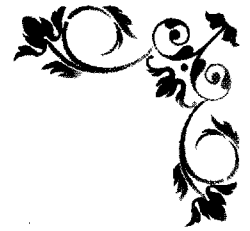
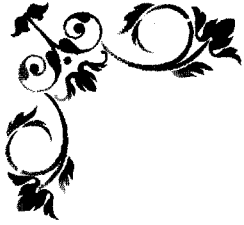


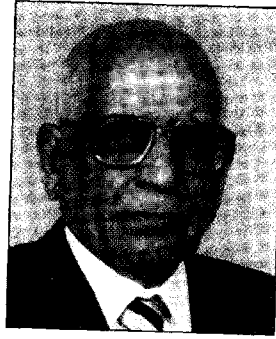
ZENITH EXPORTS LIMITED



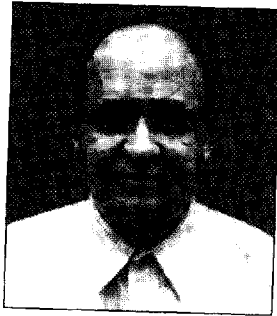
**23rd
Annual Report & Accounts
2004 - 05**



Board of Directors



Sri B. R. Loyalka
Chairman



Sri R. K. Loyalka
Managing Director



Sri S. K. Loyalka
Managing Director



Sri Y. Gopalkrishnan
Wholetime Director



Sri K. D. Rungta
Director



Sri M. M. Bhagat
Director



Sri Ravi Poddar
Director



Sri Piyush Loyalka
Director



ZENITH EXPORTS LIMITED

BOARD OF DIRECTORS (17.08.05)

Mr. B. R. Loyalka, Chairman
 Mr. R. K. Loyalka, Managing Director
 Mr. S. K. Loyalka, Managing Director
 Mr. M. M. Bhagat
 Mr. K. D. Rungta
 Mr. Ravi Poddar
 Mr. Y. Gopalkrishnan, Whole-time Director
 Mr. Piyush Loyalka

FINANCE CONTROLLER & SECRETARY

Mr. Pramod Patwari

AUDITORS

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

PRINCIPAL BANKERS

Canara Bank
 State Bank of India

REGISTERED OFFICE

19, Rajendra Nath Mukherjee Road
 First Floor, Kolkata-700 001
 Phone: 91-33-22486936/7071/9522
 Fax : 91-33-22480960/9853
 E-mail : zenith@giasl01.vsnl.net.in
 Website : www.zenexports.com

WORKS

ZENITH SPINNERS

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

ZENITH TEXTILES

13, A/B/C, Industrial Area
 Nanjangud
 Dist.-Mysore
 Karnataka-571 301

REGISTRAR AND TRANSFER AGENT

CB Management and Services Pvt. Ltd.
 P-22, Bondel Road, Kolkata - 700 019
 Telephone - 2280 6692-93-94/2486/2937
 Fax : 2287 0263, E-mail - cbmsl1@cal2.vsnl.net.in

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Cover design of this Report is a replica of the cloth design, manufactured in our factory at Nanjangud



NOTICE

NOTICE is hereby given that the 23rd Annual General Meeting of ZENITH EXPORTS LIMITED will be held at Sri Kunj, Top Floor, 381/1, Hemant Mukhopadhyay Sarani, (Old Name Keyatala Lane) Kolkata-700 029 (Near Golpark) on Friday the 30th day of September, 2005 at 11:00 A.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at 31st March, 2005, the Audited Profit & Loss Account for the year ended on that date and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Raj Kumar Loyalka, who retires from office by rotation at the conclusion of this meeting, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Y. Gopalkrishnan, who retires from office by rotation at the conclusion of this meeting, but being eligible, offers himself for re-appointment.
4. To appoint M/s. Tiwari & Company, Chartered Accountants as Statutory Auditors of the Company and to give an authority to the Board of Directors of the Company to appoint Branch Auditors in consultation with the Statutory Auditors of the Company for the Company's Spinning & Weaving divisions and further authority to the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
 "RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, and other applicable provisions, if any, of the Companies Act, 1956 Mr. Ravi Poddar, be and is hereby appointed as a Director of the Company liable to retire by rotation".
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
 "RESOLVED THAT in terms of the provisions of the Companies Act, 1956, the rules made thereunder and the articles of association of the Company, a director of the Company be paid remuneration, by way of fee, not exceeding the maximum sum prescribed from time to time, for each meeting of the Board or a committee thereof attended by him".

Registered & Head Office
 19, Rajendra Nath Mukherjee Road,
 First Floor, Kolkata – 700 001
 Dated : August 17th, 2005

By Order of the Board
PRAMOD PATWARI
 FINANCE CONTROLLER & 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 THE PROXY SHOULD HOWEVER BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING
2. The relevant Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956 in respect of the Special Business under item no(s). 5 to 6 of the notice set out above is annexed hereto.



3. Printed Copies of Balance Sheet, Profit and Loss Account, the Directors' Report, the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet for the financial year ended 31st March, 2005 are enclosed as prescribed by Section 219 of the Companies Act, 1956.
4. Members and Proxies are requested to bring their filled in Attendance slips enclosed, to the meeting.
5. The Register of Beneficial owners, Register of Members and the Transfer Books of the Company shall remain closed from Monday, 26th September, 2005 to Friday the 30th September, 2005 (both days inclusive).
6. Members desirous of getting any information on the accounts or operations of the Company or share related matters are requested to forward their queries to the Company at least seven days prior to the meeting so that the required information can be made available at the meeting.
7. Members are requested to notify promptly any change in their address to the Company's Registrar and Share Transfer Agent, M/s. CB Management and Services Private Limited, P-22, Bondel Road, Kolkata – 700 019 or to the DPs where the account is maintained. The members are also requested to send all correspondence relating to Shares, including transfers and transmissions, to the said Registrars directly for speedy disposal.
8. Members who have not appointed nominee are requested to appoint nominee. The prescribed form for appointment of nominee will be made available on request.
9. Pursuant to Section 205A of the Companies Act, 1956, all unclaimed/unpaid dividends upto the financial year ended 31st March, 1995 have been transferred to the General Revenue Account of the Central Government. Shareholders who have not yet encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, West Bengal, Nizam Palace, IInd MSO Building, 234/4 AJC Bose Road, Kolkata – 700 020 by submitting an application in Form No. II.
10. Further, Pursuant to Section 205A(5) of the Companies Act, 1956, as amended, any money transferred to the unpaid dividend account of a company remaining unpaid or unclaimed for a period of 7 years from the date of such transfer shall be transferred to 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 have been transferred to Investor Education and Protection Fund.
11. The unclaimed dividend that is due for transfer to the Investor Education and Protection Fund is as follows:

Date of Declaration of Dividend	For the Financial Year Ended	Last date for claiming the dividend
30/09/2004	2003-04	29/09/2011

The Members who have not encashed the Dividend Warrant(s) so far for the financial year ended 31st March, 2004 are advised to make their claim to the Company at its Registered Office at 19, R.N. Mukherjee Road, 1st Floor, Kolkata – 700 001.

12. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
13. Shareholders are requested to bring their copies of Annual Reports to the Meeting.
14. At the ensuing Annual General Meeting, Mr. R.K. Loyalka and Mr. Y. Gopalkrishnan, retire by rotation and being eligible offer themselves for re-appointment. The information or details pertaining to these Directors to be provided in terms of clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the report on Corporate Governance published with this Annual Report.



ANNEXURE TO NOTICE EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act, 1956.

Item No. 5

In terms of clause 82(1) of the Articles of Association and in accordance with Section 260 of the Companies Act, 1956 Mr. Ravi Poddar was appointed as an Additional Director of the Company with effect from 26/05/2005 to hold office till the conclusion of this Annual General Meeting.

Notice have been received pursuant to Section 257 of the Companies Act, 1956 together with necessary deposit of Rs. 500/- proposing Mr. Poddar as a director of the Company. Mr. Poddar would be a non-executive/ independent director of the Company.

Mr. Poddar, 56 years old, is a Commerce Graduate from Calcutta University and is currently the Chairman (Eastern Region) of Confederation of Indian Industry (CII). Apart from the above Mr. Poddar is also associated with various Companies, Councils, Trusts etc. Your Company will be greatly benefited by the rich experience of Mr. Poddar.

None of the Directors, except Mr. Poddar is concerned or interested in this resolution. The Board commends the resolution for approval of the members.

Item No. 6

The Securities and Exchange Board of India (SEBI) has revised the Clause 49 of the Listing Agreement relating to Corporate Governance which has to be complied with by 31st December, 2005. One of the requirements therein states that all the fees/compensation payable to Non-Executive Directors, including the independent Directors, shall be fixed by the Board of Directors and shall require previous approval of the Shareholders in the General Meeting.

At present pursuant to the Clause 77(1) of the Articles of Association, the Company is paying to the Non-Executive Directors, sitting fees of Rs. 2000/- for attending each Board Meeting and Rs. 1000/- for each Audit Committee Meeting and Remuneration Committee Meeting. No sitting fees is being paid to the members of the Shareholders' / Investors' Grievance Committee.

Approval of the members is sought for the payment of the above mentioned sum or such other sum at Board Meetings or at Committee Meetings as may be approved by the Board of Directors, which is within the limits stipulated under the Companies Act, 1956 or rules framed thereunder from time to time.

Approval of the members is also sought for payment of such amount, other than the sitting fees for attending Board and Committee Meetings, which does not result in any material pecuniary relationship with the Company as prescribed under the Listing Agreement.

The Directors recommend passing of the above resolution as an ordinary resolution.

All the Directors of the Company, except Mr. R.K. Loyalka, Mr. S.K. Loyalka and Mr. Y. Gopalkrishnan may be considered or deemed to be interested in this resolution.

Registered & Head Office
19, Rajendra Nath Mukherjee Road,
First Floor, Kolkata – 700 001
Dated : August 17th, 2005

By Order of the Board
PRAMOD PATWARI
FINANCE CONTROLLER & SECRETARY



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure to present the 23rd Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2005.

FINANCIAL HIGHLIGHTS

(Rs. in lacs)

	Current Year ended 31.03.2005	Previous Year ended 31.03.2004
Turnover and other Income	19201.20	18314.97
Profit before Depreciation and Tax	669.12	1355.16
Depreciation	724.88	669.40
	(55.76)	685.76
Depreciation for earlier years written back	3.94	67.29
Profit before Tax	(51.82)	753.05
Income Tax for earlier years	(0.13)	—
	(51.95)	753.05
Provision for Tax	—	—
Add : Deferred Tax Provision No Longer Required Written Back	97.74	217.01
Net Profit	45.79	970.06
Add : Surplus Bought Forward	2985.55	2076.37
Available for Appropriations	3031.34	3046.43
Appropriations :-		
Proposed Dividend	—	53.96
Corporate Tax on Dividend	—	6.92
Surplus Carried to Balance Sheet	3031.34	2985.55

OPERATIONAL REVIEW AND FUTURE OUTLOOK

The sales have increased to Rs.181.69 crores against Rs. 170.62 crores in the previous year. The profit before tax has come down to Rs. (0.52) crores from Rs. 7.53 crores in the last year. The Net Profit after Tax has also come down to Rs. 0.46 crores from Rs. 9.70 crores in the last year, mainly due to increase in raw materials prices and power costs..

Weaving Division

Improved product mix like velvet fabrics, embroidery fabrics and made ups are going to significantly improve the per meter realisation and also the turn over of the company.

The non-traditional markets are being tapped in the Far East and also in the Middle East and we hope to get the significant contribution from these markets to the total turn over.

Spinning Division

The company sees good opportunity in further capturing the export market after the expiry of the textile and apparel quota and by diversifying its product base into the production of cotton yarn.

The performance of the Company during the year 2004-05 and future outlook are also covered in the Management Discussion and Analysis Report.



DIVIDEND

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

FINANCE

During the year your Company has repaid the previous term loan of Rs. 525.49 lacs Fresh Term Loan of Rs. 620.00 lacs was availed for part financing the Company's expansion project for manufacture of velvet fabrics, the balance being met from internal accruals.

PARTICULARS OF EMPLOYEES

There is 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

As required under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 information regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in Annexure - A to this report

CORPORATE GOVERNANCE

Your Company accords high importance to good corporate governance practices and adheres to all the major stipulations laid down by SEBI in this respect.

Your company's Statutory Auditors's Certificate dated 17/08/2005 confirming the compliance as above is annexed and forms part of the Directors Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i] in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- ii] the Directors have selected such accounting policies and applied them consistently and made judgements 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 & of the profit or loss of the Company for that period;
- iii] the Directors have taken proper and sufficient care of 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;
- iv] the Directors have prepared the annual accounts on a going concern basis.

DEPOSITS

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

DIRECTORS

Mr. R.K.Loyalka and Mr. Y.Gopalkrishnan retire from office by rotation, and being eligible offer themselves for re-appointment.

Mr. Ravi Poddar joined the Board of Directors as an Additional Director on 26/05/2005. As per Section 260



of the Companies Act, 1956. Mr. Poddar will hold office as Director upto the ensuing Annual General Meeting. The Company has received a notice from a member u/s. 257 of the Companies Act, 1956 proposing the candidature of Mr. Poddar as a Director of the Company.

During the year Industrial Development Bank of India withdrew its nomination of Mr. S.C. Das from the Board of Directors of the Company w.e.f. 16/03/2005 consequent to the repayment of entire Term Loan availed by the Company. The Board places on record its appreciation for the valuable services rendered by him during the tenure of his office as a Director of the Company.

AUDITORS

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

Your Directors request you to appoint Auditors for the current year.

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 thank you 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.

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

Place : Kolkata

Dated : August 17, 2005

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, 2005.

I. CONSERVATION OF ENERGY

- a) Invertors and Energy Saving Fan Blades have been installed to conserve power.
- b) The Company is making all round efforts for the Conservation of Energy.
- c) The Company by preventive maintenance of D.G. sets and other electric motors ensured that there is no power wastage or excess power consumption.
- d) The required data with regard to conservation of energy are furnished below :



ZENITH EXPORTS LIMITED - ANNUAL REPORT 2004-05

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FORM - A

A. POWER & FUEL CONSUMPTION

	CURRENT YEAR 2004-2005		PREVIOUS YEAR 2003-2004	
	Spinning	Weaving	Spinning	Weaving
1. POWER CONSUMPTION				
i) ELECTRICITY				
a) Purchased Unit (KWH in lacs)	11.29	—	29.37	—
Total Amount (Rs. in lacs)	74.91	—	162.43	—
Rate/Unit (in Rs.)	6.63	—	5.53	—
b) Own Generation				
i) Through Furnace Oil				
Generated Units (KWH in lacs)	101.86	36.57	74.93	37.97
Unit/Litre	2.42	3.66	3.75	3.48
Cost/Unit (Rs./Unit)	4.71	5.76	2.86	4.96
ii) Through Steam Turbine Generator	—	—	—	—
iii) Through LDO				
Generated Units (KWH in lacs)	—	—	65.36	—
Unit/Litre of Diesel	—	—	3.13	—
Cost/Unit (Rs./Unit)	—	—	4.13	—
ii) COAL	NIL	NIL	NIL	NIL
iii) FURNACE / OTHER OIL				
Quantity (in lacs litrs.)	42.17	2.51	40.81	2.55
Total Amount (Rs. in lacs)	479.42	32.00	483.16	31.63
Average rate per litre (Rs.)	11.37	12.75	11.84	11.98
iv) Other Internal Generation	NIL	NIL	NIL	NIL
B. CONSUMPTION PER UNIT OF PRODUCTION				
Electricity (KWH)	2.35	7.68	3.12	7.23
Furnace (Litrs.)	—	0.53	—	0.49
Standard (KWH)	3.50	—	3.50	—

FORM-B

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

RESEARCH & DEVELOPMENT

Specific areas in which R & D carried out, benefit derived, future plan of action.

i) Weaving Division

- Unit at Nanjangud is an ISO 9001:2004 certification for Design, Manufacture and supply of Natural Silk and Allied Fabrics.
- 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 programme.