Others	39.00	19.19
Total:	1954.54	4472.82

23.5 Consumption of Raw Materials and Dyes & Chemicals

	2012-2013		2011-2012	
	%	Value	%	Value
A. RAW MATERIALS				
Raw Leather		11116.32		7732.27
Clothes		148.74		159.87
Yarn		1448.64		1095.40
Polyester, Cotton & Viscose Fibre		5598.95		6110.98
Total of (A)		18312.65		15098.52
Imported	5.78	1058.09	6.07	915.96
Indigenous	94.22	17254.56	93.93	14182.56
	100.00	18312.65	100.00	15098.52
B. Dyes & Chemicals		155.28		93.78
Imported	1.38	2.15	0.78	0.73
Indigenous	98.62	153.13	99.22	93.05
	100.00	155.28	100.00	93.78
Total of (A+B)		18467.93		15192.30

23.6 Consumption of Stores & Spares and Packing Materials

	2012-2013		2011-2012	
	%	Value	%	Value
A. Stores & Spares				
Thread		37.86		31.64
Rubb, Cuff, back & Components		108.96		81.12
Spares parts		495.48		507.28
Total of (A)		642.30		620.04
Imported	13.25	85.12	12.32	76.40
Indigenous	86.75	557.18	87.68	543.64
	100.00	642.30	100.00	620.04
B. Packing Materials		88.35		82.13
Total of (B)		88.35		82.13



Notes on Financial Statements for the year ended 31st March, 2013

(₹ in Lacs)

	2012-13	2011-12
23.7 Auditors Remuneration		
As Statutory Audit	2.07	2.07
As Tax Audit	0.79	0.79
For Certification & Other Services	0.98	0.96
For Out of Pocket Expenses	0.14	0.14
	3.98	3.96
23.8 Value of Imports on CIF Basis		
Finished Goods	0.52	5.49
Raw Materials	1268.20	659.50
Stores, Spares & Components	62.29	64.19
Others	15.25	0.00
23.9 Expenditure in Foreign Currencies		
Foreign Travel & Participation in Exhibitions and Trade Fair	67.98	61.08
Commission	615.64	499.46
Design Purchase	69.71	60.41
Rebate & Discount	6.84	62.63
Others	7.87	12.40
23.10 Earnings in Foreign Currencies		
Exports of Goods on F.O.B. Basis	23509.11	22809.05
Others	2.70	0.90

23.11 Derivative Instruments Outstanding

a. Forward Exchanges Contracts

Currency	2012-2013		2011-2012	
	No. of Contracts	Amount in Foreign Currency	No. of Contracts	Amount in Foreign Currency
EURO	10	562714	23	985740
USD	48	5264346	57	6065278

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

Category	Currency	2012-13	2011-12
		Amount in Foreign Currency	Amount in Foreign Currency
Exports	EURO	299542	263478
Exports	USD	2362450	2308891
Exports	GBP	134321	296038
Others	EURO	25673	61498
Others	USD	344693	209192
Others	GBP	50594	57914

23.12 No interest provided during the year in regard to Loan given to a body corporate in view of non repayment of previous dues. The company has taken necessary steps for recovery of the same.

23.13 Balance confirmation from some of Sundry Debtors, Sundry Creditors, Loan Parties and material lying with third parties are still awaited.



ZENITH EXPORTS LIMITED - ANNUAL REPORT 2012-13

Notes on Financial Statements for the year ended 31st March, 2013

23.14 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

24. 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 segments and Weaving Silk Fabrics segment

i. Business Segment

(₹ in Lacs)

	Silk Fabrics & Made-ups 2012-2013	Industrial Leather H/Gloves Made-ups 2012-2013	Yarns 2012-2013	Weavings Silk Fabrics (100% EOU) 2012-2013	Unallocable 2012-2013	Total 2012-2013
(a) Revenue						
External	2441.76	14563.15	9585.19	2416.72	—	29006.82
(Previous Year)	3514.84	10075.77	11714.04	2255.98	—	27560.63
(b) Results Segment Result before interest & tax	135.13	732.53	(38.17)	(207.98)	—	621.51
(Previous Year)	553.68	627.04	(445.63)	(222.57)	—	512.52
Unallocated Expenses net of unallocated income	—	—	—	—	(111.22)	(111.22)
(Previous Year)	—	—	—	—	(154.44)	(154.44)
Interest Expenses	—	—	—	—	—	(420.32)
(Previous Year)	—	—	—	—	—	(474.05)
Interest Income	—	—	—	—	—	25.84
(Previous Year)	—	—	—	—	—	38.52
Profit/(Loss) before tax	—	—	—	—	—	115.82
(Previous Year)	—	—	—	—	—	(77.44)
Income Tax for Earlier Years	—	—	—	—	—	(0.48)
(Previous Year)	—	—	—	—	—	(8.58)
Provision for current tax	—	—	—	—	—	118.50
(Previous Year)	—	—	—	—	—	49.15
Provision for deferred tax	—	—	—	—	—	(85.83)
(Previous Year)	—	—	—	—	—	(83.68)
Net Profit/(Loss) after tax	—	—	—	—	—	83.63
(Previous Year)	—	—	—	—	—	(34.33)
Other Information						
(c) Segment Assets	2407.27	5531.51	4382.80	4026.18	52.41	16400.17
(Previous Year)	2672.11	4163.37	5014.76	3971.18	56.99	15878.41
(d) Segment Liabilities	1299.32	3174.66	1374.19	1017.78	8.10	6874.05
(Previous Year)	1412.85	2217.76	1850.72	914.79	39.80	6435.92
(e) Capital Expenditure	—	—	79.51	226.87	19.38	325.76
(Previous Year)	—	—	272.84	1.95	62.79	337.58
(f) Depreciation	—	—	314.50	296.44	38.87	649.81
(Previous Year)	—	—	300.49	290.36	40.61	631.46
(g) Non-cash expenses other than depreciation	5.34	17.21	—	—	0.52	23.07
(Previous Year)	—	—	6.06	—	—	6.06



Notes on Financial Statements for the year ended 31st March, 2013

ii. Geographical Segments

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

Sales	(₹ in Lacs)	
	2012-2013	2011-2012
India	3113.21	1964.35
Outside India	23900.36	23521.89
Total	27013.57	25486.25

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 can not be allocated between the segments are shown as a part of unallocated corporate assets and liabilities respectively.

25. Related Party Disclosures

(₹ in Lacs)

Sl. No.	Nature of the related party & nature of relationship	Nature of Transactions	2012-13		2011-12	
			Transaction Value	Outstanding debit /(credit) balance at the year end	Transaction Value	Outstanding debit /(credit) balance at the year end
A. Key Management Personnel						
1.	Mr. B. R. Loyalka (Chairman) (Refer Note-1)	Sitting Fees	0.05	—	0.19	—
2.	Mr. R. K. Loyalka (Managing Director)	Remuneration	18.34	(0.87)	18.34	(0.85)
3.	Mr. S. K. Loyalka (Chairman-cum-Managing Director)	Remuneration	19.41	(0.84)	19.41	(0.83)
4.	Mr. V. K. Loyalka (Whole time Director) (Refer Note-2)	Remuneration	1.28	—	1.59	(0.18)
B. Relatives/Associates of Key Management Personnel						
1.	B. R. Loyalka (HUF)	Rent Paid	0.48	—	0.48	—
2.	B. R. Loyalka	Advisory Service	7.50	—	—	—
3.	Kiran Loyalka	Salary	1.16	(0.13)	1.16	(0.13)
4.	Ruchi Ajitsaria	Salary	—	—	0.37	—
5.	Loyalka Charity Trust	Donation	2.50	—	2.50	—
C. Associates						
1.	SKL Exports Limited	Job Charges	545.38	30.21	529.98	(0.16)
		Sale	57.14	17.44	33.48	19.36
2.	Capital Limited	Providing Man-power Charges	7.06	—	8.22	(0.83)
		Rent	6.60	—	6.05	—
		Advance Paid	5.60	5.60	—	—

- Note:**
1. Resigned from the board w.e.f 25th June, 2012
 2. Resigned from the board w.e.f 29th August, 2012

**26. SIGNIFICANT ACCOUNTING POLICIES****26.1 Convention**

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.

26.2 Basis of Accounting

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

26.3 Fixed Assets

- a. 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.
- b. Capital Work-in-Progress is stated at amount incurred upto the date of Balance Sheet.

26.4 Depreciation

- a. 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.
- b. Leasehold land are being amortised over the period of lease.
- c. Assets costing upto Rs. 0.05 Lacs are depreciated fully in the year of purchase/capitalisation.
- d. Depreciation is being provided prospectively over the residual life of the assets revolarised due to foreign exchange fluctuation wherever applicable.

26.5 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.

26.6 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.

26.7 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 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 as per 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 upto 15 days for employees. The Leave over and above 15 days is 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 the 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 and Loss Account.

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

26.8 Foreign Currency Transaction

- a. Foreign Currency loans for financing fixed assets outstanding at the close of financial year are revolarised 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 at Custom Rate and at the end of the year at Prevailing Bank Rate in respect of outstanding debtors. Difference between actual realisation at 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.

26.9 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 Sales 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.

26.10 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.

26.11 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.

26.12 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.

26.13 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.

26.14 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.

26.15 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 counter party 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.

As per our report of even date annexed

For TIWARI & COMPANY
Chartered Accountants
Firm Regn. No.- 309112E
P. Tiwari
Partner (M. No. 16590)
Place : Kolkata
Date : 24th May, 2013

LAWKUSH PRASAD
Company Secretary

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

FORM B
As per Clause 31(a) of the Listing Agreement]

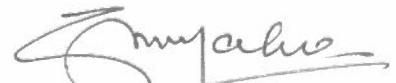
1	Name of the Company:	ZENITH EXPORTS LIMITED
2	Annual Financial statement for the year ended	31 st March'2013
3.	Type of Audit qualification	Subject to Note No.23.12
4.	Frequency of qualification	Since F.Y.2011-12
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p><u>Note No.23.12</u> "No interest provided during the year in regard to Loan given to a body corporate in view of non-repayment of previous dues. "</p> <p><u>Management response</u> The Company has taken necessary steps for recovery of the same .Interest will be considered in the year in which it is realized / recovered.</p>

For **TIWARI & CO.**
Chartered Accountants
Firm Registration No.309112E



P.Tiwari
Partner
Membership No.16590

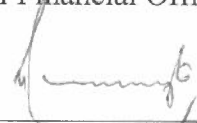
For **Zenith Exports Limited**



Surendra Kumar Loyalka
Chairman-cum-Managing Director



Sushil Kasera
Chief Financial Officer



Keshar Deo Rungta
Chairman,Audit Committee

Date: 13/09/2013
Place:Kolkata