

ZENITH CAPITALS LIMITED

(Formerly known as SVL CAPITALS LIMITED)

307, Sharda Chambers, New Marine Line, Mumbai- 400 020

NOTICE TO THE MEMBERS

NOTICE is hereby given that the Twenty Second Annual General Meeting of the members of ZENITH CAPITAL LIMITED will be held at the Registered Office of the company at 307, Sarda Chambers, New Marine Lines, Mumbai – 400 020 on Friday, 30th September, 2005 at 10.30 A. M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the year ended on that date and the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri Deen Bandhu Jalan, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

FOR AND ON BEHALF OF THE BOARD



DIRECTOR

REGISTERED OFFICE

307, SARDA CHAMBERS,
NEW MARINE LINES,

MUMBAI – 400 020

DATE : 6th SEPTEMBER, 2005.

NOTES:

- 1 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his place and the proxy need not be a member of the company. Proxies in order to be effective, must be received at the registered office of the company not less than 48 hours before the commencement of the meeting.
- 2 The Register of Members and Share Transfer Books of the company will remain closed from 27/09/2005 to 30/09/2005 (both days inclusive).
- 3 Shareholders seeking any information with regard to Accounts are requested to write to the company at an early date so as to enable the management to keep the information ready.
- 4 Members are requested to:
 - (I) notify immediately any change in their address to the company.
 - (II) bring their copy of the Annual Report and the Attendance Slip with them at the Annual General Meeting.

ZENITH CAPITALS LIMITED

(Formerly known as SVL CAPITALS LIMITED)

307, Sharda Chambers, New Marine Line, Mumbai- 400 020

DIRECTORS REPORT TO THE MEMBERS

Your Directors have pleasure in presenting the Twenty Second **Annual Report** together with the Audited Statement of Accounts of the company for the year ended 31st March, 2005.

1. FINANCIAL RESULTS

	<u>YEAR ENDED</u> <u>31/03/2005</u> <u>Rupees</u>	<u>YEAR ENDED</u> <u>31/03/2004</u> <u>Rupees</u>
Profit (Loss) before Tax	(79,968)	(67,028)
Less : Provision for Taxes	---	---
Profit (Loss) After Tax	(79,968)	(67,028)
Add: Balance loss brought forward from previous year	(8,21,273)	(7,54,245)
Balance available for appropriation	(9,01,241)	(8,21,273)

2. OPERATIONS

During the year total income of the company was Rs. 16,998 as compare to previous year was Rs. Nil and. The Company has incurred Loss of Rs. 79,968 as compare to loss Rs. 67,028 of the previous year.

3. DIVIDEND

In view of losses, your board has decided not to recommend any dividend for the year ended 31st March, 2005.

4. BOARD OF DIRECTORS

In terms of the Articles of Association of the company and as per the provisions of the Companies Act, 1956 Shri Deen Bandhu Jalan, Director of the company retires by rotation and being eligible offers himself for re-appointment.

5. DIRECTORS RESPONSIBILITY STATEMENT

The Directors hereby confirm :

- that in the preparation of the annual accounts, the applicable accounting standards had been followed.
- That 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 at the end of the financial year and of the profit of the company for that year.
- That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- That the Directors had prepared the annual accounts on a going concern basis.

6. AUDITORS

M/s. Khandelwal Jain & Co., Chartered Accountants, present Auditors of the company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The company has received a Certificate from them certifying that their appointment, if made would be within the limits specified under Section 224 (1-B) of the Companies Act 1956

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7. **AUDITORS REPORT**

Observations made in the Auditors' Report are self-explanatory and therefore do not call for any further comments under Section 217(3) of the Companies Act, 1956.

8. **SECRETARIAL COMPLIANCE CERTIFICATE**

Your directors attach herewith a copy of the Compliance Certificate issued by Practising Company Secretary for the year ended 31st March, 2005 Pursuant to Section 383 of the Companies Act, 1956.

9. **FIXED DEPOSITS**

Your company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder during the year.

10. **PARTICULARS OF EMPLOYEES**

Information required to be given under Section 217 (2A) of the Companies Act, 1956 with The Companies (Particulars of Employees) Rules 1975 are not applicable to the company, as the company has not employed any employee whose salary exceeds the limits as laid down in the said section.

11. **INFORMATION ON ENERGY CONSERVATION AND FOREIGN EXCHANGE EARNING AND OUTGO**

Information required to be given 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 does not apply to your company as the company is not engaged in manufacturing activities. There was no foreign exchange earning or out go during the year.

12. **ACKNOWLEDGEMENTS**

Your Directors wish to thank company's Bankers, Clients and staff for their support to the running of the company and look forward to their continued support.

ON BEHALF OF THE BOARD OF DIRECTORS


DIRECTOR

REGISTERED OFFICE

307, SARDA CHAMBERS,
NEW MARINE LINES,
MUMBAI - 400 020

DATE : 6th SEPTEMBER, 2005.

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

Website: www.kjco.net • E-mail: kjco@vsnl.com

6-B, PIL Court (formerly Known as Sherbano),
6th Floor, 111, M. Karve Road, Churchgate,
Mumbai - 400 020.
Tel.: 5638 5000
Fax : (91-22) 5634 8482

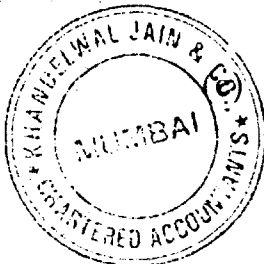
12-B, Baldota Bhavan, 5th Floor,
117, M. Karve Road, Churchgate,
Mumbai - 400 020.
Tel.: 2203 2655 / 6 / 7, 2206 2151
Fax : (91-22) 2206 3402

AUDITORS' REPORT

TO THE MEMBERS OF ZENITH CAPITALS LIMITED

- 1 We have audited the attached Balance Sheet of M/s. **ZENITH CAPITALS LIMITED**, as at 31st March 2005 and also Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
- 2 We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
- 3 As required by the Companies (Auditor's Report) Order, 2003, and read with the amendments made by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks as we considered appropriate and according to the information and explanation given to us we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 4 Further to our comments in the Annexure referred to in paragraph (3) above, we report that :-
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account, as required by the law have been kept by the company so far as appears from our examination of those books;

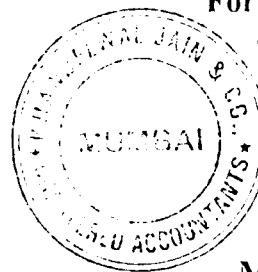
The Balance Sheet, the Profit and Loss Account and the Cash Flow statement dealt with by this report are in agreement with the books of accounts;



- 2 -

- (d) In our opinion the attached Balance Sheet, the Profit & Loss Account and the Cash Flow statement is in compliance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 to the extent applicable.
- (e) On the basis of written representations received from the directors, as on 31.03.2005, and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31.03.2005 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.
- (f) *During the year company has granted Interest Free Loan amounting to Rs.35,95,000/-cumulative of such loan outstanding as on 31st March 2005 is Rs. 1,52,60,000/-. The same is not in accordance with Section 372 A (3) of the Companies Act, 1956. (Refer Note No. B-6 of Schedule '13')*
- (g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, *subject to our comment in paragraph 4 (f) above*, read with other notes and significant accounting policies thereon give the information required by the Companies Act, 1956 in the manner so required give a true and fair view in confirming with accounting principles generally accepted in India
- i) in case of the Balance Sheet, of the state of the affairs of the Company as at 31st March, 2005 and
- ii) in case of the Profit and Loss Account, of the loss for the year ended on that date.
- iii) in the case of the Cash Flow statement, of the cash flows for the year ended on that date.

For KHANDELWAL JAIN & CO.
Chartered Accountants



Narendra Jain

(NARENDRA JAIN)

Partner

Membership No.048725

Place : Mumbai

Dated : 6th September, 2005

KHANDELWAL JAIN & CO.

CHARTERED ACCOUNTANTS

Website: www.kjco.net • E-mail: kjco@vsnl.com

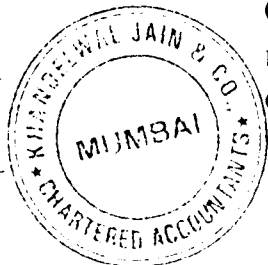
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ANNEXURE TO THE AUDITORS' REPORT

(Referred to in the report of even date to the members **ZENITH CAPITALS LIMITED** on the accounts for the year ended March 31, 2005)

- 1 a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) We have been informed that most of fixed assets have been physically verified by the management during the year. In our opinion the frequency of the verification is reasonable. No material discrepancies were noticed on such verification.
 - c) During the year the company has not disposed off any substantial part of the fixed assets
- 2 a) The inventory has 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 procedure of physical verification of the inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c) In our opinion and according to the information and explanations given to us the company is maintaining proper records of the inventory and no material discrepancies were noticed on physical verification between the physical stock and book records.
- 3.a) The company has not granted any loans, secured or unsecured to Companies, Firms and Other parties covered in the register maintained under section 301 of the Companies Act, 1956 provisions of clause 4 (iii) (b) (c) and (d) are not applicable to the company.
 - b) The company has not taken any loans, secured or unsecured from Companies, Firms and Other parties covered in the register maintained under section 301 of the Companies Act, 1956 provisions of clause 4 (iii) (f) and (g) are not applicable to the company.
- 4 In our opinion, and according to the information and explanations given to us, there are adequate internal control System commensurate with size of the Company and the nature of its business, with regard to the purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control System.

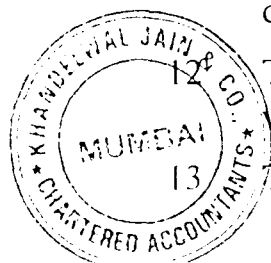


- 2 -

- 5 Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the Company has not entered into any contract or arrangements that need to be entered in the register maintained under Section 301 of the Companies Act, 1956.
- 6 The Company has not accepted any deposits from the public and consequently the directives issued by the Reserve Bank of India, the provision of Sections 58A and 58AA or any other relevant provision of the companies Act, 1956 and the rules framed there under are not applicable. No order has been passed by the company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- 7 *During the year under review the Company did not have an internal audit system in place.*
- 8 According to the information and explanation given to us, the Central Government has not prescribed for maintenance of cost records u/s.209 (1)(d) of the Companies Act, 1956.
- 9 a) According to the information and explanations given to us, and on the basis of our examination of the books of account, the Company has been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and protection Fund, Employees State Insurance, Income-tax, Wealth tax, Custom Duty, Excise duty, Service Tax, Cess and any other material statutory dues applicable to it. According to the information and explanations given to us, there are no undisputed arrear of Statutory dues were outstanding as at 31, March 2005 for a period of more than six months from the date they became payable.
- b) According to the information and explanation given to us, there is no statutory dues in respect of Sales tax, income tax, customs duty, wealth tax, excise duty, Service Tax, and Cess that have not been deposited with the appropriate authorities on account of any disputes
- 10 The accumulated losses of the company are not more than fifty percent of its net worth. The company has incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
- 11 According to the information and explanation given to us and based on the documents and records produced and examined by us the company has not defaulted in repayment of dues to Financial Institution and Bank.

The Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

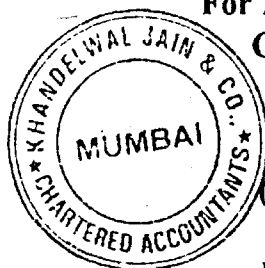
The Company is not a chit fund or a nidhi/mutual benefit fund or a society.



- 3 -

- 14 In our opinion and according to the information and explanations given to us, the Company has not dealt in shares, securities, debentures and other investments during the year.
- 15 According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- 16 The Company has not taken any term loans during the year.
- 17 According to the information and explanations given to us and on an examination of the Balance Sheet of the Company, we report that, on an overall basis, funds raised on short term basis have prima facie, not been used during the year 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 Act.
- 19 In our opinion and according to the information and explanations given to us, the Company has not issued any secured debentures during the period covered by our report.
- 20 During the period covered by our audit report, the Company has not raised any money by public issues.
- 21 To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For KHANDELWAL JAIN & CO.
Chartered Accountants



Narendra Jain

(NARENDRA JAIN)

Partner

Membership No.048725

Place : Mumbai
Dated : 6th September, 2005

CERTIFIED TRUE COPY

For ZENITH CAPITALS LTD.

[Signature]

Authorised Signatory/Director

~~ZENITH CAPITALS LIMITED~~

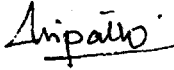
BALANCE SHEET AS AT 31ST MARCH, 2005

	Schedule	AS AT 31.03.2005 (Rs.)	As At 31.03.2004 (Rs.)
<hr/>			
SOURCES OF FUNDS			
SHARE HOLDER'S FUNDS			
Share Capital	1	1,91,86,000	1,91,86,000
Reserve & Surplus	2	3,73,759	4,53,727
		<hr/>	<hr/>
		1,95,59,759	1,96,39,727
		<hr/>	<hr/>
APPLICATION OF FUNDS			
FIXED ASSETS			
		5,90,805	5,90,805
Gross Block	3	5,56,695	5,50,072
Less : Depreciation		<hr/>	<hr/>
Net Block		34,110	40,733
		33,96,145	33,79,857
INVESTMENTS			
CURRENT ASSETS LOAN & ADVANCES			
Stock in Trade	5	328	328
Loans and Advances	6	16258547	1,62,98,547
Cash & Bank Balances	7	16500	23,441
		<hr/>	<hr/>
		1,62,75,375	1,63,22,316
CURRENT LIABILITIES & PROVISIONS			
Current Liabilities & Provisions	8	1,45,871	1,20,042
		<hr/>	<hr/>
		1,61,29,504	1,62,02,274
Net Current Assets			
MISCELLANEOUS EXPENDITURE			
(To the Extent not written off of adjusted)	9	--	16,863
		<hr/>	<hr/>
		1,95,59,759	1,96,39,727
		<hr/>	<hr/>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS 13			

AS PER OUR REPORT OF EVEN DATE ATTACHED

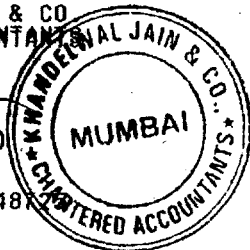
FOR AND ON BEHALF OF THE BOARD

FOR KHANDELWAL JAIN & CO
CHARTERED ACCOUNTANTS


 (S.S. TRIPATHI) (AMALA RAI)
 DIRECTORS

(NARENDRA JAIN)
PARTNER

Membership No.048



CERTIFIED TRUE COPY

For ZENITH CAPITALS LTD.

PLACE : MUMBAI
DATE : 6th September, 2005


 Authorised Signatory/Director

ZENITH CAPITALS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2005

	Schedule	For the year Ended 31.03.2005 (Rs.)	For the year Ended 31.03.2004 (Rs.)
INCOME			
Income from Operations	10	16,998	--
Increase / (Decrease) in Stock	11	--	179
		16,998	179
EXPENDITURE			
Administrative & Other Exps.	12	71,343	60,584
Depreciation		6,623	6,623
		77,966	67,207
Profit/(Loss) before Tax, prior period		(60,968)	(67,028)
Less : Prior period expenses(Filing Fees)		(19,000)	-
Profit/(Loss) before Tax		(79,968)	(67,028)
Less: Provision for Tax		--	--
Profit after Tax		(79,968)	(67,028)
Balance brought forward from last year		(8,21,273)	(7,54,245)
Balalance carried to Balance Sheet		(9,01,241)	(8,21,273)
Basic & Diluted Earning per share		(0.042)	(0.035)

Significant Accounting Policies and
Notes to Account 13

AS PER OUR REPORT OF EVEN DATE ATTACHED

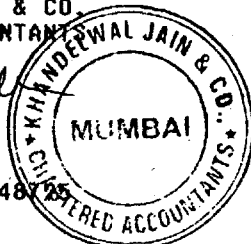
FOR AND ON BEHALF OF THE BOARD

FOR KHANDLWAL JAIN & CO.
CHARTERED ACCOUNTANTS

Narendra Jain

(NARENDRA JAIN)
PARTNER

Membership No.048725



Anipathi

Amala Rai

(S.S. TRIPATHI)

(AMALA RAI)

DIRECTORS

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For ZENITH CAPITALS LTD.

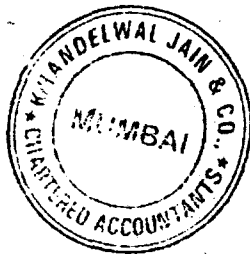
Anipathi

Authorised Signatory/Director

ZENITH CAPITALS LIMITED LIMITED

SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31.03.2005

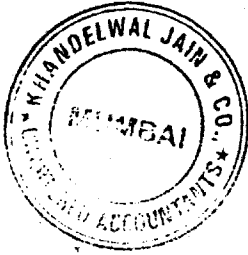
	As at 31.03.2005 (Rs.)	As At 31.03.2004 (Rs.)
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
2000000 (P.Y. 2000000) Equity Shares of Rs.10/- each	2,00,00,000	2,00,00,000
ISSUED SUBSCRIBED & PAID UP		
1920000 (P.Y. 1920000) Equity Shares of Rs.10/- each	1,92,00,000	1,92,00,000
Less: Allotment money in Arrears 2800 Shares @ Rs.5/- each. (Other than Directors)	14,000	14,000
	1,91,86,000	1,91,86,000
SCHEDULE - 2		
RESERVES & SURPLUS		
General Reserve	12,75,000	12,75,000
Less: Balance as per Profit/(Loss) Account annexed	(9,01,241)	(8,21,273)
	3,73,759	4,53,727



SCHEDULE - 3

FIXED ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT 01.04.04 (Rs.)	ADDITION (Rs.)	DEDUCTION (Rs.)	AS ON 31.03.05 (Rs.)	UPTO 31.03.04 (Rs.)	FOR THE YEAR (Rs.)	DEDUCTION (Rs.)	UPTO 31.03.05 (Rs.)	AS AT 31.03.05 (Rs.)	AS AT 31.03.04 (Rs.)
1. Plant and Machinery	68547	-	-	68547	50424	3256	-	53680	14867	18123
2. Vehicle	300000	-	-	300000	300000	-	-	300000	-	-
3. Typewriter	16380	-	-	16380	12074	778	-	12852	3528	4306
4. Office Equipment	155957	-	-	155957	155957	-	-	155957	-	-
5. Furniture & Fixtures	13821	-	-	13821	10167	874	-	11041	2780	3654
6. Airconditioner	36100	-	-	36100	21450	1715	-	23165	12935	14650
	590805	-	-	590805	550072	6623	-	556695	34110	40733
Previous Year	590805	-	-	590805	543449	6623	-	550072	40733	47356



SCHEDULE-4

INVESTMENT (LONG TERM)

A) QUOTED		No. of	Cost	No. of	Cost
FACE	NAME OF THE COMPANY	Shares/ Units	as on 31.3.2005	Shares/ Units	as on 31.3.04
VALUE					
10	Jay Iron & Steels Ind.Ltd.	280000	2856000	280000	2856000
2	Larsen & Tubro Ltd.	25	2456	68	4420
10	Ultra Tech Cemco Ltd (Recd.against Demerger)	20	1964	-	-
10	Zenith Steel Tubes & Ind.Ltd.	19000	513197	19000	513197
10	Vishal Malleables Ltd.	82350	453992	82350	453992
B) UNQUOTED					
10	Reliance Enterprise Ltd.	1	114	1	114
10	Templeton Fund	117.043	117043	7311.438	100755
			3944766		3928478
	Less: Provision for Diminution in the value		548621		548621
			3396145		3379857
1)	Aggregate Market value of Quoted Sh		2348545		2384454
	Aggregate Cost of Quoted Shares		3827609		3827609
	Aggregate Cost of Unquoted Shares		117157		100869

2) Shares of Vishal Malleables Ltd. are in the custody of IRBI as collateral security under Reconstruction Scheme approved by IRBI for Vishal Malleables Ltd.

**SCHEDULE - 5
STOCK IN TRADE**

FACE	NAME OF THE COMPANY	MKT.VAL/BREAK	NO.OF	VALUE	NO. OF	VALUE
VALUE		UP VALUE AS ON 31.3.05	SHARES	AS ON 31.3.05	SHARES	AS ON 31.3.04
			C.Yr.	(Rs.)	P.Yr.	(Rs.)
A) QUOTED						
I. Fully Paid up Eq. Shares						
10	Premier Auto Ltd.	8.60	38	327	38	327
	Total			327		327
B) UNQUOTED						
10	Alphine Ceramics Ind.Ltd.	--	50000	1	50000	1
	TOTAL			1		1
	GRAND TOTAL			328		328

SCHEDULE - 6

LOANS AND ADVANCES

Intercompany Deposit	15550687	15590687
Advance recoverable in Cash or Kind or for value to be received	898547	898547
Deposits Others	100000	100000
	16549234	16589234
Less: Provision for Doubtful Advances	290687	290687
	16258547	16298547



SCHEDULE - 7

CASH & BANK BALANCES

Cash in hand	8351	18970
Balance with Scheduled Banks in Current Account	8149	4472
	<u>16500</u>	<u>23442</u>

SCHEDULE - 8

CURRENT LIABILITIES & PROVISIONS

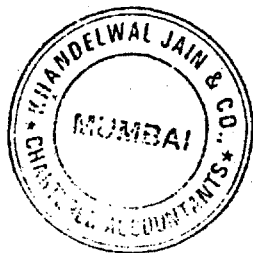
Other Liabilities	43408	17579
Provision for Income Tax	102463	102463
	<u>145871</u>	<u>120042</u>

SCHEDULE - 9

MISCELLANEOUS EXPENDITURE

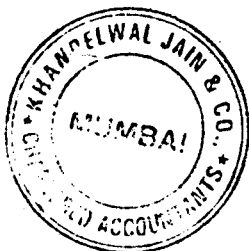
(To the extent not written off or adjusted)

Right Issue expenses B/f	16863	42159
Less: Written off during the year	16863	25296
	<u>---</u>	<u>16863</u>



SCHEDULE FORMING PART OF PROFIT & LOSS ACCOUNT

	<u>2004-2005</u>	<u>2003-2004</u>
SCHEDULE - 10		
OTHER INCOME		
a) Profit on Sale of Investment	-	-
b) Dividend Received	710	-
c) Profit on sale of Mutul Fund	16,288	-
	<u>16,998</u>	<u>-</u>
SCHEDULE - 11		
Increase/(Decrease) in Stock		
Closing Stock	328	328
Less: Opening Stock	328	149
Increase / (Decrease) in stock	<u>-</u>	<u>179</u>
SCHEDULE - 12		
ADMINISTRATIVE EXPENSES & PROVISIONS		
Bank charges	180	55
Telephone Charges	3402	4738
Insurance Charges	---	1689
Professional Fees	16530	---
Professional Tax	1700	1700
Audit Fees	9918	6480
Filing Fees	17000	---
Miscellaneous Expenses w/off	16863	25296
General Expenses	300	---
Sales Tax Assessment dues (earlier year)	5450	20626
	<u>71343</u>	<u>60584</u>



SCHEDULE 13

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A) SIGNIFICANT ACCOUNTING POLICIES

1. METHOD OF ACCOUNTING:

The accounts are prepared on historical cost basis and income and expenditure are recognised on accrual basis and as per the RBI guidelines applicable to NBFC's.

2. FIXED ASSETS:

All fixed assets are stated at cost inclusive of all related expenses less depreciation.

3. DEPRECIATION:

Depreciation on Fixed Assets is provided on "Straight Line Method" (SLM) at the rates specified in Schedule XIV of the Companies Act, 1956.

4. INVESTMENT:

Long term investment are stated at cost less permanent diminution. (in value) if any.

5. STOCK IN TRADE (SHARES):

Stock in Trade (Shares) are valued at lower of cost or market value/break-up value.

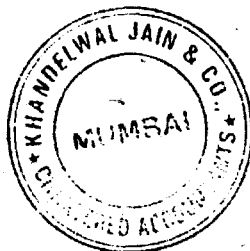
6. NON PERFORMING ASSETS:

Non-performing Assets are identified as per the directives of the Reserve Bank of India.

7. EARNING PER SHARE:

- i) Net profit is considered after tax & includes post tax effect of any extra ordinary items.
- ii) Basic earning per share is computed using the weight average number of shares outstanding during the period.

.....2



8. OTHER ACCOUNTING POLICIES:

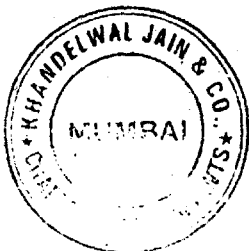
These are consistent with the generally accepted accounting practices.

B) OTHER NOTES

1. The company has identified Non-Performing Assets (NPAs) to the extent of Rs.2,90,687/- and full provision for the same as per the NBFC Prudential Norms (Reserve Bank of India) Directions, 1998, has been held in the accounts.
2. Provision has been made for diminution in the value of investment as required by NBFC prudential Norms (Reserve Bank of India) Directions, 1998.
3. In view of carry forward losses of earlier years no provision for current Tax has been made during the year.
4. In view of time limitations on carry forward losses and brought forward business losses being the only timing difference, as matter of prudence deferred tax assets has not been recognised.
5. Earning per share calculation:

Particulars	Year ended 31.03.2005	Year ended 31.03.2004
Net Loss Attributable to shareholders	(79968)	(67028)
Weighted average members of Equity Shares	1918600	1918600
Basic & Diluted Earning per shares of Rs.10/- each (in Rs.)	(0.042)	(0.035)

6. The Company has granted interest free loan amounting to Rs. 35,95,000/- to various companies and cumulative amount of interest free loan granted is Rs. 1,52,60,000/- which is in contravention of section 372 A of the Companies Act,1956.



...3/-

7. Disclosure requirements as per Accounting Standard 18 As-18) " Related Party Disclosure " issued by the Institute of Chartered Accountants of India.

Enterprises under common control of the Promoter: Zenith Steel Tubes and Industries Ltd, Jay Iron and Steels Industries Ltd , Matrushree Finance & Investments Pvt.Ltd., SDS Trading & Ag.Pvt.Ltd, Everbright Trading & Ag. Pvt.Ltd, AVS Trades & Agencies Pvt.Ltd.

Key Management Personnel: Mr. S.S.Tripathi (Director) and Mr.Amala Rai (Director).

The Company has entered into transaction with certain parties as listed above during the year under consideration. Full disclosure have been made and the board considers such transaction to be in normal course of business and at rates agreed between the parties. The details of such transactions are as under:-

Name of the Party	Nature of Transaction	Op.Bal.	Amount		O/s Bal.
			Dr.	Cr.	Dr/(Cr)
			(Rs.)		31.03.05
Jay Iron and Steel Industries Ltd	Loans & Advances	3635000	--	3635000	--

No other transaction has been made with the above group companies during the year.

8. Segment Reporting: There are no separate reportable segments as per Accounting Standard on Segment Reporting (As-17) as the Company's primary business is of Investment and Finance activities.
9. As per the information available with the Company there was no transaction during the year with small scale & ancillary industrial undertaking as defined under the interest on delayed payments to Small Scale & Ancillary Industrial Undertaking Act, 1993. Also there are no amounts payable to Small Scale Industrial Undertaking.
10. The Balance of sundry debtors, sundry creditors deposits, loans & Advances etc. are subject to confirmation and reconciliation consequential impact thereof on the accounts is not ascertainable.
11. Interest on outstanding loans has been accounted only if there is stipulation to that effect.



12. In the opinion of the Board, the current Assets, Loans & Advances are approximately of the value stated in the balance sheet if realised in the ordinary course of business. The provision for all known and determined liabilities are adequate and not in excess of the amount reasonably required.

Other additional information pursuant to the provisions of para 3,4C and 40 of Part II of Schedule VI to the companies Act 1956 are as under:-

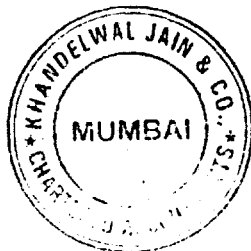
Details of Trading Activities:

Particulars	Opening Stock		Purchase		Sale/Transfer		Closing stock	
	Nos.	Amts	Nos.	Amts	Nos.	Amts	No.	Amt
Quoted Shares & Securities								
1. Premier Auto Ltd	38	327	-	-	-	-	38	327
UNQUOTED								
Alpine Ceramics Ind.Ltd 50000		1	-	-	-	-	50000	1
		328						328
		====						====

b. Other informations are not applicable for the year.

13. During the year, the Company has reviewed its Fixed Assets for Impairment of Loss as required by Accounting Standard 28 on "impairment of Assets." In the opinion of the Management no Provision for impairment loss is considered necessary.

14. The previous year figures are regrouped, reclassified wherever considered necessary to compare with current year figure.



ZENITH CAPITALS LIMITED

15. Balance sheet abstract and Company's General Business Profile.

I. Registration details

Registration No.	30082
State Code	11 (Maharashtra)
Balance Sheet Date	31st March, 2005

II. Capital raised during the period

	(Rs.)
Public Issue	Nil
Right Issue	Nil
Bonus Issue	Nil
Private Placements/preferential Allotment)	Nil

III. Position of Mobilisation and Deployment of Funds

	(Rs.)
Total Liabilities	1,97,05,630
Total Assets	1,97,05,630

A) SOURCES OF FUNDS

Paid up Capital	1,91,86,000
Reserves & Surplus	3,73,759
Secured Loans	Nil
Unsecured Loans	Nil

B) APPLICATION OF FUNDS

Net Fixed Assets	34,110
Investments	33,96,145
Net Current Assets	1,61,29,504
Misc. Expenditure	Nil

IV. PERFORMANCE OF COMPANY

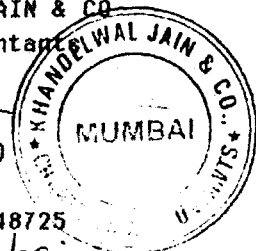
	(Rs.)
Turnover	16,998
Total Expenditure	96,966
Profit/Loss Before Tax	(79,968)
Profit/Loss After Tax	(79,968)
Earning per share (Rs.)	(0.042)
Dividend rate %	Nil

AS PER OUR REPORT OF EVEN DATE
FOR KHANDELWAL JAIN & CO
Chartered Accountants

Narendra Jain
(NARENDRA JAIN)
PARTNER

Membership No.048725

PLACE - Mumbai
DATE - 6th Sept. 2005



FOR AND ON BEHALF OF THE BOARD

S.S. Tripathi
(S.S. TRIPATHI)

Amala Rai
(AMALA RAI)

DIRECTORS

CERTIFIED TRUE COPY
For ZENITH CAPITALS LTD.

S.S. Tripathi
Authorised Signatory/Director

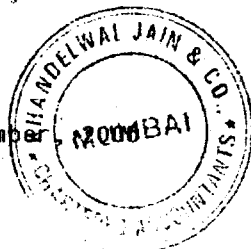
ZENITH CAPITALS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH' 2005

	PERIOD ENDED 31.03.2005	PERIOD ENDED 31.03.2004
CASH FLOW STATEMENT		
1. Cash Flow from Operating Activities		
Net Profit (Loss) before tax and Extraordinary items	(60968)	(67028)
Adjustments for :		
Depreciation	6623	6623
Miscellaneous Expenditure written off	16863	25296
Prior period Item	(19000)	51919
Profit on sale of Mutual Fund	(16288)	(11802)
Operating profit before working capital charges	(72770)	(55109)
Adjustments for :		
Trade & Other Receivables	---	---
Inventories	---	(179)
Loans & Advances	40000	341689
Trade Payable	25829	(325485)
	65829	16025
Cash from operating Activities	(6941)	(19084)
II. Cash Flow from Investing Activities		Nil
Redemption from Sale of Mutual Fund	117043	
Investment in Mutual Fund	(117043)	
III. Cash Flow from Financing Activities		Nil
Net Increase/(Decrease) in Cash and Cash equivalents	(6941)	(19084)
Cash & Cash equivalents at the beginning of the period	23441	42525
Cash & Cash equivalent at the end of the period.	16500	(6941) 23441 (19084)

- Note: 1) Above statement have been prepared in indirect method
2) Cash & Cash equivalent represents cash and Bank balance only.
3) Previous year figures have been regrouped where considered necessary.

Place: Mumbai

Date: 6th September



FOR AND ON BEHALF OF THE BOARD

S.S. Tripathi

S.S. TRIPATHI

Amala Rai

AMALA RAI

DIRECTORS

CERTIFIED TRUE COPY
For ZENITH CAPITALS LTD.

S.S. Tripathi

Authorised Signatory/Director